



**PHILTRUST BANK**  
**105<sup>th</sup> ANNUAL REPORT**

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# **PHILTRUST BANK**

## **PHILIPPINE TRUST COMPANY**

PHILTRUST BANK BUILDING  
UNITED NATIONS AVE. CORNER SAN MARCELINO ST.,  
MANILA, PHILIPPINES

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### **MESSAGE TO STAKEHOLDERS**

We are pleased to report on your Bank's performance for 2021, the second year of a worldwide health emergency, social dislocation and economic difficulties. The global Covid-19 pandemic has led to an abrupt and unexpected interruption in economic and social activities followed by measures to control the disease and prepare the way to recovery.

The measures begun in 2020 to ease the difficulties particularly of the most affected sectors of the population. The past year continued to be difficult but the Bank took advantage of the situation by taking initiatives for future growth. The organization was strengthened, new products introduced and ongoing projects accelerated notably in the Bank's information technology systems.

Philtrust Bank fully understood the difficulties of its borrowers both large and small and carefully balanced the interests of borrowers, depositors, shareholders, and other bank stakeholders within the parameters of Bangko Sentral ng Pilipinas regulations.

As in preceding years, the Bank observes Philippine Financial Reporting Standards (PFRS) and the regulations of the Bangko Sentral ng Pilipinas in reporting its financial performance that continues to be based on the Bank's time-honored policy of conservatism in loans and investments.

On the basis of these developments, the Bank closed the year with resources of Php172.28 billion, 2.26 percent higher than end-2020 resources of Php168.47 billion. Bank clients had entrusted Php145.31 billion to the Bank in the form of deposits, while shareholder investment amounted to Php26.06 billion in the form of Capital Stock, Surplus and Surplus Reserves, and Undivided Profits.

The Bank has maintained an asset portfolio balanced between the private and public sectors. Accordingly, the Bank increased loans to clients of strong credit standing and investments in risk-free securities issued by the Republic of the Philippines, Bangko Sentral ng Pilipinas, and high grade securities of top Philippine corporations. The Bank continued to observe the guiding principle of maintaining sterling asset quality and liquidity to safeguard depositor funds.

Loans and Discounts (including agricultural credits) amounted to PhP35.44 billion, down from PhP35.70 billion of the previous year. Funds thus released were placed in Investments in Bonds/Securities and Trading Account Securities that came to PhP86.29 billion as of December 31, 2021, up by PhP15.70 billion from PhP70.59 billion or 22.4% of the year before.

Gross Earnings for the year amounted to PhP5.66 billion. Interest Expense on Deposit Liabilities came to PhP1.94 billion, resulting in Net Interest Income for the year of PhP3.72 billion. Deducting Operating Expenses, providing for tax liabilities and allowing for other income, Net Income After Tax aggregated PhP0.83 billion for the year compared with PhP0.95 billion of 2020.

The Bank exerted maximum effort to assist clients who were understandably experiencing difficulties due to prevailing business conditions. At the same time, it adopted measures to increase efficiency, reduce cost, and maximize other sources of revenue. Consistent with its policy of prudential management, the Bank increased its reserve for possible collection difficulties by PhP101.73 million.

### **Risk Management**

Risks from market, liquidity and credit considerations are constantly monitored by Management and the Board of Directors. These are kept to a minimum with the establishment of prudent approval limits and careful day-to-day management to ensure compliance with established controls and procedures and that target performance levels are achieved and even exceeded.

Bank policies and procedures are constantly reviewed and strengthened, involving legal, compliance, operations and transactions processing, cash accountability or management, accounting and financial, settlement, systems and technology matters, with the aim of reducing to a minimum all quantifiable risks.

Bank experience and the best practices of other institutions are routinely evaluated as basis for improving the Bank's risk management practices, including risk objectives, policies, controls and reports, and detailed procedures.



The Bank continues to be conservative in the deployment and management of depositor and stockholder funds. The Bank continues to have a total of 60 branches of which 36 are located in bank-owned buildings. The success of this practice has been amply demonstrated and the Bank is proud of its record of performance in terms of growth, profitability and liquidity.

### **Capital Structure and Capital Adequacy**

The Bank's Aggregate Qualifying Capital was PhP26.18 billion as of December 31, 2021 of which Tier 1 capital amounted to PhP26.06 billion and Tier 2 capital, PhP0.12 billion. Assets were analyzed as to credit, operational and market risks, resulting in total Risk Weighted Assets of PhP48.42 billion. The Bank's Capital Adequacy Ratio (CAR) therefore came to 50.67%. Further details are presented in a separate section of this Report with comparable data for year-end 2020 and 2019. Capital Adequacy Ratios were 50.74% for 2020 and 45.55% for 2019.

Details of the Bank's Credit Risk weighted assets for 2021, 2020 and 2019 are separately presented. For each major type of asset, information is provided on asset value, booked valuation reserves, and risk mitigants to determine Net Risk Weighted Assets of PhP169.12 billion and Total Credit Risk of PhP40.70 billion. Taking into account Off-Balance Sheet Exposures and Unbooked Valuation Reserves, Net Credit Risk as of December 31, 2021 came to PhP40.73 billion. The comparable Net Credit Risk figure for 2020 is PhP40.20 billion and for 2019, PhP39.28 billion.

Market Risk estimates, specifically those relating to foreign exchange exposure are in a separate section of this Report. Bank exposure in equivalent peso figures amounted to PhP2.29 billion and Total Capital Charge came to PhP0.18 billion as of end-2021. Total Market Risk as of end-2020 was PhP2.14 billion and Total Capital Charge was PhP0.17 billion. As of end-2019, Total Market Risk was PhP1.73 billion and Total Capital Charge, PhP0.14 billion.

As of December 31, 2021, Net Interest Income and income from dividends, fees and commission, net profit/loss on foreign exchange and other sources amounted to PhP2.36 billion. Using a capital charge factor of 15%, capital requirement is computed at PhP0.35 billion. Capital requirements as of end-2020 and end-2019 were similarly determined, arriving at a three-year average of PhP0.43 billion. The Risk Weighted Amount for 2021 is

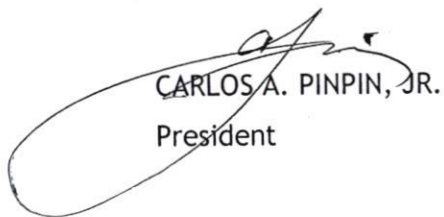
therefore PhP5.39 billion using a Capital Charge Adjustment of 125% and a Minimum Capital Multiplier of 10. Details of the Operations Risk analysis are separately presented with comparable information for 2020 and 2019.

### Corporate Governance

The Bank's Board of Directors consists of twelve (12) individuals who are respected members of the Philippine business community, and who possess the expertise and experience necessary for successfully formulating long-term strategy and to exercise oversight in decisions and operations including credit, trust, audit, risk management, loan review, and compensation.

Bank organizational structure, including Board and Management Committees, the composition of the various Board Committees, and the Bank's policy on the remuneration of Directors, Officers and Staff are presented as separate sections of this Report.

The Bank's Board of Directors and Management again wish to express appreciation to Stockholders, valued clients and friends for their continued support and confidence and to the Bank's Officers and Staff for their steadfast professionalism and commitment to the highest standards of banking service. It has been through the united effort of the Bank's Board, Officers and Staff that Philtrust Bank has grown from strength to strength in its 106 years of service.



CARLOS A. PINPIN, JR.  
President



JAIME C. LAYA  
Chairman

May 25, 2022

## **CORPORATE POLICY**

### **Vision and Mission**

Philtrust Bank motivated by its vision and mission aspires to exceed achievements in the past to maintain its status as a leading bank in asset stability, consistent profitable operation, reasonable return on investment, sufficient liquid position under any stress scenario and soundness of systems and internal controls. Bank's course of business is grounded on its belief that the business of banking is forever and a public trust and that as stewards of public funds, Philtrust Bank is not only accountable to its clientele but primarily to the Divine Providence, the source of all goodness.

### **The Bank's Brand**

Philtrust Bank has been known for its conservatism, grounded on the principle that maintaining the safety of depositor funds is of the highest importance. Its corporate maxim of minimum risk to, and absolute protection of, public funds has attracted numerous loyal clients. Bank staff firmly believes that its multitude of dependable clients have valued Bank's personal service and healthy balance of liquid assets; high asset and loan portfolio quality; and a solid capital base. To its century of banking service to its growing clientele and other stakeholders, Bank Directors, Officers and Staff addresses its message, *"We value your Trust and Confidence."*

### **Business Model**

The Bank offers traditional banking services including deposit products denominated in Philippine pesos and US dollars; a range of loan products designed to meet the needs of individuals, entrepreneurs and corporate entities; foreign currency transactions including foreign letters of credit and remittances; trust services including fund management, handling escrow arrangements, and guardianship services; and other allied banking services.

The Bank follows the traditional scheme of accepting deposits from customers and, together with capital invested by stockholders, investing them to loans and debt instruments. Profits are earned primarily through interest spread; trading activities; fees and commissions for supplementary services rendered; and sale of acquired assets.

The Bank serves its clients through its 61 branches nationwide, including its Head Office.

## **BOARD OF DIRECTORS**

### **Jaime C. Laya, Chairman**

Dr. Jaime C. Laya is Filipino, 83 years old. He is a Certified Public Accountant and a Ph.D. in Financial Management. He is former Governor of the Central Bank of the Philippines (now Bangko Sentral ng Pilipinas) and Chairman of the Monetary Board from 1981 to 1984. He is currently an Independent Director of Philippine AXA Life Insurance Co., Inc.; GMA Network, Inc.; GMA Holdings, Inc.; Ayala Land, Inc.; Manila Water Company, Inc.; and Charter Ping An Insurance Corporation. He is also a Trustee of the Cultural Center of the Philippines; Metropolitan Museum of Manila; Yuchengco Museum; St. Paul's University - Quezon City; Society for Cultural Enrichment, Inc.; and Ayala Foundation, Inc. Escuela Taller Foundation of the Philippines, Inc. He is likewise the Chairman of Don Norberto Ty Foundation, Inc. He is also a columnist of the Manila Bulletin.

### **Josue N. Bellosillo, Vice Chairman of the Board and Corporate Counsel**

Justice Josue N. Bellosillo (Retired) is Filipino, 87 years old. He is a retired Senior Justice of the Supreme Court of the Philippines and is currently Dean of the Centro Escolar University - School of Law and Jurisprudence.

### **Emilio C. Yap III, Vice Chairman of the Board**

Emilio C. Yap III is Filipino, 50 years old. He holds a Ph.D. in Journalism and in Business Administration (Honoris Causa). He is the Vice-Chairman and President of Manila Bulletin Publishing Corporation; Chairman of Manila Prime Land Holdings, Inc.; and Vice-Chairman of Manila Hotel Corporation. He is a Director of Centro Escolar University; Cocusphil Development Corporation; Manila Prince Hotel Corporation; U.N. Properties Development Corporation; MH F&B Ideas Inc.; TMH Transport Limousine Services Inc.; and Orient Enterprises, Inc. He is also a Director and Vice President of U.S. Automotive Co., Inc.; Director, Assistant Treasurer, and Asst. Corporate Secretary of USAUTOCO, Inc.; Director and Vice President of Philtrust Realty Corporation; and Director, Vice President, and Treasurer of Seabreeze Enterprises, Inc.



**Carlos A. Pinpin, Jr., President**

Carlos A. Pinpin, Jr. is Filipino, 65 yrs. Old. He is formerly the head of Credit and Loans Group of Philtrust Bank. He is a Master's in Business Management graduate of the Asian Institute of Management and a longtime banker. Prior to his stint with Philtrust Bank he served in various management and executive positions at Bank of America and RCBC Savings Bank from 1981 to 2016

**Hilario G. Davide, Jr., Independent Director**

Chief Justice Hilario G. Davide, Jr. (Retired) is Filipino, 86 years old. He served as Chief Justice of the Supreme Court of the Philippines (1998-2005) and Ambassador and Permanent Representative of the Philippines to the United Nations. He is an Independent Director and Vice-Chairman of Manila Bulletin Publishing Corporation; Independent Director of Megawide Construction Corporation; and Trustee of University of San Carlos, Cebu City. He is also the Chairman of Kompas Credit and Financing Corporation; Chief Justice Claudio Teehankee Memorial Foundation, Inc.; Knights of Columbus F. George J. Willmann, SJ Charities, Inc.; Knights of Columbus of the Philippines Foundation, Inc.; and the Heart of Francis Foundation, Inc. He is a member of the Knights of Rizal - Council of Elders.

**Daniel Y. Laogan, Independent Director**

Atty. Daniel Y. Laogan is Filipino, 66 years. He graduated from UST with a degree in Commerce major in accounting and a Master in Science in 1975 and 1977 respectively. He was admitted to the BAR in 1982 and currently a practicing lawyer. He is President Emeritus of the Chinese Filipino Business Club. He has been a director of several banks most notably Philippine Savings Bank and Development Bank of the Philippines.

