



# SUSTAINABLE HORIZONS

2023 ANNUAL AND SUSTAINABILITY REPORT

## Inside the Report

## About the Cover



A modernized interpretation of the bank's strategic theme graces our annual report cover, taking on the role of story teller of DBP's inherent capabilities and maximized potentials in the development of key sectors—infrastructure and logistics, entrepreneurial building, environment and climate change, and social services—represented by a multi-level graphic "horizon." Colorful illustrations and forms depict the many industries that are enlivened by their partnership with DBP.

"Sustainable Horizons" is the bank's firm commitment to play a major role in the national government's agenda for a future-proof and sustainable economy.

## Sustainability Policy Statement

*The Development Bank of the Philippines (DBP), consistent with its developmental mission and initiatives, is committed to the pursuit of sustainability and thus, integrates sustainability principles into the core of its business strategies, risk management system, corporate governance framework, and overall bank operations.*

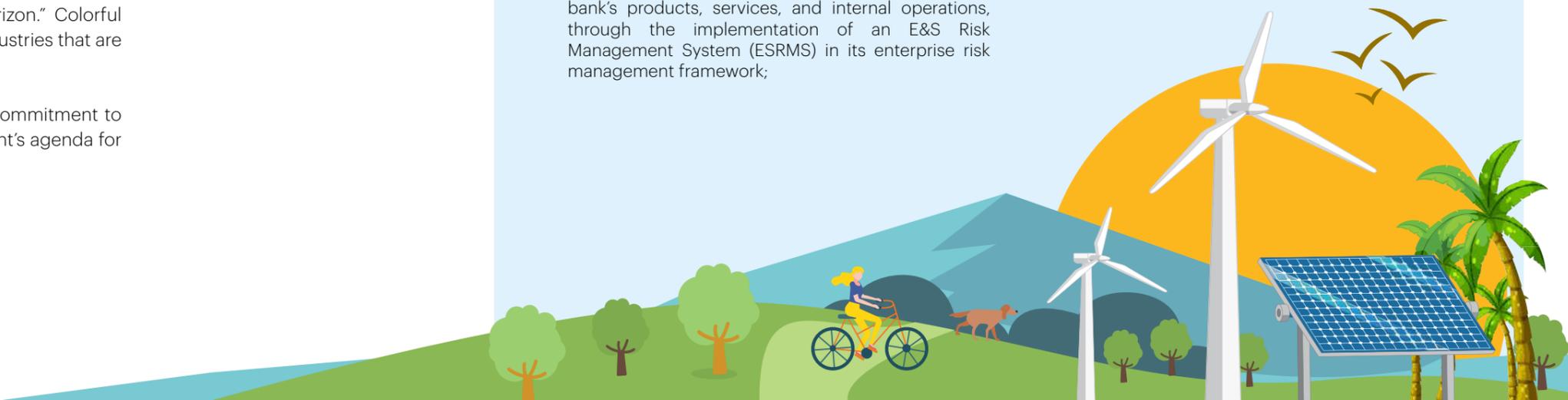
As a development financial institution that values effective governance, environmental protection and social justice, DBP performs the pivotal role of building possibilities for sustainable and inclusive growth for all, as aligned with its purpose, vision, and mission.

In pursuit of this policy, DBP commits to undertake the following measures to attain the bank's sustainability targets by 2040:

- Align its business strategies with the tenets of the United Nations (UN) Sustainable Development Goals (SDGs), the Paris Agreement, the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB), Philippine Development Plan (PDP), Sustainable Finance Framework (SFF) of the Bangko Sentral ng Pilipinas (BSP), and other relevant national and regional frameworks and agreements
  - a. Net zero emissions for lending and internal operations, specifically in sectors where DBP has significant negative environmental and social (E&S) impact as well as in its operational carbon footprint; and
  - b. Double DBP's contributions to the attainment of SDGs and PDP through its developmental financing programs based on the 2021 baseline data.
- Identify, assess, mitigate, and monitor E&S risks, including physical and transition risks affecting the bank's products, services, and internal operations, through the implementation of an E&S Risk Management System (ESRMS) in its enterprise risk management framework;

- Mainstream green financing in business decisions, particularly in the development and implementation of lending and corporate social responsibility (CSR) programs;
- Operate in a safe and inclusive work environment that allows its employees to grow professionally, embodying the principles of sustainability with proper information, education, and communication (IEC) strategies;
- Promote social equity and inclusion focusing on empowering marginalized groups; and
- Inform, encourage, influence, collaborate, and work responsibly with its customers, suppliers, vendors, and other stakeholders to promote sustainable business practices and economic activities that will bring about positive impact on the environment, as well as create shared prosperity for all.

DBP pledges to practice responsible banking to contribute to the Philippines' AmBisyon Natin 2040 of inclusive growth, resilient society, and competitive knowledge economy with strong governance, integrity, fairness, and accountability. Cognizant of the public's trust, DBP shall deliver financial inclusivity without compromising the welfare of future generations.



## Purpose

The quest for sustainable growth provides unique opportunities for development financing institutions to step up and meet the unique challenges of these times. With its proven track record in sustainable economic growth through the financing of development projects, DBP leads the way in leveraging these opportunities, towards improving the lives of the Filipino people.

A government-owned development bank, DBP's primary objective is the provision of banking services that cater to the medium- and long-term needs of agricultural and industrial enterprises, particularly small- and medium-scale industries. It may also perform all other functions of a universal bank.

The bank's affairs and business are directed by the DBP Board of Directors, made up of nine members appointed by the President of the Republic of the Philippines. The Board also manages and preserves the bank's properties and exercises its corporate powers—including electing the bank's President, who acts as the Chief Executive Officer and serves as the Vice Chairman of the Board.



## Core Values

### Integrity

(Honesty, truthfulness, transparency)

### Excellence

(Competence, dedication to work, professionalism)

### Teamwork

(Harmony, cooperation, synergy)

### Service to Others

(Customer-orientation)

### Love for the Filipino

(Love of country and its people everywhere)

## Corporate Vision

### Vision 2040

By 2040, DBP will be a world-class infrastructure and development financial institution and a proven catalyst for a progressive and prosperous Philippines.

### Mission

To support infrastructure development, responsible entrepreneurship, efficient social services, and the protection of the environment.

To work for raising the level of competitiveness of the economy for sustainable growth.

To promote and maintain the highest standards of good governance.

## Management Philosophy

- Participative Management
- Good Governance
- People Development

# 76 Years of Banking for the Country

Driven by 76 years of unwavering commitment as the country's premier financing institution for sustainable progress, DBP has been vigorously directing its efforts at spurring growth in the four priority sectors of infrastructure, environmental responsibility, entrepreneurship, and social services and community development.

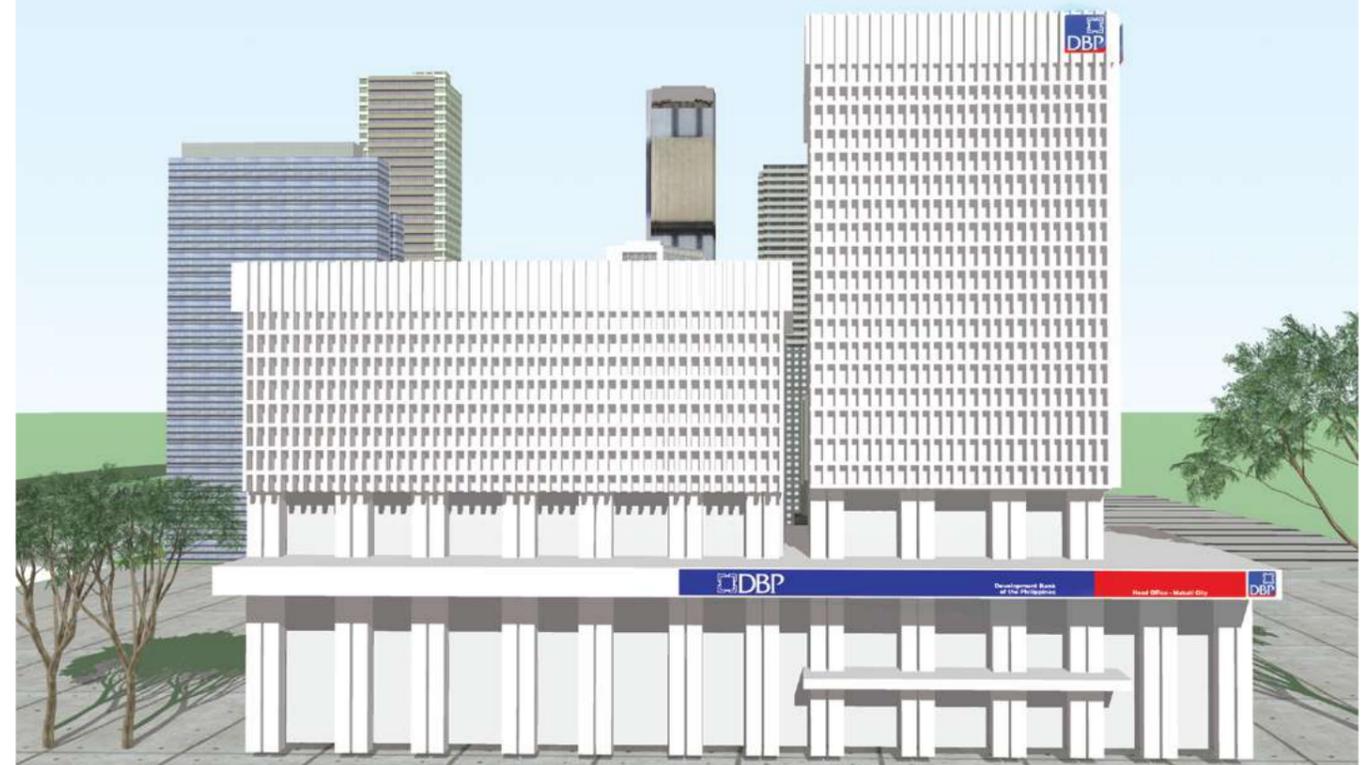
DBP traces its beginnings to 1947, when the Rehabilitation Finance Corporation (RFC) was born to fund post-war rehabilitation. The RFC was reorganized into DBP in 1958, marking a shift from rehabilitation to broader development financing activities. DBP has since then remained steadfast in working side by side with the national government in the pursuit of its sustainable development thrusts for all Filipinos.

Over the years, the bank has strengthened its position to help catalyze countrywide growth. The eighth-largest bank in the country in terms of assets, DBP is known as the Philippines' infrastructure bank, so designated for its aggressive support of infrastructure development and inclusive growth.

In 2023, as mandated under Republic Act No. 11954 or the Maharlika Investment Fund Act of 2022, DBP contributed its share of Php25-billion as initial seed capital for the Maharlika Investment Fund (MIF). The bank's contribution to the MIF reflects its tangible commitment to the priority initiative of President Ferdinand R. Marcos, Jr. of pioneering a wealth fund designed to drive economic development.

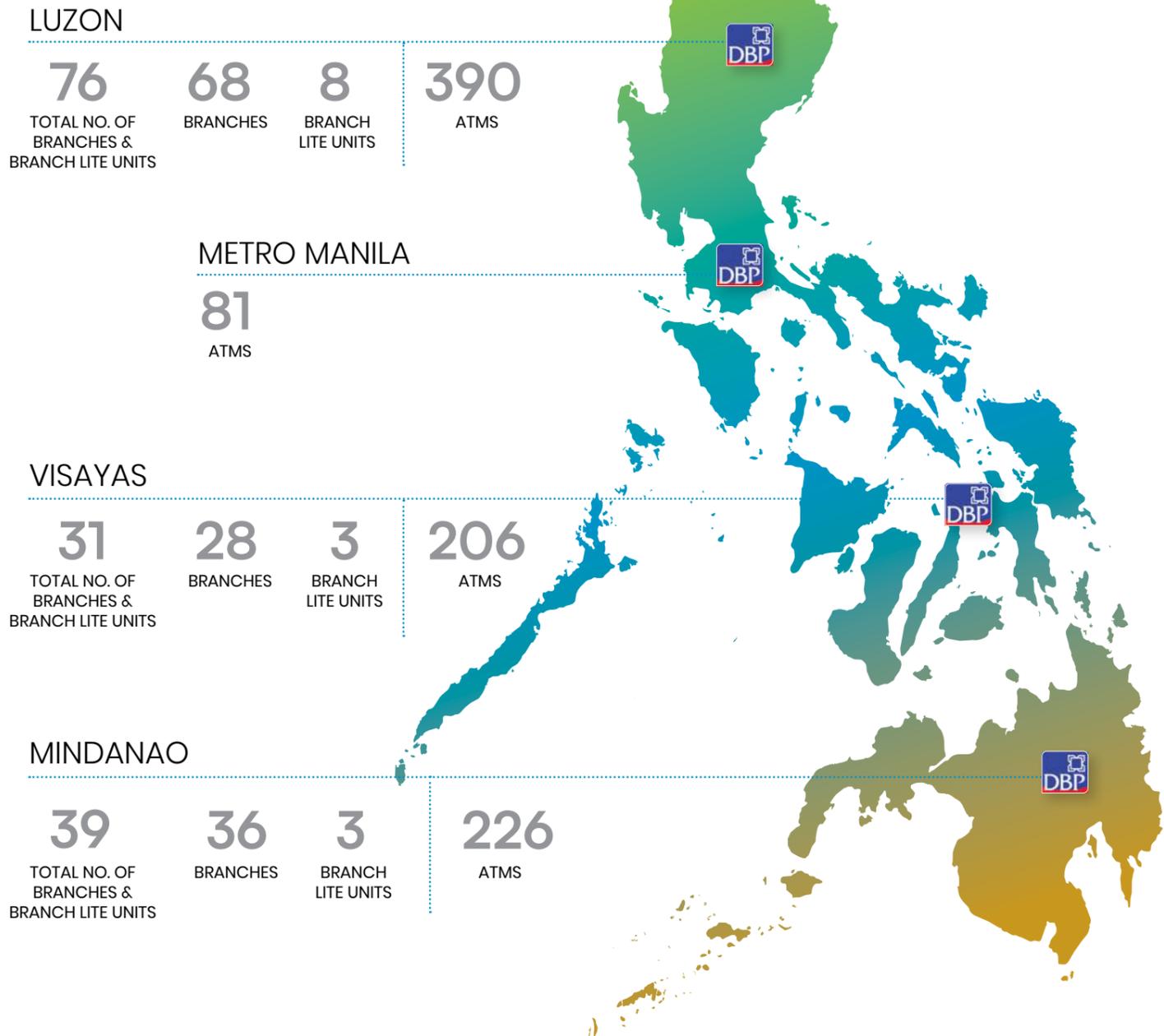
DBP has a branch network of 146 full-service branches and branch lite units, most of which are located in underserved and unbanked areas of the country. As a universal bank with an expanded commercial banking license granted in 1995, DBP's business model is deemed complex under the Bangko Sentral ng Pilipinas (BSP) Manual of Regulations for Banks. DBP is 100 percent owned by the government of the Republic of the Philippines.

DBP is a government-owned and controlled corporation (GOCC), holding its center of operations at its head office located at Sen. Gil Puyat Avenue corner Makati Avenue, Makati City.



# DBP Fast Facts

## 2023 INCLUSIVE FINANCIAL OUTREACH



- **Created in 1947**  
as the Rehabilitation Finance Corporation
- **Renamed Development Bank of the Philippines in 1958**  
reflecting its broader mandate of financing countrywide development
- Designated as the country's **infrastructure bank in 2017**
- **8th largest bank**  
with Php984.02-B in assets



**86.45%**  
COUNTRYSIDE REACH

## 2023 DEVELOPMENT LOAN PORTFOLIO

**Php478.74B**



**Php282.94B**  
INFRASTRUCTURE & LOGISTICS



**Php111.00B**  
SOCIAL INFRASTRUCTURE & COMMUNITY DEVELOPMENT



**Php55.77B**  
ENVIRONMENT



**Php29.03B**  
MSMEs

## PRIMARY TOUCHPOINTS



\* Includes 68 ATMs deployed in remote areas where access to ATM services requires ferry/boat service; travel time to reach an ATM unit is one hour or longer, or there is no other ATM within a 10-kilometer radius.

## NUMBER OF BRANCHES/BRANCH LITE UNITS IN UNDERSERVED AREAS



## COUNTRYWIDE DEVELOPMENT FINANCING REACH



## Financial Highlights

Php in thousands (unless otherwise stated)

Minimum Required Data	Group		Parent	
	Audited 2023	Restated 2022	Audited 2023	Restated 2022
<b>Profitability</b>				
Total Net Interest Income	23,383,157	24,288,058	23,381,960	24,273,029
Total Non-Interest Income	6,829,563	4,332,193	6,244,369	4,048,416
Total Non-Interest Expenses	16,458,298	16,066,911	16,023,940	15,711,514
Pre-provision Profit	13,754,422	12,553,340	13,602,389	12,609,931
Provision For Impairment	6,421,311	7,815,931	7,066,380	7,803,850
Net Income (after tax)	6,755,180	3,936,636	5,933,993	4,006,973
<b>Selected Balance Sheet Data</b>				
Liquid Assets	189,154,332	231,595,576	188,696,250	231,179,005
Gross Loans	565,460,535	580,820,937	562,231,034	577,445,352
Total Assets	987,113,422	1,046,773,762	984,024,041	1,044,344,157
Deposits	775,346,569	825,627,450	774,884,254	825,156,874
Total Equity	85,109,688	78,217,049	84,721,208	78,625,689
<b>Selected Ratios</b>				
Return on Average Equity	8.27%	5.04%	7.27%	5.08%
Return on Average Assets	0.66%	0.36%	0.59%	0.36%
Net Interest Margin	2.61%	2.45%	2.62%	2.46%
Common Equity Tier 1 Ratio	13.03%	11.68%	13.00%	11.67%
Tier 1 Capital Ratio	13.03%	11.68%	13.00%	11.67%
Capital Adequacy Ratio	13.94%	12.61%	13.92%	12.60%
<b>Per Common Share Data</b>				
Net Income per Share:				
Basic	21.11	12.30	18.54	12.52
<b>Others</b>				
Cash Dividends Paid	4,026	4,088		

## Message from the President of the Philippines



By devising a comprehensive framework aimed at boosting the progress of our sectors and institutionalizing sustainability into all aspects of its operations and activities, the **Development Bank of the Philippines** has been a key player in our endeavor for inclusive economic growth. It is truly inspiring to see your zealous efforts in delivering responsive banking services that meet the medium- and long-term needs of our agricultural and industrial enterprises, particularly our small- and medium-scale industries.

May the publication of your **2023 Annual and Sustainability Report** revitalize you to serve our people with utmost professionalism, integrity, and accountability. It is also my fervent hope that you will uphold ecological balance even as you adopt digitalization and evidence-based strategies in pursuit of your mandate. I thus enjoin you to continue improving our infrastructure systems, championing responsible business decisions, and easing the access of the less advantaged to your services.

As a new chapter unfolds in your journey, I have faith that you will embrace your role in nurturing a more competitive financial landscape which allows our industries to thrive, our people to grow, and our dreams to come into fruition. Remember that this administration is ever united with you in honoring the people who have fortified your institution and left an indelible mark in the lives of our fellow citizens. Together, let us pave the way for a *Bagong Pilipinas* marked by equitability, progress, and resilience.

I wish you great success in your future endeavors.

  
**Ferdinand R. Marcos Jr.**  
 President  
 Republic of the Philippines  
 Manila 2024

“As a new chapter unfolds in your journey, I have faith that you will embrace your role in nurturing a more competitive financial landscape which allows our industries to thrive, our people to grow, and our dreams to come into fruition.”

# Sustainable Horizons

We are pleased to present the 2023 DBP Annual and Sustainability Report, showcasing the theme “Sustainable Horizons.”



This theme encapsulates DBP’s dedication to driving and fostering growth across critical sectors while maintaining a focus on long-term environmental and social sustainability. For this issue of the Annual and Sustainability Report, we reflect on our journey and the significant strides made in advancing economic growth through the bank’s sustainable development financing.

In 2023, DBP achieved a Gross Loan Portfolio of Php562.23-billion, which represents a 99.42 percent realization rate compared to our target of Php565.54-billion. Our lending efforts are primarily concentrated on four strategic sectors: infrastructure and logistics; micro, small, and medium enterprises (MSMEs); the environment; and social services and community development. We continue to exceed most of our loan portfolio targets in these priority sectors. For loans to the infrastructure and logistics sector, the outstanding principal balance (OPB) reached Php282.94-billion, a 95.22 percent achievement of our targeted Php297.14-billion. The OPB of social infrastructure loans was recorded at Php111-billion, 3.83 percent higher than our target of Php106.91-billion, and reflective of a 4.80 percent growth from the Php105.91-billion recorded in 2022.

On the other hand, our support to MSMEs represented an OPB amounting to Php29.03-billion, or 90.46 percent of our target of Php32.09-billion. The OPB of loans for environmental initiatives reached Php55.77-billion, exceeding our target of Php54.62-billion by 2.11 percent. On top of this focused assistance to the bank’s four priority sectors, DBP also remains engaged in development lending activities that support growth in equally pivotal areas such as agriculture, manufacturing, large enterprises, and high-impact partnership initiatives with national government agencies, local government units, water districts, state universities and colleges, and government-owned and -controlled corporations.

These investments have led to significant development outcomes. We financed 26,662 housing units, increased hospital bed capacity by 2,832, constructed 1,889 classrooms, installed 400.30 MW of renewable energy capacity, and produced 498,669 cubic meters of water supply per day. Additionally, our corporate social responsibility (CSR) initiatives have made considerable strides. We supported 2,282 scholars through the DBP Resources for Inclusive and Sustainable Education (RISE) program with Php283.51-million in assistance, and we contributed to environmental conservation by covering more than 6,356 hectares of forest projects.

In terms of financial performance, DBP’s total deposits reached Php774.88-billion, with CASA deposits amounting to Php347.42-billion, exceeding our target of Php331.80-billion. We also ended 2023 with total assets of Php984.02-billion and a net income of Php5.93-billion, with our net non-performing loan (NPL) ratio remaining at the single-digit level of 7.19 percent at yearend.

We effectively utilized government resources by disbursing Php2.15-billion under the Expanded Rice Credit Assistance-Rice Competitive Enhancement Fund to 29,927 beneficiaries. Additionally, we contributed Php25-billion to the newly established Maharlika Investment Fund and actively engaged in the financial markets with successful securities issuances.

Our commitment to service excellence is reflected in the results of our customer satisfaction measurement survey. We achieved an outstanding rating of 98.89%, demonstrating our dedication to enhancing the delivery and responsiveness of our products and services, in line with the government’s Corporate Governance and Anti-Red Tape Act (ARTA) standards.

In 2023, DBP maintained high operational efficiency, processing 94.46 percent of loans within the target turnaround time and achieving 67.80 percent-ATM availability. We integrated sustainability principles into our operations by completing our three-year Sustainability Strategy and Transition Plan. Our milestone achievements in this area include our Php113.6-billion loan exposure in the energy sector, the integration of our Sustainability Management System with the Environmental and Social Risk Management System, and more robust waste management and green procurement practices. We also conducted a third-party assurance of our 2022 Annual and Sustainability Report.

Our focus on improving human resources and technological capabilities has been crucial. We increased our employees’ competency level to 97.86 percent, up from 96.68 percent in 2022. We also completed 72.84 percent of our planned information and communication technology projects, which are essential for delivering our products and services effectively. Our adherence to ISO 9001:2015 and ISO 14001 certifications underscores our commitment to quality and environmental management.

We are honored to have received the Corporate Governance Scorecard Hall of Fame Award from the Governance Commission for GOCCs, a recognition of our consistent outstanding performance in corporate governance. DBP was also named one of the Top Sustainability Advocates in Asia at the Asia Corporate Excellence and Sustainability (ACES) Awards 2023, reflecting our early adoption of green practices and ongoing sustainability efforts.

All these show that 2023 has been a year of robust performance and meaningful contributions to our economy and environment. We invite you, our dear stakeholders, to look ahead with us toward the sustainable horizons, with hopeful confidence and optimism. We give you our continuing promise that DBP remains steadfast in advancing sustainable development and creating lasting value with you and for you.

At DBP, we understand that true progress lies in balancing economic growth with environmental stewardship and social responsibility. Our focused efforts in enhancing infrastructure, supporting vital sectors, and promoting responsible practices underscore our dedication to creating long-term value. By continuously advancing our sustainability initiatives, we aim to build a resilient future that benefits both our stakeholders and the communities we serve. Together, we are paving the way toward a sustainable and prosperous horizon.

Thank you for your unwavering support and partnership.

  
**Michael O. de Jesus**

President and Chief Executive Officer

  
**Philip G. Lo**  
 Chairman



# Sustainability, Our Culture

At DBP, sustainability is more than just a trend—it is our culture.

Long before sustainability became a central theme for advancing human development goals, DBP had already integrated sustainability into its core operations. As early as 1991, we had already embedded an environmental management framework in our practices, emphasizing a proactive approach to environmental stewardship.



*“Our commitment to sustainability aligns with our mission to lead key industries toward an environmentally conscious future.”*

By 1997, we had established an environmental policy statement that guided our operational and service functions on an environmental standpoint. The following year, we released our inaugural corporate environmental report, which assessed the environmental impacts of the bank’s financial projects, illustrating our longstanding dedication to sustainable development.

DBP continues to be a trailblazer in sustainable finance, with initiatives in place well ahead of the establishment of the Sustainable Finance Framework of the Bangko Sentral ng Pilipinas (BSP), which emphasizes the need for banks to transition fully to green and sustainable finance, underscoring the importance of incentivizing loans for borrowers who adhere to environmental principles.

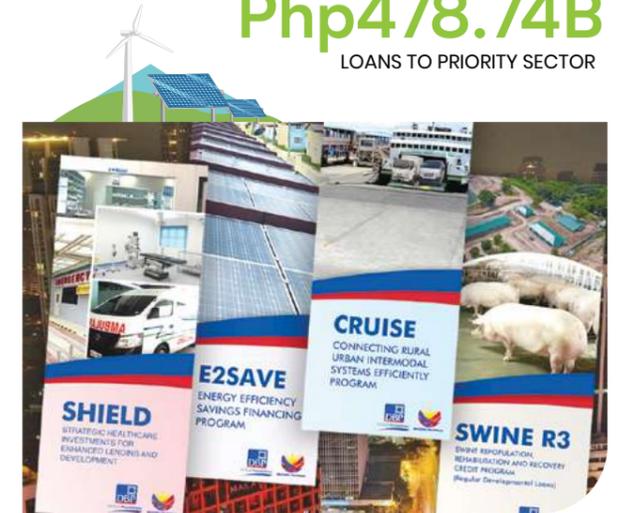
Today, our commitment to sustainability aligns with our mission to lead key industries toward an environmentally conscious future. We take pride in providing essential resources for public infrastructure—health care facilities, schools, and public markets, among others—ensuring that our development projects benefit the broader community.

As our country and the rest of the world face challenges brought about by climate change, the role of DBP as a development financing institution (DFI) and the country’s infrastructure bank has never been more crucial. It is of vital importance that the bank fully embraces its mandate to effectively engage and empower our clients and stakeholders, ensuring the implementation of environmental and social interventions that are responsive, inclusive, and sustainable.

As part of our commitment to transparency and accountability, we have prepared this publication that underscores the significance of DBP’s commitment to development financing, and to further enhancing our impact and reach during these vulnerable times. In this DBP Annual and Sustainability Report, we highlight our environmental and social governance initiatives, priorities, milestones, and achievements for the year 2023, which include the following accomplishments that are in support of the 8-Point Socioeconomic Agenda of the Marcos Administration:

- Contributed Php25-billion to the Maharlika Investment Corporation in faithful compliance to Republic Act No. 11954 or the Maharlika Investment Fund Act of 2023
- Granted aggregate loans to priority sectors amounting to Php478.74-billion, with 75 percent dedicated to infrastructure, which augments the national government infrastructure program’s Php20.3-trillion financing requirement for the period 2023 to 2028
- Actively participated in the financial markets through the issuance of the highly successful Fixed-Rate Series of securities

**Php478.74B**  
LOANS TO PRIORITY SECTOR



- Expanded the number of scholars by 22 percent (or 2,282 scholars) through the DBP Resources for Inclusive and Sustainable Education (RISE) to afford deserving Filipino students the chance to pursue college education
- Almost doubled the disbursed amount and beneficiaries granted to eligible parties via the Expanded Rice Credit Assistance (ERCA), DBP Program Assistance to Support Alternative Driving Approaches (PASADA) Financing Program and other key financing activities that are aligned with the national government’s development priorities.