**Calixto V. Chikiamco, Independent Director**

Mr. Calixto V. Chikiamco is Filipino, 71 years old. He finished Economics degree from DLSU in 1972 and a Masters in Professional Studies in Media Administration from Syracuse University New York. He is currently connected with different media related companies.

**Maria Georgina P. De Venecia, Independent Director**

Mrs. Maria Georgina De Venecia is Filipino, 73 years old. She finished her Banking and Finance and Economics Degree from Assumption College. A former member of the House or Representatives representing the 4<sup>th</sup> district of Pangasinan. She is currently connected with Manila Bulletin as an Independent Director and Chairman of INA Foundation.

**Ernesto O. Chan, Director**

Ernesto O. Chan is Filipino, 75 years old. He is the Chairman, Treasurer, and Senior Vice-President of Pioneer Insurance and Surety Corporation; Chairman of Pioneer Intercontinental Insurance Corporation; and Director of Pioneer Life, Inc.. He is also a Director and Treasurer of Bancasia Finance and Investment Corporation and Bancasia Capital Corporation.

**Tomas V. Apacible, Director**

Tomas V. Apacible is Filipino, 76 years old and is a former Congressman (2010-2013) representing the First District of Batangas. He holds a Master's Degree in Business Administration. He is an Adviser of the Philippine Cancer Society and a Fellow at the Institute of Corporate Directors.

**Miriam C. Cu, Director and Senior Vice-President**

Miriam C. Cu is Filipino, 63 years old. She is a Certified Public Accountant. She is a Director and Treasurer of Orient Enterprises, Inc.; Vice President of Brightworld International Trading, Inc.; Director and Corporate Secretary of Seabreeze Enterprises, Inc.; and Director of G.A. Cu Unjieng Realty, Inc.

**Benjamin C. Yap, Director**

Benjamin C. Yap is Filipino, 75 years old. He is the Chairman and President of Benjamin Favored Son, Inc.; Chairman of House of Refuge Foundation; and a Director of USAUTO CO, Inc., Manila Hotel Corporation, Centro Escolar University, Seabreeze Enterprises, Inc., Philtrust Realty Corp., U.S. Automotive Co., Inc. and Euro-Med Laboratories Phil., Inc.

**Agnes B. Urbano, Assistant Corporate Secretary**

Atty. Agnes B. Urbano is Filipino, 59 years old. She holds an LL.B. degree and is a First Vice President of the Bank.

**Renniel C. Mailom, Assistant Corporate Secretary**

Atty. Renniel C. Mailon is Filipino, 47 years old. He holds a Juris Doctor degree and an Assistant Manager.

## SENIOR OFFICERS

Name		Position	Department/Branch	Nationality
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### Treasury and Cash Operations

Benito D. Chua		Vice-President	Money Market Dept.	Filipino
Age	66			
College	BSBA			
Degree/Profession				
Years as Dept. Head	24			
Years in the Bank	40			

### Loans & discounts and Credit Operations

Atty. Nemesio M. Domingo		First-Vice-President	Credit Department	Filipino
Age	60			
College	BS Criminology,			
Degree/Profession	LLB			
Years as Dept. Head	16			
Years in the Bank	32			

Marife H. Rudio		Vice-President	Credit and Loans	Filipino
Age	50			
College	BS			
Degree/Profession	Math/Actuarial Science			
Years as Dept. Head	1			
Years in the Bank	1			

Josephine Y. Ang		Vice-President	Loans & Discounts Department	Filipino
Age	64			
College	BSC-CPA			
Degree/Profession				
Years as Dept. Head	24			
Years in the Bank	40			

Atty. Jane D. Laplana Suarez		First Vice-President	Legal and Collection Department	Filipino
Age	49			
College	AB-Pol Sc. LLB			
Degree/Profession				
Years as Dept. Head	18			
Years in the Bank	22			

**International and FCDU**

Corazon L. Ho

Sr. Vice-  
President

FCDU Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

71
BSBA - CPA
13
39

Cesar M. Esponilla  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

70

Vice-President

International Department

Filipino

BSC Accounting

48

48

**Deposits and CASA Operations**

Emmanuel M. Sales

Sr. Asst. Vice-  
President

New Accounts Dept.

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

58
BSC-Accounting
1
34

**Comptroller/Finance  
Operations**

Luisa A. Lucin

Sr. Vice-  
President

Accounting Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

65
BSC CPA
17
39

**Branches Human Resources Administrative Operations**

Victoria C. Lu

Sr. Vice-  
PresidentProperty/Purchasing  
Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

71
BSBA-CPA
11
11

Cherry M. Lim

Vice-President

Personnel Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

63
BS-Psychology
33
41



B Gen. Ramiro G. Busalanan

Vice-President

Security Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

65
BS Criminology
8
8

### Corporate Planning

Benedicto F. Borlado

First Vice-Pres.

Corporate Planning Dept.

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

53
BSME
1
1

### Compliance, Internal Control & Risk Management

Amelita G. Cua

Vice-President

Internal Audit Dept.

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

59
BSBA/CPA/MBA
23
36

Pompeyo A. Claveria

Vice-President

Compliance Department

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

68
BSC/CPA
3
7

Michael M. Boado

Asst. Vice-Pres.

Risk Management

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

36
Banking & Finance MBA
1
1

George P. Castro

Vice-President

Executive Information  
Systems

Filipino

Age  
College  
Degree/Profession  
Years as Dept. Head  
Years in the Bank

58
BSC-Accounting.
14
35

## Other Officers

Ms. Virginia S. Choa-Shi		Exec. Vice-President	Grace Park Branch	Filipino
Age	66			
College Degree/Profession	BSC CPA			
Years as Branch Head	39			
Years in the Bank	40			
Mr. Adriano A. Tacata		Sr. Vice-President	Trust Department	Filipino
Age	77			
College Degree/Profession	BSBA, CPA			
Years as Dept. Head	10			
Years in the Bank	10			
Mr. Chai Sen D. Uy		Sr. Vice-President	Cebu Branches	Filipino
Age	75			
College Degree/Profession	BSC			
Years as Branch Head	12			
Years in the Bank	12			

## FINANCIAL HIGHLIGHTS

(In Thousand Pesos)

For the years 2021 and 2020

			Consolidated	
Minimun Required Data			Current Year	Previous Year
Profitability				
	Total Net Interest Income		2,467,966	2,075,422
	Total Non-Interest Income		1,256,383	2,231,960
	Total Non-Interest Expenses		2,088,189	2,205,825
	Pre-provision profit		2,467,966	2,075,422
	Allowance for credit losses		254,429	152,700
	Net Income		826,339	948,539
Selected Balance Sheet Data				
	Liquid Assets		131,388,868	127,308,089
	Gross Loans		38,778,759	39,007,889
	Total Assets		172,279,077	168,469,833
	Deposits		145,314,679	140,827,580
	Total Equity		26,062,974	26,909,111
Selected Ratios				
	Return on equity		3.18%	3.56%
	Return on assets		0.50%	0.58%
	CET 1 capital ratio		50.42%	50.64%
	Tier 1 capital ratio		50.42%	50.64%
	Capital Adequacy Ratio		50.67%	50.74%
Per common share data				
	Net income per share:			
		Basic	0.83	0.95
		Diluted		
	Book Value		26.06	26.91
Others				
	Cash Dividends declared			-
	headcount		800	819
		Officers	392	398
		Staff	408	421

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total resources for the year 2021 reached PhP 172.3 billion, rising by PhP 3.8 billion or 2.3% from previous years PhP 168.5 billion. The growth in resources mainly came from increase in total deposits amounting to PhP 4.5 billion. Current year's total deposits of PhP 145.3 billion compares favorably with previous year PhP 140.8 billion.

Total high grade liquid assets of PhP 166 billion comprising mostly of cash/due from banks, and investment in government securities accounted for 76.3% of total resources. This makes the Bank one of the most liquid banks in the country and amplifies Bank's commitment to clients that sufficient liquid funds cover deposit liabilities.

Loan's receivables are generally business loans to corporates, individuals and entrepreneurs. Gross loans in 2021 of PhP 26.7 billion is PhP .400 billion lower than previous year. Credit exposures were principally trading business, real estate activity, manufacturing, accommodation, food/services, construction and agriculture.

Total Equity at the end of 2021 amounted to PhP 26.1 billion is down by PhP .800 billion from previous year's equity of PhP 26.9 mainly due to unfavorable market adjustment of securities investment.

Current year's results of operation showed a reduction of PhP .122 billion in comparison to previous year. Interest income retreated by PhP .966 billion but this was compensated by a reduction in interest expense by PhP 1.4 billion as average interest rate of deposits went down from 2.48% to 1.35% as many high yielding long-term deposits matured in 2021. That development resulted in higher net interest income of PhP .392 billion for the current year. This was however overshadowed by lower non-interest income and higher non-interest expenses of PhP .976 billion and PhP .118 billion respectively in comparison with previous year. Provision for credit losses also increase by PhP .102 billion.

## Major Business Segments

	2021				
	Treasury Group	Commercial Loans	Consumer Loans	Fcdu	Total
<b>Segment Revenue</b>					
Interest income	2,029,965.00	1,044,524.00	3,907.00	1,326,535.00	4,404,931.00
Other income	303,880.00	301,557.00	0.00	650,946.00	1,256,383.00
Interest expense	-1,411,833.00	-348.00	0.00	-524,784.00	-1,936,965.00
Provision for credit and impairment losses	0.00	-116,483.00	0.00	-137,946.00	-254,429.00
	922,012.00	1,229,250.00	3,907.00	1,314,751.00	3,469,920.00
Compensation and employee benefits	-829,331.00	-35,504.00	-2,177.00	-7,311.00	-874,323.00
Occupancy and equipment-related expenses	-176,255.00				-176,255.00
Other operating expenses	-1,024,033.00			-13,579.00	-1,037,612.00
Income tax expense	-555,392.00				-555,392.00
<b>Segment Operating Profit (Loss)</b>	<b>-1,662,999.00</b>	<b>1,193,746.00</b>	<b>1,730.00</b>	<b>1,293,861.00</b>	<b>826,338.00</b>
<b>Segment Assets</b>					
Cash and other cash items	765,403.00			201,520.00	966,923.00
Due from Bangko Sentral ng Pilipinas (BSP)	41,936,529.00				41,936,529.00
Due from other banks	241,749.00			1,954,972.00	2,196,721.00
Securities purchased under resale agreement	12,951,080.00				12,951,080.00
Investment securities	46,790,573.00			39,498,124.00	86,288,697.00
Loan and receivables		22,450,673.00	33,788.00		22,484,461.00
Others	3,374,249.00	1,661,528.00	0.00	418,889.00	5,454,666.00
<b>Total Segment Assets</b>	<b>106,059,583.00</b>	<b>24,112,201.00</b>	<b>33,788.00</b>	<b>42,073,505.00</b>	<b>172,279,077.00</b>
	2020				
	Treasury Group	Commercial Loans	Consumer Loans	Fcdu	Total
<b>Segment Revenue</b>					
Interest income from lending operations	2,660,476.00	1,274,423.00	2,422.00	1,433,686.00	5,371,007.00
Other income	1,311,278.00	183,923.00	0.00	736,759.00	2,231,960.00
Interest expense	-2,507,437.00	-651.00	0.00	-787,498.00	-3,295,586.00
Provision for credit and impairment losses	0.00	-193,906.00	0.00	41,206.00	-152,700.00
	1,464,317.00	1,263,789.00	2,422.00	1,424,153.00	4,154,681.00
Compensation and employee benefits	-880,217.00	-33,229.00	-1,709.00	-7,081.00	-922,236.00
Occupancy and equipment-related expenses	-169,746.00				-169,746.00
Other operating expenses	-1,100,403.00			-13,440.00	-1,113,843.00
Income tax expense	-1,000,318.00				-1,000,318.00
<b>Segment Operating Profit (Loss)</b>	<b>-1,686,367.00</b>	<b>1,230,560.00</b>	<b>713.00</b>	<b>1,403,632.00</b>	<b>948,538.00</b>
<b>Segment Assets</b>					
Cash and other cash items	833,587.00			219,666.00	1,053,253.00
Due from Bangko Sentral ng Pilipinas (BSP)	53,609,068.00				53,609,068.00
Due from other banks	380,997.00			1,675,692.00	2,056,689.00
Securities purchased under resale agreement	12,759,152.00				12,759,152.00
Investment securities	31,165,456.00			39,423,624.00	70,589,080.00
Loan and receivables		22,919,634.00	21,750.00		22,941,384.00
Others	3,431,037.00	1,659,589.00	0.00	370,582.00	5,461,208.00
<b>Total Segment Assets</b>	<b>102,179,297.00</b>	<b>24,579,223.00</b>	<b>21,750.00</b>	<b>41,689,564.00</b>	<b>168,469,834.00</b>



## CAPITAL STRUCTURE AND CAPITAL ADEQUACY

(In PhP 0.000 Millions)

Capital Structure and Capital Adequacy  
As of Dates Indicated  
(In PhP 0.000 Millions)