Moving forward, DBP remains steadfast in creating socioeconomic impact by financing priority development initiatives that contribute to our collective well-being. Our focus on renewable energy, energy efficiency, sanitation, pollution prevention, resource conservation, and waste management continues to underscore our overarching sustainability platform.

Our role as a DFI remains pivotal in driving resilience and empowerment across industries and societal sectors through responsive banking practices that foster inclusive growth and sustainability. Together, let us look forward to sustainable horizons as we navigate the path to a brighter, more sustainable future for all.

*Carolyn I. Ofindo*  
**Carolyn I. Ofindo**  
Senior Vice President

# The Year That Was

The year 2023 was a year of discovering the possibilities and opportunities hidden within the challenges that confronted a world emerging from the pandemic.

There were times when we may have found ourselves at our wits' end, but our resilience always triumphed in the end. Looking back, we now pride ourselves on tackling yet another difficult phase in our 76-year history.

We heave a sigh of relief that our wondrous DBP Family has emerged stronger to explore more growth potential for our country and our people.

We take stock of the year that has just passed and find a deeper sense of inspiration to forge ahead with renewed drive and commitment, always cognizant that we are the sum of dreams and aspirations shared with our fellow Filipinos who never give up on their hope of a better life.

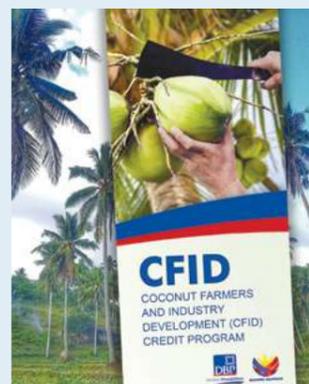
## We never wavered.

### DBP backs pioneering hospital in Cavite town.

We remained relentless in our efforts to broaden the capacity of healthcare providers in the country, granting Php 400-million in funding support to Healthstar Hospital and Medical Center – GMA, Inc. (HHMCI) for the construction of the first and only Level-2 hospital in General Mariano Alvarez (GMA), Cavite. Funded under the bank's Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD) Program, the project boosts initiatives to improve the delivery of critical healthcare services amid rising healthcare demand with only two healthcare facilities in GMA Cavite providing basic healthcare services.



  
**Php400M**  
FUNDING SUPPORT TO HEALTHSTAR HOSPITAL AND MEDICAL CENTER – GMA, INC.



### DBP unveils loan window for coco farmers.

We ramped up our support to the national government's efforts to strengthen the development of the coconut industry with the launched of the Coconut Farmers and Industry Development Credit (CFID) Program. Through this special credit facility, we strengthened our stance in financing projects related to the coconut value chain, focusing on capacity expansion, farm integration, and enterprise diversification to increase farm production and the income of coconut farmers.



### DBP signs financing deal to bolster aquaculture industry.

We again partnered with Charoen Pokphand Foods Philippines Corporation (CP Foods), aiming to enhance the implementation of our Aquaculture Value Chain Financing Program. Banking on the decades-long aquaculture expertise of CP Foods, the local subsidiary of a leading agro-industrial and food conglomerate, we keep pace with the government's thrust to improve agricultural productivity and ramp up modernization efforts for the sector.

### DBP bankrolls mini-hydroelectric plant in Leyte.

We extended Php441-million in credit assistance to Leyte V Electric Cooperative, Inc. (LEYECO V) for the development of a mini-hydroelectric plant in Kananga, Ormoc City, Leyte. Funded under our Financing Utilities for Sustainable Energy Development Program, the project ensures our active involvement in the drive to increase to 35 percent the share of renewable energy in the country's power generation mix by 2030.



**Php441M**  
CREDIT ASSISTANCE TO MINI-HYDROELECTRIC PLANT IN ORMOC



### DBP funds leading township project in Western Visayas.

The initial Php1.11-billion in funding support to Pueblo de Panay, Inc. is seen to expand and improve the Capiz-based real estate developer's master-planned development venture in Western Visayas. Our collaboration for projects within the 670-hectare mixed-used township development in Roxas City–touted to be the first and largest of its kind in the region–aims to hasten progress in the housing sector, stimulate job creation, and foster economic growth in one of the fastest-growing cities in the Philippines.

### DBP bankrolls pioneering smart waste treatment facility.

With our support, waste management firm Pacific Mactan Renewable Environmental Systems, Inc. will undertake the construction of the only fully integrated waste treatment and disposal facility at the Mactan Economic Zone I in Lapu-Lapu City, Cebu. Through a Php66.7-million fund under the DBP Sustainable Waste Management for Enhanced Environmental Protection Financing Program, we are embarking on a partnership initiative for establishing a pacesetter smart waste management and energy recovery system for more than 200 firms within the Mactan Economic Zone.



  
**Php66.7M**  
FUNDING SUPPORT TO PACIFIC MACTAN RENEWABLE ENVIRONMENTAL SYSTEMS, INC.

**DBP funds modern jeeps in Iloilo.**

With our credit assistance amounting to Php367.72-million, Metro Iloilo Transport Service Cooperative is acquiring 148 brand new modern Public Utility Jeepneys (PUJs) as part of efforts to promote efficient, safer, and greener public transportation system in the province. Our Program Assistance to Support Alternative Driving Approaches (PASADA) supports the Iloilo-based transport cooperative's venture into EURO-compliant PUJs that will ply seven routes in Iloilo City.



**DBP completes Php1B interest subsidy disbursement to LGUs.**

We have always been one with local government units (LGUs) in the implementation of their respective COVID-19 response and recovery interventions. We completed the disbursement of funds under the Php1-billion interest rate subsidy program, granting a total of Php1-billion in interest subsidy to 264 LGUs, with an aggregate loan amount of Php48.03-billion. Implemented under our ASENSO-Bayanihan Interest Subsidy Fund Program, this initiative is part of the government's financial assistance under Republic Act No. 11494 or the "Bayanihan to Heal as One Act." Of the LGU grantees, 69 percent are second- to sixth-class municipalities.

**DBP backs innovative farming solution in Albay.**

We took our efforts to promote revolutionary farming technologies a step further, while empowering farmers to thrive in an ever-changing agricultural landscape. With our Php500-million funding support to various farmer cooperatives in Albay, we are financing a Digital Rice Clustered Farming Project, which combines advanced automation, precision farming techniques, and data analytics. The project aims to optimize resource utilization and increase small farmers' annual yield by up to 30 percent.



**DBP hikes support to housing sector with Php900M loan to Cebu developer.**

Cebu-based real estate developer Johndorf Ventures Corporation has benefitted from our Php900-million funding support, as part of efforts to boost the construction of public housing to address the country's widening housing backlog. Under our Building Affordable Homes Accessible to Every Filipino (BAHAY) Program, we have joined hands with the firm in bolstering its drive to build 39,000 housing units by 2025.

**DBP backs Puerto Princesa water project.**

Through our Water for Every Resident (WATER) Program, we granted a Php375-million loan to the Puerto Princesa City Water District for the upgrading of the delivery of water services, while addressing the needs of the city's rapidly growing population. We remain firm in our thrust of intensifying efforts to improve local infrastructure and community facilities especially for fledgling cities and municipalities, as shown in this partnership undertaking for the construction of a 3,000-cubic meter reservoir and an ultraviolet disinfection system that would expand the availability of clean water to city residents.



**DBP lends Php1.4B for 8.4MW Mindanao hydropower plant.**

Through our Financing Utilities for Sustainable Energy Development (FUSED) Program, we extended a Php1.4-billion loan to INVESTCO BHPI, Inc., a top renewable energy firm, as partial funding for the construction of the 8.4-megawatt Maladugao River hydroelectric power plant in Bukidnon. We are always ready to forge collaborations to help increase access to electricity services particularly in the countryside in line with the national government's efforts to expand new and sustainable energy sources.

**We shone even brighter.**

**DBP bags five awards for investment deals.**

We were honored with five awards by the Investment House Association of the Philippines (IHAP) in recognition of our laudable contributions in advancing the development of capital markets in the country. We were cited in the 8th IHAP Awards for deals completed in 2022 for the Best Fixed Income Deal (Small Mid Cap) for supporting Ada Manufacturing Corporation's Php1.5-billion Corporate Notes Deal to support farm mechanization of the Rice Competitiveness Enhancement Fund; and Best Project Finance Deal (Large Cap) for our role in SMC SLEX Holdings Company, Inc.'s Php20-billion Syndicated Term Loan Facility to finance the expansion of the South Luzon Expressway. We were also recognized at the 7th IHAP awards for the following transactions in 2021: Best Advisory Deal (Large Cap) for Cebu Air Inc.'s P16-billion Business Transformation and Fund Raising Program; Best Advisory Deal (Large Cap) for GMR Megawide Cebu Airport, Inc.'s Php23-billion Loan Facility Advisory Deal; and Best Fixed Income Deal awards (Small Mid Cap) for Science Park of the Philippines, Inc.'s Php800-million Syndicated Term Loan and Security Arrangement Deal.



**DBP cited for good governance.**

We earned praises from the Governance Commission for GOCCs for our consistent outstanding performance in the area of corporate governance. We were named a recipient of the Corporate Governance Scorecard (CGS) Hall of Fame Award for consistently ranking in the top 10 of the CGS ratings since 2017. This recognition is a testament to our continued adherence to the best practices in corporate governance, which has enabled the bank to remain a relevant government financial institution.



**DBP recognized for pioneering sustainability practices.**

We were named one of the Top Sustainability Advocates in Asia under the Sustainability category of the Asia Corporate Excellence and Sustainability (ACES) Awards 2023. The ACES Awards honor enterprises and business leaders in the region for their outstanding corporate excellence and sustainability efforts. As a top sustainability advocate, we are regarded as demonstrating the exemplary integration of sustainability into our policies and operations, with a high level of employee and top management involvement and genuine interest in the well-being of all stakeholders.



**DBP raises Php4B in 1.5-year Fixed Rate Series 4 bond issuance.**

We successfully raised Php3.88-billion in fresh funds through our 1.5-year Fixed Rate Series 4 bond, which will be channeled to various developmental projects and initiatives for key priority sectors. This issuance reached more than 3.6 times the announced minimum issue size of Php2-billion, which culminated our four-year Php55-billion Sustainable Bond Program.

# A Year of Excellence



**Sustainability Category:**  
**One of Top Sustainability Advocates in Asia**  
 Asia Corporate Excellence and Sustainability Awards 2023



**Corporate Governance Scorecard Hall of Fame Awardee**  
 Governance Commission for GOCCs



**Top 4 in the Corporate Governance Scorecard for 2022**  
 Governance Commission for GOCCs



**Recognition for Efficient Fund Transfer Operations**  
 2023 J.P. Morgan Global Clearing Elite Quality Recognition Award



**Best Fixed Income Deal awards (Small Mid Cap)  
 for Science Park of the Philippines, Inc.**  
 Investment House Association of the Philippines (IHAP)  
 7th IHAP Awards



**Best Advisory Deal (Large Cap)  
 GMR Megawide Cebu Airport**  
 Investment House Association of the Philippines (IHAP)  
 7th IHAP Awards



**Best Advisory Deal (Large Cap)  
 Cebu Air Inc.**  
 Investment House Association of the Philippines (IHAP)  
 7th IHAP Awards



**Best Project Finance Deal (Large Cap)  
 SMC SLEX Holdings Company**  
 Investment House Association of the Philippines (IHAP)  
 8th IHAP Awards



**Best Fixed Income Deal (Small Mid Cap)  
 Ada Manufacturing Corporation**  
 Investment House Association of the Philippines (IHAP)  
 8th IHAP Awards



# Optimized for Sustainability

DBP's development efforts are aligned with the national government's AmBisyon Natin 2040 - which envisions a "strongly-rooted, comfortable, and secure life" for all Filipinos.

**The year 2023 was marked by the sustained pursuit of DBP's development strategy anchored on channeling its inherent capabilities toward increased contributions to inclusive and responsive growth across the different sectors of society.**

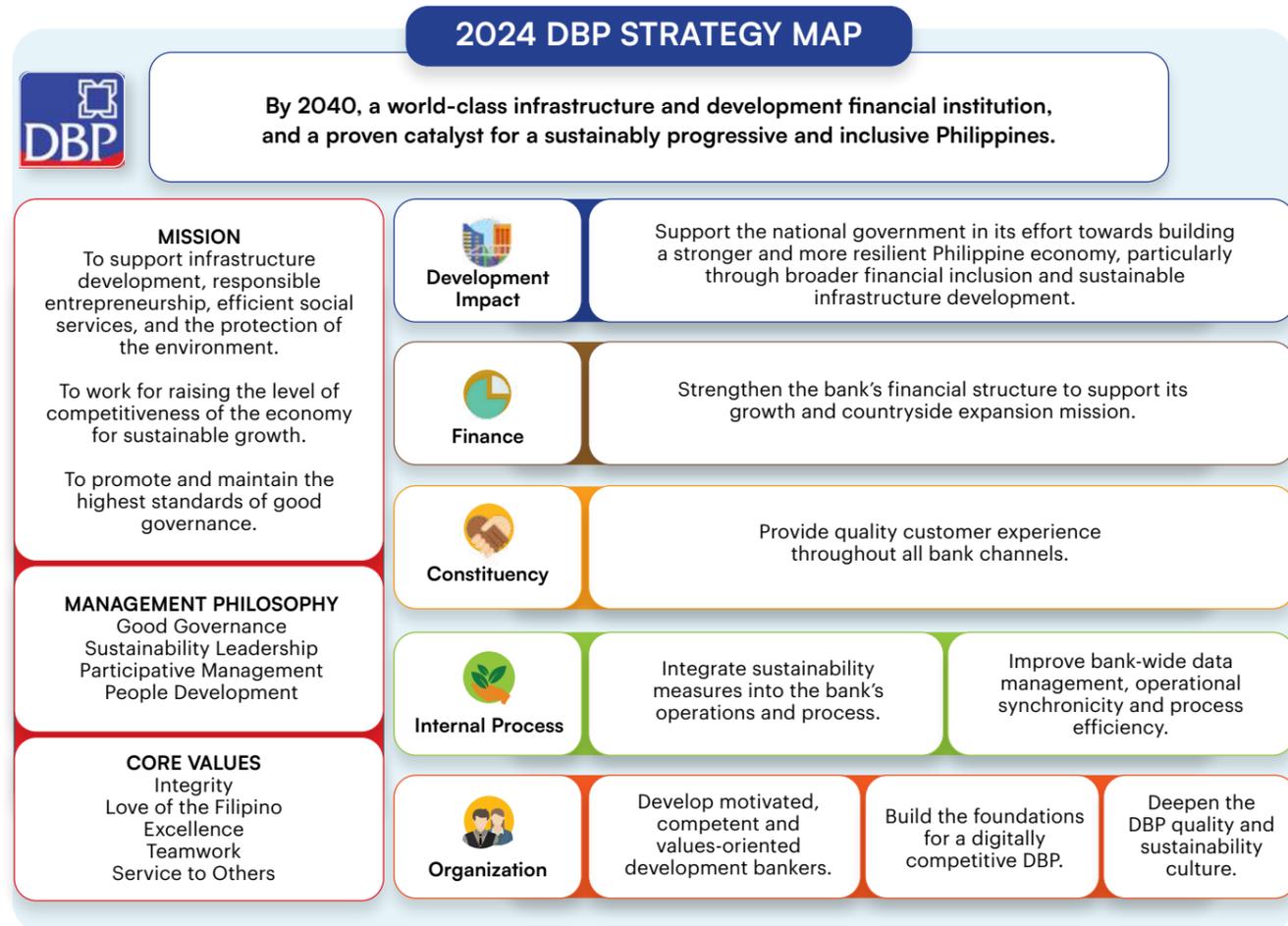
Moving beyond 2023 and its challenges, the bank has renewed its focus on leveraging the momentum of a renewed interest in steering the Philippines back on track to achieving greater and more meaningful growth.

Aligned with the national government's AmBisyon Natin 2040—which envisions “a strongly rooted, comfortable, and secure life” for all Filipinos by 2040—DBP's development efforts are fueled by a clear vision of the bank's pivotal role in securing the country's rightful place among progressive nations: *By 2040, DBP will be a world-class infrastructure and*

*development financial institution and a proven catalyst for a sustainably progressive and inclusive Philippines.*

The bank's strategy roadmap is set against the four pillars of world-class banking, infrastructure development, sustainability, and development catalyst, and is supported by a strong innovation and customer-centric culture.

Its strategic objectives are focused on sustainability, profitability, and liquidity.



DBP's optimism is not without basis. As the results of its 2023 operations would attest, the bank effectively carried out its mandate as the country's premier development financing institution. DBP remained untiring in its initiatives to bring the unbanked and underserved into the mainstream of the formal banking system to help promote inclusivity, while staying

true to being an advocate of sustainability. This is through the bank's project financing programs that encourage responsive and lasting growth for the priority areas of the environment, infrastructure, small and medium enterprises, and social services and community development.



## Fueling growth towards a sustainable future

By helping advance inclusive growth country-wide, DBP actively participates in creating a sustainable future. Its tireless pursuit of its development mandate is instrumental in paving the way for a better and brighter future.





DBP pursued its development mandate with a strengthened stance on channeling much-needed financing interventions to sectors that are vital to the country's sustainable growth. The bank ended 2023 with a gross loan portfolio of Php562.23-billion. This represents a 99.37 percent realization rate vis-à-vis the budgeted amount of Php565.54-billion.

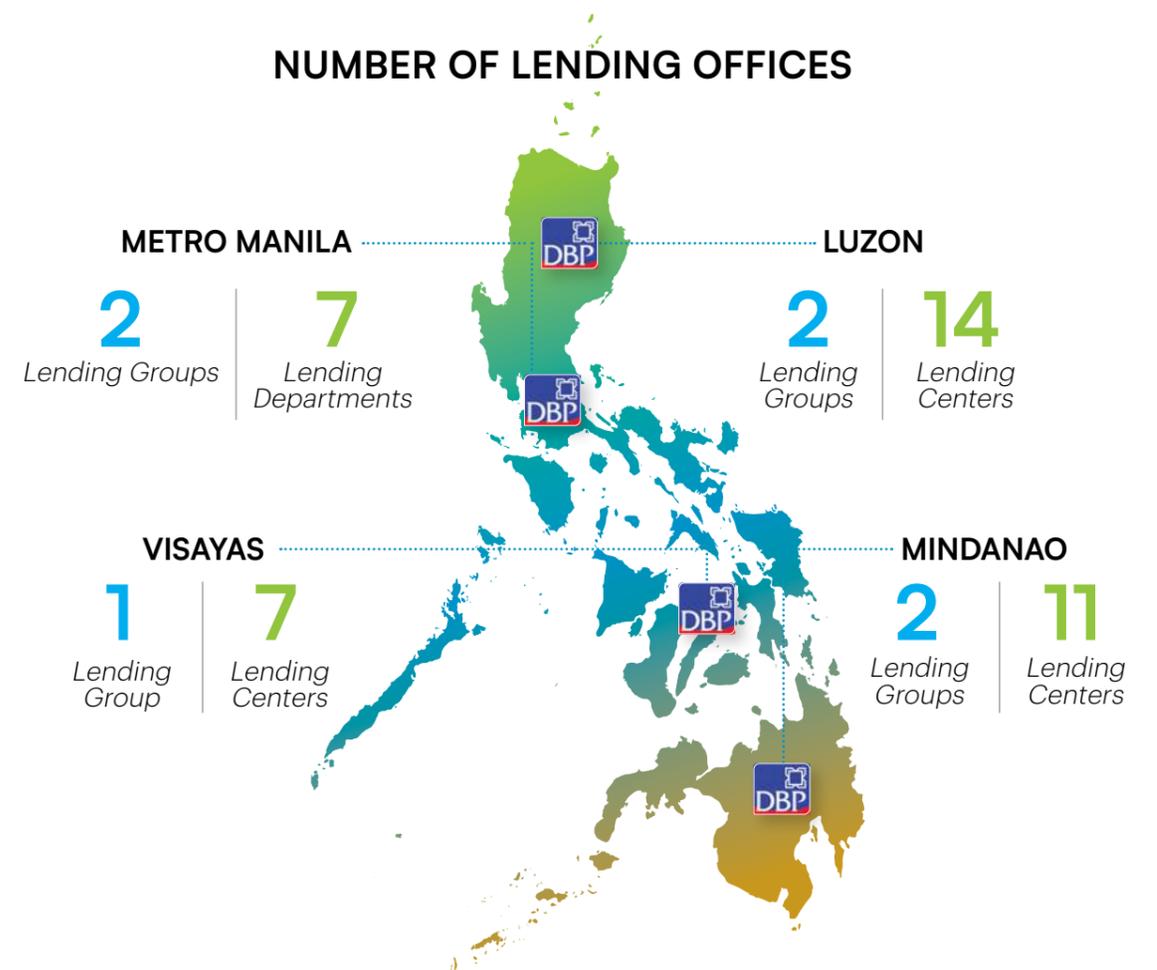
The bank's lending activities continue to prioritize growth in four strategic sectors: infrastructure and logistics; micro, small, and medium enterprises (MSMEs); the environment, and social services and community development. The OPB of loans to the infrastructure and logistics sector was recorded at Php282.94-billion, or 95.22 percent of the targeted Php297.14-billion. Loans for social infrastructure had an OPB of Php111-billion, surpassing by 3.83 percent the targeted Php106.91-billion, and reflecting a growth of 4.80 percent from the Php105.91-billion achieved in 2022.

Support for MSMEs registered an OPB amounting to Php29.03-billion, which is 90.46 percent of the targeted Php32.09-billion. The bank remained at the forefront of environmental initiatives with loans to the sector recording an OPB of Php55.77-billion, or 2.11 percent higher than the target of Php54.62-billion.

On top of the focused assistance to the bank's four priority sectors, DBP also remains engaged in development lending activities that support growth in such equally pivotal areas as agriculture, housing, manufacturing, large enterprises, and high-impact partnership initiatives with national government agencies, local government units (LGUs), water districts, state universities and colleges, and GOCCs.

By mobilizing resources to support pump-priming activities in these key growth sectors, DBP was able to usher in significant development results. The bank financed 26,662 housing units, increased hospital bed capacity by 2,832, financed 1,889 classrooms, installed 400.30 MW of renewable energy capacity, and produced 498,669 cubic meters of water supply per day.

As a good corporate citizen, DBP also made significant strides in its CSR initiatives. Under its Resources for Inclusive and Sustainable Education (RISE) Program, a total of 2,282 scholars benefited from scholarship assistance amounting to Php283.51-million. The bank's active involvement in environmental conservation through the DBP Forest Program, meanwhile, resulted in improved green cover through beneficiary forest projects spanning a total of 6,356.4923 hectares.



## Financing Sustainability

DBP's network of strategically located lending offices ensures that resources are channeled equitably to key development sectors across the country. Enabling the bank to help empower these sectors are seven lending groups and 39 lending departments or centers.

In its commitment to support the national government's key development programs, DBP has diligently put in place a comprehensive framework to spur progress in key economic sectors.

In carrying out its various development programs and initiatives, DBP works hand in hand with key players from both the private and public sectors such as LGUs, national agencies, private corporations, multilateral and bilateral lending institutions, private banks, rural banks, and cooperatives, among others.

# Infrastructure and Logistics



## Building better for a stronger nation

Quality infrastructure, modern transportation, and reliable utilities are the benchmark of a progressive nation. From water supply in isolated areas to the construction of green buildings in the metropolis, DBP funds initiatives that advances its vision of a sustainable economic future.



**A**s an archipelago of over 7,000 islands, the Philippines requires efficient and modern transport infrastructure, logistics facilities, and power infrastructure to accelerate and sustain the country's socioeconomic growth, improve its global competitiveness, and promote physical integration.



DBP's **Connecting Rural Urban Intermodal Systems Efficiently (CRUISE) Program** addresses this need while contributing to the UN Sustainable Development Goal 11: Sustainable Cities and Communities, the Philippine Development Plan, and the National Economic and Development Authority's National Transport Policy of providing safe, secure, reliable, efficient, integrated, intermodal, environmentally sustainable, and people-oriented transport systems.

Specifically, the program aims to support the national plan to increase investments in transport and logistics through medium- and long-term financing; promote rural-urban integration and connectivity; and accelerate economic growth particularly in the high-potential growth sectors of manufacturing, agriculture, and tourism through the provision of the necessary connectivity infrastructure.

Under the CRUISE Program, sole proprietorship and partnerships, private corporations, and cooperatives with projects involving maritime transport, air transport, urban mass transport, road infrastructure, and logistics are eligible.

As of 2023, DBP has channeled support for water transport infrastructure and service, with funding assistance to 60 vessels with total combined capacity in gross tonnage of 479,137.32. Logistics and infrastructure services projects involved assistance to 41 public markets, six cold storage facilities with a total capacity of 300,000 metric tons, and three slaughterhouse projects.

**479,137.32** 

TOTAL COMBINED CAPACITY IN GROSS TONNAGE OF VESSELS THAT RECEIVED FUNDING ASSISTANCE FROM DBP



**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**INFRASTRUCTURE CONTRACTORS SUPPORT (ICONS) PROGRAM**

**Php152.47B**  
or 76.24% of the Php200B target  
Loan releases

**534**  
Contractors assisted  
PCAB-licensed contractors, which is 3% of the 16,258 accredited contractors of PCAB

**Php19.72B**  
Total Loan Portfolio

**5,684**  
contracts with equivalent contract amount of Php1,321.96B  
Government contracts financed

**282**  
privately owned contracts with equivalent contract amount of Php14.93B  
Privately owned contracts financed

Boosting the infrastructure thrust of the national government's build better more program and its Public-Private Partnership program is the **Infrastructure Contractors Support (ICONS) Program**, which provides direct financing to construction contractors to complement the funding of various types of infrastructure spending.

The ICONS Program provides credit assistance to contractors whether they have projects to complete or intend to expand their capacities through capital investments.

Through the program, DBP channels assistance to contractors that are duly licensed by the Philippine Contractors Accreditation Board (PCAB) as they undertake projects involving social; transport; water supply, wastewater, sanitation and other utilities; communications; waste; and power and energy infrastructure.

DBP's total loan portfolio under the ICONS program amounted to Php19.72-billion as of 2023. Through the program, the bank has already released a total of Php152.47-billion in loans, or 76.24 percent of the bank's Php200-billion target – up from the Php130.36-billion loan releases in 2022. The program has already assisted 534 PCAB-licensed contractors, which represents 3 percent coverage of the 16,258 contractors accredited by PCAB.

The program also allows the bank to extend financing for government contracts, which as of 2023 numbered 5,684 with an equivalent contract amount of Php1.32-trillion. The bank also financed 282 private sector contracts amounting to Php14.93-billion.

Energy infrastructure increases access to electricity services, which in turn helps achieve inclusive growth and poverty reduction. To this end, the **Financing Utilities for Sustainable Energy Development (FUSED)** Program aims to contribute. By the end of the implementation of the FUSED Program in 2030, it is expected to have funded at least Php58-billion of the estimated investment requirement for power generation and distribution in the Philippine Energy Plan 2020-2040.

FUSED is designed to support initiatives in power generation through increased electricity exported to the grid; potential additional or existing connections generated or supported; carbon dioxide emissions avoided; and volume of fossil fuel avoided. It also promotes more efficient power distribution by supporting initiatives towards the generation of additional connections and system loss avoidance. Eligible borrowers include private corporations, electric cooperatives, LGUs, and GOCCs.

Projects that are eligible for funding under the FUSED Program are:

- Development and construction of energy generation or mini-grid rural electrification projects through conventional (coal, diesel, bunker, and the like) and renewable energy resources (hydro, wind, solar, biomass, geothermal, ocean, and other emerging technologies) to address constraints in power supply systems.
- Rehabilitation or upgrading of existing and operational plants.
- Power distribution and transmission projects that will improve power supply system safety, reliability, and efficiency, such as the reduction of system losses and power service quality for existing customers through the rehabilitation and upgrading of distribution systems.



- Purchase of necessary equipment (hardware and software), service vehicles, tools, and other non-network capital expenditures (such as office buildings and warehouses) to improve efficiency and service delivery of power-related companies.
- Working capital requirements of RES in support of retail competition and open access.
- Any project which improves the reliability and efficiency of rural power supply and increase access to electricity services.
- Project Preparation Activities for Renewable Energy projects of LGUs and ECs to address power supply system constraints.

Total loan releases under the FUSED Program have already reached Php59.74-billion in 2023, an improvement from the Php49.42-billion attained in the previous year. These loans assisted 96 projects that involved an increase in installed capacity of 2,184.72 megawatts (MW). Increase in substation capacity, on the other hand, was recorded at 225 kilo volt amperes (kVA). Increase in electricity generated/exported to the grid was noted at 12,224,871.99 megawatt hours (MWh), from only 4,110,161.96 MWh in 2022 (based on 15 out of 35 accounts that submitted development indicators).

The bank's assistance under the FUSED Program paved the way for 776,326 additional service connections, and for avoiding 334,052.59 tons of carbon dioxide emission. It also contributed in efforts to mitigate fossil fuel dependence with 896,078.25 barrels of fossil fuel avoided in 2023.



**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**FINANCING UTILITIES FOR SUSTAINABLE ENERGY DEVELOPMENT (FUSED)**

**Php59.74B**

Total loan releases

**96**

Number of projects financed

**2184.72 MW**

Increase in installed capacity (MW)

**225 kVA**

Increase in substation capacity (kVA)

**263.20 km**

Increase in length of distribution lines (km)

**12,224,871.99 MWh**

Increase in electricity generated/exported to the grid (MWh)

**776,326**

Number of additional service connections

**334,052.59**

Carbon dioxide emission avoided (tons)

**896,078.25**

Volume of fossil fuel avoided (barrels)

Geographically isolated and disadvantaged areas in Mindanao are the focus of the **DBP-Mindanao Development Assistance Financing Program (DBP-MinDA)**. The program aims to contribute to addressing low agricultural productivity and lack of access to water supply in consonance with efforts to further attain peace, prosperity, and poverty reduction through the provision of potable water supply and irrigation.

DBP-MinDA supports LGUs in these areas with projects catering to waterless communities and far-flung indigenous people's communities, except barangays. Assistance is specifically extended for capital expenditures in support of water supply, sanitation, and irrigation projects such as the:

1. Construction, rehabilitation, or maintenance of infrastructure facilities.
2. Acquisition of machinery and equipment.

In support of the memorandum of understanding among DBP, the Mindanao Development Authority (MinDA), and the Department of the Interior and Local Government (DILG), the following construction projects are eligible for financing:

- Water supply and sanitation facilities (package 1)
- Irrigation systems (package 2)
- Combination of water supply, sanitation, and irrigation facilities (package 3)

Total loan releases for LGU projects under the DBP-MinDA program increased to Php172.55-million in 2023, from Php161.74-million previously. The bank's assistance was channeled to two water supply projects and an irrigation project.

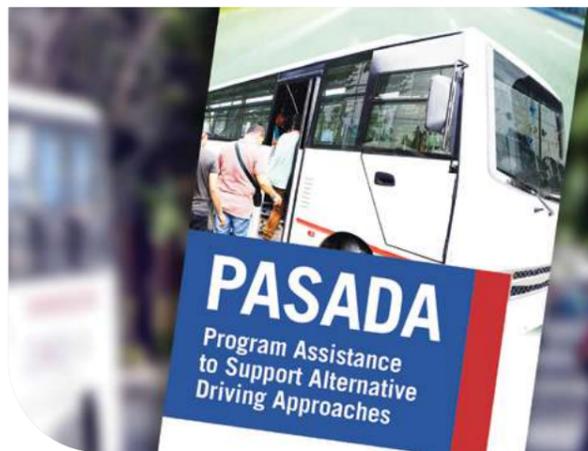
The **Program Assistance to Support Alternative Driving Approaches (DBP PASADA)** supports the implementation of the government's Public Utility Vehicle Modernization Program (PUVMP) and its Omnibus Franchising Guidelines under the Department of Transportation's Department Order No. 2017-011 dated June 19, 2017. The program aims to offer financing with terms that are favorable and responsive to the needs of transport corporations and cooperatives and allow a smooth transition to modern public transport vehicles.

In 2023, the bank increased its support under the program by financing the replacement of 3,968 vehicles, from the 3,891 that received funding in 2022. Of this total number of replaced vehicles, 189 were electric vehicles, while 3,779 were Euro 4-compliant (and higher) vehicles.

The program continues to broaden its collaboration under the program, assisting a total of 97 transport cooperatives from the 92 cooperatives previously, and working closely with 12 transport corporations. The program also facilitated improvements in 145 existing routes as of yearend, from the 131 routes positively affected in 2022, while contributing to the development of 51 new routes as of yearend.



TOTAL LOAN RELEASE OF  
**Php172.55M**  
 for LGU projects under the DBP-MinDA program



FINANCED  
**3,968**  
 vehicles, from the 3,891 that received funding in 2022



The continual improvement of the performance of electric cooperatives (ECs) is addressed by **DBP's Electric Cooperative Loan Take-out Assistance from PSALM (DELTA-P) Program**. The program contributes to this end through loan takeout from the Power Sector Assets and Liabilities Management (PSALM), to ensure an adequate, affordable, and reliable electricity supply.

ECs are eligible for the DELTA-P Program if they have restructuring agreements or special payment agreements with PSALM, and a satisfactory record of at least six consecutive payments of the required principal and interest with PSALM. DBP can finance 100 percent of the eligible borrowers' outstanding loans with PSALM.

Loan assistance under the program was recorded at Php1.74-billion as of end-2023, supporting five cooperatives, and resulting in savings of Php16.72-million attributed to operational efficiency.

The **Solar Merchant Power Plant (SMPP) Financing Program** is designed to support the attainment of the government's target of 35 percent renewable energy (RE) in the country's energy mix by 2030, consistent with the Philippine Energy Plan 2018-2030. The program is expected to contribute to the government's goal of increasing solar photovoltaic capacity in the country from 2.16 gigawatts (GW) in 2020 to 15.9 GW by 2030.

The SMPP Program caters to the requirements of solar project developers who intend to sell the electricity generated by their projects to the Wholesale Electricity Spot Market. Private corporations and enterprises with projects involving the construction or installation of solar merchant power plants are eligible for the loan.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**SOLAR MERCHANT POWER PLANT (SMPP) FINANCING**

**1**  
 Solar merchant project financed

**20.89**  
 Increase in the installed capacity for solar PV (MWp)

INCREASING SOLAR PHOTOVOLTAIC CAPACITY TO  
**15.9 GW**  
 by 2030





FEATURED PROJECT  
LIBERTAD POWER AND ENERGY CORPORATION

# Reliable, Renewable Energy from Agricultural Waste

Mindanao, the country's second-largest island, uses one-third of its land area for agriculture. As the food basket of the Philippines, it supplies more than 40 percent of the country's food requirements. With the abundance of agricultural products comes much waste, most of which is just burned or discarded. Members of the technical team of the Libertad Power and Energy Corporation (LPEC) saw the potential to recover this waste and use it to generate energy.

After plans and feasibility studies, the company embarked on the construction of a six-megawatt (MW) biomass power plant in Barangay Commonwealth, Aurora, Zamboanga del Sur. The project was partially financed by DBP for Php675-million, with LPEC investors putting up the rest of the funding. Completed in September 2023, the power plant commenced commercial operation toward the end of December 2023, providing 5 MW of energy to the Zamboanga del Sur Electric Cooperative, Inc. (ZAMSURECO-1) under a 25-year contract expiring in December 2048. The plant also supplies 300 kilowatts of energy to the Wholesale Electricity Spot Market, a venue for the trading of electricity where prices are based on supply and demand.

The power plant is a vital step toward energy security in Zamboanga del Sur, if not the whole Zamboanga Peninsula. It is expected to generate 45,662,000 kilowatt-hours (kWh) annually to cover the deficit in the energy supplied by ZAMSURECO-1. Because the plant also runs on the power it

generates and does not rely on fossil fuels for its operations, it is sustainable. It also contributes to the government's thrust for renewable energy production.

"Through LPEC, the local government was able to align with the Renewable Energy Act of 2008," says LPEC President Joseph Kim Yu. "We are also working with the local government for their energy programs and agricultural programs."

LPEC Head of Business Development and Commercial Reggie Albano points out that unlike other power plants generating renewable energy such as solar and wind, biomass power plants generate consistent power continuously over a period of time to meet the base demand. "If the requirement is to supply the community without interruption 24/7, the biomass plant is capable of doing so," he adds.

That is exactly what LPEC has been doing. Since starting commercial operations, it has been running at 90 percent to 95 percent capacity, supplying power to some 12,800 households across 44 barangays in Aurora. Mr. Albano estimates that the consumption of an average household in the municipality is 300 kilowatts (kW) of electricity, for a total power demand of 2.5 MW to 3 MW. This is only half the plant's capacity of 6 MW. "The excess energy is distributed to other substations of ZAMSURECO-1," he says. "The whole municipality of Aurora is now being powered by LPEC alone."

The power plant has made electricity not only accessible and reliable, but also affordable. Being an embedded generator, it is directly connected to the ZAMSURECO-1 substations in Aurora. This reduces the power delivery service charge of the National Grid Corporation of the Philippines. Second, since the plant started running, ZAMSURECO-1 has experienced reduced system loss—with numbers going "from double digits to single digits," Mr. Albano says. These reductions translate to savings for the cooperative, which are then passed on to its member-consumers as lower electric bills.

Besides being carbon neutral, renewable, and reliable, biomass energy helps reduce waste. Materials that would normally be burned or discarded, such as wood, sawdust, coconut husks, and corn cobs, are used as fuel in addition to rice husks—its primary fuel source, making up 70 percent of the total fuel requirement. A kilowatt-hour of electricity would require 1.25 kilograms (kg) of these materials. To operate the power plant for a month would require 5,580,000 kg. That is 180,000 kg per day or 7,200 kg per hour.

LPEC Vice President and Chief Operating Officer Nathaniel Leonard Flores says that procuring rice husks for the power plant, by itself, has had a domino effect. "Rice millers used to be hesitant to buy crops from farmers because waste disposal would be a problem for them. The husks would fill up their bodegas (storage spaces) and halt the mill's production," he explains. With the rice husks now being used as fuel for the power plant, that has changed. "Now, the rice millers are more confident about buying crops, which in turn, helps the farmers sell more," he says.

LPEC has also stimulated economic activity through job generation. It currently employs 75 regular personnel, some 90 percent of whom are from the Zamboanga Peninsula.

Of these, around 80 percent are from Aurora. Even in the barangays, the boost to the local economy is evident. The residents now have more spending power, and have been able to set up small businesses such as eateries, or buy motorcycles for family or business use.

Indeed, the power plant has been a game changer—and so has the partnership between LPEC and DBP. According to Mr. Flores, the main difference in partnering with DBP was their trust: "Commercial banks are more concerned about collateral. With DBP, the project itself was the collateral. Considering that back then, everything was just a drawing, a proposal, they trusted that the plant would be completed and that we could deliver it, up and running."

"We're very proud to say that we're the first renewable energy and biomass power plant in the whole Zamboanga Peninsula," Mr. Flores states. But LPEC will not stop there. "The vision here is to never stop dreaming. With the help of DBP in the future, hopefully we could achieve that vision together."



*"Through the biomass power plant, the local government was able to align with the Renewable Energy Act of 2008."*

– Joseph Kim Yu  
Libertad Power and  
Energy Corporation President



# Environment & Climate Change



## Greening the future

Integral to DBP's contributions to nation building is its commitment to environmental stewardship. The bank supports projects that address climate change, provide access to clean water and sanitation, and protect forests and their products—thus laying the groundwork for a greener, better tomorrow.



**D**BP is one of the first Philippine banks to integrate environmental considerations in all aspects of its operations—proof of its commitment to environmental protection and sustainable development.

*Not only does the bank provide financing and technical assistance to projects that are ecologically sound, but it also plays an active role in encouraging clients and participating financial institutions under its wholesale lending program, to include green considerations in their businesses and thrusts.*



Contributing to the development and promotion of energy efficiency, renewable energy, green building, and electric vehicle projects is the aim of the **Energy Efficiency Savings (E2SAVE) Financing Program**. Through the program, DBP helps reduce greenhouse gas emissions in the country, thereby strengthening energy security and addressing climate change. The program further aims to provide credit assistance to energy service providers, energy service companies, and charging station service providers, promoting the development of energy efficiency projects.

The E2SAVE Program is designed to support Republic Act (RA) 11285, the Energy Efficiency and Conservation Act, and RA 11697, the Electric Vehicle Industry Development Act. It focuses on amplifying the efforts of public and private institutions in promoting the efficient and judicious utilization of energy. Ultimately, this initiative seeks to help ensure the country's independence from imported fossil fuels, and thus its energy security.

Through the program, funding assistance is made available to public sector institutions such as national government agencies (NGAs), LGUs, GOCCs, and state universities and colleges, among others. Also eligible for credit support are private companies or enterprises (such as building owners and tenants), energy storage projects, energy service companies, and Charging Stations Service Providers (CSSPs) accredited by the Department of Energy (DOE).

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**ENERGY EFFICIENCY SAVINGS (E2SAVE) FINANCING PROGRAM**

**RENEWABLE ENERGY PROJECTS**

**50,680,575.54**

Electricity generated (kWh)

**28,624 tons**

GHG emission avoided (tons of CO2 equivalent)

**4,357.75 TOE**

Energy savings (Tons of oil equivalent or TOE)

**122,150.05 kW**

Solar PV capacity installed (kW)

**PERMANENT JOBS GENERATED**

<b>978</b>	<b>357</b>	<b>11</b>
Male	Female	PWD

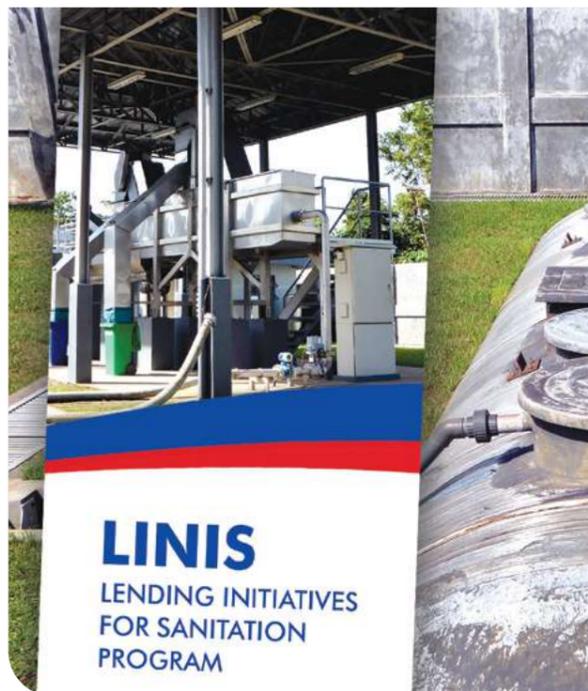
**TEMPORARY JOBS GENERATED**

<b>68</b>	<b>14</b>	<b>7</b>
Male	Female	PWD

DBP's **Lending Initiative for Sanitation (LINIS) Program** contributes to the national government's goal of achieving universal access to sanitation by providing credit assistance to LGUs, water districts, and private companies. Through this approach, these sectors also receive support for their compliance with:

- RA 9275 or the Clean Water Act of 2004.
- The Order of the Supreme Court for the clean-up, rehabilitation, and preservation of several bodies of water.
- Presidential Directive No. 2018-0081 dated February 12, 2018, requiring all resorts to have water treatment facilities.

To be eligible for funding support under the LINIS Program, a project must involve the development of sanitation services or facilities such as septage and sewerage systems, or the collection, transport, treatment, and disposal of wastewater. Other eligible investments include acquisition of tools and equipment such as generator sets, service vehicles, vacuum trucks, construction, or rehabilitation of existing non-network facilities (such as office building and warehouse) and project preparation activities only for LGUs and water districts (such as feasibility study and detailed engineering design).



PROGRAM ACCOMPLISHMENTS AS OF 2023

**LENDING INITIATIVE FOR SANITATION (LINIS) PROGRAM**

**SEPTAGE TREATMENT PROJECTS**

**2**  
Septage treatment facilities constructed

**142 m<sup>3</sup>/day**  
Additional capacity for septage treatment facility constructed/installed

**13**  
Vehicles/equipment for sanitation activities purchased

**SEWAGE TREATMENT PROJECTS**

**1**  
Sewage treatment facility constructed

**2 km**  
Sewer lines constructed/installed/rehabilitated

**1,500 m<sup>3</sup>/day**  
Additional capacity for sewage treatment facility constructed/installed

**13**  
Vehicles/equipment for sanitation activities purchased

**STAND-ALONE WASTEWATER TREATMENT PROJECTS**

**46**  
Treatment facilities constructed

**1,225 m<sup>3</sup>/day**  
Additional capacity for treatment facility constructed/installed

Equitable access to safe water supply is an important indicator of development. The **Water for Every Resident (WATER) Program** supports the Philippine Development Plan 2017–2022, which aims to increase the percentage of households with such access from 85.50 percent to 95.16 percent, and the UN Sustainable Development Goal 6: Clean Water and Sanitation.

The WATER Program works toward contributing to the provision of safe and affordable water supply through financing to help achieve inclusive growth and poverty reduction, and toward providing credit assistance to water service providers for their investment requirements to provide safe, reliable, and affordable water services.

Program assistance is made accessible to LGUs, water districts, private corporation, and private water service providers engaged in the following eligible projects:

- Source development for distribution or for bulk water supply.
- The rehabilitation, expansion, and upgrading of water transmission and/or distribution systems.
- The development or installation of water treatment facilities or equipment.
- Investment for non-revenue water reduction or other efficiency-enhancing measures, such as the computerization of accounts, billing, and collection systems, or the installation of energy-saving equipment, among others.
- The purchase of necessary tools and equipment, such as generator sets, service vehicles, trucks, or water leak detectors, among others, including the construction or rehabilitation of existing non-network facilities such as office buildings or warehouses to improve efficiency and service delivery.
- Investment for climate change adaptation technologies such as rainwater collection systems.



PROGRAM ACCOMPLISHMENTS AS OF 2023

**WATER FOR EVERY RESIDENT (WATER) PROGRAM**

**SOURCE DEVELOPMENT PROJECTS**

**70**

Ground water source facilities constructed

**325,624 m<sup>3</sup>/day**

Additional capacity for ground water facilities constructed/installed

**30**

Surface water source facilities constructed

**489,334**

Additional capacity for surface water facilities constructed/installed

**WATER TREATMENT PROJECTS**

**7**

Water treatment facilities constructed

**11,617 m<sup>3</sup>/day**

Additional capacity for water treatment facilities constructed/installed

**WATER SUPPLY PIPELINE PROJECTS**

**2,397.42**

Length of pipeline installed/constructed/rehabilitated

**OTHER PROJECTS RELATED TO WATER SUPPLY**

**4**

Number of office buildings constructed

**395**

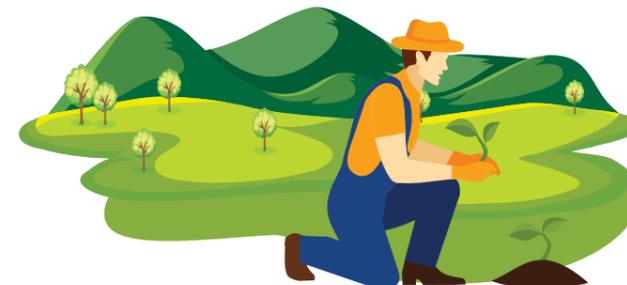
Additional floor area for office buildings constructed (sqm)



The **Agroforestry Plantation Program (APP)** is a credit assistance program for the development, expansion, harvesting, processing, maintenance, and protection of industrial forest-based plantations in qualified private and public land consisting of at least five to 40,000 hectares of open area.

The APP aims to hasten economic development, promote environmental stability, enhance climate change mitigation, and boost the Philippine wood-based industry by addressing the increase in demand for forest and forest-based products and services.

APP loans may be tapped for working capital, the acquisition of machinery and equipment, and the construction or establishment of facilities. Eligible borrowers are plantation operators or tenure holders who are registered with the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI), Department of Labor and Employment (DOLE), or Cooperative Development Authority (CDA); LGUs; people's organizations (POs); and PO federations. Loan proceeds may be used for plantation development, expansion, and maintenance and protection; the acquisition of pre-harvest and post-harvest facilities; the harvesting of mature species; the establishment of facilities; and the development of eco-tourism destinations. As of 2023, APP has already covered a total of 545 hectares of forest-based plantations.



**545 HA**

TOTAL NUMBER OF HECTARES OF FOREST-BASED PLANTATIONS COVERED



FEATURED PROJECT  
DAMOSA LAND, INC.

# Building Green, Building for the Future



According to a 2023 report published by the UN Environment Programme, the buildings and construction sector accounts for 37 percent of greenhouse gas emissions worldwide—the largest emitter, due primarily to the carbon footprint of cement, steel, and other materials.

Damosa Land, Inc. (DLI), a Davao-based property development company, is doing its share to bring that number down by building environment-friendly structures. With projects in five cities across Mindanao, including in the Davao region, Cagayan de Oro, and General Santos, DLI uses real estate as a vehicle to help advance Mindanao. DLI President Ricardo Lagdameo says, “The driving force behind our company is how to uplift the lives of Mindanaoans and how to bring in innovation. We see ourselves as a Mindanao development company.”

DLI tapped DBP as one of the funding institutions for the construction of the Damosa Diamond Tower, a 15-storey office building located in the Damosa IT Park in Davao City. The building features a rain harvesting and rainwater catchment system, low-emissivity glass for the façade, energy-saving lighting fixtures, water-efficient water closets and urinals, and low-energy air conditioning. The construction materials used were non-toxic and were sourced from environmentally conscious suppliers. A rooftop garden helps improve air quality and reduce the urban heat island effect. Bike racks encourage biking to work to reduce both traffic and carbon footprint while also contributing to individual health.

Mr. Lagdameo points out that in building the Damosa Diamond Tower, they wanted to build “for the future” to attract foreign investors. “But we also wanted to make it something that we

can be proud of architecturally,” he says. “We didn’t want to just build a regular ordinary box—we wanted something that would represent who we are as a family and as a business group, and also represent the Davao region.”

This was incorporated into the design as the architectural fins on the building’s exterior, which depict the wavy lines of banana fibers—a visual nod to bananas being one of the Davao region’s top exports and the main business of the ANFLO Group, the conglomerate which DLI is a part of.

More than a symbol or an exterior finish, however, the fins have an important function: they provide shade, filtering out sunlight and controlling glare; and absorb heat to maximize cooling inside the building.

The Damosa Diamond Tower could easily be the gem in DLI’s portfolio. Not only is it an architectural showpiece, but more remarkably, its green, sustainable features have made it the first office building in Mindanao to receive an Excellence in Design for Greater Efficiencies (EDGE) certification. The building was certified to have 22 percent in energy savings, 27 percent in water savings, and 24 percent less embodied energy (the sum of all the energy used to produce a material or product) in its materials. In addition, it has a total carbon savings of 192.13 tCO<sub>2</sub>/year.

The building also earned a two-star rating from Building for Ecologically Responsive Design Excellence (BERDE), a program of the Philippine Green Building Council recognized as the country’s national voluntary green building rating system under the Department of Energy’s Philippine Energy Efficiency Project-Efficient Building Initiative.

The EDGE and BERDE certifications are more than just a badge of honor. They signify DLI’s commitment to building sustainably and responsibly, which is how the businesses of the future are expected to operate. For instance, the majority of the Damosa Diamond Tower tenants are international business process outsourcing (BPO) companies that require their local counterparts to be located in green buildings. So, although it was DLI’s first project to be fully EDGE—and BERDE-certified, these certifications are now “non-negotiable” for them, Mr. Lagdameo says.

“We always try to challenge and outdo ourselves,” he explains. “It goes back to our DNA and our vision of being that company that wants to innovate and make a lasting mark for Mindanao.”

But there is an even bigger motivation for DLI’s environmental consciousness, and that is to leave a better world for the next generation. Mr. Lagdameo narrates that his children are keeping an eye out for the environment: “They talked to me and asked, ‘What are you doing for the environment?’”

Indeed, the thrust to contribute to sustainable development in Mindanao is something that DLI and DBP share. This shared mission has resulted in a good partnership so far. DLI was impressed by the bank’s willingness to fund their project during the pandemic and the flexibility to adjust the terms of the loan to the project’s requirements.

Moving forward, DLI will continue to develop projects with eco-friendly and sustainable components. “We look forward to DBP continuing to be our partner and giving us even lower rates than they gave us before,” Mr. Lagdameo says.

With DBP and DLI working together to develop sustainable and green real estate projects, a better world for the next generation is not beyond reach.



*“The driving force behind our company is how to uplift the lives of Mindanaoans and how to bring in innovation.*

*We see ourselves as a Mindanao development company.”*

– Ricardo Lagdameo  
Damosa Land, Inc. President





FEATURED PROJECT  
**MATUNO RIVER DEVELOPMENT CORPORATION**

# Powering Up the Countryside through Renewable Energy

As the world continues to shift to the use of cleaner and more sustainable energy, the Philippines is increasingly falling in step. With a wealth of renewable energy sources—solar, wind, hydro, geothermal, and biomass—at the country’s disposal, the government has set, as part of its National Renewable Energy Program 2020–2024, targets for power generation of 35 percent renewables in 2030 and 50 percent in 2040.

The Matuno River Development Corporation (MRDC) is doing its share to help the country meet these targets. With Php1.1-billion in funding from DBP under the Financing Utilities for Sustainable Energy Development (FUSED) Program, the company developed the Matuno River Hydroelectric Power Plant in Barangay Manamtam, Bambang, Nueva Vizcaya. The facility harnesses power from the Matuno River, a major tributary of the Magat River—the province’s longest river—and is designed to generate 8.66 megawatts (MW), enough to power 20,000 households.

The power plant is expected to be fully operational in June 2024. During the rainy season, power generation is projected to average 70 percent to 75 percent of the designed generating

capacity; throughout the year, it should average 50 percent to 58 percent. That would be 4MW to 5MW, which would supply electricity to around 10,000 households—roughly equivalent to the whole town of Bambang, Nueva Vizcaya and part of Bayombong, the capital and largest municipality of the province.

The power plant will be connected to the Bayombong Substation of the National Grid Corporation of the Philippines (NGCP), from which the electricity generated will be supplied to the Luzon grid through the NGCP’s feed-in tariff scheme. Under the scheme, electric grid utilities must purchase electricity sourced from renewable energy at fixed rates.

This ultimately redounds to the benefit of the local consumer. MRDC President Ruben Diego Picardo says that the cost of electricity in the area is cost prohibitive, with generation costs of the Nueva Vizcaya Electric Cooperative, Inc. (NUVELCO), the province’s distribution utility, at over Php11 per kilowatt hour (kWh) on average. “We will make a bit of a dent in the energy requirements of NUVELCO’s service area. According to the cooperative, we will save them about Php0.57/kWh on average,” he adds.

Additionally, the power plant helps lower the cost of electricity by acting as a transformer or booster for the electricity generated by core plants such as the Sual Power Station in Pangasinan and the Magat Dam in Isabela. Every kilometer that electricity travels from its source incurs a system loss aside from additional expense. As a booster, the power plant supports the transmission of electricity and helps prevent potential losses, thereby reducing costs.

The impact of the power plant on the community can be seen in other ways. For instance, in the project’s early stages, it employed close to 500 construction workers, made up mostly of farmers. Water irrigation to nearby farmlands will be provided under an agreement between MRDC and the National Irrigation Authority. Because of the energy security resulting from the plant’s power generation, economic activity is expected to be stimulated, further resulting in tax collection that would in turn improve the provision of social services.