Annex A

	31-Dec-21	31-Dec-20	31-Dec-19
<b>I. Qualifying Capital</b>			
Tier 1 Capital	26,063	27,211	25,593
Tier 2 Capital	120	50	242
Gross Qualifying Capital	26,183	27,261	25,835
Less: Regulatory Adjustments / Deductions	1,649	2,805	4,478
<i>Net Qualifying Capital</i>	<u>24,534</u>	<u>24,456</u>	<u>21,357</u>
<b>II. Risk Weighted Assets</b>			
Credit Risk Weighted Assets			
Risk Weight	40,733	40,201	39,276
Capital Requirement (10%)	4,073	4,020	3,928
Market Risk Weighted Assets			
Risk Weight	2,295	2,144	1,734
Capital Requirement (10%)	229	214	173
Operations Risk Weighted Assets			
Risk Weight	5,391	5,854	5,873
Capital Requirement (10%)	539	585	587
Total Capital Requirement	4,842	4,820	4,688
Required Capital Charge	10%	10%	10%
Total Risk Weights	<u>48,419</u>	<u>48,199</u>	<u>46,883</u>
<b>III. Total Capital Adequacy Ratio</b>	<u>50.67%</u>	<u>50.74%</u>	<u>45.55%</u>
<b>IV. COMMON EQUITY TIER 1 RATIO</b>	<b>50.41%</b>	<b>50.64%</b>	<b>45.04%</b>
<b>V. CAPITAL CONSERVATION BUFFER</b>	<b>44.42%</b>	<b>44.64%</b>	<b>39.04%</b>
Breakdown of Tier 1			
Paid in Capital Stock	10,000.00	10,000.00	10,000.00
Retained Earnings	13,921.00	12,972.00	12,192.00
Undivided Profits	826.00	1,157.00	903.00
Other Comprehensive Income	<u>1,316.00</u>	<u>3,082.00</u>	<u>2,498.00</u>
Total	<u>26,063.00</u>	<u>27,211.00</u>	<u>25,593.00</u>
Breakdown of Tier 2			
General Loan Loss Provision	<u>120.00</u>	<u>50.00</u>	<u>242.00</u>

**CAR** averaged 49.41% for the last three (3) years and highest in 2021 at 51.94%. Even at its lowest the same is still many times above the mandatory 10% minimum ratio. Net qualifying capital show consistent compliance with the required minimum capital for the last three (3) years. Medium credit risk is expected as the current pandemic and spiraling fuel prices continue to affect many businesses in general.

## RISK EXPOSURES

**Credit Risk**  
**As of December 31, 2021**  
**(In PhP 0.000 Millions)**

**Annex B**

<b>Risk Weighted Assets</b>	<b>Total Assets</b>	<b>Booked Valuation Reserves</b>	<b>Net Book Value</b>	<b>Risk Mitigant <sup>1/</sup></b>	<b>Net Risk Weighted Assets</b>	<b>Total Credit Risk</b>
Cash and Due from Banks	45,100	-	45,100	-	45,100	559
Available for Sale Securities	26,020	-	26,020	-	26,020	13,418
HTM Financial Assets	60,348	79	60,269	-	60,269	8,321
Loans and Receivables	38,809	4,141	34,669	2,303	32,365	12,219
Sales Contract Receivable	22	-	22	-	22	22
ROPA	1,656	30	1,625	-	1,625	2,438
Other Assets	3,733	16	3,717	-	3,717	3,717
<b>Total on Balance Sheet</b>	<b>175,688</b>	<b>4,266</b>	<b>171,422</b>	<b>2,303</b>	<b>169,119</b>	<b>40,695</b>
<b>Total Off Balance Sheet</b>	<b>1,138</b>	<b>-</b>	<b>1,138</b>	<b>-</b>	<b>1,138</b>	<b>38</b>
<b>Total Credit Risk</b>	<b>176,826</b>	<b>4,266</b>	<b>172,560</b>	<b>2,303</b>	<b>170,257</b>	<b>40,733</b>
Less: Unbooked Valuation Reserves						-
Net Credit Risk						40,733

<sup>1/</sup> Risk mitigants are all in the form of hold-out on deposits.

**Credit Risk**  
**As of December 31, 2020**  
**(In PhP 0.000 Millions)**

**Annex B**

<b>Risk Weighted Assets</b>	<b>Total Assets</b>	<b>Booked Valuation Reserves</b>	<b>Net Book Value</b>	<b>Risk Mitigant <sup>2/</sup></b>	<b>Net Risk Weighted Assets</b>	<b>Total Credit Risk</b>
Cash and Due from Banks	56,727	-	56,727	-	56,727	523
Available for Sale Securities	26,338	-	26,338	-	26,338	13,626
HTM Financial Assets	44,270	19	44,251	-	44,251	8,878
Loans and Receivables	39,041	4,066	34,975	2,620	32,356	12,666
Sales Contract Receivable	22	-	22	-	22	22
ROPA	1,587	42	1,545	-	1,545	2,317
Other Assets	3,733	78	3,655	-	3,655	3,718
<b>Total on Balance Sheet</b>	<b>171,718</b>	<b>4,205</b>	<b>167,513</b>	<b>2,620</b>	<b>164,893</b>	<b>41,749</b>
<b>Total Off Balance Sheet</b>	<b>1,160</b>	<b>-</b>	<b>1,160</b>	<b>-</b>	<b>1,160</b>	<b>42</b>
<b>Total Credit Risk</b>	<b>172,878</b>	<b>4,205</b>	<b>168,673</b>	<b>2,620</b>	<b>166,053</b>	<b>41,791</b>
Less: Unbooked Valuation Reserves <sup>1/</sup>						1,590
Net Credit Risk						40,201

<sup>1/</sup> Based on BSP ROE as at September 30, 2018

<sup>2/</sup> Risk mitigants are all in the form of hold-out on deposits.

**Credit Risk**  
**As of December 31, 2019**  
**(In PhP 0.000 Millions)**

**Annex B**

<b>Risk Weighted Assets</b>	<b>Total Assets</b>	<b>Booked Valuation Reserves</b>	<b>Net Book Value</b>	<b>Risk Mitigant <sup>2/</sup></b>	<b>Net Risk Weighted Assets</b>	<b>Total Credit Risk</b>
Cash and Due from Banks	33,916	-	33,916	-	33,916	586
Available for Sale Securities	36,978	-	36,978	-	36,978	12,529
HTM Financial Assets	41,194	43	41,151	-	41,151	10,433
Loans and Receivables	45,797	3,761	42,036	1,666	40,370	12,667
Sales Contract Receivable	32	-	32	-	32	32
ROPA	1,526	48	1,478	-	1,478	2,217
Other Assets	3,988	90	3,898	-	3,898	3,898
<b>Total on Balance Sheet</b>	<b>163,431</b>	<b>3,942</b>	<b>159,489</b>	<b>1,666</b>	<b>157,823</b>	<b>42,362</b>
<b>Total Off Balance Sheet</b>	<b>1,043</b>	<b>-</b>	<b>1,043</b>	<b>-</b>	<b>1,043</b>	<b>66</b>
<b>Total Credit Risk</b>	<b>164,474</b>	<b>3,942</b>	<b>160,532</b>	<b>1,666</b>	<b>158,866</b>	<b>42,428</b>
Less: Unbooked Valuation Reserves <sup>1/</sup>						<u>3,152</u>
Net Credit Risk						<u><u>39,276</u></u>

<sup>1/</sup> Based on BSP ROE as at September 30, 2018

<sup>2/</sup> Risk mitigants are all in the form of hold-out on deposits.

**Market Risk**  
As of Dates Indicated  
(in 0.000 Millions)

Annex C

Nature of Item	Currency	31/12/2021		31/12/2020		31/12/2019	
		Net Long/ (Short) Position (USD)	Peso Equivalent	Net Long/ (Short) Position (USD)	Peso Equivalent	Net Long/ (Short) Position (USD)	Peso Equivalent
U.S. Dollar	USD	44.278	2,258.112	43.667	2,097.042	33.468	1,694.663
Japanese Yen	JPY	0.000	0.013	0.000	0.014	0.048	2.427
Swiss Franc	CHF	0.000	0.006	-	-	0.000	0.005
Pound Sterling	GBP	0.054	2.767	0.097	4.682	0.134	6.763
Euro	EUR	0.203	10.357	0.180	8.627	0.357	18.077
Canadian Dollar	CAD	0.180	9.179	0.346	16.609	0.004	0.223
Australian Dollar	AUD	0.159	8.096	0.130	6.246	0.020	0.998
Singapore Dollar	SGD	0.096	4.874	0.200	9.585	0.143	7.236
Foreign currencies not separately specified above		0.030	1.505	0.022	1.072	0.068	3.451
Overall Net Position			2,294.909		2,143.876		1,733.843
Risk Weight			8%		8%		8%
Total Capital Charge For ForEx			183.593		171.510		138.707
Capital Charge Adjustment for ForEx <sup>1/</sup>			125%		125%		125%
Adjusted Capital Charge for ForEx Exposures			229.491		214.388		173.384
Minimum Capital Multiplier <sup>2/</sup>			10		10		10
<b>Total Risk Weighted ForEx Exposures</b>			<b>2,294.909</b>		<b>2,143.876</b>		<b>1,733.843</b>
Period-end USD-PHP Exchange Rate			50.999		48.023		50.635

<sup>1/</sup> Capital charge is multiplied by 125% to be consistent with BSP required minimum CAR of 10%, which is 25% higher than the Basel minimum of 8%.

<sup>2/</sup> Adjusted capital charge is multiplied by 10 (i.e. the reciprocal of the minimum capital ratio of 10%)

**Operations Risk**  
As of Dates Indicated  
(In PhP 0.000 Millions)

Annex D

**Gross Income - Basic Indicator Approach:**

	31-Dec-21			31-Dec-20			31-Dec-19		
	Year 3	Year 2	Last year	Year 3	Year 2	Last year	Year 3	Year 2	Last year
Interest Income	6,255	6,761	5,371	5,647	6,255	6,761	5,541	5,647	6,255
Interest Expense	3,221	4,063	3,241	2,739	3,221	4,063	2,862	2,739	3,221
Net Interest Income	3,034	2,698	2,130	2,907	3,034	2,698	2,679	2,907	3,034
Dividend Income	24	29	28	24	24	29	24	24	24
Fees and Commissions	57	63	49	61	57	63	142	61	57
Net Profit/(Loss) on ForEx	118	28	22	47	118	28	40	47	118
Other Income	103	115	128	58	103	115	80	58	103
Non-interest Income	301	235	227	190	301	235	285	190	301
Total Gross Income	3,335	2,933	2,356	3,097	3,335	2,933	2,964	3,097	3,335
Capital Charge Factor	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capital Requirement	500	440	353	465	500	440	445	465	500
Average			431			468			470
Capital Charge Adjustment <sup>1/</sup>			125%			125%			125%
Adjusted Capital Charge			539			585			587
Minimum Capital Multiplier <sup>2/</sup>			10			10			10
<b>Total Risk Weighted Amount</b>			<b>5,391</b>			<b>5,854</b>			<b>5,873</b>

**Notes**

<sup>1/</sup> Capital charge is multiplied by 125% to be consistent with BSP required minimum CAR of 10%, which is 25% higher than the Basel minimum of 8%.

<sup>2/</sup> Adjusted capital charge is multiplied by 10 (i.e. the reciprocal of the minimum capital ratio of 10%)



## **RISK MANAGEMENT FRAMEWORK**

The Bank's Board of Directors, Management and Staff recognize that risk is inherent in the entirety of banking operations and, if not well managed, could result to financial loss, regulatory sanctions, and penalties that may damage the Bank's reputation. The Bank takes a comprehensive approach to risk management with a defined risk framework and risk limits more particularly in credit. The types of risk faced by the Bank are generally credit, market, liquidity, operational, compliance, strategic and reputational.

The risk management framework provides, through carefully designed policies, clear responsibilities and accountability, and a tight monitoring and feedback mechanism involving all risk takers including the Board of Directors and the relevant committees.

### **Risk Appetite**

The Bank is known for its conservative policies and practices that took root when it was majority owned by the Archdiocese of Manila. The late Dr. Emilio T. Yap, who headed the group that succeeded the Archdiocese of Manila as controlling shareholders, reinforced the Bank's strategy of slow but sure growth, ensuring the safety of depositor funds, and a reasonable return on investment.

Consistent with this strategy, the Bank's relatively low risk appetite is expressed in its ample capital, high liquidity position and profit levels that yield a reasonable return on stockholder investment. Credit risk is evaluated along time-proven lines that involve a series of reviews up to the Board Committee level. The Bank has adopted a default probability model to predict future losses and anticipate provisioning and capital requirement that are consistent with current pertinent banking regulations.

### **Risk Governance Structure and Risk Management Process**

The risk governance framework establishes defense structures including front line units, the risk management unit, internal audit and compliance. The front-line units determine primary risk indicators in accordance with Board authority on the nature and limits of acceptable risk. The

organizational units responsible risk management, internal audit and compliance serve as monitoring arms and assist management and the Board's oversight functions.