MRDC is also mandated to contribute a percentage of its gross income to the host province, municipality, and barangay, and to the indigenous people in the locality, under its service contract with the Department of Energy. Furthermore, as part of its commitment to sustainable development, the company will be planting 50,000 trees in the area in 10 years; so far, some 1,000 trees have already been planted in Brgy. Manamtam.

Beyond this, the power plant will have a significant impact on the environment, as it is projected to contribute towards a reduction in carbon emissions by an estimated 31,336 tons annually. This complies with the carbon mitigation targets of the Philippine government, as committed during the 27th Conference of Parties to the UN Framework Convention on Climate Change.

Although the benefits of putting up the power plant are many, Mr. Picardo describes hydro as “the most challenging” renewable energy technology, because of its longer gestation period compared to solar or even wind power technology. Yet, he says, it is the most efficient, with arguably the highest capacity factor. Because of this, MRDC is looking into more hydro projects.

“DBP has been a great partner for us,” Mr. Picardo states. “MRDC has been sourcing funds from all kinds of sources, but so far, the most attractive funding partner in terms of cost of funds would be DBP. We need their support more than ever.”

Fueled by the upliftment and development in the community brought about by the presence of renewable energy, and supported by the partnership of DBP, MRDC is looking ahead to future expansion.



From left: MRDC President Mr. Ruben Diego Picardo and MRDC Chairman Johnny Uy

**“The Matuno River Hydroelectric Power Plant is projected to contribute to a reduction in carbon emissions by an estimated 31,336 tonnes annually.”**

– Ruben Diego Picardo  
 Matuno River Development Corporation President



## Social Services



## Transforming communities

Beyond economic growth, DBP recognizes that a progressive, poverty-free Philippines hinges on community development. By giving communities equal access to health, education, and other social services, the bank helps to build a strong and empowered nation.



**DBP** lends to projects for health care, education, housing, and community development, helping to provide access to shelter for financially challenged sectors, while supporting the development of infrastructure and community facilities in cities and municipalities.



The **Building Affordable Homes Accessible to Every Filipino or BAHAY Program** (formerly the Residential Real Estate Financing Program) is a lending program for the housing sector covering the end-to-end process of housing development—from land acquisition to site development and shelter construction.

The BAHAY Program advances DBP’s strategic thrust of social development by providing accessible financing to support shelter production and secure tenure delivery. In this way, it contributes to the national government’s target of making cities and human settlements inclusive, safe, resilient, and sustainable. Furthermore, the program aims to help address the gaps in mass housing by providing credit assistance through short-term and long-term financing.

The program supports LGUs, government agencies, and private sector groups such as property developers, contractors with housing projects awarded by key shelter agencies (KSAs) and property developers, private corporations, cooperatives, and non-governmental

organizations (NGOs) supported by a government institution or another corporate entity. Project financing is directed at initiatives involving mass and mid-cost housing projects, horizontal and vertical developments, and various shelter types—such as houses and lots, duplexes, row houses, and condominiums.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**  
**BUILDING AFFORDABLE HOMES ACCESSIBLE FOR EVERY FILIPINO (BAHAY) PROGRAM**

**90,041**  
 Housing units funded

**Php24.17B**  
 Loan releases

Accredited contractors and developers of the Social Housing Finance Corporation (SHFC) may avail of a special loan facility, the **Credit Facility for SHFC Contractors and Developers (BAHAY-SHFC)**. The facility is open to housing builders with contracts with community associations under the turnkey guidelines of SHFC Community Mortgage Program (CMP).

Under the BAHAY-SHFC, DBP will provide a credit line to the contractors and developers to advance SHFC’s payment for work completed on the project.

A sub-program under the BAHAY Program, the **DBP Credit Facility for the 4PH Program (BAHAY-4PH)** supports the Pambansang Pabahay Para sa Pilipino (4PH) Program, the government’s national housing program with the goal of eliminating informal settlers by 2028. BAHAY-4PH is intended to contribute to reducing the country’s housing deficit by supporting the national government and the Department of Human Settlements and Urban Development (DHSUD) through the provision of development loans that would encourage LGUs, developers, and contractors to undertake 4PH Program housing projects.

DBP also offers bridge financing for the construction of residential housing projects under its **Contract-to-Sell Financing Facility for Real Estate Developers (CTS Financing)**. This credit assistance program for developers assists in the national government’s goal of addressing the housing deficit and establishing livable communities, as outlined in the Philippine Development Plan 2023–2028.



**CONTRACT-TO-SELL FINANCING FACILITY FOR REAL ESTATE DEVELOPERS**

**Outcome indicators**

No. of permanent jobs generated (male, female, PWD)	250
No. of temporary jobs generated (male, female, PWD)	30
Amount of taxes paid to the government (Php)	95,886,500.00

**Residential projects constructed according to type**

<b>For Residential Building</b>	
No. of Floors	5
No. of Units	627
Total Floor Area	112

**For House & Lot**

No. of Single Firewall	94
No. of Single Detached	150
No. of Single Attached	408
No. of Duplex	330
No. of Townhouse/Rowhouse	1008

**Lot only**

No. of Lots	4472
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**Residential projects constructed according to Market Segment**

No. of Socialized Housing (Php480,000 up to Php580,000)	849
No. of Economic Housing (Above Php580,000 to Php1,700,000)	1205
No. of Medium-Cost Housing (Above Php1,700,000 to Php4,000,000)	52
No. of Open Market (Above Php4,000,000 to Php6,000,000)	12
No. of High-Cost Housing (Above Php6,000,000.00)	4351



Also supporting the Philippine Development Plan in its focus on improving access to health services is the **Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD) Program**. The program complements UN Sustainable Development Goal 3: Good Health and Well-being, which targets, among others, to “achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.”

Eligible for project financing are projects of public and private-owned hospitals and/or other health care facilities of all levels or classifications involving the following:

- The development and construction of hospitals and other health care facilities, including dental clinics, diagnostic laboratories, birthing centers, and pharmacies.
- Renovation and expansion works for health care facilities.
- The modernization or updating of health facilities or systems, including IT infrastructure.
- The acquisition or leasing of health care equipment.
- Working capital requirements of health care institutions:
  - For the purchase of health care facility inventory or purchase orders (POs)
  - To finance receivables from the Philippine Health Insurance Corporation (PhilHealth), HMOs, corporate clients, among others.
  - To finance a healthcare facility’s operations.

By 2030, the SHIELD Program is expected to have financed Php25-billion in investments in health care projects and contributed at least 5,000 additional beds.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**STRATEGIC HEALTHCARE INVESTMENTS FOR ENHANCED LENDING AND DEVELOPMENT (SHIELD)**

**2,832**

Number of hospital beds financed

**2.47%**

Contribution to nationwide existing bed capacity as of 2023



For the education sector, DBP’s **Education Sector Support for Knowledge, Wisdom and Empowerment through Lending Assistance (ESKWELA) Program** (formerly the DBP Educational Fund Program) finances schools covering basic education, higher education, technical-vocational education, and alternative learning.

The ESKWELA Program works toward the improvement of Filipino lives by supporting and promoting the availability and accessibility of quality education. Credit assistance under the program is expected to contribute to the national government’s development targets for the education sector.

Eligible borrowers under the ESKWELA Program are LGUs, private and public educational institutions, accredited training centers, and foundations and other institutions that support educational programs.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**EDUCATION SECTOR SUPPORT FOR KNOWLEDGE, WISDOM AND EMPOWERMENT THROUGH LENDING ASSISTANCE (ESKWELA)**

**172**

Schools financed

**Php10.34B**

Loan releases

When calamity strikes, DBP provides invaluable assistance to communities through the DBP **Rehabilitation Support Program for Severe Events (RESPONSE)**, formerly the DBP REPAIR. Established in 2018, the program offers rehabilitation financing support to new and existing borrowers of DBP, whether public or private institutions, that have been adversely affected by calamities and/or events arising from the occurrence of such calamities. The financing support is granted to eligible borrowers to expedite the recovery process of the business or project and, in turn, assist in the socioeconomic rehabilitation of the calamity-stricken area.

Bank support is made accessible to businesses or projects located in areas affected by calamities and/or force majeure events as determined by the President of the Philippines, the National Disaster Risk Reduction and Management Council, concerned LGUs, and to the disaster risk reduction and management projects of LGUs.

Invaluable assistance is channeled to LGUs of all levels through the **Assistance for Economic and Social Development (ASENSO) for LGUs Financing Program**. The program offers financing assistance in the accomplishment of LGU projects to accelerate infrastructure development, as one of the goals underscored in the Philippine Development Plan. It also works toward the attainment of UN Sustainable Development Goal 11: Sustainable Cities and Communities.

Through ASENSO, DBP seeks to help develop smart and sustainable communities by providing financing assistance to at least 10 percent of the LGU population—provinces, cities, municipalities, and barangays—to boost socioeconomic development.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**ASSISTANCE FOR ECONOMIC AND SOCIAL DEVELOPMENT (ASENSO) FOR LOCAL GOVERNMENT UNITS**

**ASENSO (INC. ISF)**

Amount (in Php Millions)

**293.8**

Barangay

**30,338.83**

Municipality

**60,013.95**

City

**16,458.36**

Province

**107,104.94**

TOTAL

The strict implementation of RA 9003, the Ecological Solid Waste Management Act of 2000, and RA 6969, the Toxic Substances and Hazardous and Nuclear Waste Act of 1990, is the focus of the **Sustainable Waste Management for Enhanced Environmental Protection (SWEEP) Financing Program**. Through the program, the bank steps up its efforts to contribute to the development of solid and hazardous waste management facilities and waste-to-energy projects. With credit assistance extended to public and private companies, the program is expected to help protect the environment and address climate change.

Under the SWEEP Financing Program, public institutions such as LGUs and GOCCs, and private corporations or enterprises can benefit from credit support for their project preparation or activities (for LGUs), capital expenditures, permanent or short-term working capital requirements, and the refinancing of existing operational projects. In 2023, the bank supported three waste collection projects.

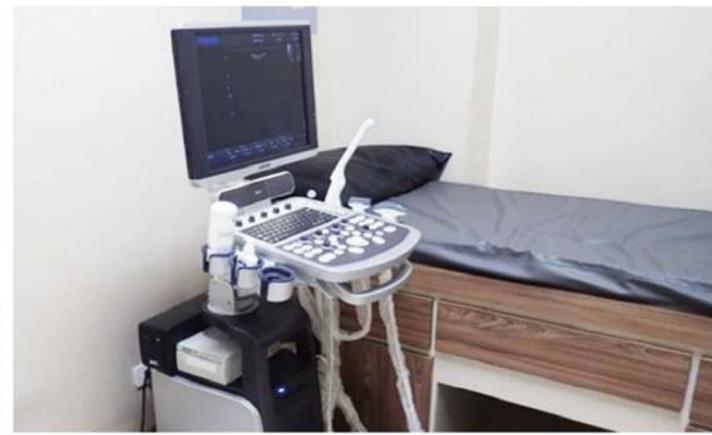
For almost eight decades now, DBP has been shaping the Filipinos' dreams and helping make them happen.

Resolute in its mission to uplift the country and its people, DBP vows to be a world-class infrastructure and development financial institution that catalyzes sustainable progress for all.

The bank has diligently put in place a comprehensive framework to spur progress in vital sectors of the economy, placing important focus on affording individuals with fair access to growth opportunities and choices.

DBP lends to projects for health care, education, housing and community development. The bank helps provide access to shelter for the poor, while supporting the development of infrastructure and community facilities in cities and municipalities.

DBP envisions a future of empowered Filipinos who are ably poised to seize a future of more growth possibilities with unshakeable and persevering spirit.





FEATURED PROJECT  
BOHOL PROVINCIAL GOVERNMENT

# Investing in Healthcare for a Better Province

When the national government enacted the Universal Health Care (UHC) Act in 2019, it marked the beginning of improvements in the access to quality healthcare services and in the delivery of those services.

For the Provincial Government of Bohol (PGBh), it was a call to action. Partnering with DBP for a loan of Php483 million, the PGBh embarked on its Hospital Rehabilitation and Modernization Program, implementing upgrades across its nine hospitals: the Garcia Memorial Provincial Hospital, Teodoro B. Galagar District Hospital, Cong. Simeon G. Toribio Memorial Hospital, and Catigbian District Hospital, all classified as Level 1 hospitals; and the Cong. Natalio P. Castillo Memorial Hospital, Francisco Dagohoy Municipal Hospital, Candijay Community Hospital, Clarin Community Hospital, and Maribojoc Community Hospital, all classified as infirmary hospitals.

“We have to be prepared to run in tandem with the implementation of the UHC Act. We also have to be prepared to optimize the benefits of that [law],” Provincial Administrator Asteria Caberte states. “DBP has been a valuable partner of the PGBh, providing exceptional services to us, which include offering favorable loan arrangements. It has been very instrumental in the success of our key projects, especially in our hospital modernization,” she adds.

The loan covered the acquisition of brand new hospital and medical equipment. Among the upgrades funded by the loan were the establishment of hemodialysis centers in two of the hospitals, with one completed as of end-2023. These centers make dialysis available and accessible to Boholans residing in the municipalities without them having to travel to the city. Sewage treatment facilities in four of the hospitals were also established or improved, thus ensuring environmental protection and enhancing safety. Three of these facilities were completed as of end-2023.

The PGBh’s move towards modernizing the province’s healthcare facilities is aligned with the country’s Millennium Development Goals, particularly the reduction of the incidence of maternal and infant deaths, and the control of the spread of communicable diseases. It also contributes to the attainment of the UN Sustainable Goal 3: Good Health and Well-being.

Ms. Caberte points out that the gap in the province’s healthcare services was wider before their modernization efforts began, and even more so during the COVID-19 pandemic. “The gap was very evident in the facilities and in the buildings. There were certain accreditation standards required by the Department of Health, but our resources were not enough,” she says.

Despite these challenges, however, the PGBh was able to narrow the gap. From operating the hospitals as cost centers, they are now focused on efforts to convert them into revenue streams. Ms. Caberte reasons, “If we have better facilities such as laboratories, then we can draw revenue from them.”

While the PGBh is highly motivated to upgrade the hospitals—from Level 1 to Level 2, for example—the financial investment would be great. Because of this, they are currently coming up with plans to leverage the strengths of each hospital. Among these plans is for the hospitals to have the basic amenities and capabilities, but each would have their own specializations.

“We’re applying a strategic focus on where to invest. It’s an ongoing review of where we should be investing, in terms of both people and facilities,” Ms. Caberte says. “We’re seeing breakthroughs. We’re getting there.”

No modernization program would be complete without the modernization of human resources. This is why the PGBh is also conducting capacity building for the hospital staff alongside improvements to the infrastructure.

Ms. Caberte considers the modernization program to be an investment. She states, “These projects that we’ve started will be cornerstones leading to a more resilient, more sustainable Bohol—most importantly, the continuous improvement of the quality of life for every Boholano.”

The PGBh’s efforts towards the modernization of the province’s hospitals are transforming their healthcare system and driving them towards a future-ready Bohol. On the horizon are initiatives involving renewable energy, more efficient power supply, and bulk water, among others. These are steps that will lead the province to long-term, sustainable development.



From left: Governor Erico Aristotle Aumentado and Provincial Administrator Asteria Caberte

*“We have to be prepared to run in tandem with the implementation of the Universal Health Care Act... and to optimize the benefits of that law.”*

– Asteria Caberte  
Provincial Administrator,  
Provincial Government of Bohol



# Entrepreneurship



## Empowering Enterprises

DBP's support of MSMEs empowers and sustains growth, among entrepreneurial Filipinos. This not only adds value to MSMEs, but more importantly, drives development to the areas where they operate.



**D**BP champions Filipino entrepreneurs as the backbone of the economy, recognizing their significant contributions to fostering country-wide progress. By encouraging and promoting their entrepreneurial ventures, the bank is also supporting initiatives for food security and the competitiveness of the agricultural sector. Ultimately, the bank seeks to help communities flourish through employment generation and support for local products.

DBP supports eligible medium to large-scale swine projects, including those of LGUs, through its **Swine Repopulation, Rehabilitation, and Recovery (SWINE R3) Credit Program—Regular Development Loans**. This credit window finances the establishment or construction of swine farm facilities with at least Level 1 biosecurity classification as certified by the Bureau of Animal Industry. It also provides funding for support facilities, the acquisition of machinery and equipment, and working capital requirements.

SWINE R3-Regular complements the national government's efforts in the recovery and repopulation of the local swine industry through the financing of medium- and large-scale swine projects that will contribute to ensuring the availability of pork and pork products in the market.



Projects that are eligible for funding under the program are breeder farms, swine wean-to-finish farms, consolidated facilities or clustered farms, processing plants, cold storage facilities, the conversion or upgrading of existing farms or facilities to comply with biosecurity requirements, and feed manufacturing, among others.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**SWINE REPOPULATION, REHABILITATION AND RECOVERY (SWINE R3) CREDIT - BANK FUNDED LOANS**

<b>202,497</b>	<b>234</b>
Swine Heads Produced	Permanent and temporary jobs generated

Small-scale swine projects may avail themselves of the **Swine Repopulation, Rehabilitation and Recovery Credit Program—ACPC Funded (SWINE R3-ACPC)**, a credit window funded by the national government, with initial funding from the Agricultural Credit Policy Council (ACPC).

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**SWINE REPOPULATION, REHABILITATION AND RECOVERY (SWINE R3) CREDIT-ACPC FUNDED LOANS**

<b>26,152</b>	<b>63</b>
Swine Heads Produced	Permanent and temporary jobs generated



Medium- and large-scale enterprises within the aquaculture value chain benefit from the comprehensive support available to them through DBP's **Aquaculture Value Chain Financing Program—Regular Development Loans**. This program seeks to improve credit access at every stage in the aquaculture value chain—input supply, production, processing, and marketing—to increase the competitiveness of the entire industry.

Borrowers must be duly registered with the Securities and Exchange Commission (SEC), DTI, and Cooperative Development Authority (CDA) to avail of funding support to finance their working capital requirements, fixed assets acquisition and installation of other support facilities, pond development and/or improvement, the establishment of post-harvest facilities, and the production, processing and marketing of seaweeds and carrageenan.

Further, micro and small enterprises and cooperatives within the aquaculture value chain, including start-up fish farm operators, may also avail the same program which is the **Aquaculture Value Chain Financing Program—ACPC Funded**. This provides comprehensive support to small farmers/fisherfolks with minimum loanable amount of Php5-million but not to exceed Php15-million.

The **Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA—RCEF)** is a credit facility for supporting local rice farmers and their cooperatives. It targets the improvement of the productivity of these farmers and an increase in their income amid the liberalization of the Philippine rice trade policy.

Eligible borrowers under the ERCA-RCEF are individual rice farmers who are listed in the Registry System for Basic Sectors in Agriculture (RSBSA), and Department of Agriculture-accredited cooperatives with rice farmers as members.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**EXPANDED RICE CREDIT ASSISTANCE UNDER THE RICE COMPETITIVENESS ENHANCEMENT FUND (ERCA-RCEF)**

<b>31</b>	<b>38</b>	<b>29,853</b>
Individual borrowers assisted	Cooperative borrowers supported	Farmer-beneficiaries



The bank also implements the **DA-ACPC-DBP BuyAnihan Credit Program**, a credit facility that aims to improve the direct engagement of rice cooperatives in the rice industry value chain by providing credit access to working capital requirements. As of end-2023, the program has already extended assistance to 10,327 farmer-beneficiaries.

DBP shows its support to the coconut industry through the **Coconut Farmers and Industry Development (CFID) Credit Program**, a credit window for eligible coconut farm enterprises and coconut farmers' cooperatives and organizations (CFCO) with projects related to the coconut value chain and the establishment of intercropping, and livestock or poultry integration in coconut farms.

The CFID Credit Program aims to increase the productivity and income of Filipino coconut farmers. It supports the development of the Philippine coconut industry through enterprise diversification and the financing of projects related to the coconut value chain.



The **Broiler Contract Growing Program (BCGP)** is a subprogram of the Sustainable Agribusiness Financing Program (SAFP), which is designed to encourage contract growers to expand their business by facilitating the financing of poultry broiler contract growing projects.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**BROILER CONTRACT GROWING PROGRAM (BCGP)**

**67,820,500**

Poultry heads produced

**291**

Poultry buildings constructed

**809**

Permanent and temporary jobs generated

DBP supplements or augments funds needed by wholesale borrowers through the **Rediscounting Line Facility for Financial Institutions**, where availments on the rediscounting line are made against promissory notes from sub-borrowers. This is available not only to projects or business-based enterprises but also to individuals who are eligible for salary-based general purpose consumption loans.

**PROGRAM ACCOMPLISHMENTS AS OF 2023**

**REDISCOUNTING LINE FACILITY FOR FINANCIAL INSTITUTIONS**

**28**

No. of Cooperatives with Approved Loans

**10**

No. of Other Local Banks with Approved Loans

**2**

No. of Microfinanced-NGO with Approved Loans

**22**

No. of Rural Banks with Approved Loan

**5**

No. of Other Financial Intermediaries/NBQB

**11**

No. of Private Corporation-Financial with Approved Loans

**2** No. of Private Corporation-Non-Financial with Approved Loans

## Special Projects

The special projects that DBP undertakes are a testament to its reliability as a partner, even as they present opportunities to expand positive impact across communities country-wide. One such project being implemented by DBP is the **People's Survival Fund (PSF)**, a program of the national government created by RA 10174. The Php1-billion annual fund is sourced from the General Appropriations Act intended for climate change adaptation projects of LGUs, which will better equip vulnerable communities to address the impacts of climate change.

DBP also works with the **Green Climate Fund (GCF)** as an accredited direct access entity—one of only two Philippine organizations with accreditation. The world's largest climate fund, the GCF was established in 2010 within the framework of the UN Framework Convention on Climate Change (UNFCCC) as an operating entity of the financial mechanism to assist developing countries in adaptation and mitigation practices to counter climate change. The GCF Secretariat is based in Incheon, South Korea.

The GCF aims to provide support to developing countries in the shift toward low-emission and climate-resilient development. Financing may be tapped by accredited entities as a concessional loan, grant, guarantee, or equity.

By using GCF resources, DBP aims to achieve the following objectives:

1. Create a platform conducive for achieving the Philippines' sustainable development goals by compelling climate-smart investment opportunities.
2. Catalyze cost-efficient yet impactful climate innovation, especially in the countryside.
3. Leverage DBP resources to crowd-in private finance for the benefit of areas and communities that are most in need of adaptation solutions.
4. Transform DBP's project financing landscape to the mainstreaming of climate resiliency and socioeconomic co-benefits in investment decisions.



GREEN CLIMATE FUND

## DBP AS AN ACCREDITED ENTITY OF GCF



DBP's accreditation APPROVED BY GCF BOARD



DBP becomes one of only two Philippines organizations to be GCF-accredited



**113**

GCF Accredited/Entities Globally (57 are National Agencies) As of September 2021



**US\$ 250M**

Per Project/Programme Concessional Loans or Grants

## Sustained Gains

DBP, through its Program Development and Management (PDM) departments, remains focused on the enhancement of lending initiatives and programs, in accordance with the government's national agenda for sustainable growth.

Underscoring the need for efficient infrastructure and logistics, the bank has aligned its programs with the changes in government policies and industry practice through enhancements in five lending programs and CSR initiatives: CRUISE, ASENSO, DBP Forest Program, RESPONSE, and PASADA.

Key to the bank's efforts to ensure the responsiveness of its programs is a sustained working partnership with government agencies, development partners, and relevant stakeholder groups.

The bank's PDM Department I assisted the lending units in their marketing efforts, providing project leads on various infrastructure projects amounting to Php17.37-billion. It also coordinated with relevant government agencies and program stakeholders to address challenges in the infrastructure sector.

The bank's PDM Department II, on the other hand, maintained its focus on fulfilling its strategic objective of developing or designing competitive developmental lending programs, resulting in the following accomplishments:

1. Approval by the Management Committee of three new development lending programs or projects.
2. Enhancement of three existing lending programs to ensure their relevance, competence, and efficiency.
3. Referral of proposed loan applications to different DBP lending units totaling Php6.57-billion.
4. Acquisition of a total of Php450-million in credit program funds from the Agricultural Credit Policy Council.
5. Execution of three memoranda of agreement to further strengthen the bank's collaboration with its program/project partners.



**Php17.37B**

LOANS TO VARIOUS INFRASTRUCTURE PROJECTS



FEATURED PROJECT  
LIONHEART FARMS, INC.

# Cultivating Prosperity: How Lionheart Farms and DBP have Transformed Palawan's Coconut Industry

The coconut tree is a robust and productive perennial type of palm characterized by what Christian Eyde Moeller, co-founder and CEO of Lionheart Farms Philippines Corporation, calls its "photosynthetic power." That is, relative to the height of the tree itself and the length of its leaves, it is efficient at managing water requirements, temperature, light intensity from the sun, and soil conditions, among others, for it to thrive throughout its life span. It has all the attributes of a "tree of life."

The fascination for the coconut tree shared by Mr. Moeller and his co-founder Anders Haagen led them in 2014 to the Philippines, specifically to Rizal, Palawan. Here, they observed that despite the abundance of coconut trees and decades of coconut growing in the Philippines, farmers remained poor while coconut products were being embraced by the global market. The realization that conventional individual farming was not a viable livelihood option led to their efforts to come up with a more sustainable business model.

Lionheart Farms was thus established with the vision of "connecting farmers and farming communities with global markets." The aim was to achieve economies of scale and realize productivity through the equitable and inclusive participation of the farmers themselves, ultimately creating a meaningful life for them.

After building stakeholder connections and finding a suitable location, the company began work on a coconut farm in which their business model would be applied. Operations started in 2016 with the establishment of a 2,000-hectare coconut plantation in the barangays of Ransang, Candagawa, and Culasian in Rizal, Palawan; and the planting of high-yielding coconut varieties using regenerative agricultural methods, which are sustainable and environmentally friendly. It was during this phase, Mr. Moeller recalls, that they discovered that no one had undertaken the large-scale planting of coconuts before. They had to learn on their own.

Crucial to this phase of the operation was planting the seeds of the partnership between Lionheart Farms and DBP for the development of the plantation. "If you would compare DBP to the commercial banks, DBP really had an understanding not only very specifically for agriculture, but also for the long-term nature of this endeavor. Because when you start planting, there is no revenue," Mr. Moeller explains. "We were supported with financing that was specifically designed to align to this. That's why our relationship with the DBP is very valuable."

Most importantly, and in keeping with their business model anchored in being socially responsible and inclusive, Lionheart cultivated ties with the small-scale coconut farmers

in the area, most of whom are members of the Pala'wan or Palawano indigenous community. Decisions are always made together, through dialogue and consensus. And because of the Pala'wan's history of living close to nature, they use methods and principles closely aligned with natural farming. Mr. Moeller says, "We have shared values and a shared appreciation for how we want to be in harmony with nature."

Lionheart Farms has since grown, following a trajectory that has taken the company from coconut farming to manufacturing and global marketing, exporting primarily to the North American market, mostly to the United States. It has also set up a factory in Brgy. Culasian, processing organic coconut syrup sweeteners and coconut aminos condiments and most recently launched flavored beverages, and other high-value coconut sap-based products.

Making the business model work and creating a system that ensures productivity and meets high standards has meant that Lionheart Farms needed to provide a living wage to each of its farmers—"three or four times more than what typical coconut farmers in the Philippines earn," Mr. Moeller says. From 370 workers, the company now employs 1,200, including some who are members of the same family, from even two or three generations.

This has brought stability to the community. Mr. Moeller points out that when he first arrived in Rizal, most of the families did not have a meaningful livelihood. Relying on government subsidies, many were in debt and unable to send their children to school. Today, much has changed. The community members now have greater purchasing power, and there is increased economic activity in the locality. The children are in school and able to keep up with their lessons.

"I have subsequently come to believe that the number one transformation agent when it comes to sustainable development is giving people jobs," Mr. Moeller states. The younger generation of community members who were able to go to college have likewise been brought in as employees. By offering opportunities for professionalization and capacity building within the community, Lionheart Farms has also created social mobility.

After building a global market and gaining recognition for their products, Lionheart Farms has reached the point of achieving financial sustainability. The next step is to replicate and scale the success of the farm. Driven by the vision of "connecting farmers and farming communities with global markets," the company is planning another 10,000-hectare farm planted with high-yielding coconut trees.

With members of the community as the main stakeholders, working on the farm and managing operations, they should reap the benefits of their hard work. As Mr. Moeller says, "This business belongs to the community and all the people who make it work every single day." Indeed, the Lionheart Farms vision will continue to bring empowerment and change to coconut farmers and their communities.



*"I have come to believe that the number one transformation agent when it comes to sustainable development is giving people jobs."*

— Christian Eyde Moeller  
Lionheart Farms Philippines Corporation  
Co-founder and President



## Building better synergies

In 2023, DBP strengthened its branch banking services, and made significant strides in fulfilling its core mandates and expanding its reach, leveraging technology and partnerships to deliver innovative solutions to its clients. By focusing on generating low-cost deposits and ensuring efficient last-mile delivery of services, the bank's Branch Banking Sector (BBS) successfully achieved its goals, setting the stage for further growth and development in the years to come.





*“More and more DBP customers appreciate that in their financial ecosystem, they can transact with the bank’s network that straddles a broad geographical spread.”*

The year 2023 was a defining year for DBP’s BBS as it strengthened its focus on its core mandates: generating low-cost deposits, and ensuring the efficient and effective “last-mile” delivery of services to its clients, which are the bank’s touchpoints.

During the year, total deposits generated from current and savings accounts (CASA) amounted to Php347.68-billion, which is 104.8 percent of the full-year 2023 target and 7.4 percent higher than the previous year. Total deposits were at Php775.14-billion, which is 6.1 percent lower than in 2022 following the Management- and Board-approved deliberate cut in high-cost term deposits (TD). Notably, the CASA now represents 45 percent of total deposits. Growing the bank’s CASA faster than the TD is an initiative that has been championed by the BBS for the past three years.

The outstanding principal balance of salary loans was at Php7.72-billion, a seven percent reduction from the previous year. This was a result of intense competition and of branches focusing on portfolio quality over volume.

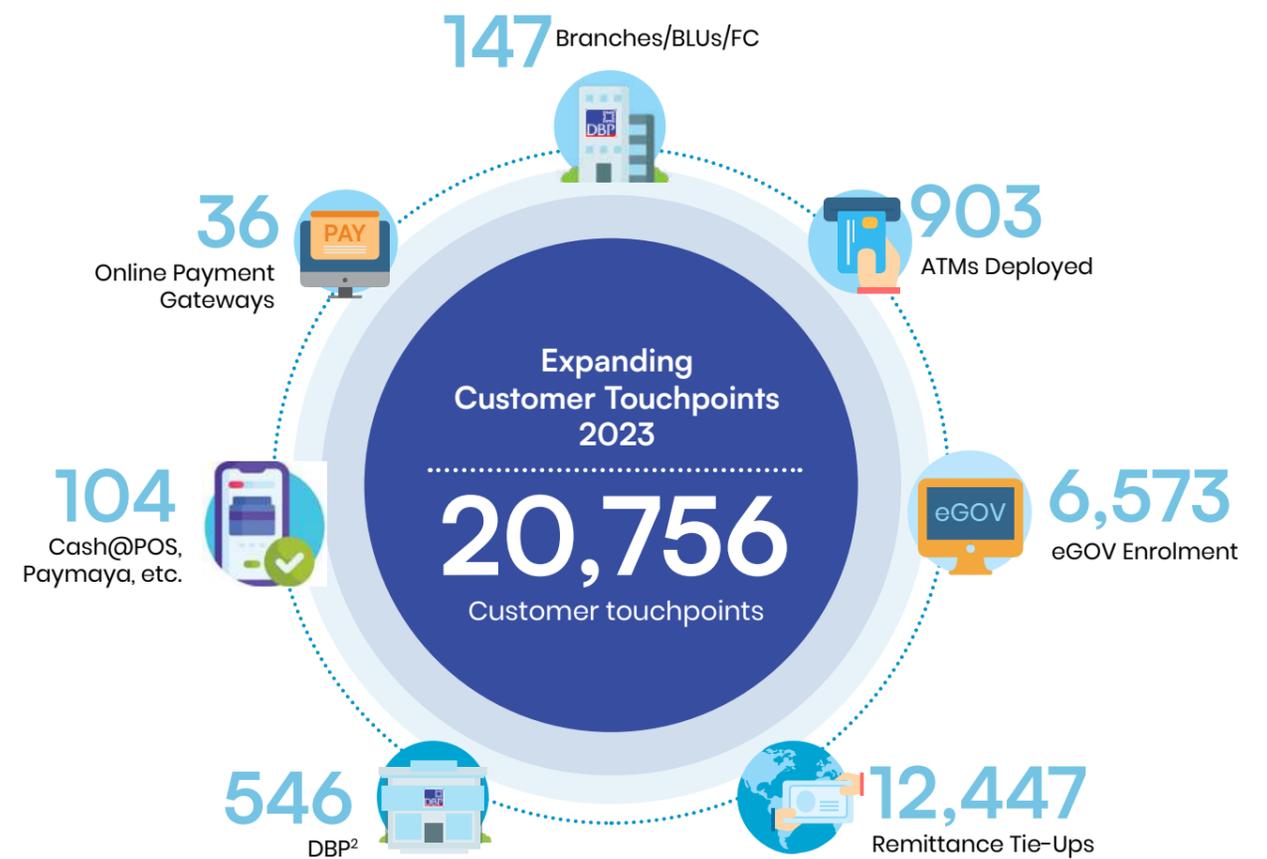
### Touch Points: Technology and Human Touch

Growth in deposits is contingent not only on the range of products and services offered by DBP, but also on the network of branches where these products and services are available. More and more DBP customers appreciate that in their financial ecosystem—especially in their payments and collections—they can transact with the bank’s network that straddles a broad geographical spread, including all of the country’s major cities and capital towns, in addition to “missionary” areas where there are few banks.

To compensate for DBP’s relatively smaller branch footprint, the BBS adopted a multi-channel approach to expand the bank’s reach by utilizing the technology and core competence of fintech partners and non-bank financial institutions (NBFIs). As of end-2023, the bank serves customers through 20,756 touchpoints from multiple channels, with its 146-strong branch network, the DBP Financial Center, and 903 ATMs still serving as the primary touchpoints.

Apart from ATMs, the bank also services customers using 104 point-of-sale (POS) terminals and 36 Internet payment gateways (IPG) or online channels in partnership with fintech providers. Customers can also access DBP services using DBP<sup>2</sup> or the bank’s cash management portal with 546 institutional enrollments, and eGov with 6,573 institutional accounts. In addition, the bank’s customers have access to 12,447 payout outlets of NBFIs partners. These cash payout outlets are utilized for remittances by OFWs, and disbursements to unbanked farmers and SSS pensioners, among others.

The multi-channel approach complements the DBP’s mandate of promoting financial inclusion by tapping into the core competence of fintech and NBFI partners. It allows the bank to provide the financial services required by customers, thus maintaining DBP’s relationship with them while still building up its internal infrastructure capabilities.





BBG	Branches	BLUs	Total 2023
Northern Luzon	17	3	20
Central Luzon	11	2	13
Metro Manila	19	0	19
Southern Luzon	12	1	13
Bicol	9	2	11
Central & Eastern Visayas	16	2	18
Western Visayas	12	1	13
Northern Mindanao	16	1	17
Southern Mindanao	11	2	13
Western Mindanao	9	0	9
<b>Total</b>	<b>132</b>	<b>14</b>	<b>146</b>



### A Strong, Resilient Franchise

As the bank that ‘builds possibilities’ for the country, DBP is privileged to serve a strong and resilient franchise covering the public sector, principally NGAs, GOCCs, LGUs, water districts, and electric cooperatives. The bank leverages the synergies from this bedrock foundation of client base to enable it to serve private enterprises and individual customers with a missionary zeal for financial inclusion.



### Electronic Financial Payments

BBS piloted the use of Financial Technology for the disbursement of government aid and subsidy programs such as for the Department of Agriculture’s Rice Farmers’ Financial Assistance and Rice Competitiveness Enhancement Funds both in cash and in kind (subsidized merchandise) such as fertilizer, seedlings, fuel, and farm equipment. BBS also further accelerated the deployment of Internet Payment Gateways to partner LGUs for the online payment of Real Property Taxes and Business License fees.

### Zero Card Fraud

DBP recorded zero card-related fraud losses in 2023, a testament to the bank’s commitment to maintaining a secure and reliable payment system.





## A force for growth and development

The Treasury and Corporate Finance Sector and Operations Sector perform vital roles in providing crucial support to the bank's lending and investment activities. As a key player in the country's financial landscape, DBP, through its treasury and corporate finance operations, performs a crucial role in promoting economic growth and development by mobilizing resources that support critical infrastructure projects, complement various government development initiatives, and foster a healthy and competitive capital market.



## Treasury and Corporate Finance

The Treasury and Corporate Finance Sector (TCFS) directly supports DBP's operations so that its resources are well allocated and optimum results are reaped through its lending and investment activities.

Through a suite of treasury, investment, and corporate finance products and services, the TCFS provides funding options for corporate clients and institutional partners that seek transactions with development financing institutions for more meaningful financial undertakings. Particularly, when considering investments and trading activities, the sector primarily adheres to long-standing policies that strictly prohibit participation in transactions in industries and projects that have negative environmental and social impacts, ensuring that its investments align with the bank's commitment to sustainable development.

In 2023, treasury and corporate finance continued to be among the bank's strengths. DBP successfully issued its Php3.875-billion, 1.5-year, Fixed Rate Series 4 Bonds and enrolled in the Philippine Dealing & Exchange Corp. (PDEX) on 27 July 2023. It carried an interest rate of 6.4126 percent per annum, to be paid quarterly. This fourth successful issuance of the bank was marketed at an offer size of Php2-billion and reached the internal target volume during the first day of the Qualified Institutional Buyers' Offer Period, priced at the lowest spread at 10 basis points out of all the DBP Peso Bond issuances.



The bank also proved once more its advocacy for a strong domestic capital market, supporting the national government's fund-raising activities via the capital markets. DBP was appointed joint lead arranger for three of the Bureau of the Treasury's (BTr) bond issuances in 2023 such as the Retail Treasury Bonds Tranche 29 in the first quarter of the year and the Retail Dollar Bonds 2 in the second quarter. The bank was also instrumental in BTr's maiden issuance of a digital bond through its Tokenized Treasury Bonds in the fourth quarter of 2023.

In the second quarter of 2023, DBP participated in raising a Php43-billion loan facility for the Power Sector Assets and Liabilities Management Corporation (PSALM), together with the Land Bank of the Philippines as joint lead arrangers and lenders, committing at least 33.7 percent of the facility or Php14.5-billion. The proceeds of the facility would augment PSALM's working capital requirements and refinance its existing liabilities. DBP's participation in this facility was

aligned with the bank's commitment to support the national government in the management of its power assets, which is critical to maintaining a stable power supply for the country.

The Equities Trading Department of the Treasury Group began trading in March 2023, with a total of 96 trades for the year, and generating Php5.53-million in income from a Php180-million portfolio—a 3 percent ROI, higher than the benchmark, PSEi's -1.8 percent year-on-year performance.

DBP's efforts in promoting a healthy and competitive capital market did not go unnoticed. The bank received recognition from different institutions—Market Maker for the seventh straight year during the BTr's 126th founding anniversary; and various awards from the Investment House Association of the Philippines (IHAP), for its participation in financing and advisory deals, namely:

### 7th IHAP Awards (2021)

- Best Advisory Deal (Large Cap) – Cebu Air, Inc. – Business Transformation and Fund-raising Program
- Best Advisory Deal (Large Cap) – GMR Megawide Cebu Airport, Inc. – Loan Facility Advisory
- Best Fixed Income Deal (Small Mid Cap) – Science Park of the Philippines, Inc. – Syndicated Term Loan and Security Agreement

### 8th IHAP Awards (2022)

- Best Fixed Income Deal (Small Mid Cap) – Ada Manufacturing Corporation – Corporate Notes
- Best Project Finance Deal (Large Cap) – SMC SLEX Holdings Company, Inc. – Corporate Notes

*“Through a suite of treasury, investment, and corporate finance products and services, DBP through its treasury and corporate finance operations provides funding options for corporate clients and institutional partners that seek transactions with development financing institutions for more meaningful financial undertakings.”*

## Operations

DBP's Operations Sector is responsible for managing the bank's financial information and resources, ensuring optimal financial health, and enabling the delivery of expected development outputs through the bank's lending and other operations. In addition to back-office support services, the sector ensures that vital financial information is available and reported promptly to support key decision-making.

### Tax strategy and Governance

DBP is committed to filing and remitting taxes on time and ensuring compliance with regulatory requirements. The bank's strict tax compliance supports its business and sustainable development strategies by avoiding tax and legal issues in the delivery of its products and services or in the conduct of its business.

In addition to an internal audit, the bank—being a GOCC—must be audited by an independent or external auditor and a regulatory body, the Commission on Audit. It has the power, authority, and duty to examine and audit transactions, including the tax compliance of GOCCs. Supplementary

information on the bank's tax remittances is also required to be disclosed in the audited notes to the financial statements of the bank.

In managing stakeholder concerns related to tax, the DBP goes beyond full compliance with existing tax laws and regulations, cooperating extensively with tax authorities during periodic audits. In the same spirit, the bank attends public hearings on tax reforms and supports the tax authorities' tax information drive for the public to increase and strengthen tax awareness and compliance.

DBP takes into careful consideration the concerns of external stakeholders—depositors, investors, suppliers, and the like—ensuring that their tax status is properly identified (e.g. exempt or not exempt, with preferential rate) so that the proper tax approach may be applied in transacting with them.

The bank is a resident corporation, with no branches operating outside the country; as such, it is within the tax jurisdiction of the Philippines.





## A commitment to excellence

DBP recognizes the importance of prioritizing its customers' needs and ensuring that they receive exceptional service. The bank's commitment to excellence is reflected in its consumer advocacy initiatives, designed to foster a culture of customer-centricity across all aspects of its business. These initiatives are built on the principles of transparency, accountability, and responsiveness, and is guided by the DBP Financial Consumer Protection Framework (DBP-FCPF). This section explores the various initiatives and mechanisms that the bank has put in place to ensure that its customers receive the highest level of service and support.





The customer, as the most important stakeholder, remains the top priority of the DBP. As the bank expands its reach, it strives for service excellence in delivering its products and services to financial consumers.

To be competitive, DBP has in place standards and systems to elevate customer experience at every step of the customer journey. The bank subscribes to the standards of conduct set forth by the DBP Financial Consumer Protection Framework (DBP-FCPF) in handling and managing the banking requirements of its customers. Strategic to the operationalization of the DBP-FCPF is the implementation of the bank's Consumer Assistance Management System (CAMS), spearheaded by the Customer Experience Management Department (CEMD) in coordination with the customer service officers (CSOs) across all business units of the bank.

### Consumer Protection Practices

DBP's consumer protection practices are guided by the Revised Financial Consumer Protection (FCP) Framework as documented in Circular No. 13, which was approved by the Board of Directors in its Resolution No. 0318 dated 5 May 2021.

The bank's FCP Framework is anchored on Part Ten – BSP Regulations on Financial Consumer Protection of the BSP Manual of Regulations for Banks (MORB) as amended per BSP Circular No. 1048 series of 2019. The issuance is also in alignment with the existing regulations and provisions of the Governance Commission for GOCCs (GCG), Data Privacy Act and the ARTA-Ease of Doing Business (EODB) Act in relation to FCP.

The bank's FCP Framework institutionalizes consumer protection as an integral component of corporate governance and culture, and risk management thereby creating an environment conducive for managing consumer protection risks inherent in the operations of the bank. It also adopts a customer-centric approach in the creation and delivery of products and services and institutionalizes a culture of service grounded on the core values of responsibility and accountability in pursuit of the bank's commitment to provide adequate, fair, responsive, and inclusive financial services. It also seeks to ensure the availability of documented information or reports for the assessment of the effectiveness of the framework based on satisfaction levels derived from customer complaints, feedback and other relevant data on the products, services, and delivery processes of the bank for continual improvement to meet customer expectations.

DBP's regulatory compliant FCP Framework is integrated with the bank's Corporate Governance Framework detailing a culture of fair and responsible dealings in the conduct of its business.

### Role of Board and Senior Management

Under DBP's FCP Framework, the Board of Directors and Senior Management shall continue to be at the forefront of ensuring that consumer protection is embodied in the bank's core values and practices. The Board shall exercise oversight and review the effectiveness of the bank's FCP Framework consistent with the DBP Customer Protection Risk Management System (CPRMS) and Consumer Assistance Management System (CAMS).

The Senior Management, through the Customer Experience (CX) Circle, shall implement, monitor, evaluate, and enhance the bank's consumer protection practices and all elements affecting the well-being of its clients. All these ensure that consumer satisfaction is paramount in the bank's activities, where a continual and mutually beneficial relationship with financial consumers is founded on the bank's adherence to the Consumer Protection Standards of Conduct by providing disclosure and transparency, protection of client information, fair treatment, effective recourse mechanism, and financial education and awareness.

### Consumer Assistance Management System

DBP's CEMD administers the CAMS to monitor compliance of business units (BUs) bankwide through the consolidation of BUs' individual complaints and inquiries/requests reports for subsequent generation and presentation of the CAM Report to the CX Circle.

The quarterly CAM Report provides information on the nature and volume of customer concerns received, current and outstanding, which are analyzed to identify root causes of recurring complaints and provide sound recommendations to address them.

CEMD maintains the management information system for consumer complaints, handle the investigation of isolated issues or a more widespread issue for consumers.

Each BU has a designated Customer Service Officer (CSO) who serves as the central point of contact, handles FCP-related matters, and ensures BU compliance with FCP regulations and CAMS requirements. The CSO facilitates the administration of survey forms to gauge customer satisfaction and the accomplishment and monthly submission/completion of reports that serve as tools to capture relevant customer concern information, and are used in generating the bankwide consolidated report.

All BUs are responsible for promptly acting on and/or responding to customers through the creation of efficient processes and regular review of existing processes to minimize, if not totally eliminate, the need for escalation, and consequently expedite delivery of service to bank customers.

CEMD implements the CAMS with its Customer Care Unit handling the daily operations of customer service. CEMD's Customer Concerns Analytics Unit, meanwhile, handles the consolidation and generation of quarterly reports.

Identified BUs submit monthly aggregated report on all complaints, inquiries and requests received. Systemic issues are identified based on recurring customer complaints derived from the submitted reports.

The following consumer assistance channels are available under the DBP CAMS:

#### 1. First level support

- Product specific
- Product owner's Sales and After Sales Support
- Business Units
- ATM-related concerns

#### Electronic Channels Operations Department 24/7 ATM Hotlines:

(02) 8 8189511  
Direct line: (02) 8 8122265; (02) 8 8126378  
Domestic Toll Free Number: 1-800-10-3278888

#### 2. Second level support

- Customer Experience Management Department  
Customer Care Unit

7/F, Development Bank of the Philippines  
Sen. Gil J. Puyat Avenue corner Makati Avenue  
Makati City 1200  
Telephone Numbers: (02) 8 8189511 to 20 local 2750  
Direct line: (02) 8 6838324  
Email: customerservice@dbp.ph  
Social media thru private messaging:  
<https://www.facebook.com/devbankph/>

- **Bangko Sentral ng Pilipinas**  
**BSP Consumer Protection and Market Conduct Office (CPMCO)**  
Telephone number: (02) 8708-7087  
Email: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph)

DBP's CAMS follows the prescribed processing time of R.A. No. 11032 – Ease of Doing Business and Efficient Government Service Delivery Act of 2018. All BUs thus, strictly observe the following timelines for the resolution of customer concerns, i.e., complaints, inquiries and requests.

#### Timelines for Resolution of Customer Concerns

Complexity	Turn-Around Time (TAT) for Complete Resolution and Closure of Customer Concerns in Banking Days
Simple	3
Complex	7
Highly Technical	20

BUs involved in a customer concern shall exert all possible efforts to process customer concerns within the required 3-7-20 banking day-TAT, inclusive of documentation, validation, assessment, investigation, resolution, communication with the customer, closure, and all escalations, if any.

For customer concerns coursed through regulatory and/or oversight agencies such as the Contact Center ng Bayan, BSP, COA, or GCG, the TAT specified by the sending regulatory agency shall be followed. If no TAT is specified, the 3-7-20 TAT shall apply and be observed.

Failure on the part of the customer to respond within the required TAT shall cause the closure of the concern. On the other hand, should the customer respond beyond the required TAT, the concern shall be considered and treated as a new case, with the date of receipt of the customer's response serving as the reckoning date for TAT determination.

For complaints that could not be resolved within the stated timeframe after initial assessment and investigation, the CSO establishes the reason for customer complaint, need for extended timeframe, and date when the complainant may expect the final outcome of the bank's assessment and/or investigation. This affords the complainant an opportunity to seek other means for the bank to resolve their complaint. The receiving BU informs the complainant of the possible remedies available, including possible elevation through the BSP Consumer Assistance Mechanism and the courts.

Customer concerns that could not be resolved/addressed by the attending personnel in the receiving BU are escalated to the appropriate bank officer or concerned BU that can fully resolve/address the concern. Escalation of complaints, inquiries and requests follow a prescribed convention and hierarchy.

### Client Satisfaction Measurement

For the year 2023, DBP conducted two types of surveys. The first was based on the existing feedback mechanism of the bank using the GCG-issued questionnaire for the period January to July. This first survey was an interim measure, pending the issuance of the Joint Memorandum Circular on the supplemental guidelines on the Harmonized CSM, which was released in April 2023, and the subsequent preparation for its bank-wide implementation. The second survey was based on the ARTA/GCG CSM which was conducted from July to December.



	2023		2022	
	Customer Satisfaction Survey (CSS) required by the GCG (January - July 2023)	In-house Client Satisfaction Measurement or "CSM" (July - December 2023)	In-house CSAT Results	External CSAT Results
Number of respondents	6,194	6,100	8,862	1,551
Average numerical rating*	4.87	4.94	4.74	
in %	97.49%	98.88%	94.80%	94.07%
Adjectival Rating**	Outstanding	Outstanding	Excellent	Excellent

\* Rating for the CSS was based on the reclassification of the GCG-prescribed items for DBP to the eight (8) Service Quality Dimensions of ARTA/GCG's CSM.  
 \*\*Results interpretation for CY 2023 was based on ARTA MC No. 2023-03 dated 8 June 2023.



The following are the summary of results for 2023:

#### DBP CSS Results by Service Quality Dimensions

Service Quality Dimensions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Total Responses	Overall
Responsiveness	12,714	4,438	297	75	267	791	18,582	96.41%
Reliability	4,132	1,656	58	17	64	267	6,194	97.65%
Access and Facilities	22,355	6,522	206	43	432	1,412	30,970	97.70%
Communication	4,394	1,381	50	10	78	281	6,194	97.67%
Costs	3,888	1,796	113	12	58	327	6,194	96.88%
Integrity	4,715	1,086	32	10	82	269	6,194	97.91%
Assurance	9,497	2,138	42	15	161	535	12,388	98.16%
Outcome	12,667	4,736	165	43	196	775	18,582	97.73%
<b>Overall</b>	<b>74,362</b>	<b>23,753</b>	<b>963</b>	<b>225</b>	<b>1,338</b>	<b>4,657</b>	<b>105,298</b>	<b>97.49%</b>

Total client-respondents reached 6,194. The GCG-prescribed items for DBP were reclassified to the eight Service Quality Dimensions (SQDs) as follows:

#### Mapping of the GCG CSS-prescribed Items for DBP against the Service Quality Dimensions

Question	Service Quality Dimension
1. Office/Branch is safe, secure, and accessible	Access and Facilities
2. Signages are visible and readable	Access and Facilities
3. Premises and facilities are clean and orderly	Access and Facilities
4. Priority lane is provided for senior citizens, PWD, and pregnant women	Access and Facilities
5. Bank information is clear, relevant, and readily available across bank channels	Communication
6. Personnel are accommodating, professional, and respectful	Assurance
7. Personnel are easy to contact and are able to provide prompt, clear, and sufficient response	Responsiveness
8. Personnel treat clients fairly and without discrimination	Integrity
9. Personnel observe confidentiality of client information	Assurance
10. Documentary requirements are reasonable	Reliability
11. Bank-issued forms/documents are error-free and accurate	Outcome
12. Procedures are simple and easy to follow	Access and Facilities
13. Queuing/waiting time is short	Responsiveness
14. Transactions are processed within prescribed turn-around time	Responsiveness
15. Processing of transaction and transaction records are accurate	Outcome
16. Interest rates and/or fees and charges are reasonable and/or acceptable	Costs
17. Product/Service meets your needs and requirements	Outcome



DBP was able to measure the satisfaction levels for the entire year of 2023 and draw the results for the same purpose for which these were intended to serve: to listen to our clients, know the areas for improvement, and continue to strive to meet their needs and expectations.

The DBP CSM survey was conducted from July 15 to December 31, 2023. The survey covered a wide range of DBP external services from clients with completed transactions from 132 branches, 10 branch lite units, 39 lending units, and seven business units in the Head Office.

A total sample of 6,100 participated in the CSM survey in 2023. This represents 0.26 percent of total transactions of external services from July to December 2023. The low turn-out, albeit the current volume is almost 500 percent more than the required volume in previous years, may be attributed to the time constraints and the expected birth pains in implementing new and/or changes in procedures in view of the expanded scope and methodology vis-à-vis the size of the bank, the nature of transactions, and the extent of operational support required to implement the CSM on its first year. Other factors that may be considered to have affected the result include the availability and willingness of clients, or lack thereof, to participate in the survey even when requested or invited by bank personnel.

DBP clients were provided with two (2) options to submit the survey form: electronic means using the Microsoft (MS) forms via a QR Code provided for this purpose, and the paper form. These were made available at the premises of all client-facing business offices of the bank. Electronically accomplished survey forms are transmitted directly to CEMD upon submission.

The interpretation of the results are as follows:

#### CSM Results Interpretation

Percentage	Rating
Below 60.0%	Poor
60.0% - 79.9%	Fair
80.0% - 89.9%	Satisfactory
90.0% - 94.9%	Very Satisfactory
95.0% - 100%	Outstanding

The rating for the eight SQDs were determined using a five-point Likert scale. In addition, the overall score was determined by the percentile average mean ratings.

**Likert Scale Interpretation**

Scale	Rating
5	Strongly Agree
4	Agree
3	Neither Agree nor Disagree
2	Disagree
1	Strongly Disagree

Most of the respondents came from the National Capital Region (12 percent) followed by Region X – Northern Mindanao (nine percent) and Region XIII – Caraga (eight percent) while less than a tenth (eight percent) did not indicate their region of residence. The least respondents were residents of CAR – Cordillera Administrative Region (one percent), Region IV-B – MIMAROPA (two percent), and Bangsamoro Autonomous Region in Muslim Mindanao (two percent).

**Summary of DBP CSM Results**

Score	
CC Awareness:	90.64%
CC Visibility:	79.00%
CC Helpfulness:	77.95%
Response Rate:	0.26%
<b>Overall Score</b>	<b>98.88%</b>

Majority of the clients (91 percent) surveyed were aware of the existence of the Citizen's Charter (CC), with two-thirds of respondents (78 percent) reporting that they saw DBP's CC. Clients surveyed mainly described DBP's CC as very helpful (78 percent) while more than one-tenth (12 percent) of them found the DBP's CC as somewhat helpful.

The rating for the overall satisfaction of DBP's client-respondents for CY 2023 with the bank's external services was generally "Outstanding", obtaining an overall score of 98.89 percent.

The SQD on Assurance obtained the highest overall score of 99.31 percent, followed by SQD on *Access and Facilities* at 99.23 percent. The positive results mean that the respondents were very satisfied with the capability of the DBP frontline staff and generally agreed that they were adequately assisted by the staff or online support. The clients surveyed were mostly satisfied with the convenience of access to DBP's services which may be attributed to the strategic locations of our business offices, presence of adequate signages and amenities that provide for comfortable banking service and transactions.