The risk management process starts with the identification and definition of risk, classifying these into quantifiable and non-quantifiable. The former calls for quantifying to the extent possible under validated methodologies and in specified monetary units, market, liquidity and credit risks. Similarly, non-quantifiable risks are defined under the Bank's "control culture" and internal control system designed to monitor and update operational policies and procedures. The following describes the Bank's risk management structure:

- i. **Executive Committee** - analyzes, evaluates and approves activity/product attributes in relation to market, liquidity, credit and operations risks; control and compliance; audit, legal and regulatory; and technology issues.
- ii. **Board Risk Oversight Committee (BROC)** - responsible for the continuing review of corporate risk policies, limits and controls, and ensures that business units continuously monitor the adequacy and soundness of such policies.
- iii. **Budget, Assets Liability Committee (BALCO)** - ensures that the Bank maintains adequate liquidity, funding and capital to meet business and regulatory requirements.
- iv. **Credit and Loans Review Committee (CLRC)** - primarily responsible for credit risk management, establishes credit standards for credit analysis, credit risk measurements, internal credit risk rating, and adequacy of credit risk structure.
- v. **Risk Management Group** - an independent business unit that identifies analyzes, and measures risk position taking and lending, as well as borrowing hazards.
- vi. **Audit Committee** - responsible for monitoring risk management policies and procedures and for reviewing the adequacy of the Bank's risk management system in relation to known and anticipated risks.

#### **AML Governance and ML/TF Risk Management Framework**

The Bank fully adheres to the national policies on: (a) protecting and preserving the integrity and confidentiality of bank accounts, preventing the use of banks to launder the proceeds of

unlawful activity; and (b) the protection of life, liberty, and property from acts of terrorism, condemning terrorism and those who support and finance it. The Bank is also committed to assist the authorities in identifying potential money laundering transactions.

It is, therefore, the declared Bank corporate policy to observe the Anti-Money Laundering Law, as amended, its implementing rules and regulations, as well as to the various circulars, circular letters, and other issuances issued by competent authorities against money laundering, terrorism financing, and other related offenses.

In line with the declaration of policy, the Bank observes the following principles to combat money laundering:

- i. Conduct business in conformity with high ethical standards in order to protect its safety and soundness as well as the integrity of the national banking and financial system. It shall not discriminate against certain customer types, such as Politically Exposed Persons, or against certain religion, race or ethnic origin, or such other attributes or profile as the only basis to deny these persons to access to the Bank's services;
- ii. Know sufficiently its customer at all times and ensure that the financially or socially disadvantaged are not denied access to financial services while at the same time prevent suspicious individuals or entities from opening or maintaining an account or transacting with the Bank by himself or otherwise;
- iii. Adopt and effectively implement a sound AML and terrorist financing risk management system that identifies, assesses, monitors and controls risks associated with money laundering and terrorist financing;
- iv. Comply fully with the UARR and existing laws aimed at combating money laundering and terrorist financing by making sure that officers and employees are aware of their respective responsibilities and carry them out in accordance with superior and principled culture of compliance; and
- v. Fully cooperate with Anti-Money Laundering Council (AMLC) for the effective implementation and enforcement of the AMLA, as amended, and its RIRR.

# **CORPORATE GOVERNANCE**

## **Overall Corporate Governance Structure and Practices**

The Bank's corporate governance follows processes through which corporate objectives are set and pursued in the context of the legal and regulatory frameworks, market environment, accountability, transparency, and effective participation to form solid relationship among stakeholders. Governance mechanisms include monitoring the actions, policies, practices, and decisions of the Board of Directors through its Corporate Governance, Nomination and Remuneration Committee.

## **Selection Process for the Board and Senior Management**

The selection process for membership in the Board of Directors and Senior Management starts with nominations submitted to the Board's Corporate Governance, Nomination and Remuneration Committee. Candidates for directorship are submitted to stockholders for their consideration. Other bank officers that require appointment by the Board of Directors are reviewed by the same Committee for consideration of the Board.

## **Board's Overall Responsibility**

The Board of Directors is primarily responsible for the governance of the corporation. It is the Board's responsibility to foster the long-term success of the Bank, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board also formulates the Bank's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.

All Directors, whether executive, non-executive or independent, participate in the decision making and resolution process of the Bank. The Chairman of the Board ensures that all concerns are addressed to the satisfaction of the entire membership. He also maintains qualitative and timely lines of communication and information between the Board and Management. Independent Directors, on the other hand, are mandated to

validate actions taken by the Board and that the same complies with relevant banking laws and regulations.

### **Chairman of the Board**

The Chairman of the Board presides over the meeting of the Board of Directors where all approvals for credit applications and policies are evaluated and approved. The Chairman is responsible for leading the Board to focus on strategic matters, and setting governance standards. He plays a critical role in nurturing the effectiveness of the Board and individual Directors.

### **Directors' Orientation and Education Program**

Annually bank directors and senior executives attend annual training on updates and new trends on best practices in the industry regarding Corporate Governance and Anti Money Laundering conducted by the Institute of Corporate Directors, foremost provider of training and seminars for corporate directors. Also in attendance are directors and executives of other publicly listed companies within the umbrella of Yap Group of companies. In 2021 the topics covered in the annual training of directors and senior executives included the following:

- Building Business Resilience in the Corporate Strategy
- Strategic IT Governance Issues
- AMLA Compliance in the Age of the Digital World

### **Board Qualification and Composition**

All members of the Board possess the required integrity/probity, physical/mental fitness; relevant education/financial literacy/training and competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities. One of the Bank's directors has served out the maximum term of nine (9) years in 2021 and due to be replaced in the next stockholder's meeting.

The Board consists of twelve (12) members, four (4) of whom are Independent Directors, as follows:

	Name of Director	Type of Directorship	Nominee	No. of Years Served	Number of Shares	% to Total Shares
1	Jaime C. Laya	NED	No	30	33,325	0.0033
2	Justice Josue N. Bellosillo	NED	No	11	1,512	0.0002
3	Chief Justice Hilario G. Davide	ID	No	9*	1,000	0.0001
4	Dr. Emilio C. Yap III	NED	No	11	183,263	0.0180
5	Ernesto O. Chan	NED	No	10	17,566	0.0018
6	Tomas V. Apacible	NED	No	10	15,120	0.0002
7	Carlos A. Pinpin, Jr.	ED	No	1	100	0
8	Miriam C. Cu	ED	No	11	548,881	0.0549
9	Benjamin C. Yap	NED	No	4	19,310	0.0010
10	Calixto V. Chikiamco	ID	No	1	100	0
11	Danilo Y. Laogan	ID	No	1	100	0
12	Ma. Georgina P. De Venecia	ID	No	1	100	0

Note: ED - Executive Director; NED - Non-Executive Director; ID - Independent Director.

\*Reckoned from 2012

\*\*Indirect ownership through PCD Nominee

## Board-level Committees

### Executive Committee

Dr. Jaime C. Laya	-	Chairman
Sr. Justice Josue N. Bellosillo (Ret.)	-	Member
Dr. Emilio C. Yap III	-	Member
Ms. Miriam C. Cu	-	Member
Mr. Carlos A. Pinpin, Jr.	-	Member
Mr. Ernesto O. Chan	-	Member

The Executive Committee analyzes, evaluates, and approves product attributes such as: market, liquidity and credit risk; operations risk; control and compliance; audit, legal and regulatory; and system and technology issues for new activities/products.

### Trust and Investment Committee

Chief Jus. Hilario G. Davide, Jr. (Ret.)	-	Chairman (Independent Director)
Dr. Jaime C. Laya	-	Member
Mr. Benjamin C. Yap	-	Member
Mr. Carlos A. Pinpin, Jr.	-	Member President
Mr. Adriano A. Tacata	-	Member Trust Officer

The Trust and Investment Committee is responsible for overseeing the fiduciary activities of the Bank, primarily ensuring that they are conducted in accordance with applicable laws, rules and regulations, and prudent practices.

### Audit Committee

Atty. Daniel Y. Laogan	-	Chairman (Independent Director)
Mr. Calixto V. Chikiamco	-	Member (Independent Director)
Mr. Ernesto O. Chan	-	Member

The Audit Committee assists the Board in fulfilling its oversight responsibilities over the Bank's financial reporting policies, practices and internal control, as well as the internal and external audit functions. It also monitors and evaluates the adequacy and effectiveness of the Bank's internal control system. It is responsible for recommending

the appointment of the internal auditor and the independent external auditor who both reports directly to the Committee.

#### **Board Risk Oversight Committee**

Mr. Calixto V. Chikiamco	-	Chairman (Independent Director)
Chief Jus. Hilario G. Davide, Jr. (Ret.)-		Member (Independent Director)
Mr. Tomas V. Apacible	-	Member

The Board Risk Oversight Committee is responsible for the creation and oversight of the Bank's corporate risk policy. It is responsible for identifying and analyzing the risks faced by the Bank; setting and recommending to the Board a system of risk limits and controls; and ensuring that each business unit continuously monitors the adequacy and soundness of policies, assumptions and practices.

#### **Corporate Governance, Nomination and Remuneration Committee**

Chief Jus. Hilario G. Davide, Jr. (Ret.)-		Chairman (Independent Director)
Atty. Daniel Y. Laogan	-	Member (Independent Director)
Mrs. Ma. Georgina P. De Venecia	-	Member (Independent Director)
Mr. Pompeyo A. Claveria	-	Secretary

The Committee reviews and evaluates nominees for membership in the Board of Directors and other positions requiring appointment by the Board; ensures the effectiveness and observance of corporate guidelines and principles; recommends to the Board the continuing education of directors assigned to different board committees, the succession planning and remuneration policy; and determines whether elected directors are adequately carrying out assigned duties and responsibilities.

#### **Related Party Transactions Committee**

Chief Jus. Hilario G. Davide, Jr. (Ret.)-		Chairman (Independent Director)
Mr. Ernesto O. Chan	-	Member (Independent Director)
Mr. Tomas V. Apacible	-	Member (Independent Director)
Mr. Pompeyo A. Claveria	-	Compliance Officer
Ms. Amelita G. Cua	-	Internal Auditor



The Committee is responsible for identifying related parties; monitoring RPT transactions and ensuring that appropriate processes are undertaken to mitigate any risk that may arise from such transaction/s; and ensuring compliance with regulatory requirements.

### Directors' Attendance at Board and Committee Meetings

Name of Director	Board		Executive Committee		Audit Committee		Trust and Investment Committee		Board Risk Oversight Committee		Related Party Transaction Committee		Corporate Governance, Nomination & Remuneration Committee	
	P	%	P	%	P	%	P	%	P	%	P	%	P	%
Directors	P	%	P	%	P	%	P	%	P	%	P	%	P	%
Dr. Jaime C. Laya	13	100	8	100										
Sr. J. Josue N. Bellosillo (Ret)	12	92	8	100										
Dr. Emilio C. Yap III	13	100	8	100										
Mr. Carlos A. Pinpin, Jr.	13	100	8	100										
C.J. Hilario G. Davide (Ret)	13	100							5	100	5	100	2	100
Mrs. Ma. Georgina P. De Venecia	13	100											2	100
Mr. Calixto V. Chikiamco	13	100			4	80			5	100	5	100		
Atty. Daniel Y. Laogan	13	100			5	100					5	100	2	100
Ernesto O. Chan	13	100	8	100	5	100								
Tomas V. Apacible	10	77							5	100				
Miriam C. Cu	13	100	8	100										
Benjamin C. Yap	13	100												

Total number of meetings	13	8	5	0	5	5	2
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\* Number of meetings attended by committee members appointed effective July 2021 to Present

## **Self-Assessment Functions**

The Bank considers self-assessment as a collective effort of the entire organization. All departments/branches/units, together with their respective personnel, shall ensure adherence to internal policies and procedures, as well as to regulatory requirements.

The internal audit function provides independent appraisal of all the activities of the Bank in order to add value and improve operational efficiency, risk management, and internal control systems. It is headed by the Internal Auditor and reports directly to the Audit Committee. Through the Audit Committee, the Board assesses the adequacy and effectiveness of internal control as defined in the internal audit system.

The compliance function reviews and assesses the implementation of internal policies and procedures; conducts compliance risk assessment and compliance testing; educates staff on compliance matters; and monitors compliance risk exposures. The Board of Directors ensures that a compliance program is defined for the Bank, and that compliance issues are resolved expeditiously. Senior Management, on the other hand, ensures that bank personnel and affiliated parties adhere to the pre-defined compliance standards. The Compliance Officer is the lead operating officer on compliance, periodically reporting to the Board of Directors through the Board's Corporate Governance Committee on matters that affect the design and implementation of the compliance program, monitoring submission of reports to regulators and updates on Bank's compliance with respect to BSP examination findings.

## **Dividend Policy**

As provided in the By-Laws, the Board of Directors may declare dividends only from the profits of the business of the Bank, and then only after retaining unimpaired the entire subscribed and paid-up capital stock, the reserve fund required by law, amount earmarked for the by-laws mandated profit sharing for all employees (Art. VII) and a sum sufficient to pay all expenses then incurred by the Bank, inclusive of taxes.