The services under Branch Banking Sector were generally rated as "Outstanding" by the respondents with highest ratings given to *Renewal/rollover of Option, Special Savings and Time Deposit* and *Checkbook Request* both at 99.5 percent.

The *Loan Inquiry, Counseling, and Processing* service obtained an overall rating of 98.6 percent. The services under Trust Banking Group achieved an overall rating of 100 percent from the respondents. The clients surveyed for Inquiry on Acquired Assets provided an overall rating of 98.7 percent.

**Overall Score by Service**

External Services	Overall Rating
<b>BRANCH BANKING SECTOR</b>	
Opening of New Accounts (Peso/Dollar Regular Savings, Current Account, Special Savings, Option Savings, Pesos/Dollar Time Deposit)	99.1%
Renewal/Rollover of Option, Special Savings, and Time Deposit	99.5%
Application for Replacement of ATM Card	98.9%
Cash Deposit ( <i>Single Deposit</i> )	99.1%
Check Deposit	98.8%
Cash Withdrawal; Interbranch Cash Withdrawal	98.6%
Check Encashment ( <i>On-Us; Inter-branch</i> )	98.9%
Purchase of Manager's Check	99.4%
Checkbook Request	99.5%
Filing of ATM Complaints; Handling of (Walk-In) Complaints; Filing and Handling of Complaints	97.2%
Overseas Remittance – Inquiries, Requests, and Complaints Handling	100.0%
Overseas Remittance – Cash Pick-up (DBP Branches)	100.0%
<b>DEVELOPMENT LENDING SECTOR</b>	
Loan Inquiry, Counseling, and Processing	98.6%
<b>TRUST BANKING GROUP</b>	
Account Opening (Unlad Panimula Money Market Fund) for Individuals	100.0%
Account Opening (Trust and Other Fiduciary Services)	100.0%
Redemption from the Unlad Panimula Money Market Fund	100.0%
<b>ACQUIRED ASSETS DEPARTMENT</b>	
Inquiry on Acquired Assets	98.7%
<b>OVERALL TOTAL</b>	<b>98.9%</b>



The top responses from client-respondents who opted to provide their suggestions for improved services include the following:

1. Additional frontline personnel
2. Wider suite of electronic/online banking channels
3. Seamless online connectivity for electronic/online banking channels
4. Shorter processing time for transactions
5. Improvement of bank facilities and equipment
6. Enhanced loan and collateral requirements for existing borrowers
7. Lower interest rates and fees/charges

The suggested improvements are carefully considered in the bank's Continuous Agency Improvement Plan that provides for corresponding action plans on the given CSAT recommendations within a specified timeframe.

**Complaints**

Below are the data generated pertinent to the bank's complaints management.

**Substantiated Complaints Concerning Breach of Customer Privacy and Loss of Customer Data**

Scale	2023	2022	Rating
Total number of substantiated complaints received concerning breaches of customer privacy	0	0	0
i. Complaints received from outside parties and substantiated by the organization	0	0	0
ii. Complaints from regulatory bodies	0	0	0

**Sustainability Assessment**

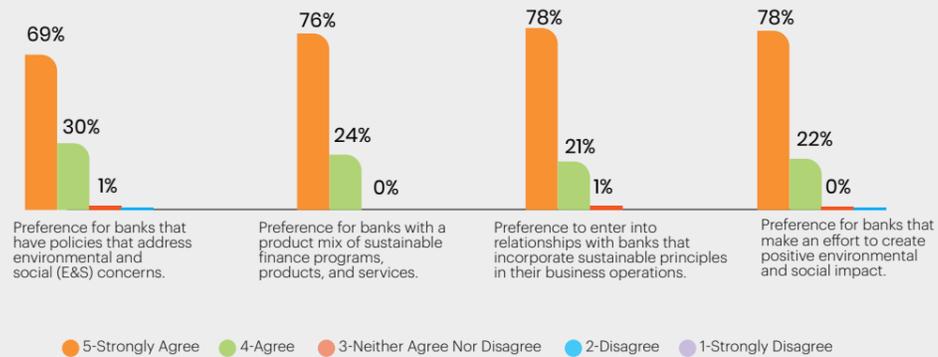
Guided by the bank's Sustainability Strategy and Transition Plan (SSTP) and in its determined endeavor to meet the expectations of its stakeholders in the delivery of sustainable products and services, a Sustainability Assessment Survey (SAS) was conducted based on randomly selected respondents from retail loan customers of the Development Lending Sector for the purpose of identifying the preferences and measuring the level of awareness and overall satisfaction of customers. This initiative provided insights and recommendation for improvement on the bank's products and services in the context of sustainability.

The total population was 788, from which a target sample size of 263 respondents was derived. The survey was rolled out from 16 August 2023 to 5 October 2023. The duly accomplished paper survey questionnaires were submitted to CEMD-Customer Engagement Unit (CEMD-CEU) not later than 5 October 2023. A total of 290 responses were collected for this survey, which is equivalent to 110.68 percent as against the required 263. However, out of the 290 submitted response, 52 were filtered out for validity issues, resulting in the valid submission rate of 90.50 percent or 238 responses.

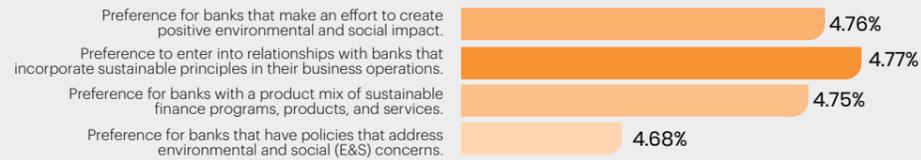


## Preference

Percentage of Positive Raters for the Construct



Mean Ratings for Preference



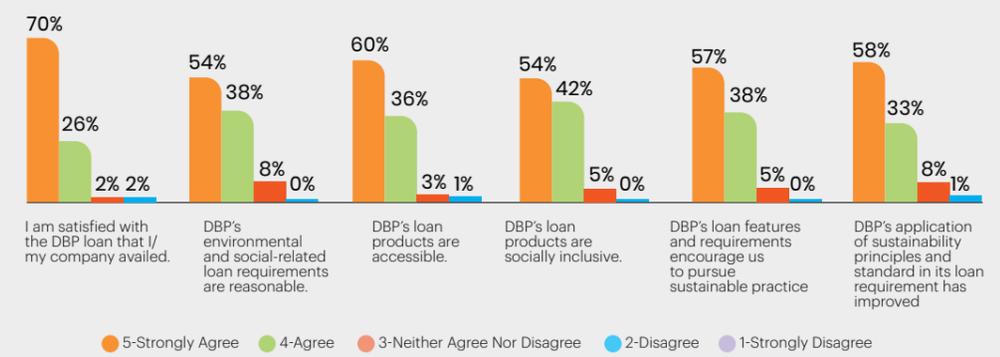
Relative to Preference, the respondents, on the average, strongly agree on preference for banks that have policies that address E&S concerns (4.68); banks with a product mix of sustainable finance programs, products and services (4.75); and banks that actively create positive environmental and social impact (4.76). Furthermore, the respondents strongly agree that they prefer to enter into and build business relationships with banks that incorporate sustainable principles in its operations (4.77).

In terms of the percentage of positive raters, customer preference for banks that set forth policies that address environmental and social (E&S) concerns and banks with an array of sustainable finance programs, products and services remain high at 99 percent and 100 percent, respectively. Both questions reflected a slight increase in terms of positive raters vis-à-vis the results in the 2022 SAS. Consistently, 99 percent of the respondents prefer banks that embed sustainable principles into its business processes and operations. Furthermore, all (100 percent) of the respondents have preference for banks that exert efforts to create positive environmental and social impact.

**110.68%**   
SAS RESPONSES VIS À VIS TARGET SAMPLE SIZE

## Customer Satisfaction

Percentage of Positive Raters for the Construct



Mean Ratings for the Construct



From the total respondents, there were 96 percent positive raters who were satisfied with the loan products/ programs availed from DBP. Indicators of this high customer satisfaction are as follows:

- 92 percent of respondents agree on the reasonability of DBP's environmental and social-related loan requirements;
- 96 percent affirm the accessibility of DBP's loan products;
- 94 percent agree that DBP's loan products are socially inclusive;
- 95 percent of respondents confirm that DBP's loan features and requirements similarly embolden the application of sustainable practices in their respective business operations; and,
- 91 percent attest that DBP's sustainability principles and standards embed in its loan requirements improved company reputation and brand value.

Results show that the respondents, on the average, strongly agree that they were satisfied with the loan availed from DBP (4.65). DBP's environmental and social-related loan requirements were found to be reasonable (4.45) and DBP's loan products are accessible (4.56) and are socially-inclusive (4.47). Furthermore, the respondents strongly agree that DBP's loan features and requirements consequently encouraged them to pursue sustainable practices in their own operations (4.51) and that DBP's application of sustainable practices, principles and standards in its loan requirements improved their company reputation and brand value (4.49).

# Good Corporate Citizenship



*As a good corporate citizen, the bank continues to be at the forefront of carrying out relevant and meaningful programs through its CSR programs for education and the environment. It also carries out an outreach program for priority beneficiaries.*



DBP has strengthened its corporate social responsibility efforts, enabling it to share the benefits of its continued financial success with disadvantaged sectors of Philippine society.

As a good corporate citizen, the bank continues to be at the forefront of carrying out relevant and meaningful programs through its CSR programs for education and the environment. It also carries out an outreach program for priority beneficiaries.

DBP engages with local communities by involving industry and advocacy partners in implementing its CSR programs and initiatives through forging of formal partnerships. The bank considers and adopts its partners' knowledge and expertise to efficiently manage, as well as monitor program operations.

The **DBP Forest Program (DFP)** supports the government's initiative to restore the country's forestland by funding rehabilitation and reforestation efforts. These activities involve the planting of high-value fruit trees, forest trees, and other beneficial species conducted in partnership with local institutions.

Through the program, DBP has collaborated with 45 forest partners composed of 21 LGUs, 16 POs, 7 SUCs, and 1 Foundation. The program has reforested 6,356 hectares, which covers a total of 85 percent of the 7,500-hectare target. Over 6.6 million planted species, including 28 percent forest trees, 10 percent fruit-bearing species, 1 percent bamboo species, 58 percent mangroves, and 3 percent high-value crops like cacao and coffee.

The bank launched the **DBP Native Tree Seed Bank** as a sub-program of DFP in 2021. This initiative supports the establishment of nurseries dedicated to cultivating native tree seedlings. The goal is to provide high-quality planting materials for reforestation projects nationwide in partnership with LGUs, POs, NGOs, and other government agencies.

To help improve access of Filipino students to quality tertiary education, the bank launched the **DBP Resources for Inclusive and Sustainable Education (RISE)** in 2018. RISE is an offshoot of the DBP Endowment for Education Program (DEEP), a scholarship program implemented from 2008-2018.

The DBP RISE is essentially designed as a poverty reduction strategy through the provision of tertiary education opportunities to financially-challenged but deserving Filipino youth. It is a Php500-million program intended to support five batches of scholars starting AY 2018-2019. DBP RISE represents the bank's contribution to the global initiative in corporate social responsibility—a direly needed response to bring major development intervention in the education sector. It provides a nationwide investment to develop the country's human capital by providing educational opportunities to deserving but marginalized Filipino high school graduates, while strengthening institutional relationship with Program partners.

Total expenditure for DBP-RISE as of 2023 has amounted to Php65.84-million for 1,292 scholars. These scholars are enrolled in priority courses, which are in line with the administration's Build, Better More program (i.e. Engineering, Real Estate Management, Education, Information Technology, Hospitality, etc.).

As approved under ManCom Resolution No. 0646 dated 06 December 2022, implementation of DBP RISE Batch 5 was undertaken for the benefit of at least 540 indigent students nationwide. This paved the way for the accreditation of 10 new partner schools.

Bank assistance to community development through outreach activities and programs under the **DBP Donations and Contributions** aims to augment both public and private resources for the provision of developmental and social services to inherently vulnerable groups and other target beneficiaries. This also includes donations for individuals and families in calamity-stricken areas, undertaken in partnership with duly-registered charitable institutions and non-government organizations, LGUs,

national government agencies and public institutions. This also covers DBP's support to the Department of Education (DepEd) for equipment and facilities improvement, as well as the provision of school supplies and learning materials for students and learners among others, through the Adopt-a-School and Brigada Eskwela Programs.

The bank channeled a total of Php4.05-million in donations and contributions to identified beneficiaries and projects in 2023, benefitting 11 socio-civic organizations and public institutions (including DepEd School-beneficiaries) and four dependents of DBP employees.

The bank also completed the release of donation in the amount of Php3.48-million to DepEd under its Adopt-a-School Program (ASP), in partnership with seven public basic education schools. The bank has likewise allocated a total of Php3-million to further its support to DepEd's ASP in partnership with six public schools from Luzon, Visayas, and Mindanao.

Through the Corporate Social Responsibility Unit of the Corporate Affairs Department, the bank has conceptualized a comprehensive strategy to implement an omnibus program for all CSR initiatives covering the education sector through the DBP Integrated Scholastic Program for Inclusive and Responsive Education (INSPIRE) Program. The implementing guidelines for said program has been approved by ManCom under Resolution No. 0490 s. 2023, and will be set for pilot implementation in 2024, upon final approval of the Board of Directors.



**Php65.84M**  
TOTAL EXPENDITURE FOR DBP-RISE



## Embedding sustainability in business operations

DBP is committed to achieving its sustainability goals and aligning its business operations with the principles of environmental sustainability, social responsibility, and governance. Building on the bank's Sustainability Strategy and Transition Plan (SSTP) for 2021–2023, DBP has developed a comprehensive Sustainability Roadmap for 2024–2028, outlining strategic priorities and initiatives to reduce its environmental footprint, promote social inclusion, and enhance governance practices. The roadmap is designed to guide the bank's sustainability efforts and ensure that its business operations are aligned with its values and goals. This section provides an overview of DBP's sustainability initiatives, highlighting its key priorities and progress towards achieving its sustainability goals.



DBP's Environmental and Social Risk Management System (ESRMS) represents a short-term strategy for identifying and mitigating environmental and social risks. ESRMS involves the conduct of impact assessments for projects and ensuring compliance with regulatory requirements. The bank aims to mainstream green financing in its lending decisions, giving priority to projects that promote renewable energy. Moreover, the bank actively engages with stakeholders to gather feedback and promote sustainable practices, ensuring that its operations align with community needs and expectations.

On the medium term, DBP's approach involves a commitment to aligning its strategies with international frameworks such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement. This involves integrating sustainability principles into its corporate governance and risk management systems. The bank has also invested in training and capacity-building programs for employees and stakeholders to enhance understanding of sustainability practices and foster a culture of responsible banking. DBP plans to expand its portfolio of sustainable projects, focusing on sectors with significant ES impacts, and doubling its contributions to the SDGs.

DBP's long-term plan articulates that by 2040, the bank shall have achieved net zero emissions in its internal and lending portfolio, particularly in the area of power generation. The bank envisions itself as a world-class development financial institution that acts as a catalyst for inclusive growth and sustainable economic development. This involves fostering partnerships with various stakeholders to drive innovation and sustainability in the banking sector. Moreover, the bank is dedicated to evolving its sustainability strategies over time, adapting to emerging challenges and opportunities in the economic, environmental, and social landscape.

## SUSTAINABILITY ROADMAP

Taking off from DBP Sustainability Strategy and Transition Plan (SSTP) for 2021-2023, the bank's strategic priorities for sustainability are contained in its Sustainability Roadmap for 2024-2028. Approved by the bank's Management Committee (ManCom) in December 2023, these strategic priorities include the following:

- A** Net zero emissions for external and lending operations by 2040, initially for power generation, through the scaling up of financing support to renewable energy (RE) and energy efficiency (EE) projects.
- B** Net zero emissions for internal operation by 2040, through energy efficiency programs.
- C** Doubling of DBP's contributions to the attainment of the UN Sustainable Development Goals (SDGs) by 2040, through its developmental financing programs based on the 2021 baseline data.
- D** Promotion of financial inclusion products and services.

The bank's sustainability roadmap is anchored on its broad-based strategy map.

DBP is also guided by the regulatory prescriptions of the BSP under Circular No. 1085 on Sustainable Finance Framework (SFF). The bank integrates sustainability principles into its core business strategies, risk management system, corporate governance framework, and overall bank operations through DBP SFF and the SSTP. These frameworks have institutionalized the adoption of comprehensive policies covering environmental, social, sustainability, and gender and development concerns.

The bank's SFF was developed in 2019 to channel DBP's use of proceeds towards projects with environmental and social benefits. The bank assesses the economic impact of its financing activities by evaluating direct economic value generated through projects such as infrastructure development. This includes measuring contributions to local economics and job creation, ensuring that projects align with national development goals.

DBP has embarked on the following initiatives to further integrate sustainability principles in its operations.

### On Governance and Culture

Various employee engagement activities were undertaken to ensure that the bank's workforce is kept involved in enterprise-wide efforts to sustain an organizational culture anchored on a firmly established recognition of management responsibilities and a corporate culture of adherence to governance and ethical principles.

Governance Circles, for instance, continue to be a significant participatory governance tool in spreading and institutionalizing the culture of good governance bankwide. They serve as a feedback mechanism that allows employees to freely voice their concerns, collaborate, and engage in dialogue on relevant issues, which helps identify policy gaps and aids in policy or process improvement.

This is complemented by a sustained focus on timely, clear, and efficient communication activities that seek to mobilize action or strengthen institutional beliefs and practices. Employees were kept informed of developments and events in the bank through various publications and corporate communication activities that were disseminated through various official channels including email broadcasts, newsletters, video streaming, infographics, announcements on the bank's public address system in the head office, and television display systems in the head office and the branches.

Through the Compliance Management Group, the bank completed the testing of 13 business units based on their 2022 Compliance Self-Assessment Checklist as validated against the provisions of BSP Circular No. 1085. An internal audit of various business units relative to their compliance with the requirements of the bank's SSTP was also completed following the corresponding/updated audit procedures.

A Value Realization Review was also conducted covering the alignment of lending programs with the set standards for sustainability as part of the bank's SSTP under the criteria of "Relevance" and review of "Impact." The scope of the review was limited to checking the availability of indicators and targets for positive impact indicators and thresholds for negative impact indicators.

The 2022 DBP Annual and Sustainability Report (ASR) with independent/external assurance statement dated September 18, 2023 was published on the bank's website on September 28, 2023. The validation of the statements and data disclosed in the 2022 ASR was conducted by the third-party assurer, GCSS, Inc., on September 13-15, 2023.

### On Risk Management

The DBP Sustainability Management System (SMS) Framework with Environmental and Social Risk Management System (ESRMS) was approved by the Board in January 2023. The ESRMS is aligned with the bank's established enterprise risk management process.

The DBP SMS-ESRMS also describes the expanded use of the Environmental Management System (EMS) Aspect and Impact Register as a tool for capturing the results of assessments conducted on the social impact of identified environmental aspects.

The results of the integrated assessment of environmental and social (E&S) risks per relevant risk types in the DBP Risk Universe are documented in the 2023 Internal Capital Adequacy Assessment Process (ICAAP) as approved by the Board in March 2023.

The Risk Management Manual integrating the ESRMS in the bank's enterprise risk management framework was updated and approved by the Risk Oversight Committee in May 2023.

### On Business Strategy

The bank's sustainability goals are reflected in the DBP Performance Scorecard. Similarly, sustainability targets are integrated into the Business Plans, Organizational Performance Commitment and Review, and Departmental Performance Commitment and Review of selected business units.

### On Internal Operations

The bank launched in September 2023 the ManCom-approved Quality Workplace Recognition, a program that aims to support and promote the implementation of proper waste management bankwide, among other objectives. The implementation of waste management measures in the workplace was checked during a visit to 10 participating business units.

In December 2023, a memorandum-advisory was issued on the Implementation of Green Technical Specifications in the bank's procurement process as part of DBP's commitment to pursue a sustainable supply chain.

### Global Standards

DBP used the United Nations Environmental Programme Finance Initiative (UNEP FI) Portfolio Impact Analysis Tool for Banks (Version 2) in determining the impact associated with the bank's consumer, business, and corporate banking portfolio. This initiative promotes adherence to UNEP FI's Principles for Responsible Banking.

### Supply Chain

DBP's procurement policy and process adhere to the principles of transparency and open competition. The implementation of procurement contracts is strictly guided by these tenets, as the bank ensures that bid opportunities are widely disseminated while extending equal opportunity to enable the participation of eligible and qualified private contracting parties in the procurement process.

The bank strictly complies with the Implementing Rules and Regulations of Republic Act No. 9184, the Government Procurement Reform Act—which mandates that all suppliers, manufacturers, and contractors be registered with the Philippine Government Electronic Procurement System (PhilGEPS) to participate in government procurement activities. In addition, prospective bidders must hold a PhilGEPS Platinum membership.

RA 9184 also prescribes the following qualifications for government suppliers or bidders:

1. Duly licensed Filipino citizens or sole proprietorship.
2. Partnerships duly organized under the laws of the Philippines and of which at least 60 percent of the outstanding capital stock belongs to citizens of the Philippines.
3. Corporations duly organized under the laws of the Philippines and of which at least 60 percent of the outstanding capital stock belongs to the citizens of the Philippines.
4. Cooperatives duly organized under the laws of the Philippines.
5. Persons or entities forming themselves into joint ventures.

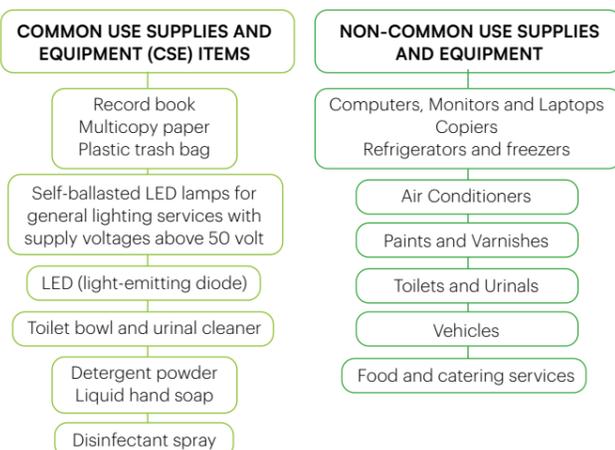
For the procurement of goods, foreign bidders may be eligible under any of the following circumstances:

1. When provided for under any treaty or international or executive agreement.
2. When the foreign supplier is a citizen, corporation, or association of a country, the laws or regulations of which grant reciprocal rights or privileges to citizens, corporations, or associations of the Philippines.
3. When the goods sought to be procured are not available from local suppliers.
4. When there is a need to prevent situations that defeat competition or restrain trade.

2018	PROCUREMENT BUDGET UTILIZATION						
	Public Bidding	Negotiated Procurement After Two Failed Biddings	Direct Contracting	Shopping/SVP	Repeat Order	Other Modes of Procurement	TOTAL
APP/Budget	4,122,114,653.48	33,375,185.14	550,511,249.38	423,369,210.43	20,000,000.00	86,392,530.19	5,235,762,828.62
PMR/Actual Contract	349,734,852.33	31,018,215.48	50,289,881.12	375,043,696.13	20,000,000.00	81,458,963.54	907,545,608.60
% Procurement Against Total APP	6.68%	0.59%	0.96%	7.16%	0.38%	1.56%	17.33%
<b>2019</b>							
APP/Budget	7,446,698,231.37	13,807,500.00	554,204,782.68	1,122,055,116.08	-	718,642,549.26	9,855,408,179.39
PMR/Actual Contract	783,540,011.63	7,680,928.00	160,520,224.65	161,303,559.48	-	174,056,056.12	1,287,100,779.88
% Procurement Against Total APP	7.95%	0.08%	1.63%	1.64%	0.00%	1.77%	13.06%
<b>2020</b>							
APP/Budget	5,572,607,311.71	5,400,000.00	318,903,175.27	924,817,650.91	6,150,000.00	409,624,367.99	7,237,502,505.88
PMR/Actual Contract	662,343,181.75	5,400,000.00	134,996,975.49	143,387,435.50	6,150,000.00	190,451,642.73	1,142,729,235.47
% Procurement Against Total APP	9.15%	0.07%	1.87%	1.98%	0.08%	2.63%	15.79%
<b>2021</b>							
APP/Budget	5,620,328,605.63	54,759,900.00	525,820,206.80	672,140,992.67	24,311,610.48	625,464,910.49	7,522,826,226.07
PMR/Actual Contract	897,086,716.19	28,590,368.10	61,833,290.75	85,751,825.83	4,550,000.00	164,839,539.42	1,242,651,740.29
% Procurement Against Total APP	11.92%	0.38%	0.82%	1.14%	0.06%	2.19%	16.52%
<b>2022</b>							
APP/Budget	3,704,073,465.59	70,239,000.00	923,523,592.80	712,042,881.68	1,018,200.00	740,855,520.14	6,151,752,660.21
PMR/Actual Contract	523,939,797.13	17,418,307.00	132,982,501.45	138,567,236.69	555,000.00	228,808,337.41	1,042,271,179.68
% Procurement Against Total APP	8.52%	0.28%	2.16%	2.25%	0.01%	3.72%	16.94%
<b>2023</b>							
APP/Budget	4,172,315,351.94	93,491,153.34	617,145,687.47	533,589,447.46	-	420,897,054.88	5,837,438,695.09
PMR/Actual Contract	945,923,547.59	79,519,816.29	123,043,386.65	91,940,041.60	-	111,939,862.50	1,352,366,654.63
% Procurement Against Total APP	16.20%	1.36%	2.11%	1.58%	0.00%	1.92%	23.17%

### Supplier Social and Environmental Assessment

DBP adopts the green technical specifications, published in 2017 by the Government Procurement Policy Board Technical Support Office, for the following items:



A bidder's proposal is evaluated against the required technical specifications or requirements before a contract is awarded. For public bidding, the Technical Working Group (TWG) submits a Post Qualification Report (PQR) based on their evaluation of a supplier's proposal, while for small value procurement, the concerned business unit conducts and prepares the technical evaluation.

Prospective suppliers are not screened based on environmental and/or social criteria. They are selected based on a consideration of the lowest price proposal, which should not exceed the approved budget for the contract, provided that their proposal complies with the required technical specifications, terms of reference, or scope of work and other conditions or requirements. After evaluating proposals according to the green technical specifications, the bank awards the contract to suppliers that meet these specifications.

## RESOURCE MANAGEMENT

### Energy and Fuel

DBP uses an electricity consumption monitoring tool to measure, in kilowatt-hours (kWh), how much electricity is consumed bankwide.

In 2021, electricity consumption in the DBP Head Office was measured at 5.701M kWh. This increased by 0.182M kWh in 2022, attributed to the transfer of the Data Center to the DBP Annex Building.

In 2023, however, electricity consumption was recorded at only 5.625M kWh—a decrease of 0.258M kWh from 2022. This is attributed to the replacement of two 50 tons of refrigeration (Tr) centralized air-conditioning units. This allowed the bank to stop the use of its 10 3Tr split-type air-conditioning units.

As part of its continuing initiatives to effectively manage or reduce electricity consumption, the bank implement the following measures:

1. Turning off lights during lunchtime.
2. Turning off the centralized air-conditioning units at 4:30 p.m.
3. Setting the air-conditioning thermostat to 25 degrees Celsius.
4. Turning off the refrigerators every Friday after office hours.

Despite these efforts, the continuously rising temperature caused by climate change presents a major challenge. The extension of working hours for employees rendering overtime work even during weekends to fulfill the bank's business requirements is another factor that contributes to electricity consumption. To address these challenges, the bank is replacing inefficient air-conditioning units with energy-efficient models.

The measures to manage electricity consumption are also aligned with the bank's target of not exceeding the previous year's annual consumption. Aside from opting for more efficient and inverter stand-alone air-conditioning units, initiatives also focus on the use of LED lighting as a replacement for less energy-efficient bulbs. Indeed, the bank remains tireless in its energy conservation efforts. Third-party verification is currently not in its plans, however.

DBP is also undertaking similar measures towards the reduction of fuel consumption through the procurement of fuel-efficient vehicles.

RESOURCE CONSUMPTION BREAKDOWN	2023	2022	2021	2020	2019
<b>ELECTRICITY (KWH)</b>					
Head Office (HO)	5,625,404.00	5,886,748.00	5,701,887.00	5,339,787.00	6,079,945.00
Offsite Offices	5,381,854.00	4,978,818.00	5,304,061.00	4,887,199.00	5,826,583.01
<b>Total Electricity Consumption</b>	<b>11,007,258.00</b>	<b>10,865,566.00</b>	<b>11,005,948.00</b>	<b>10,226,986.00</b>	<b>11,906,528.01</b>
<b>FUEL (lit)</b>					
HO (Diesel)	34,425.10	42,986.42	62,350.00	70,781.41	57,056.36
Offsite Offices (Diesel)	203,298.00	253,504.00	321,929.00	277,959.15	345,963.37
<b>Total Diesel Consumption</b>	<b>237,723.10</b>	<b>296,490.42</b>	<b>384,279.00</b>	<b>348,740.56</b>	<b>403,019.73</b>
HO (Gasoline)	28,702.86	31,314.93	32,294.00	33,781.09	33,040.28
Offsite Offices (Gasoline)	202,440.00	191,964.00	171,352.00	24,470.20	11,444.10
<b>Total Gasoline Consumption</b>	<b>231,142.86</b>	<b>223,278.93</b>	<b>203,646.00</b>	<b>58,251.29</b>	<b>44,484.38</b>
<b>Total Energy Consumption (MJ)</b>					
<b>Total Electricity Consumption (MJ)</b>	39,626,128.80	39,116,037.60	39,621,412.80	36,817,149.62	42,863,500.85
<b>Total Fuel Consumption (MJ)</b>	18,098,226.06	20,063,096.91	22,693,905.00	15,709,885.41	17,273,658.65
Total Diesel (MJ)	9,176,111.66	11,444,530.21	14,833,169.40	13,461,385.62	15,556,561.58
Total Gasoline (MJ)	8,922,114.40	8,618,566.70	7,860,735.60	2,248,499.79	1,717,097.07
<b>Total Energy Consumption (Electricity and Fuel)</b>	<b>57,724,354.86</b>	<b>59,179,134.51</b>	<b>62,315,317.80</b>	<b>52,527,035.03</b>	<b>60,137,159.49</b>
<b>ENERGY INTENSITY (MJ/employee)</b>	<b>18,348.49</b>	<b>18,220.18</b>	<b>18,279.65</b>	<b>14,562.53</b>	<b>19,115.44</b>

## Water

DBP's water consumption is significantly affected by its cooling towers, domestic use, maintenance—wash water for floors and vehicles, for instance—and landscape water.

To keep its water consumption within efficiently controlled limits, DBP is strictly guided by Circular No. 41 dated November 25, 2021, EMS Operational Control Guidelines. Item No. 6 under Section C of this circular provides for the efficient use of water in the bank, as follows:

1. All employees are encouraged to turn off the lavatory faucet when not in use.
2. The use of a pail instead of a water hose in cleaning bank vehicles is encouraged. Vehicle engine and chassis cleaning shall be done by a service center.

3. Plants within the office shall be watered at least twice daily during the dry season and as needed during the rainy season.
4. Housekeeping personnel shall inspect toilets and water faucets in the building daily. Any defects noted by bank personnel and housekeepers shall be reported to the Repairs and Maintenance Unit—CFMD for the head office, and the Cashier/BSO for off-site offices, for immediate appropriate action.

To manage its operations with high baseline water stress, DBP has preventive maintenance procedures and circulars or institutionalized directives in place.



RESOURCE CONSUMPTION BREAKDOWN					
WATER (cu.m)	2023	2022	2021	2020	2019
Head Office	39,429.00	40,606.00	38,028.00	35,150.00	44,476.00
Offsite Offices	69,262.73	66,680.00	53,768.99	59,413.28	66,700.55
Total Water Consumption	108,691.73	107,286.00	91,796.99	94,563.28	111,176.55

## Emissions

DBP monitors the emission of greenhouse gases (GHG) by tracking its activities such as fuel use and energy consumption.

SCOPE 1 DIRECT GHG EMISSIONS, GHG Emission (kg CO <sub>2</sub> e)						
FUEL (Vehicle)	Emission Factor <sup>1</sup>	2023	2022	2021	2020	2019
Diesel	0.165	39,224.31	48,920.92	63,406.04	57,542.19	66,498.26
Gasoline	0.188	43,454.86	41,976.44	38,285.45	10,951.24	8,363.06

<sup>1</sup>Source: UNFCCC GHG Calculator v. 02.6 September 2022

SCOPE 2 INDIRECT GHG EMISSIONS, 2022 GHG Emission (t-CO <sub>2</sub> /MWh)						
ELECTRICITY	Emission Factor <sup>2</sup>	2023	2022	2021	2020	2019
Luzon-Visayas	0.7122	6,609.47	6,606.68	6,647.91	6,186.98	7,164.11
Mindanao	0.7797	1,726.90	1,239.04	1,303.36	1,200.62	1,440.42

<sup>2</sup>Source: DOE website (2015-2017 National Grid Emission Factor)

In reducing the bank's GHG emissions, the focus is on improving energy efficiency in the workplace. This can be achieved through the use of energy-saving technologies—for instance, replacing old bulbs with LED lighting, and old air-conditioning units with more efficient ones such as inverter stand-alone units. Energy-saving measures are also in place, such as switching off lights at lunchtime, switching off the centralized air-conditioning units at 4:30 PM, setting the air-conditioning thermostat to 25 degrees Celsius, and switching off refrigerators every Friday after office hours. Fuel conservation measures are consistently implemented with the bank's fleet program and the procurement of fuel-efficient vehicles.

To manage Scope 2 emissions, DBP has adopted several short-term strategies. These include upgrading efficiency by improving energy use in the office with better lighting and air-conditioning systems; using fuel-efficient vehicles and establishing a comprehensive transport planning process, such as optimizing routes; and maintaining high-performance standards in driving to ensure that energy-efficient practices are integrated into the procurement and maintenance of all vehicles.



TARGET REDUCTION IN SCOPE 2 GHG EMISSION BY 2028

The bank's long-term strategies include setting up renewable energy systems such as solar panels, building "green" by retrofitting the DBP buildings and designing new ones to be more energy-efficient, and the procurement of hybrid or e-vehicles.

With these initiatives in place, the bank is targeting a 5 percent reduction in Scope 2 GHG emissions by 2028.

## Waste Management

DBP continues to implement an institutionalized system for solid waste management. This includes initiatives that encourage waste segregation, recycling, reuse, and reduced paper consumption under its ongoing paperlite campaign. Hazardous waste, on the other hand, is disposed of through a third-party transporter, storage, and disposal (TSD) facility accredited by the Department of Environment and Natural Resources (DENR)—Environmental Management Bureau (EMB). In 2023, however, the bank still had to address the concern on the disposal of hazardous wastes. As an interim measure, these wastes were stored in the designated hazardous waste storage area.

DBP's Integrated Management System (IMS) is certified under the international standards ISO 9001:2015 Quality Management Systems (QMS) and ISO 14001:2015 Environmental Management Systems (EMS). The certifications guarantee that the bank observes and diligently practices these standards in all aspects of its operations, such as waste management. DBP's commitment to this can be seen in its efforts at reducing and controlling waste through rigorous standard operating and control procedures, including waste segregation with color-coded bins, recycling, reusing materials, and promoting a paper lite campaign. Additionally, the bank's solid waste segregation and management program is fully aligned with RA 9003, the Ecological Solid Waste Management Act of 2000.

DBP's waste disposal and segregation practices consistently adhere to local ordinances as well as national laws and regulations. Wet and dry wastes are managed by DBP's

contracted garbage collector, while hazardous wastes are handled by an accredited DENR hazardous waste transporter. The bank ensures proper handling and disposal through certification from the facility, in compliance with DENR-EMB requirements.

## Paper

An increase in DBP's paper consumption, measured in kilograms, was noted in 2023 from the previous year's consumption report. The increase may have been caused by intensified marketing activities, particularly in the different branches, involving the production and use of promotional brochures and bank forms in opening or updating accounts. In the head office, the bulk of the consumption of paper is from the Loans Administration Department (LAD) and the Property Appraisal and Credit Investigation Unit (PACID).

To promote the more efficient and prudent use of paper resources, the bank continues to implement an enterprise-wide paper lite campaign. Under this initiative targeted at reducing the bank's paper consumption, efforts are shifted towards the use of digitalized documents during meetings and presentations, as may be permissible.



RESOURCE CONSUMPTION BREAKDOWN		2023	2022	2021	2020	2019
<b>PAPER</b>						
HO (bond paper in reams)		11,743	14,876	14,867	7,667	12,394
Offsite Offices (bond paper in reams)		21,332	19,748	20,371	15,179	20,257
<b>Total Paper Consumption (bond paper in reams)</b>		<b>33,075</b>	<b>34,624</b>	<b>35,238</b>	<b>22,846</b>	<b>32,651</b>
HO (continuous forms in box)		391	362	424	498	478
Offsite Offices (continuous forms in box)		4,656	4,403	4,705	20,892	5,098
<b>Total Paper Consumption (continuous forms per box)</b>		<b>5,047</b>	<b>4,765</b>	<b>5,129</b>	<b>21,390</b>	<b>5,576</b>



## Empowering a diverse and talented workforce

DBP recognizes the importance of its employees as the driving force behind its success. With a diverse and talented workforce, the bank is dedicated to creating an environment that encourages growth, development, and innovation. DBP considers its people to be its greatest asset and endeavors to provide them with opportunities for personal and professional growth, as well as a competitive compensation package that reflects their value to the organization. This section showcases the demographics of the bank's workforce and explores employee engagement and retention strategies.



DBP's 76-year history speaks not only of a formidable banking institution but also of people who have heroically embraced the mission of nation building. With a corps of committed men and women standing firmly by its ideals, bright prospects certainly await DBP as it moves forward in its crusade to thrust the country into its rightful place in a progressive future.

Further advancing the bank's sustainability initiatives is its deliberate focus on organizational agility. DBP is powered by a people committed to organizational excellence—a beacon of innovation that puts it on par with the best of the best, both in the public sector and in the banking industry.

As DBP continues to subscribe to service quality standards to bring forth best practices that meet stakeholder needs, one message is enunciated: development must be pursued as an enterprise-wide thrust, where every member of the institution is empowered to make a meaningful contribution. This message is delivered clearly and consistently—and every employee can make a positive difference that would allow the bank to be seen, heard, and felt as the Philippines' premier financing institution for sustainable development.

## OUR PEOPLE

The equal employment opportunity principle is enforced in the bank as a documented policy under DBP Circular No. 12 dated 19 March 2019, or the DBP Merit Selection Plan. It specifically states: "Consistent with the Equal Employment Opportunity Principle (EEO) where there shall be no discrimination on account of age, sex, sexual orientation and gender identity, civil status, disability, religion, political affiliation, and ethnicity, the bank shall endeavor to maintain equality and fairness in the evaluation of candidates for hiring and/or promotion." Following the General Policies on Appointment, the bank has adopted EEO in the recruitment and selection of potential candidates for appointment to job positions in its organization.

### SCALE OF THE ORGANIZATION



### INFORMATION ON EMPLOYEES AND OTHER WORKERS

#### Number of employees by employment contract (permanent and temporary), by gender and by region

	Female	Male	Total
<b>Head Office - NCR</b>			
Permanent	832	459	1,291
Temporary	-	-	-
Other Criteria	65	67	132
<b>Total Head Office - NCR (Permanent &amp; Temporary)</b>	<b>832</b>	<b>459</b>	<b>1,291</b>
<b>Total Head Office - NCR</b>	<b>897</b>	<b>526</b>	<b>1,423</b>

<b>Luzon</b>			
Permanent	467	208	675
Temporary	-	-	-
Other Criteria	3	4	7
<b>Total Luzon (Permanent and Temporary)</b>	<b>467</b>	<b>208</b>	<b>675</b>
<b>Total Luzon</b>	<b>470</b>	<b>212</b>	<b>682</b>

<b>Visayas</b>			
Permanent	316	124	440
Temporary	-	-	-
Other Criteria	7	2	9
<b>Total Visayas (Permanent and Temporary)</b>	<b>316</b>	<b>124</b>	<b>440</b>
<b>Total Visayas</b>	<b>323</b>	<b>126</b>	<b>449</b>

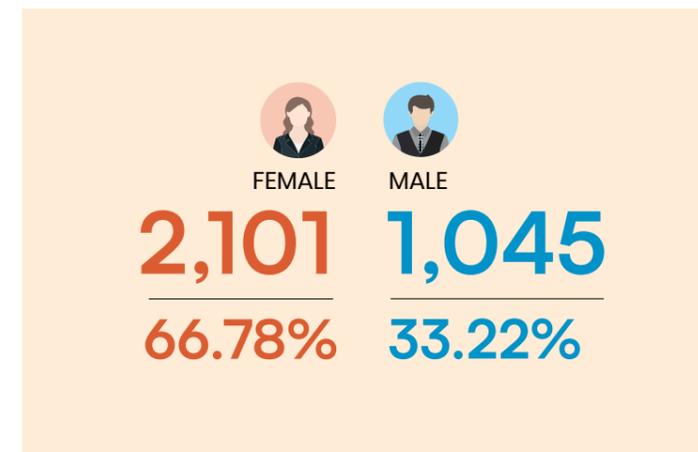
<b>Mindanao</b>			
Permanent	404	173	577
Temporary	-	-	-
Other Criteria	7	8	15
<b>Total Mindanao (Permanent and Temporary)</b>	<b>404</b>	<b>173</b>	<b>577</b>
<b>Total Mindanao</b>	<b>411</b>	<b>181</b>	<b>592</b>

<b>Bankwide</b>			
Permanent	2,019	964	2,983
Temporary	-	-	-
Other Criteria	82	81	163
<b>Total Bankwide (Permanent and Temporary)</b>	<b>2,019</b>	<b>964</b>	<b>2,983</b>
<b>Total Bankwide</b>	<b>2,101</b>	<b>1,045</b>	<b>3,146</b>

For 2023, DBP's sustained viable operations were supported by a 3,146-strong workforce, composed of 2,983 permanent employees and 163 outsourced or contractual personnel. Of the total number, 1,423 were assigned to the bank's offices in the National Capital Region (NCR), 682 employees were in Luzon, 449 were in the Visayas, and the remaining 592 supported bank operations in Mindanao.

#### Number of employees by employment type (full-time and part-time), by gender

	Female	Male	Total
Full-time	2,101	1,045	3,146



#### Number of employees by age and gender

	Female	Male	Total
25 and below	84	20	104
26-35	995	381	1,376
36-45	436	248	684
46-55	304	174	478
56-59	195	126	321
60 and above	87	96	183
<b>TOTAL</b>	<b>2,101</b>	<b>1,045</b>	<b>3,146</b>

#### Percentage of employees by age and gender

	Female	Male	Total
25 and below	2.7	0.6	3.3
26-35	31.6	12.1	43.7
36-45	13.9	7.9	21.7
46-55	9.7	5.5	15.2
56-59	6.2	4.0	10.2
60 and above	2.8	3.1	5.8
<b>TOTAL</b>	<b>66.8</b>	<b>33.2</b>	<b>100.0</b>

In 2023, DBP had 2,101 female employees, representing 66.78 percent of the total number of employees. Male employees comprised 33.22 percent, or 1,045.

By age distribution, 44 percent or 1,376 employees fell within the age group 26 to 35, followed by those in the 36 to 45 age category, which made up 22 percent of the bank's workforce at 684. This indicates that the bank is well-positioned to capitalize on the energy and innovation of its younger workforce, making it a future-ready organization. Notably, it also suggests that DBP is an attractive employer for young professionals, with many employees choosing to join and stay with the bank during their most productive years—as can be seen by the 6 percent of the bank's employees aged 60 years and older. The presence of employees belonging to this age group implies that aside from being a good place to start a career, DBP provides opportunities for growth and skills development over the long term.

#### Number of employees by tenure and gender

	Female	Male	Total
<1 Yr	75	44	119
1-5 Yrs	615	308	923
6-10 Yrs	523	212	735
11-15 Yrs	276	142	418
16-20 Yrs	115	77	192
21 Yrs +	497	262	759
<b>TOTAL</b>	<b>2,101</b>	<b>1,045</b>	<b>3,146</b>

#### Percentage of employees by tenure and gender

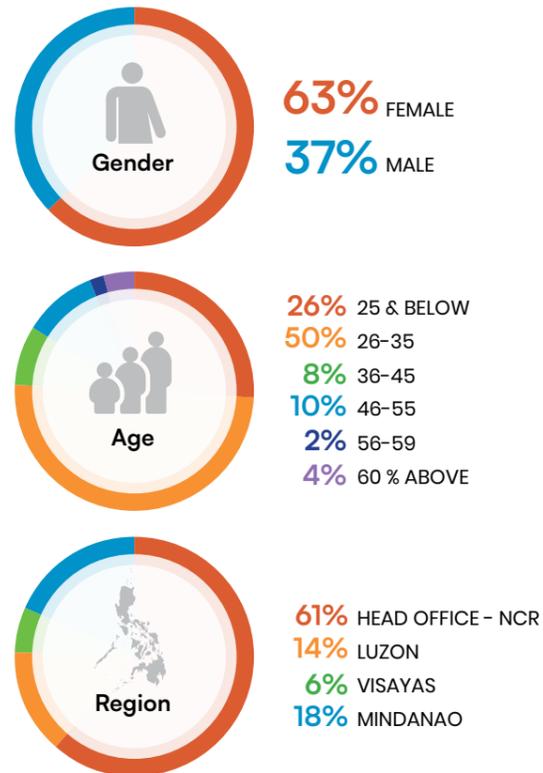
	Female	Male	Total
<1 Yr	2.4	1.4	3.8
1-5 Yrs	19.6	9.8	29.3
6-10 Yrs	16.6	6.7	23.4
11-15 Yrs	8.8	4.5	13.3
16-20 Yrs	3.7	2.5	6.1
21 Yrs +	15.8	8.3	24.1
<b>TOTAL</b>	<b>66.8</b>	<b>33.2</b>	<b>100.0</b>

The tenure distribution of DBP employees provides valuable insights into the organization's culture and dynamics. Notably, 24.1 percent of employees have been with the bank for 21 years or longer, indicating a high level of employee loyalty and retention. This is likely a result of the bank's commitment to employee development and well-being, as well as its ability to attract and retain top talent. On the other hand, the bank recorded a relatively small proportion of newly hired employees at 3.8 percent. Furthermore, the distribution of employees across different tenure categories is relatively balanced, with no one group dominating the others. This diversity in tenure may be viewed as DBP having a dynamic and adaptive workforce that can evolve and respond to changing circumstances.

Employee new hires by age, gender and region

	Female	Male	Total
<b>NCR</b>			
25 and below	13	3	16
26-35	21	10	31
36-45	4	3	7
46-55	6	6	12
56-59		2	2
60 and above		5	5
<b>Total Head Office - NCR New Hires</b>	<b>44</b>	<b>29</b>	<b>73</b>
<b>LUZON</b>			
25 and below	2		2
26-35	9	5	14
36-45		1	1
46-55			-
56-59			-
60 and above			-
<b>Total Luzon New Hires</b>	<b>11</b>	<b>6</b>	<b>17</b>
<b>VISAYAS</b>			
25 and below	1		1
26-35	4	1	5
36-45	1		1
46-55			-
56-59			-
60 and above			-
<b>Total Visayas New Hires</b>	<b>6</b>	<b>1</b>	<b>7</b>
<b>MINDANAO</b>			
25 and below	8	4	12
26-35	6	4	10
36-45			-
46-55			-
56-59			-
60 and above			-
<b>Total Mindanao New Hires</b>	<b>14</b>	<b>8</b>	<b>22</b>
<b>BANKWIDE NEW HIRES</b>			
25 and below	24	7	31
26-35	40	20	60
36-45	5	4	9
46-55	6	6	12
56-59		2	2
60 and above		5	5
<b>Total Bankwide New Hires</b>	<b>75</b>	<b>44</b>	<b>119</b>

Employee new hires percentage by gender, age, and region



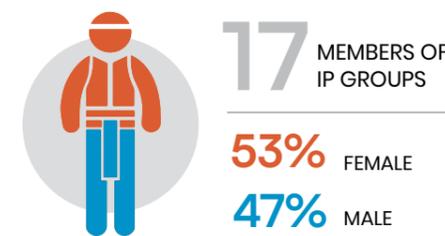
Out of the total 119 new hires, 73 or 61 percent were deployed to the bank's offices in the NCR, indicating the need for more personnel in the region because of the higher concentration of offices or branches. Next, personnel in the Mindanao offices were beefed up with 22 (18 percent) newly hired employees, while 17 (14 percent) new employees joined the Luzon workforce of DBP. DBP offices in Visayas had an additional personnel complement of seven (six percent) new hires.

The gender breakdown of the new hires is also noteworthy, with 63 percent, or 75, being female and 37 percent, or 44, being male. This could be seen as a positive sign for DBP's diversity and inclusion efforts, as it suggests that the bank is attracting and hiring a diverse range of talent. Furthermore, 50 percent of the new hires were within the 26 to 35 age group, while 26 percent, or 31, were 25 years old or younger. This could be interpreted as a sign that DBP is attracting young and talented professionals who are eager to learn and grow with the organization.

Number of employees by other indicators (such as ethnicity, minority)

	Female	Male	Total
IGOROT TRIBE	1	-	1
APPLAI-BAGO	-	1	1
ATA-KALAGAN	-	1	1
BALANGAO TRIBE	-	1	1
BALIWON TRIBE	-	1	1
BUKIDNON	1	-	1
CUYONON	2	-	2
MANDAYA	1	-	1
MANOBO	1	1	2
MARANAO	1	-	1
GADDANG-AN	-	1	1
TALAANDIG TRIBE	-	1	1
YAPAYAO	1	-	1
YBANAG	1	1	2
<b>TOTAL</b>	<b>9</b>	<b>8</b>	<b>17</b>

Percentage of employees by other indicators (such as ethnicity, minority)



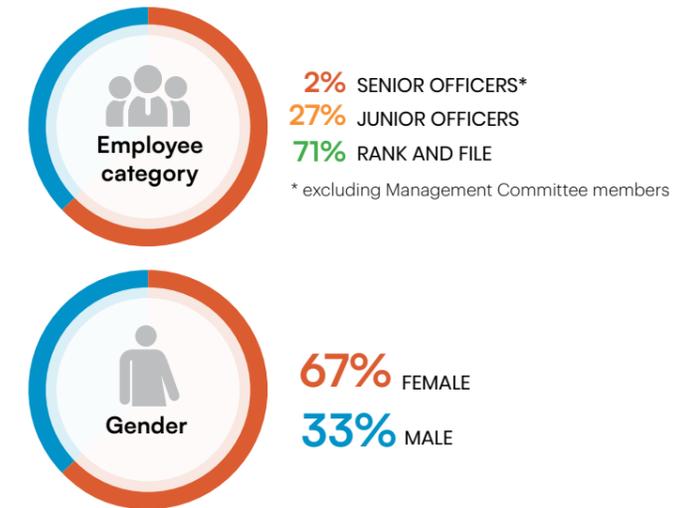
Among the bank's personnel count are 17 members of the country's indigenous people groups, namely: Mandaya, Manobo, Maranao, Yapayao, Igorot, Bukidnon, Cuyonon, Applai-Bago, Ata-Kalagan, Balangao, Baliwon, Gaddang-an, Subanen, Ybanag, and Talaandig.

Number of employees by employee category and by gender

	Female	Male	Total
Senior Officers*	32	30	62
Junior Officers	563	293	856
Rank and file	1,502	715	2,217
<b>TOTAL</b>	<b>2,097</b>	<b>1,038</b>	<b>3,135</b>

\* excluding Management Committee members

Percentage of employees by employee category and by gender



Number of employees by employee category and by age

	Executives*	Jr Officers	Staff
25 and below	-	1	103
26-35	-	138	1,238
36-45	8	246	430
46-55	19	244	213
56-59	19	156	141
60 and above	16	71	92
<b>Total</b>	<b>62</b>	<b>856</b>	<b>2,217</b>

Percentage of employees by employee category and by age

	Executives*	Jr Officers	Staff
25 and below	-	-	5
26-35	-	6	56
36-45	0	11	19
46-55	1	11	10
56-59	1	7	6
60 and above	1	3	4
<b>Total</b>	<b>3</b>	<b>39</b>	<b>100</b>

\* excluding Management Committee members

Rank-and-file employees made up 71 percent or 2,217 of the total DBP employee population. Junior officers numbered 856, accounting for 27 percent. Those at the senior officer level, excluding the members of the Management Committee, numbered 62 or two percent of the bank's total employee count.

## Employee Separations

A total of 238 employee separations took place in 2023, slightly higher than the 223 recorded in 2022. Of the total number of separated employees, 155 (65.13 percent) involved female employees, while 83 (34.87 percent) were male employees. Forty-nine percent, or 116 of the separated employees, were in the 26 to 35 age group, while 24 percent, or 58, were 60 years old and above. By regional distribution, employee separations were highest in the NCR, as it accounted for 55 percent or 130 employees, leaving their jobs in DBP. Those who used to work at the bank's Luzon offices made up 20 percent, or 48; 13 percent, or 31, were from Mindanao; and the remaining 12 percent, or 29, used to be part of the bank's offices in the Visayas.

### Employee separations by age, gender and region

	Female	Male	Total
<b>Head Office - NCR</b>			
25 and below	1	-	1
26-35	42	12	54
36-45	15	5	20
46-55	4	3	7
56-59	2	6	8
60 and above	12	28	40
<b>Total Head Office - NCR Employee Separations</b>	<b>76</b>	<b>54</b>	<b>130</b>
<b>LUZON</b>			
25 and below	1	-	1
26-35	16	6	22
36-45	9	-	9
46-55	1	1	2
56-59	1	2	3
60 and above	4	7	11
<b>Total Luzon Employee Separations</b>	<b>32</b>	<b>16</b>	<b>48</b>
<b>VISAYAS</b>			
25 and below	-	-	-
26-35	18	2	20
36-45	4	-	4
46-55	2	-	2
56-59	-	1	1
60 and above	2	2	4
<b>Total Visayas Employee Separations</b>	<b>26</b>	<b>5</b>	<b>31</b>

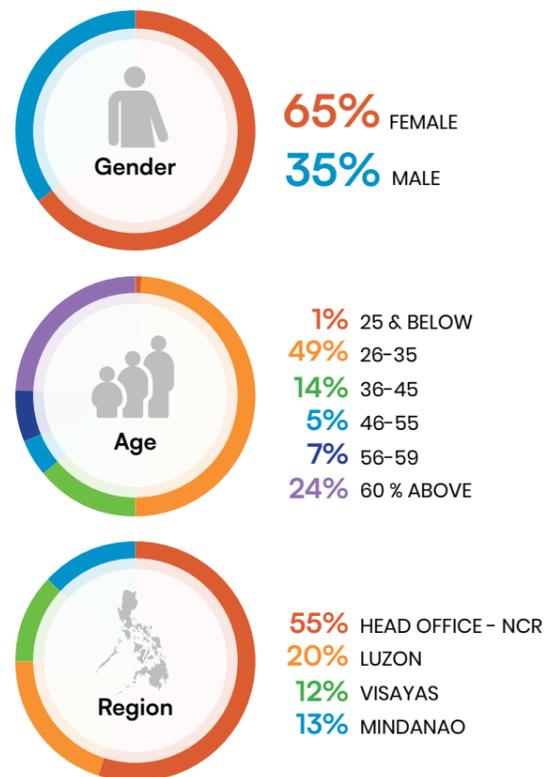
### MINDANAO

25 and below	-	-	-
26-35	16	4	20
36-45	-	1	1
46-55	1	-	1
56-59	3	1	4
60 and above	1	2	3
<b>Total Mindanao Employee Separations</b>	<b>21</b>	<b>8</b>	<b>29</b>

### Bankwide Employee Separations

25 and below	2	-	2
26-35	92	24	116
36-45	28	6	34
46-55	8	4	12
56-59	6	10	16
60 and above	19	39	58
<b>Total Bankwide Employee Separations</b>	<b>155</b>	<b>83</b>	<b>238</b>

### Employee separations percentage by gender, age and region



## Compensation and Benefits

In 2023, DBP adopted the Compensation and Position Classification System (CPCS) under Executive Order No. 150 s. 2021. Accordingly, the allowances, benefits, and incentives (ABIs) of all bank employees, including senior management, were set following the salary and benefits structure authorized by the GCG.