## **Corporate Social Responsibility**

The Bank provides academic scholarships to deserving students in various colleges and universities in the Philippines, thereby giving them opportunity to finish undergraduate degrees. Successful scholar-graduates are eventually offered employment in the Bank. The Office of the President handles the selection process and maintenance of the scholarship program. Bank also selects from deserving bank employees to pursue postgraduate courses in the field of finance for free. During the height of the pandemic, the Bank offered its property across its head office as quarantine facilities for frontline medical /police personnel in the City of Manila and distributed bags of relief goods to affected families in pursuance of its corporate social responsibility.

## **Consumer Protection Practices and Risk Management System**

The Board is responsible for approving and overseeing the implementation of the Bank's customer protection policies as well as the mechanism to ensure compliance with the said policies; developing and maintaining a sound Customer Protection Risk Management System that is integrated into the overall framework for the entire product and service life-cycle; delivering effective recourse to its customers; and providing adequate resources devoted to customer protection and assistance.

Accordingly, the Board has adopted policies and procedures on customer assistance, consumer protection, and risk management that are consistent with consumer protection laws, rules and regulations. These policies and procedures are embedded in the Bank's business operations.

Internal audit reviews the Bank's customer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations. It has established a Customer Protection Audit Program that provides for an assessment of the effectiveness of the adequacy and implementation of approved policies and standards formulated to meet customer protection objectives.

The compliance function proactively monitors and promotes the Bank's adherence to standards of customer protection. It has established a formal Customer Protection Compliance Program that is part of the over-all compliance system of the Bank, including compliance testing and monitoring.

Bank Management reviews and monitors identified risks inherent in all its products and services to ensure that consumers are protected against such risks. Bank systems ensure transparency in banking transactions with the public through informative materials and well-informed bank officers and staff. In accordance with relevant laws and regulations, personal information and transaction details are kept confidential except when required by the proper authorities.

The Bank has adopted a system of reporting violations and procedures on complaints handling to ensure timely corrective measures. There is a Customer Assistance Group (CAG), consisting of Department and Branch Heads, with the Head of the Branches Department as the group head, to handle customer inquiries, requests, and complaints.

#### **Performance Assessment Program**

Bank management through the Personnel Department in coordination with Branches Department, regularly carries out a performance assessment program for all employees assigned at the head office and branches based on set standards, including job knowledge, attendance/punctuality, office decorum, and character attributes identifying potential for career advancement. Board of Directors' performance are assessed by the Chairman of the Board.

#### **Orientation and Education Program**

An orientation program for new employees includes an introduction to company rules, code of conduct, human resources policies, employee benefits, and the basic AML rules and regulations and updates thereof. The Bank conducts training programs for existing staff on internal policies and procedures, specifically on areas requiring continuing education. In 2021 the Bank conducted seminar on Consumer Protection that included topics on Protection Standards, Assistance Policies and Procedures and Information Privacy Policies and Procedures. The annual seminar for the continuing education of bank officers and staff on Anti Money Laundering (AML) matters were also conducted and it included the following topics:

- Fundamentals of AML and Countering Financing of Terrorism
- Customer Screening

- Customer Risk Profiling
- Non-Profit Organization and Unregistered Association
- Gaming Business and Designated Non-Financial Business and Professions
- MSB, Second Endorsed Check and Issuance of MC
- Wire Transfer and Trade Based Finance
- Alert Management
- Covered Transaction Reporting

### **Retirement and Succession Policy**

The Bank has established policies on the retirement of officers and staff and implements policies and procedures to ensure smooth transition upon the retirement, resignation, or other events affecting the employment of officers and staff. It also has a defined contribution or pension plan under which the Bank pays fixed contributions to an independent Provident Fund in full satisfaction of its legal and constructive obligations. The assets of the plan are held separately from those of the Bank and are under the control of Provident Fund trustees.

The Bank has no fixed retirement age for members of the Board of Directors or term limits for each director except for independent directors where the BSP requires a maximum cumulative term of nine (9) years. Our policy has been to find suitable candidates to become directors from among those nominated by the stockholders and incumbent directors. Considered in the selection of candidates for directorship in the Bank includes, integrity, probity, mental/physical fitness, relevant education/training and competencies relevant to the job. The stockholders elect the best candidates as members of the board of directors during the stockholder's meeting. Bank personnel retire at age sixty-five (65) but can be rehired at the Board's discretion depending on performance and need. Bank directors are not included in the retirement policy as their tenure is renewed annually and their continuous fitness as directors is determined by the Board's Corporate Governance and Nominations Committee.

On succession policy, the Bank identifies personnel within each department/unit/branch who can take over the leadership position in case a permanent or temporary vacancy for the top position occurs. The identified second-in-command is trained in the areas of operational proficiency, communications skills, and decision-making ability. The

succession plan makes available experienced and capable employees to assume greater responsibilities in the future. It also increases employee satisfaction knowing that the Bank is planning for the employees' future opportunities for career advancement.

### **Remuneration Policy**

The Bank has an approved position classification and compensation plan that emphasizes merit and performance for all employees from the lowest to the highest-ranking employee including bank directors. The profit-sharing system is part of the Bank's remuneration policy. The Board of Directors receives per diems for attendance in each Board and Committee meetings including Bank's profit-sharing program as provided by the Bank's By-Laws.

### **Policies and Procedures on Related Party Transactions**

The Bank's transactions with directors, officers, stockholders and their related interests, and with other related parties are considered arm's length and done in the best interest of the Bank. Such transactions are undertaken without any special preferences and only in the regular course of Bank business. Dealings are subject to the approval of the Board of Directors as well as to the confirmation by the stockholders as may be necessary. All transactions of the Bank with its related parties are in accordance with existing laws, rules and regulations.

Accordingly, the Bank Board of Directors has constituted the Related Party Transaction Committee tasked to assist the Board of Directors in ensuring Bank compliance with applicable laws, rules and regulations, as well as in the effective implementation of relevant Policies and Procedures.

The Related Party Committee of the Board pass upon/approve RPT transaction including credit accommodations before they are recommended to the Board of Directors for approval. The Bank adopts policies and procedures to identify related parties; monitors related party transactions; ensures appropriate process of approval, identification, measurement, and monitoring risks; and sees to compliance with disclosure requirements.

## SUSTAINABLE FINANCE

The Bank shall adopt within the year a Sustainable Finance Framework (SFF) that establishes policies, methodologies and associated procedures to be applied in classifying financial products and services for sustainable finance. The SFF aims to start a consistent and comprehensive methodology for the classification and reporting of financial and investment products and services that are sustainable. It will further serve as a basis for defining targets for sustainable finance to deliver on the Bank's commitment to support sustainable economic growth and the transition to a low-carbon economy through our banking operation. SFF will be regularly reviewed and expanded to fulfil regulatory expectations.

## PLANS AND OBJECTIVES 2022

- 1) Grow and strengthen recurring interest income streams by building a portfolio of higher-yielding assets such as loans;
  - ▶ *Beef up Account Management Dept (AMD) by forming 3 sales teams*
- 2) Diversify loan portfolio by growing higher-yielding consumer loan portfolio initially via auto in 2022 and eventually via other consumer loan products such as personal and salary and housing loans;
  - ▶ *Beef up Consumer Lending Group (CLG) to continue re-building auto loans; expand auto coverage nationwide*
  - ▶ *Start preparations for the setting up of the Retail Housing Loans Dept*
- 3) Expand/diversify and strengthen sources of recurring non-interest income streams such as branch-generated service charges and loan-related fees (e.g., chattel mortgage fees, insurance fees, etc.);
  - ▶ *Build customer base and transaction volume for Retail Internet Banking (RIB) via product orientation and rationalization of fees*
  - ▶ *Accelerate auto loan bookings to build fee income streams from auto loan-related fees such as a chattel mortgage, insurance, etc.*

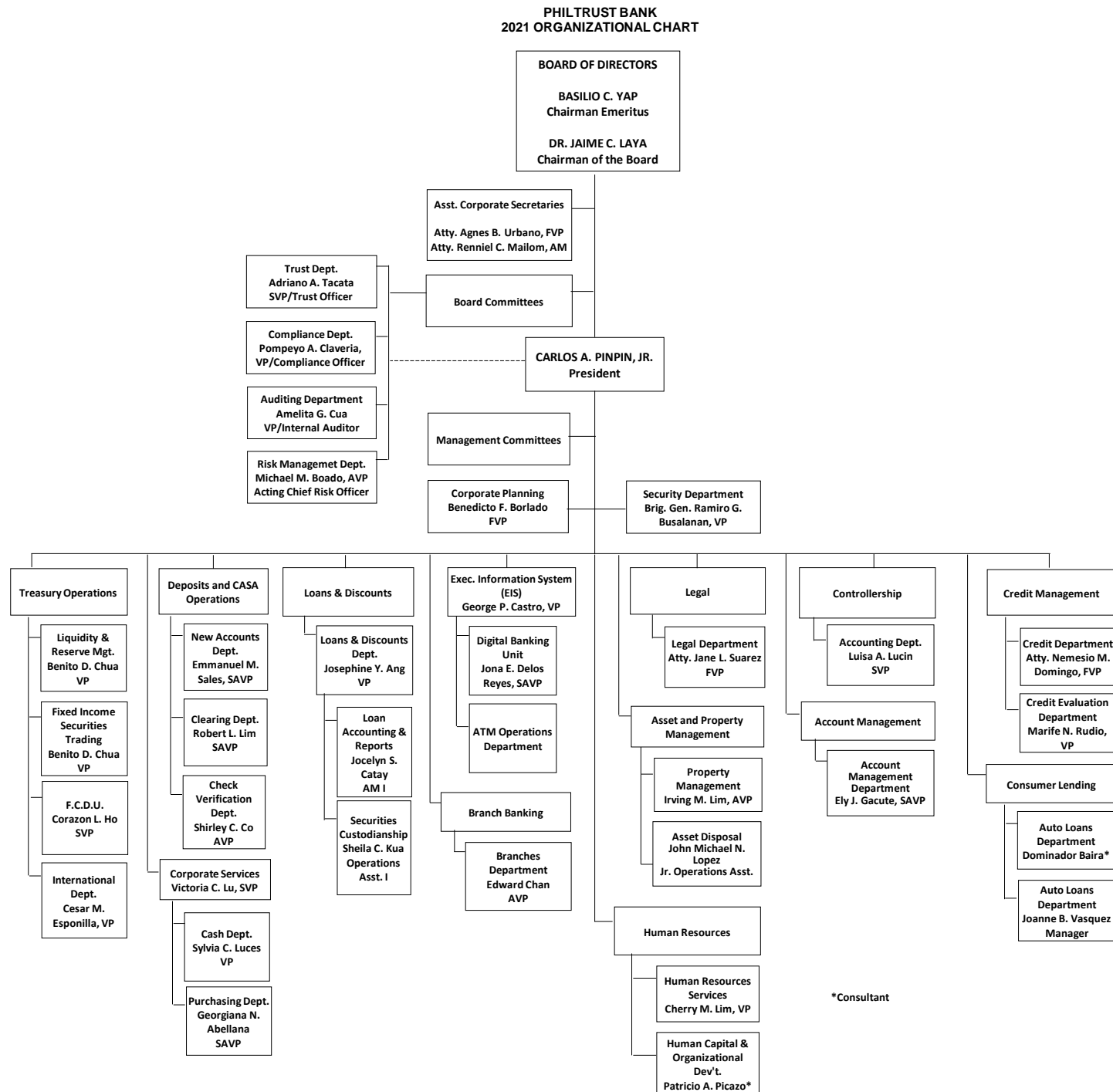
- 4) Continue building up core deposits with emphasis on low-cost CASA generation by leveraging on branch network and RIB as well as relationships with loyal clients to bring down COF and improve Net Interest Margin (NIM);
  - ▶ *Improve sales management process by setting specific CASA targets for branches and implementing an incentive scheme*
- 5) Put in place adequate and effective infrastructure (e.g., people, systems, processes, etc.) to support business development initiatives and improve operational efficiency and flexibility;
  - ▶ *Build a PTC Extension Office at UN Square to support the expansion of lending units and critical support units*
  - ▶ *Beef up manning complement of Credit and Credit & Loans to support the expansion of AMD and CLG*
  - ▶ *Implement risk-based pricing*
  - ▶ *Complete implementation of Loan Management System (LMS)*
  - ▶ *Implement a new core banking system*
  - ▶ *Implement a new accounting system*
- 6) Continue efforts to improve asset/portfolio quality by bringing down NPL ratios and bring these closer to, if not below, industry average via various risk and asset quality management initiatives;
  - ▶ *Develop various new risk management frameworks and review/enhance existing ones*
  - ▶ *Develop Probability of Default Model*
  - ▶ *Conduct Gap Analysis*
- 7) Continue efforts to improve compliance with respect to BSP regulations, particularly new ones (e.g., sustainability framework), AMLA, automated systems used in covered transaction reporting and risk assessment of clients among others to address issues highlighted by regulators; and,
- 8) Pursue various organizational development (OD) interventions to improve organizational effectiveness and health such as training and staff upskilling, organizational restructuring/realignment, review/enhancement of performance management system and succession planning.



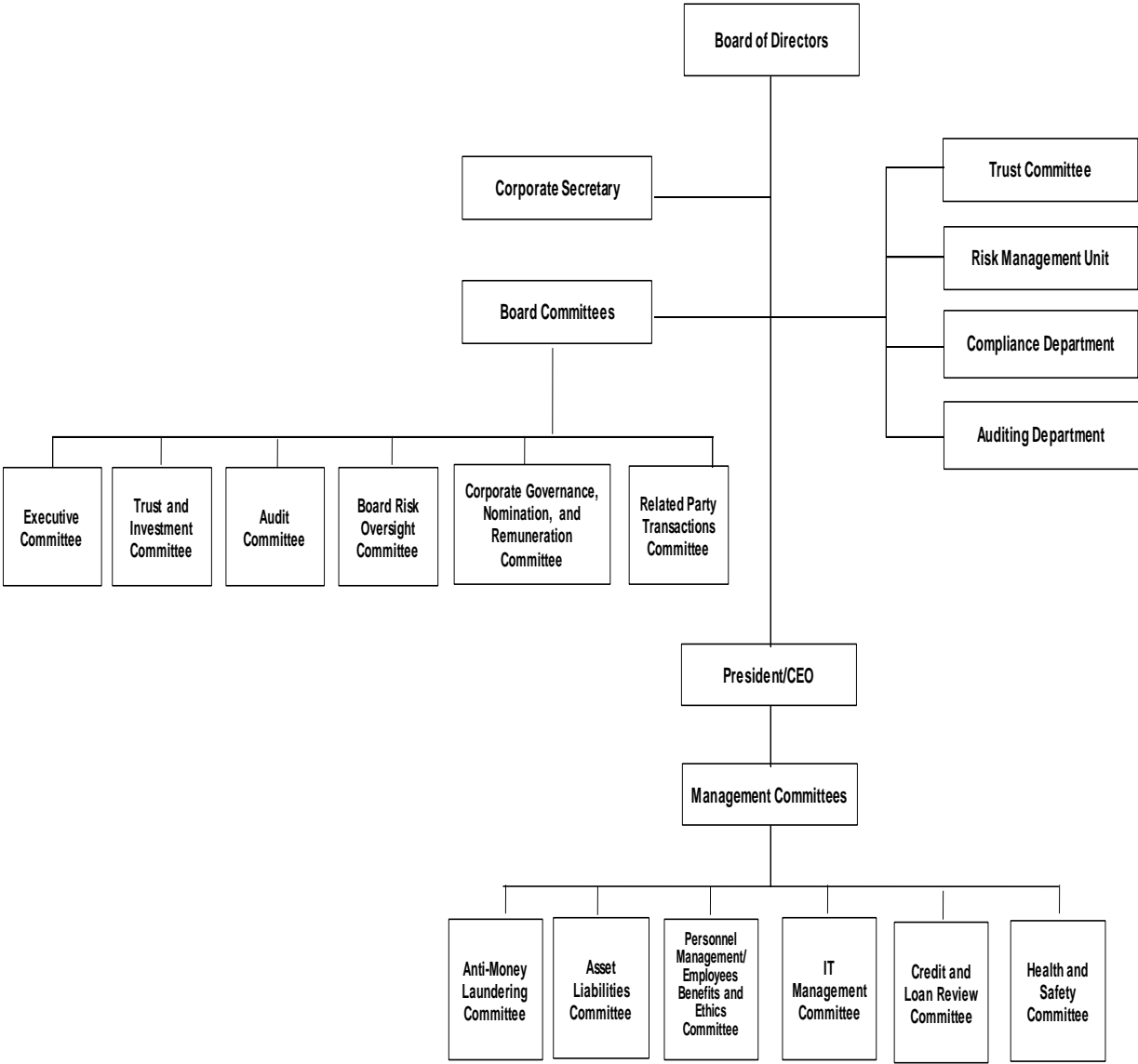
Material Related Party Transactions							
<div> <div> Philtrust Bank 350 </div> <div> Name of Bank Bank Code </div> </div> <div> December 31, 2021 </div> <div> Date </div>							
Parent Bank/QB and Subsidiary/Affiliates	Related Counterparty	Relationship between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the transaction
A. Bank/QB							
a. Subsidiaries and Affiliates							
	Manila Hotel Corporation	Affiliate	July 25, 2017	Credit Line	800,000,000.00	5 years	For interest income
	Manila Hotel Corporation	Affiliate	July 27, 2021	Credit Line	14,924,000.00	1 year	For interest income
b. DOSRI							
	U.S. Automotive Co., Inc. (available for use: MH F&B Ideas, Inc.)	Stockholder Related Interest	June 20, 2017 Nov. 24, 2020	Credit Line	700,000,000.00 300,000,000.00	June 30, 2022	For interest income
	Philtrust Realty Corporation	Stockholder	Jan. 1, 2021	Lease/Lessee	2,008,075.92	1 year	For branch use
	Philtrust Realty Corporation	Stockholder	Jan. 1, 2021	Lease/Lessee	5,186,689.20	1 year	For branch use
	Manila Bulletin Publishing Corp.	Related Interest	Aug. 31, 2021	Credit Line	800,000,000.00	1 year	For interest income
	Manila Bulletin Publishing Corp.	Related Interest	Dec. 21, 2021	Credit Line	200,000,000.00	1 year	For interest income
	Manila Bulletin Publishing Corp.	Related Interest	Feb. 1, 2020	Lease/Lessee	2,184,000.00	5 years	For branch use
	Cocusphil Development Corp.	Related Interest	Jan. 1, 2021	Lease/Lessee	2,042,050.56	1 year	For branch use
	Café France Corporation	Related Interest	Aug. 1, 2012	Lease/Lessor	12,000,000.00	10 years	For rental income
	Café France Corporation	Related Interest	Mar. 16, 2018	Lease/Lessor	6,199,729.05	5 years	For rental income
	U.N. Properties Development Corp.	Related Interest	Dec. 21, 2021	Credit Line	1,000,000,000.00	1 year	For interest income
	U.N. Properties Development Corp.	Related Interest	Sept. 8, 2021	Lease/Lessee	5,571,000.00	5 years	For head office use
	Centro Escolar University	Related Interest	Jan. 1, 2005	Lease/Lessor	600,000,000.00	25 years	For rental income
	Centro Escolar University	Related Interest	April 1, 2021	Lease/Lessee	830,189.07	1 year	For branch use
	ODV Creative Media, Inc.	Related Interest	Feb. 23, 2021	Credit Line	5,000,000.00	1 year	For interest income

# CORPORATE INFORMATION

## Organizational Structure



PHILTRUST BANK 2021 COMMITTEE ORGANIZATIONAL CHART



## Directors and Senior Management

### BOARD OF DIRECTORS

MR. BASILIO C. YAP  
CHAIRMAN EMERITUS  
DR. JAIME C. LAYA  
CHAIRMAN  
MR. CARLOS A. PINPIN, JR.  
PRESIDENT

SR. JUSTICE JOSUE N. BELLOSILLO  
DR. EMILIO C. YAP III  
MR. TOMAS V. APACIBLE  
MR. BENJAMIN C. YAP  
MS. MIRIAM C. CU

CHIEF JUSTICE HILARIO G. DAVIDE, JR.  
MRS. MA. GEORGINA P. DE VENECIA  
ATTY. DANIEL Y. LAOGAN  
MR. CALIXTO V. CHIKIAMCO  
MR. ERNESTO O. CHAN

ATTY. AGNES B. URBANO  
ATTY. RENNIEL C. MAIOM  
ASSISTANT CORPORATE SECRETARY

### OFFICERS

MR. CARLOS A. PINPIN, JR.  
PRESIDENT

SR. JUSTICE JOSUE N. BELLOSILLO  
CORPORATE COUNSEL

POMPEYO A. CLAVERIA  
COMPLIANCE OFFICER

MICHAEL M. BOADO  
ACTG. CHIEF RISK OFFICER

VIRGINIA S. CHOA-SHI  
EXECUTIVE VICE PRESIDENT

CORAZON L. HO  
FCDU DEPARTMENT

VICTORIA C. LU  
PROPERTY/PURCHASING DEPARTMENT

LUISA A. LUCIN  
CHIEF ACCOUNTING OFFICER

CHAI SEN D. UY  
CEBU BRANCH

ADRIANO A. TACATA  
TRUST OFFICER

### SENIOR VICE-PRESIDENTS

ATTY. JANE L. SUAREZ  
ATTY. NEMESIO M. DOMINGO  
BENEDICTO F. BORLADO  
FIRST VICE-PRESIDENTS

BENITO D. CHUA  
Money Market Department

CESAR M. ESPONILLA  
International Department

JOSEPHINE Y. ANG  
Loans and Discounts Department

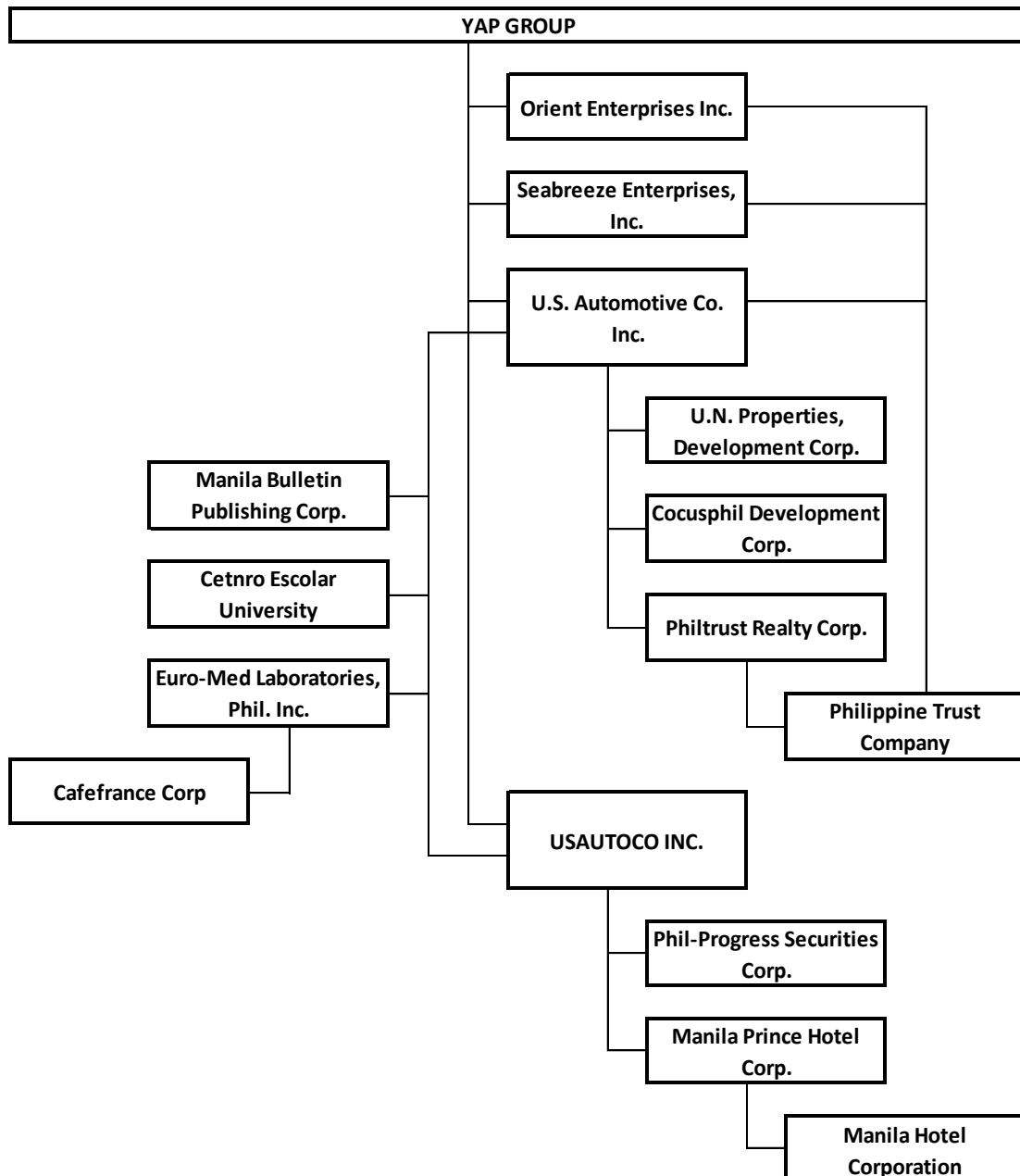
GEORGE P. CASTRO  
E.I.S. Department

### VICE PRESIDENTS

## Major Stockholders

Name of Stockholder	Nationality	No. of Shares Subscribed and Paid Up	Amount	Percent
Philtrust Realty Corp.	Filipino	269,000,014	2,690,000,140	26.90
U.S. Automotive Co. Inc.	Filipino	209,873,774	2,098,737,740	20.99

**CONGLOMERATE MAP**  
As of 31 December 2021



## **BANK PRODUCTS AND SERVICES**

### **1. Checking Account**

A type of demand deposit account withdrawable by check or where applicable, through an automated teller machine. It is also known as a current account. Non-interest bearing.

### **2. Savings Account**

An interest-bearing deposit account withdrawable either upon presentation of a properly accomplished withdrawal slip together with the corresponding passbook or where applicable, through an automated teller machine. There are presently 4 savings account products that the Bank has, namely: Regular Savings Account, Gold Savings Account, Special Savings Passbook and Special Peso Savings Plan. They vary in terms of applicable interest rate, amount and limitations on the number of withdrawals over a specified period.)

### **3. Auto-transfer CA/SA Account**

This is a combination checking and savings account which automatically allows for a transfer of deposit from a savings account to the checking account as checks are drawn on the latter. The principal benefit of this type of account is to allow the depositor to earn the prescribed interest on the savings account balance since no interest is paid if all funds are maintained in the current account.

### **4. Certificate of Time Deposit**

Represents interest-bearing deposits with specific maturity dates. These are evidenced by certificates issued by the Bank. No time deposit with a term of less than thirty (30) days may be accepted.

### **5. Credit Extensions**

#### **a. Loans**

A type of credit extension evidenced by a promissory note executed by a borrower payable on demand or on a specific maturity date. A loan may either be secured (e.g. against real estate mortgage, hold-outs on deposits) or unsecured/clean (i.e. no collateral). A loan with a maturity of one (1) year or less is referred to as a short-term loan while one with a maturity exceeding one (1) year is called a term loan or time loan. A time loan may be further categorized into a medium-term (1-3 years) or long-term loan (beyond 3 years) depending upon maturity.

## **b. Other Types of Credit Extensions**

### **1) Commercial Letters of Credit**

A letter of credit (L/C) is a form of bank guaranty issued in favor of a beneficiary/supplier for the importation/movement of goods and/or payment of services. A draft is drawn by the beneficiary in accordance with the terms and conditions stipulated in the letter of credit to enable him to receive payment. Depending on the type of L/C, drawings may be via *sight* or *usance* (term) drafts, the latter being a form of supplier's credit.

A letter of credit may be used for the 1) importation of goods from abroad in which case it is called an *import* L/C and is usually denominated in foreign currency, or 2) purchase of goods locally in which case it is called a *domestic* L/C and is usually denominated in Philippine Pesos.

### **2) Auto Loans/Car Financing**

Allows individual customers to acquire a car with any arrangement other than a full-cash single lump payment (outright payment).

### **3) Trust Receipt**

A type of financing provided by the bank representing bills/drafts drawn under letters of credit which have been accepted by the account party/importer/buyer prior to/upon release of the shipping documents under trust receipts agreements.

In a trust receipt agreement, the account party acknowledges that the Bank owns/has title (ownership) to the goods imported/purchased. Items imported/purchased must be intended for re-sale and/or form integral parts of goods for eventual sale (e.g. raw materials). Capital equipment and/or spare parts for own use are not eligible for T/R financing.

One interesting feature of a T/R is the fact that non-payment or failure to return the goods held under trust, may result in a borrower/signatories to the TR agreement, being held criminally liable (*estafa*).

## **6. Safe Deposit Box (SDB)**

This is a facility offered by the bank, subject to the payment of prescribed rental, to established depositors for their safekeeping requirements. Dual control is exercised in the renting out of SDBs where one (1) set of keys is held by the depositor and the other by the Bank. Contents of the boxes are known only to the renter and are not insured against theft, fire etc. Currencies, if ever stored in these boxes, are not insured as well.



## **7. Manager's/Gift Check**

A check issued and drawn by the Bank upon itself payable to the payee/s named in the check. A gift check is also a type of manager's check distinguishable only by the labeling as such and usually sealed in a red envelop. As the name implies, it is intended to be presented as a gift to the payee.

## **8. Telegraphic Transfer (domestic/foreign)**

A form of remitting/transferring funds, incoming or outgoing, as the term denotes 'telegraphically' either locally or internationally.

### **TRUST SERVICES**

Trust services of the Bank may be divided into three groups:

- Court Trust
- Private Trust
- Corporate Trust

#### **1. Court Trust**

Court Trusts are those trusts which emanate from the court. The trustee must submit intermediate accountings to the court. It is never relieved of its responsibility until a final accounting has been rendered and accepted and the final judgment or decree is made absolute. The court determines the propriety of the trustee's behavior and its obligation to adhere to the law and to administer the estate according to its best judgment. Because court trust must be administered in conformity with legal provisions, their administration procedures as required in the Rules of Court are discussed in Section III – Administrative Procedures. The Bank, when appointed by the court as trustee, will in most instances accept the office. It is duty bound to render to the public services that are set forth in its articles of incorporation. However, when the Bank cannot perform its duties efficiently for reasons beyond its control, it presents to the court its reasons for non-acceptance of the office.

#### **2. Executorship**

An executor is the individual or trust company appointed by the person who makes a will to administer his estate after his death. The executor gathers in the assets, ascertains what debts are owed, has the estate appraised, pays the taxes and debts that appear correct and that the probate court also approves, contests all improper claims, and then distributes the residue in accordance with the decree of the court. The duties of an executor for an estate of any size require a high degree of business ability, integrity, tact, and specified knowledge.

### **3. Administration**

An Administrator is the individual or trust company appointed by the court to perform the same duties in connection with the estate of a person who dies without a will (INTESTATE) or where the will fails to designate an executor who is capable of acting.

### **4. Special Administration**

When there is delay in the appointment of an executor or administrator due to an appeal from the allowance or disallowance of a will or from other causes, in order not to unnecessarily delay the administration of the estate of a decedent, the court may appoint a special administrator to collect and take charge of the estate of the deceased until the questions which caused the delay are decided and an executor or administrator is appointed.

### **5. Guardianship**

Minors and incompetents cannot act for themselves in business matters. Therefore, every incompetent or minor who owns property should generally have a guardian of his estates and, usually, also have a guardian of his person. No Bank can act as a guardian of a person, but the Trust Department may be guardian of the estate of a minor or incompetent. A minor is one who is under twenty-one years of age. An incompetent is one who is incapacitated as taken up in the definition on Page 2, Section 1 of this Manual. The minor or incompetent is called the ward of the Trust Department.

### **6. Testamentary Trusteeship**

Testamentary trustee is created by will of a deceased person, the will may stipulate that a portion or all of the estate be set aside in a trust to be administered for a period of time for the benefit of specific heirs. The court has jurisdiction over the decedent's estate until the testamentary trust has been created. Usually, further accountings are required from the testamentary trustee until the trust is finally terminated. If a will is ambiguous, the court may direct the inception of a testamentary trust, in which case, administration is subject to court orders until the trustee is relieved of responsibility and is discharged.

The advantages and good reasons for the testator in creating this trust are:

1. It provides management of the property, giving the benefits to the beneficiaries without imposing on them the burden of management.
2. It meets the special requirements of children and other dependents.
3. It avoids guardianship proceedings for minor beneficiaries.
4. It avoids duplication of administration costs.

## **7. Receivership**

A receiver is one appointed by the court to take charge of the property, real or personal, which is the subject of litigation. The appointment of a receiver may also arise under the following cases:

1. When a corporation has been dissolved or insolvent, or is in imminent danger of insolvency or has forfeited its rights.
2. When property is found in danger of being lost.
3. When property is in danger of being wasted or materially injured.
4. After judgment to preserve the property during pendency of an appeal.
5. When the appointment of a receiver is the most convenient and feasible means of preserving, administering or disposing of the property in litigation.

## **Private Trust**

Private Trust are those trusts which the court has no jurisdiction because they are created by a trustor to be operative during his lifetime through the provisions of the agreement may provide for continuance long after his death. Such trusts are also called “living” or “voluntary” or “personal” trusts. They are entered into with various objectives:

1. To reduce income or estates taxes.
2. To provide sustenance for beneficiaries.
3. To build an estate for dependents.
4. To accumulate funds for business ventures, or
5. To obtain the benefit of superior investment counsel.

In fact, their uses are endless. Purpose of creating such trusts is being originated practically everyday.

A private trust has the advantage of going into effect immediately upon the signing of the trust agreement. Upon the death of its creator, it continues on without the necessity of court appearance, this type of trust may be made revocable or irrevocable. Some of the more common private trusts are discussed subsequently.

## **8. Custody Accounts**

This type of account embraces the physical custody of securities, the collection and crediting of interest and dividends with advice of credit, the preparation and filing of ownership certificates, advance notice of maturing principal, the prompt collection thereof, and preparation of periodic accounts. Securities are held separate and apart from those belonging to other accounts and are accorded the same protection as the Bank's own property. All income is immediately credited to the customer's commercial, savings, or other account, depending upon the instructions furnished. The custodian has no responsibility or powers to deal with such properties other than as are expressed in the agreement.

## **9. Agency Accounts or Power of Attorney**

Under an agency account (in addition to the services described in the foregoing for a custody account) a customer may delegate to the Trust Department almost every kind of transaction, buying or selling, collection of accounts, negotiable papers, administration of estates for collection of income, receiving and remittance of dividends, etc. Authority to act is derived from a simple document duly notarized authorizing the trustee to perform certain definite acts and which can be revoked anytime. When the trust service includes the investment of personal property such as stocks and bonds, arrangements may be made to have the stocks and bonds held in agency accounts reviewed and to have written opinions and recommendations furnished the customer from time to time. The customer may keep his funds on the Trust Department books in an agency account.

## **10. Trustee Under a Life Insurance**

Ordinarily, life insurance proceeds are paid to the beneficiary in lump sum, or under an inflexible optional installment plan. Many people, however, prefer to have the proceeds collected by a Trust Department, invested, the income paid out, and the principal thereafter distributed under the terms of their own particular trust. Such an arrangement is created during their lifetime by an appropriate agreement and is called an insurance trust. It may be changed at anytime prior to death. It allows a far more flexible use of insurance proceeds than is afforded by the insurance companies' plans. Very few people who carefully consider the idea fail to make use of it in connection, with all, or at least a part, of their insurance estate. The insurance proceeds after collection by the trustee are appropriately invested in high grade bonds or stocks, or in any other manner specified in the trust agreement.

## **11. Escrows**

Escrows are agreements between two or more parties wherein the trustee act as an agent of both. It may happen that neither party trusts the other, and that therefore, neither wishes to perform before being satisfied with the other's performance. Under the circumstances the property is delivered upon fulfillment of the required condition. The trustee has no interest in the transaction other than to carry out the instruction of his principals. Instructions must invariably be written and sufficiently specific to allow no room for misunderstanding.

Funds or securities deposited in escrow are recorded as trust assets with corresponding offsetting liability account for their aggregate carrying value Escrow, like all private trust or agency agreements, is confidential interested unless authorized by the principals or unless demanded under process of law. (See Form No. 5)

## **Corporate Trust**

A corporate trust is one under the terms of which the trustee performs various duties for a corporation. A corporate trust may be a court trust or private trust. The services rendered may be varied, such as handling an issue of new bonds or stock, paying interest or dividends, redeeming bonds, or acting as registrar or transfer agent of a stock issue. If the corporation which the corporate trustee is serving is in financial difficulties, the trustee may hold title to its property and manage or liquidate it for the benefit of its stockholders or creditors. Corporate trust fees are usually on a transaction basis, so much for each registration, stock transfer, coupon or bond payment, etc. Schedules of these charges should invariably be included in the trust agreement. Charges for such services and expenses are billed to the trustor corporation rather than deducted from the trust accounts.

### **12. Transfer Agent**

The owner's interest in a corporation is commonly expressed in shares. The number of shares owned in a corporation is evidenced by a stock certificate. This certificate is usually signed by two officers of the corporation, bears the seal of corporation, has a number indicating chronological order of issuance, shows the number of shares for which issued, and states the type of stock and shareholder's name. The names and holders of shares are recorded in the book of the corporation.

When the shareholder wishes to sell his shares in the corporation, he endorses the certificate on the back, or signs a separate assignment, if any, to a broker or directly to the person who is buying it. The transfer of title to the certificate must pass through the corporation books. This transfer is either effected by the corporation or by its transfer agent appointed for the purpose. The corporation may appoint the Trust Department of a bank as its transfer agent. A transfer agent is recommended if the stock is traded in the stock exchange since transfers are effected rapidly and skillfully.

### **13. Trustee Under Corporate Mortgage**

Corporations borrowing for long periods require large amount of funds which cannot be provided by one lender. Through the medium of the trust company or investment banker, bonds are sold to investors in convenient denominations; say P100, P200, P500 etc. this bond issue may be secured by mortgage on property deeded to the Bank in its fiduciary capacity. In the event of default by the issuing corporation, the trustee can deal with the property in satisfaction of the liability to the bondholders. The indenture or mortgage deed or trust agreement under which title is held authorizes the bank as trustee to encumber or sell the property and to use specific funds for the payment of interest and principal. The method of redemption or call of the bond is set forth, together with sinking fund provisions and procedure, in the event of default.

**14. Sinking Funds**

Sinking funds are amounts set aside for the redemption of bonds. They may either be cash or securities, dependent upon the terms of the trust. The agreement usually stipulates how such funds are to accumulate and how and when they are to be disbursed.

**15. Coupon Paying Agent**

Bond interest coupons are paid by the Trust Department from funds provided for that purpose by the issuing corporation. Funds equal in amount to the face value of coupons currently due on the bonds

## **BANKING OFFICES**

### **HEAD OFFICE**

Philtrust Bank Building  
United Nations Avenue Corner San Marcelino Street  
Manila  
Tel No. 8524-9061 Fax No. 8521-7309

### ***METRO MANILA BRANCHES***

#### **AURORA BOULEVARD BRANCH**

904 Aurora Blvd. cor. Harvard St.,  
Cubao, Quezon City  
Tel. Nos. 8911-1539; 8911-3367; 8911-3082  
8421-6599, 8911-0917 (Fax)

#### **BAMBANG BRANCH**

*Philtrust Building*  
No. 1499 G. Masangkay St.  
corner Bambang Street  
Tondo, Manila  
Tel. Nos. 8244-9229; 8243-5540; 8244-9230

#### **CALOOCAN BRANCH**

*Philtrust Building*  
Samson Road, Caloocan City  
Tel. Nos. 8362-3651 to 52; 8364-4522

#### **EDSA MUÑOZ BRANCH**

1167 EDSA cor. Roosevelt Avenue  
Quezon City  
8376-7363, 8376-7364, 3410-1047, 3410-1057

#### **ERMITA BRANCH**

*Philtrust Building*  
1111 A. Mabini corner U.N. Avenue  
Manila  
Tel. Nos. 8708-9640 to 43

#### **GRACE PARK BRANCH**

225 Rizal Avenue Extn. Grace Park  
Caloocan City  
Tel Nos. 8364-1571, 8363-8188, 8363-8185  
8363-8177, 8364-1571 to 72, 8361-9529,  
8361-9234, 8362-0111

#### **AYALA AVENUE BRANCH**

G/F Unit 121 Shangrila Arcade \*  
Ayala Ave. cor. West Street  
Makati City  
Tel. Nos. 8810-0516; 8810-0529; 8810-0521  
1

#### **BINONDO BRANCH**

*Philtrust Building*  
Quintin Paredes corner  
Dasmariñas and Plaza Cervantes  
Binondo, Manila  
Tel. Nos. 8241-6101 to 07; 8241-2584

#### **DIVISORIA BRANCH**

*Philtrust Building*  
535 C.M. Recto Avenue corner Carmen Planas St.  
Tondo, Manila  
Tel. Nos. 8241-8030; 8241-8092; 8241-8051

#### **ELCANO BRANCH**

*Philtrust Building*  
677 Elcano cor. Lavezares St., Binondo, Manila  
Tel Nos. 8242-3363; 8242-3375; 8242-3369

#### **ESCOLTA BRANCH**

*Philtrust Building*  
277 Escolta St.  
Binondo, Manila  
Tel. Nos. 8245-7722; 8245-7724; 8245-7734

#### **GREENHILLS BRANCH**

Metrosquare Building  
224 Ortigas Avenue  
North Greenhills, San Juan City  
Tel Nos. 8724-5731; 8531-4297

**JUAN LUNA BRANCH***Philtrust Building*

395 Juan Luna corner San Fernando St.  
Binondo, Manila  
Tel. Nos. 8245-4081 to 85

**LIBERTAD BRANCH***Philtrust Building*

0291 A. Arnaiz Avenue corner Taft Avenue  
Pasay City  
Tel. Nos. 8833-0554; 8833-0556 to 58

**MAKATI-TORDESILLAS BRANCH**

101 Le Metropole Condominium  
G. Puyat Avenue corner Tordesillas St.  
Makati City  
Tel. Nos. 8813-4955; 8892-0131; 7753-3538 to 39

**MALATE BRANCH***Philtrust Building*

435 Remedios corner M.H. del Pilar St.  
Manila  
Tel. Nos. 8523-4914; 8524-9350; 8525-6737

**MARIKINA CITY***Philtrust Building*

Sumulong Highway corner P. Burgos St.  
Sto. Niño, Marikina City  
Tel. Nos. 8997-9300; 8631-4447

**MORAYTA BRANCH***Philtrust Building*

890-892 Dr. Nicanor Reyes St., corner  
R. Papa St., Sampaloc, Manila  
Tel. Nos. 8733-9711; 8735-4529; 8733-5512

**ONGPIN BRANCH**

800 Ongpin corner S. Padilla Sts.  
Binondo, Manila  
Tel. Nos. 8733-1405; 8733-7754; 8733-7745

**ORTIGAS BRANCH**

Unit B1 OMM-CITRA Condominium  
San Miguel Avenue, Ortigas Center  
Pasig City  
Tel. Nos. 8635-4069; 8638-4145; 8638-4132

**LAS PIÑAS BRANCH***Philtrust Building*

Alabang - Zapote Road  
Almanza Uno, Las Piñas City  
Tel. Nos. 7738-1058; 8801-8975

**MAKATI BRANCH**

835 Liberty Building  
A. Arnaiz Avenue, Makati City  
Tel. Nos. 8893-6432; 8893-6333; 8892-6706 to 07

**MALABON CITY BRANCH**

19 Rizal Avenue corner. Leoño St.  
Tañong, Malabon City  
Tel. Nos. 8376-2157; 8921-0075

**MANDALUYONG BRANCH**

Philtrust Building  
Shaw Blvd. cor. Kalentong St.,  
Mandaluyong City  
Tel. No. 8531-4950, 8534-6095 to 98

**MAYPAJO BRANCH***Philtrust Building*

A. Mabini corner L. Lupa Sts.  
Maypajo, Caloocan City  
Tel. Nos. 8990-7594; 8921-8198

**NAIA 1 BRANCH**

Departure Level, NAIA 1  
Parañaque City  
Tel. Nos. 8831-4944; 8851-5553

**NAIA 3 EXTENSION OFFICE**

12 Arrival Level, NAIA Terminal 3  
Pasay City  
Tel. Nos. 8831-5481; 8552-8174

**PACO BRANCH**

Simplicia Building  
1158 Pedro Gil corner Angel Linao Sts.  
Paco, Manila  
Tel. Nos. 8521-0283 to 86



**PADRE RADA BRANCH**

948 Ilaya St. cor. Padre Rada St.  
Tondo, Manila  
Tel. Nos. 8243-6067 to 70

**PUYAT AVENUE BRANCH**

*Philtrust Building*  
259 Gil Puyat Avenue  
Makati City  
Tel. Nos. 8843-3901; 8843-3902; 8843-3911

**QUIAPO BRANCH**

252 Villalobos St.,  
Quiapo, Manila  
Tel. Nos. 8733-5511; 8733-5513

**STA CRUZ BRANCH**

*Philtrust Building*  
Plaza Lacson cor. Rizal Avenue,  
Sta. Cruz, Manila  
8733-0528, 8733-0351 to 52, 8733-0348  
8733-0525, 8733-0353

**TABORA BRANCH**

*Philtrust Building*  
Tabora corner M. De Santos Sts.  
San Nicolas, Manila  
Tel Nos. 8354-8679 to 80

**TAGUIG CITY BRANCH**

Unit-101 A, One Global Place  
5th Avenue corner 25th St.  
Bonifacio Global City, Taguig  
Tel Nos. 8519-6112; 8519-5035; 8519-5244

**PASIG BRANCH**

*Philtrust Building*  
159 Dr. Sixto Antonio Avenue, Pasig City  
Tel. Nos. 8641-5365; 8628-1447

**QUEZON AVE. BRANCH**

101 Quezon Avenue corner  
Sto. Domingo St., Quezon City  
Tel. Nos. 8712-2748; 8732-5076; 8711-8326

**REINA REGENTE BRANCH**

*Philtrust Building*  
948 Reina Regente corner Soler Sts.  
Binondo, Manila  
Tel Nos. 8245-4413; 8245-4328; 8245-4415

**SUCAT BRANCH**

*Philtrust Building*  
Dr. A. Santos Avenue corner Sta. Rita St.  
Parañaque City  
Tel. Nos. 8820-7381 to 85

**TAFT AVENUE BRANCH**

1844 Taft Avenue  
Pasay City  
Tel. Nos. 8536-0011; 8526-0653 ; 8536-5051

**VALENZUELA BRANCH**

*Philtrust Building*  
MacArthur Highway (in front of Valenzuela  
City Hall) Malinta, Valenzuela City  
Tel. Nos. 8294-0671 to 72; 8292-0177

**PROVINCIAL BRANCHES****ANGELES CITY BRANCH**

*Philtrust Building*  
Mc Arthur Highway  
corner B. Aquino St., Angeles City  
Pampanga  
Tel Nos. (045) 625-3617; 625-3616

**BACOLOD BRANCH**

*Philtrust Building*  
Gatuslao corner Cuadra Sts.  
Bacolod City  
Tel Nos. (034) 432-1715; 432-1714; 708-0538

**BATANGAS BRANCH**

Rizal Avenue cor. P. Gomez St.  
Batangas City, Batangas  
Tel Nos. (043) 702-6286; 702-6732

**CAGAYAN DE ORO BRANCH**

*Philtrust Building*  
S. Osmeña St., corner J. Ramonal St.  
Cogon District, Cagayan de Oro City  
Misamis Oriental  
Tel Nos. (088) 231-6694; 880-7234

**CAVITE BRANCH**

*Philtrust Building*  
Km. 41 E. Aguinaldo Highway  
Silang, Cavite  
Tel. Nos. (046) 414-3136; 865-3490; 865-3491

**CEBU FUENTE OSMEÑA BRANCH**

Osmeña Boulevard corner J. Llorente St.  
Cebu City  
Tel Nos. (032) 255-5199; 254-5139

**DAVAO RECTO BRANCH**

Caritas Building  
Claro M. Recto St., San Pedro  
Davao City  
Tel Nos. (082) 227-7001; 227-6231; 305-9339

**DUMAGUETE CITY BRANCH**

*Philtrust Building*  
Silliman Avenue corner Real St.  
Dumaguete City, Negros Oriental  
Tel Nos. (035) 522-3234; 522-3556

**LA UNION BRANCH**

Diocesan Center  
11 P. Gomez St.  
San Fernando City, La Union  
Tel No. (072) 242-2307; 700-3144

**BULACAN BRANCH**

*Philtrust Building*  
Paseo del Congreso St., San Gabriel  
Malolos City, Bulacan  
Tel. Nos. (044) 931-3255; 931-2037

**CABANATUAN CITY BRANCH**

*Philtrust Building*  
Burgos Avenue, corner Beedle St.  
Cabanatuan City  
Tel Nos. (044) 940-8752; 951-0421

**CEBU MAGALLANES BRANCH**

*Philtrust Building*  
Magallanes corner F. Gonzales Sts.  
Cebu City  
Tel Nos. (032) 254-9892; 416-9045; 256-1298

**CECU COLON BRANCH**

*Philtrust Building*  
Colon cor. D. Jakosalem Sts.  
Cebu City  
Tel Nos. (032) 253-3054; 254-7306; 414-9292

**DAVAO STA. ANA BRANCH**

*Philtrust Building*  
Monteverde Ave. corner F. Bangoy St.  
Davao City  
Tel Nos. (082) 221-0755; 305-7280; 305-7172

**ILOILO CITY BRANCH**

*Philtrust Building*  
Quezon St. corner Delgado St.  
Iloilo City  
Tel Nos. (033) 336-8772; 338-2615

**LIMAY BRANCH**

*Philtrust Building*  
Bgy. Luz, National Road  
Limap, Bataan  
Tel Nos. (047) 244-5728; 633-0098

**LUCENA CITY BRANCH**

Quezon Ave. corner Don Queblar St.  
Lucena City, Quezon  
Tel Nos. (042) 710-9071 to 72; 3229787

**ROXAS CITY BRANCH*****Philtrust Building***

Roxas Ave. corner Primero de Mayo St.  
Roxas City, Capiz  
Tel Nos. (036) 621-3062; 621-7648

**URDANETA CITY BRANCH*****Philtrust Building***

MacArthur Highway corner Ambrosio St.  
Urdaneta City, Pangasinan  
Tel Nos. (075) 522-3721; 540-2065

**NAGA CITY BRANCH*****Philtrust Building***

Caceres corner Elias Angeles Sts.  
Naga City, Camarines Sur  
Tel Nos. (054) 472-3491; 811-8651

**SANTIAGO CITY BRANCH*****Philtrust Building***

Maharlika Highway corner Abauag St.  
Malvar, Santiago City, Isabela  
Tel Nos. (078) 305-2692; 305-2891

***OPENING SOON*****ALABANG BRANCH****GENERAL SANTOS CITY BRANCH****KALIBO CITY BRANCH****LAOAG CITY BRANCH****MANDAUE CITY BRANCH****OZAMIZ CITY BRANCH****TARLAC CITY BRANCH****TUGUEGARAO CITY BRANCH****Bank website**

For more information about the Bank, its products and services, please visit [www.philtrustbank.com](http://www.philtrustbank.com)