One of the objectives of the CPCS is to ensure that the compensation received by employees of GCG-covered GOCCs is generally competitive with those of the private sector. Upon its adoption and implementation, the DBP Management and Board made the necessary representation to ensure that the job grades assigned to all functions or positions in the bank were aligned with similar jobs in other GOCCs and government financial institutions.

Consistent with the CPCS, the total compensation granted to senior management and employees for services rendered shall be limited to: (1) basic salaries, including step increments; (2) allowances, benefits, and incentives; and (3) variable pay (performance-based bonuses). On top of their monthly salaries, members of the senior management and employees also receive benefits under its Provident Fund (PF) and Health Care Plan (HCP).

### Ratio of Basic Salary and Remuneration of Women to Men for Each Employee Category, by Location of Operation

#### HEAD OFFICE - NCR

Senior Officers	1	0.95
Junior Officers	1	0.53
Rank and file	1	0.63

#### LUZON

Senior Officers	1	1.85
Junior Officers	1	0.54
Rank and file	1	0.43

#### VISAYAS

Senior Officers	1	0.52
Junior Officers	1	0.42
Rank and file	1	0.38

#### MINDANAO

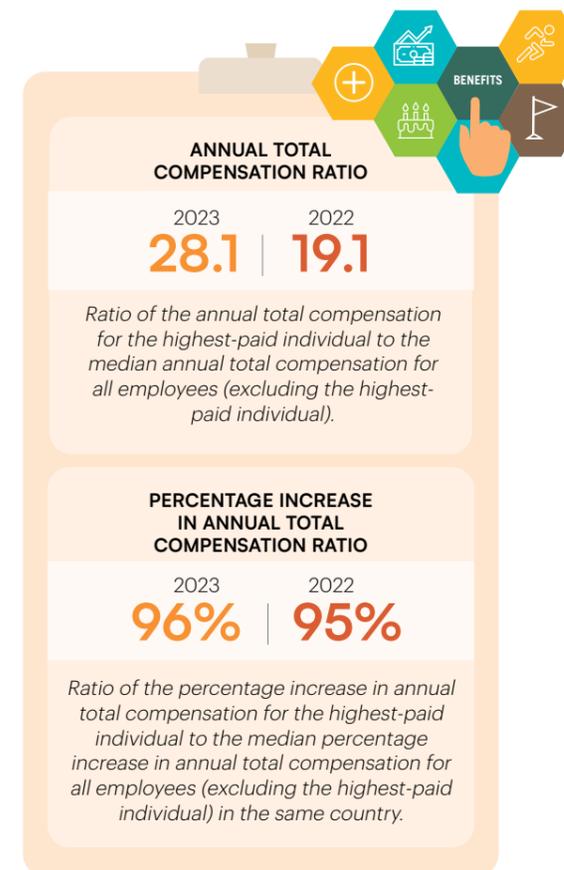
Senior Officers	1	4.35
Junior Officers	1	0.55
Rank and file	1	0.40

The salaries of officers within the senior management rank follow the CPCS salary structure, which corresponds to the bank's assigned categories and tiers. Salaries may progress from Step 1 to Step 8 within a job grade through step increments due to meritorious performance and/or length of service, provided that the basic salary shall not exceed Step 8 of an employee's salary level. Vertical progression is an outcome of promotion following the Civil Service Commission (CSC)-approved Merit Selection Plan.

Upon the implementation of the CPCS, all ABIs previously authorized and granted by the bank but no longer included in the CPCS, were discontinued. The three-year present value of the discontinued ABIs was paid to qualified employees, including incumbents of senior management positions.

Depending on the overall performance of the bank, the annual incentive payout is given to senior management and employees through the performance-based bonus (PBB). This bonus is subject to the conditions, requirements, and multiplier incentives established by the GCG. Nevertheless, the PBB incentive must correspond with the bank's ability to achieve its annual goals and targets related to economic, environmental, and social aspects.

It is important to underscore, however, that the implementation of the CPCS raised concerns for some employees, particularly those whose existing salaries already exceeded the amount corresponding to the maximum step within their pay range. The disparity in compensation to that being received by employees with equal job grades in other GOCCs also affected some employees of the bank. The impending discontinuance of the excess ABIs was another challenge to contend with as this would result in a perceived diminution of employees' benefits.



To address this challenge, the bank acknowledged the importance of transparency and constant communication with its employees, and acted to keep them well-informed of the provisions and impact of the CPCS. The bank also submitted a proposal to the GCG about the lumping or upgrading of certain positions in the bank as a way to address the issue.

Gender pay equality is not considered a concern in DBP as there is no discrimination when it comes to compensation and benefits, which are based on the value of the job and the performance of the incumbent, regardless of gender.

In terms of termination payments, a notice period is uniformly observed for all employees regardless of rank, under the pertinent rules and regulations prescribed by the CSC. The release of separation benefits such as the provident fund, last pay, and money value of leave credits (if any) are subject to the submission of documentary requirements including the employee's certificate of clearance. These policy guidelines cover all employees regardless of rank.

It should also be noted that with the implementation of the CPCS, DBP was not required to conduct a compensation review. This function had been "centralized" with the GCG.

**Employee-benefits**

	No. of Employees who availed for the year	
	Female	Male
GSIS	2,101	1,045
Maternity	114	-
Sickness	1,918	912
GSIS Loan	1,521	
PhilHealth	2,101	1,045
Pag-IBIG	2,101	1,045
Parental leaves	157	52
Solo Parent	42	3
Maternity	114	-
Paternity	-	42
Alternate Caregiver (part of ML)	1	7
Vacation leaves	2,101	1,045
Sick leaves	1,918	912
Magna Carta for Women	22	-
Medical benefits (aside from PhilHealth)	2,035	993
Medical allowance	2,039	1,006
Housing assistance (aside from Pag-IBIG)	19	15
Retirement fund (aside from GSIS)	2,035	993
Further education support	21	17
Telecommuting	654	288
Flexible-working Hours	1,025	539

As shown in the table above, DBP employees enjoy a package of benefits that address their needs. This reflects the bank's commitment to support its employees' financial, physical, and emotional well-being. After all, its human resources are not mere assets to its continued operations but key partners that drive enterprise-wide growth and the attainment of its mandate for the country's sustainable development.

**Employee-Management Relations**

Employees' participation in work-related decision-making is guaranteed through periodic and scheduled meetings held between Management and the DBP Employees' Union (DBPEU) to discuss employee-related issues and concerns.

A Collective Negotiation Agreement (CNA) between Management and the DBPEU has been institutionalized since 2008. A CNA meeting is initiated when the DBPEU sends a formal request to meet with designated Management representatives to discuss employees' issues and concerns during the meeting of the Union-Management Consultative Committee.

A total of 1,790 employees were covered by the CNA in 2023, representing 81.74% of the 2,190 rank-and-file employees of the bank.

DBP continues to look after the health and welfare of its employees. In 2023, for instance, the bank responded to the need for specific adjustments to protect its employees from the health risks brought on by the COVID-19 pandemic and its economic impacts. Among the measures undertaken were the implementation of the updated Department of Health (DOH) Guidelines, coordination and efforts to facilitate the annual influenza and pneumococcal vaccination activities, and the adoption of flexible work arrangements including a work-from-home setup.

The bank leaves no stone unturned in safeguarding the welfare of its human resource. When there are operational changes, employees are notified before the implementation of these changes that could substantially affect them. Depending on the nature and complexity of the operational changes as provided by the concerned business unit implementing the changes, notices of effectivity are served one week to one month or more before implementation. If the proposed changes are covered by the CNA, the period and provisions for consultations and negotiations are specified.



**Employee Health and Wellness**

DBP's health care plan provides coverage for minor, major, and dreaded diseases. Leave benefits are also available to all bank employees in compliance with the Civil Service Commission (CSC) Omnibus Rules on Leave. The CSC policy covers vacation, sick, special, and parental leaves, among others.

The bank facilitates an annual flu and pneumonia vaccination drive to help employees maintain their health and well-being, ensuring a healthier workforce that can continue to serve clients effectively and minimize disruptions caused by illnesses. In 2023, a total of 413 bank personnel within the head office and Metro Manila-based branches availed themselves of flu vaccination, significantly higher than the 148 employees who were vaccinated against the flu in 2022. On the other hand, the number of head office and Metro Manila-based branch employees who received the pneumococcal vaccine was slightly lower at 69, from 72 previously. The cost of these vaccines was shouldered by the employees.

A total of 11,281 employees and their dependents received consultation and medical services from the bank's in-house physicians, a significant increase from the 5,691 cases recorded in 2022. Dental services were also provided to 3,945 employees and their dependents, slightly higher compared to the 3,204 who received dental care in 2022.

In terms of preventive care, 72 bank officers in 2023 elected to undergo an executive check-up—a 360 percent increase from only 20 bank officers who availed of this medical benefit in 2022. Similarly, a five percent increase was recorded from the 374 rank-and-file employees who underwent annual physical examination (APE) in 2022, as 394 employees availed of the APE in 2023.

The bank also held lectures on health promotion and disease prevention for employees. On February 17, 2023, a webinar entitled "Hypertension in the Workplace" was conducted, with 202 employees in attendance. Also during the year, the bank's Health and Wellness Unit conducted a webinar on cancer awareness with Dr. Wildredo L. Liangco, a medical oncologist, as the resource speaker. A total of 190 employees participated in the webinar, which was held via Microsoft Teams.



**Occupational Safety and Health**

DBP strives to align its occupational safety and health (OSH) management with international standards, as well as the standards set by the Department of Labor and Employment (DOLE). Amid this continuing effort, the bank—as with other institutions—was confronted with health risks brought on by the COVID-19 pandemic, a major issue until 2022, in addition to challenges resulting from natural disasters, such as flooding. With the lifting of the COVID-19 state of public health emergency and global pandemic, there was no other incident considered to have posed a risk concerning the bank's OSH management system in 2023.

DBP sustained its controls for evaluating the performance of its OSH management system through a three-point review system as follows:

- Quarterly performance review
- Internal audit review
- Validation by an external certifying body under the standards of the International Standardization Organization (ISO)

The expanded controls are an enhancement of the control mechanism in place since 2018 that solely focused on the internal audit of the performance of the bank's OSH management system.

As DBP subscribes to the principle of continual improvement, enhancements to its OSH management system are ensured through regular reports to Management. These reports focus on the system's actual performance against targets, audit observations (if any), identified areas of improvement, and action plans for implementation, among others.

The bank is pleased to report that no fatalities or lost-time accidents were recorded for the period 2018–2023, but it notes that as a standard operating procedure in cases of reported incidents, an investigation would be conducted to identify its root cause. The root cause analysis is aimed at identifying a responsive course of action for problem resolution, as well as measures to address the root cause and prevent its recurrence.

The year 2023 also saw the bank sustaining the implementation of key activities that complement its efforts towards efficient and responsive OSH management. These include the regular conduct of emergency preparedness drills, dissemination of advisories and information materials, and inclusion of a discussion on safety in the mandatory orientation for new employees.

DBP's OSH management system complies with CSC-DOH-DOLE Joint Memorandum Circular No. 1 s. 2020, Occupational Safety and Health Standards for the Public Sector, which mandates compliance with regulatory prescriptions on occupational safety and health. All bank personnel—including those under outsourced arrangements, such as members of



### Occupational Health Services

Contributing significantly to the identification and elimination of hazards and minimization of risks is DBP's in-house health care plan, the implementation of which is overseen by the bank's team of doctors and nurses. The bank is equipped with an in-house medical and dental clinic that attends immediately to employees requiring urgent diagnosis and treatment, or refers them to a hospital when warranted. An annual physical examination and executive check-up are also conducted for rank-and-file employees and officers, respectively. Additionally, medical, health-related, and occupational lectures are conducted for selected participants from among the bank's workforce.

The confidentiality of the employees' personal health-related information is protected under the Code of Ethics, which is strictly practiced bankwide. Additional safeguards are provided under the bank's program of compliance with the regulatory requirements of the Data Privacy Act.

DBP employees are also protected against unfair treatment by merit of their personal health-related information and their participation in occupational health services. This is ensured through a firmly established policy that provides for equal opportunities and/or benefits for employees.

### Worker Participation, Consultation, and Communication

Inherent to the bank's OSH management system is a process for ensuring worker participation and consultation in its development, implementation, and evaluation. To this end, the Safety and Health Committee (SHC) meets regularly for a discussion of OSH action plans. The SHC acts as the bank's policy and implementing body for the safety and health concerns of both DBP employees and customers. The committee makes recommendations, and upon approval by the Management Committee, advisories are disseminated for the information of all employees.

The DBPEU is represented in the SHC. As a member of the SHC, the DBPEU President takes part in the decision-making process, assuring that employees are represented and their needs taken into consideration during committee meetings.

### Coverage of OSH Management System

The bank has around 400 outsourced personnel who are members of its transport, mechanical, housekeeping, and security staff. They are all covered by organizational controls pertinent to the institutionalized and audited OSH management system.

the housekeeping, messengerial, transport, mechanical, and electrical staff—are provided with guidance on OSH, with efforts led by the bank's Chief Security Officer. The Chief Safety Officer acts in an advisory capacity on all matters pertaining to safety and health, for the guidance of the Management and all employees of the bank, promoting a safe and secure working environment for the DBP workforce.

Bank personnel are also required to undergo training or to at least be thoroughly knowledgeable in their respective fields of assignments, especially when handling specific types of machinery or equipment. This measure is strictly enforced to minimize—if not prevent—the occurrence of accidents and machinery or equipment breakdown. Employees are given feedback on their performance and are encouraged to seek further guidance or information pertinent to their responsibilities.

DBP employees are likewise encouraged to report hazards and hazardous situations, if any, that are related to the performance of their work assignments. These are then noted by their supervisors and carefully evaluated to address or eliminate them. The Chief Safety Officer is informed of these steps, with proper documentation and reports submitted to the bank's Safety and Health Committee.

### Physical Security

As a financial institution, DBP acknowledges the critical importance of maintaining a safe and secure environment for its workforce and clientele. In order to adapt to the ever-changing challenges brought about by the emergence of new physical security threats on DBP's premises, facilities, equipment, personnel and stakeholders, the bank's Security Services Department (SSD) has applied for a License to Operate with the Civil Security Group of the Philippine National Police (CSG-PNP) as Government Guard Unit, as required under R.A. 11917, otherwise known as "The Private Security Services Industry Act."

In 2023, a total of 18 organic SSD personnel completed the mandatory training required under said law, and were granted a PNP License to Exercise Security Profession (LESP) as Government Security Officers specializing in providing physical security for the bank.

In relation to this, SSD is currently awaiting the release of the bank's Radio Frequency by the National Telecommunication Commission (NTC), subject to compliance of extending the period of the license for another year.

On the training front, SSD adheres to its mandate of completing the conduct of the Bank Security Protection Training/Workshop, with participants from the BBGs in Northern Luzon, Western Visayas, Southern Mindanao and Al-Amanah Investment and Islamic Bank of the Philippines (AAIIBP) branches. This training also notably provided the SSD the opportunity to inform the branches of the latest security challenges encountered in banking operations, identify possible threats, and recommend counter measures to address the same.

Outlined below are other notable accomplishments of SSD in 2023:

- No incidence of loss or crime attributed to negligence of security personnel
- Smooth implementation of the physical security procedures in the head office
- SSD personnel underwent and passed the Basic Security Supervisory Course with Enhance In-service Seminar, leading to the issuance of the Government Security Officer Licenses from the Supervisory Office for Security and Investigation Agencies of PNP
- Conducted the annual bomb threat and active shooting incident drills
- Conducted BCP test depicting the scenario of shortage/absence of third-party security guards in the head office
- Provided security assistance in various business units of the bank for their successful business operations
- Provided time security provision for identified sensitive and critical areas to ensure a secure working environment.
- Processed all billings for head office and BBG Metro Manila and provides budget availability on all DBP branches for the payment of security services rendered

- Performed the 24/7 monitoring and maintenance of the CCTV Surveillance System and security devices/alarms.
- Achieved a 100% inspection of all branches, BLUs, AAs, and AAIIBP branches nationwide – the first time it has been fulfilled in a particular year
- Conducted security assessments of branch relocation sites, security layout assessments, site and route evaluations of off-site ATM installations, site and route evaluations of Deposit Pick-up Services (DPUs), screening of guards before their acceptance or posting, and response to security-related incidents
- Conducted fact-finding investigations into irregularities that threatened the bank's interests, background checks on job applicants, employees, clients and other pertinent investigations

### Provident Fund

The DBP Provident Fund (PF) is an employees' trust fund established under R.A. No. 4537. It forms part of a pension plan for the exclusive benefit of its officials and employees as a fitting reward for their faithful and dedicated service. The bank contributes a 30 percent PF share.

As the bank's supplementary retirement fund, the PF is intended to empower members to accumulate assets and build their net worth. Its objective is to promote and hasten the upliftment of the quality of life of PF members by providing financial packages and benefits in recognition of their dedicated and loyal service to DBP.

Employee members may avail themselves of loans under the Individual Housing Program (IHP), a program offering financial assistance to qualified members looking to acquire their own house, house and lot, or condominium unit at affordable interest rates. For the period 2019–2023, there were 393 loan availments. In 2023 alone, 89 new IHP applications totaling Php112.01-million were processed.

Real estate loans are also available to employee members at affordable interest rates for their investment or entrepreneurial venture in the real estate sector. In the last five years, 57 PF members have availed themselves of this loan facility, with five loans processed in 2023.

Similarly, car loans are offered to PF members who wish to acquire their own motor vehicles. From 2019 to 2023, there were a total of 498 car loan availments by employee members, 45 of which were made in 2023.



**498**

**CAR LOAN AVAILMENTS FROM 2019 TO 2023**

To further aid in the financial needs of its members, the PF has several loan windows for calamities, emergencies, education, and general purposes, among others. Equity loans are also available as soft loans to provide additional financial assistance to members for their various financial requirements.

Aside from managing the PF, the bank's Provident Fund Department (PFD) manages the Group Life Insurance, Group Accident Insurance Policy, Motor Vehicle Lease Purchase Plan (MVLPP) for officers with Job Grade 13 and higher, and the Health Care Fund for the medical reimbursements and hospitalization of employees.



PFD also manages the DBP Scholarship Program for qualified dependents of bank employees who are incoming college students. In 2023, there were 108 new scholars who qualified for a total of Php2.14-million in financial assistance under the DBP Scholarship Program. In 2022, there were 80 scholars who received financial assistance totaling Php2.68-million.



**108**

**NEW SCHOLARS IN 2023**

## People Development

DBP strives to cultivate development bankers who are motivated, skilled, and guided by strong values. The bank's core people development process equips individuals with new knowledge and skills while encouraging a shift in perspectives, fostering both personal and organizational growth. This approach empowers the workforce to make greater contributions to the overall success of the organization.

The bank recognizes that learning and development are crucial, and that there are inherent risks when its workforce is not provided with proper trainings. For instance, employees who will not be provided with training on specific functional areas may lead to poor performance/ service and customer dissatisfaction, hence may pose a reputational risk. Another risk is that lack of development and interventions for successors pose a threat on leadership continuity in key critical roles to meet short-term to long-term goals, which may lead to a stagnant organization. Lastly, non-provision of mandatory training programs may lead to non-compliance with regulatory requirements resulting to avoidable penalties. To avoid such risks, the bank has set the following targets for human capital development: (a) to develop motivated, competent, and values-oriented development bankers; and (b) to provide employees with at least one (1) learning and development intervention based on the individual development plan and aligned with the 5-Year Capability Building (CapBuild) Strategy.

The bank's human resource capability building programs and strategies focus not only on building the skills or competence of its people but also in sustaining a high-performance culture where engaged, ethical and well-cared-for employees and the organization achieve their peak performance.

### Average hours of training per employee category and gender

	Female	Male	Total
Senior Officers	46.18	55.80	101.98
Junior Officers	41.39	41.96	83.35
Rank and file	31.65	30.25	61.90
<b>TOTAL</b>	<b>119.22</b>	<b>128.01</b>	<b>247.23</b>

Guided by its Learning and Career Development Plan (LCDP) and the 5-Year CapBuild Strategy, the bank has continuously improved its organizational competency rating, as reflected in 2023 DBP Performance Scorecard. These may be attributed to the implementation of learning and development programs that provide employees opportunities to advance their career within the organization and allow them to continuously upgrade their skills and competencies at par with the bank and industry standards.

Anchored on the critical business needs and designed based on the 70-20-10 philosophy of learning, the following learning and development programs were implemented:

- a. Core/Mandatory Programs for all employees across levels
- b. Functional or specialized Programs for Specific Job Groups
- c. Leadership / Executive Development Programs
- d. Management Associates Program (Batch 13)
- e. Other Programs and Interventions:
  - Local and Foreign Scholarships (Study and Non-Study Courses)
  - Professional Certification Programs
  - DBP Professional Advancement and Continuing Education Support (DBP-PACES)



HRMG conducted soft skills training such as seminars on Mental Health / Wholeness in the Workplace, coined as "Ginhawa Serye," which aimed to help employees not only in the aspect of personal development but also to enable them to effectively manage life and career transitions. Pre-retirement training has also been part of the bank's LCDP, and its design is being carried out in coordination with GSIS and/or other government and non-government organizations to prepare would-be avalees of the bank's Separation and Early Retirement Program.

### Percentage of total employees by gender and by employee category receiving regular performance and career development reviews

	Female	%	Male	%	Total	%
Senior Officers	38	2%	36	3%	74	2%
Junior Officers	581	27%	304	28%	885	27%
Rank and file	1561	72%	743	69%	2304	71%
<b>TOTAL</b>	<b>2180</b>		<b>1083</b>		<b>3263</b>	

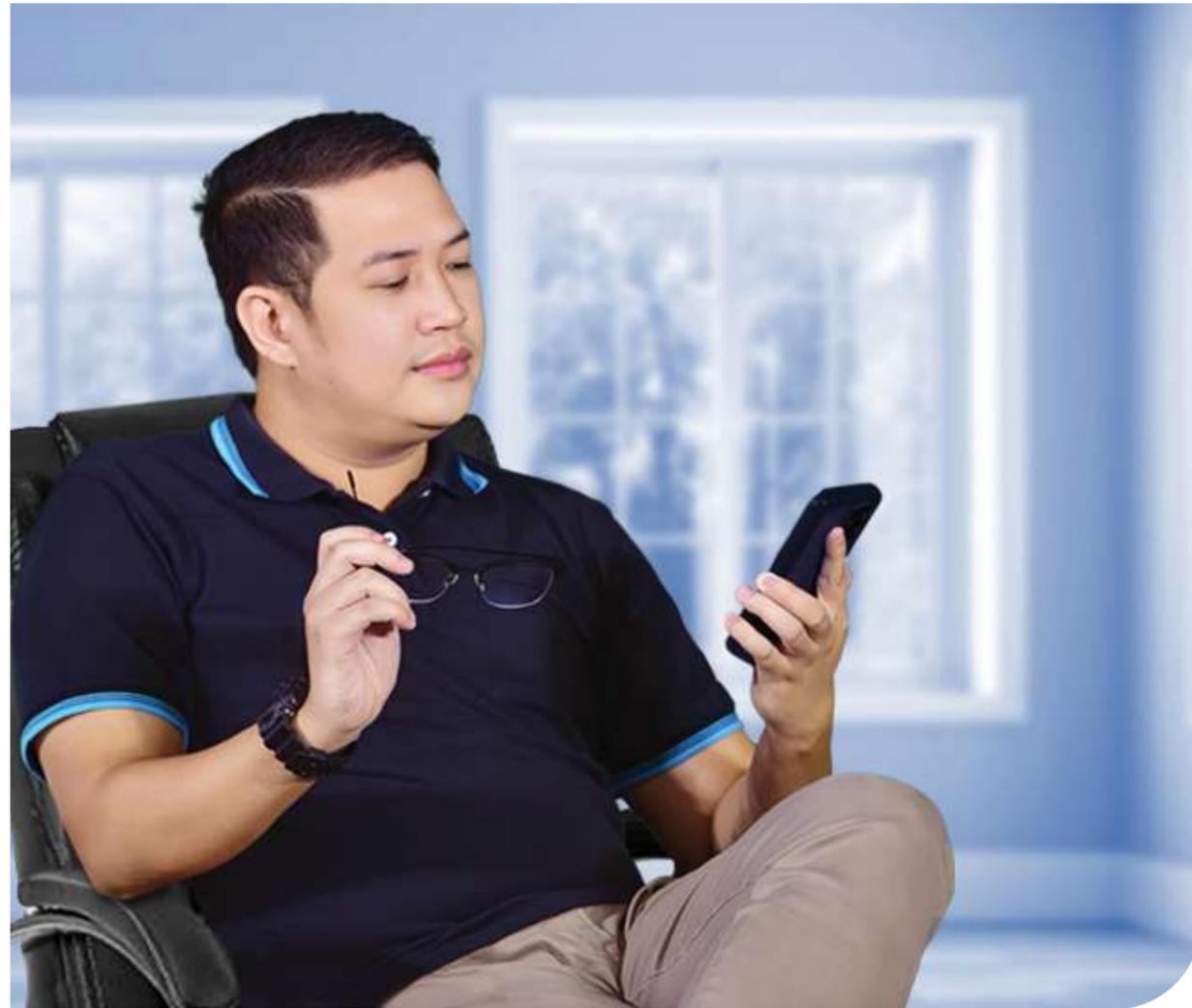
In 2023, a total of 3,263 employees received regular performance and career development reviews. This number includes permanent, casual, directly hired and co-terminous employees with at least three months service, and separated employees with at least three months service within the rating period.

The bank's Strategic Performance Management System (SPMS) - Individual Performance Appraisal System follows a 4-stage cycle that underscores the importance of performance reviews and development planning (1-Individual Performance Target Setting, 2- Performance Monitoring and Coaching, 3-Performance Review and Evaluation, and 4-Competency Assessment and Development Planning). Performance review is conducted periodically on an annual basis Career and development planning takes place on the 4th stage of the cycle.

The bank adopts an annual evaluation of performance with reference to its SPMS. Anchored on the bank's strategic scorecard, business units set their annual target at the beginning of the year and are cascaded at the individual level. Results of performance are being used for various human resource actions such as:

1. Merit and Promotion - requires a nominee to attain a performance rating of "Very Satisfactory" to qualify pursuant to CSC revised Omnibus Rules on Appointments and Other HR Actions (ORA OHRA) under Rule IX, Section 95: "An employee should have obtained at least Very Satisfactory performance rating in the last rating period prior to the assessment or screening for promotion or transfer." (DBP Merit and Selection Plan)
2. Eligibility for the grant of bonuses and awards based on HRMG Advisory guidelines on:
  - Performance-Based Bonus
  - Productivity Enhancement Bonus
  - Mid-year Bonus
  - DBP Program on Awards and Incentives for Service Excellence (PRAISE)
3. Eligibility for the foreign and local scholarship grants pursuant to Circular No. 49 - 2018 DBP Learning and Development Plan
4. Eligibility to be identified as Potential Successor pursuant to Circular No. 51-2021 Amended DBP Succession Management System
5. Eligibility to avail of PF Loan facilities

These initiatives are testament to DBP's commitment to nurturing a roster of employees who are highly motivated, proficient, and grounded in the organization's core values. The bank's robust people development programs have been carefully crafted to enhance personal growth and drive organizational success, which enables its workforce to contribute more meaningfully to the bank's mission and goals.



## OPERATIONAL OPTIMIZATION

In 2023, the bank's Information and Communication Technology Sector (ICTS) spearheaded several projects aimed at enhancing operational efficiency and customer experience. These initiatives, driven by technological innovation and process refinement, align closely with the bank's strategy of operational optimization.

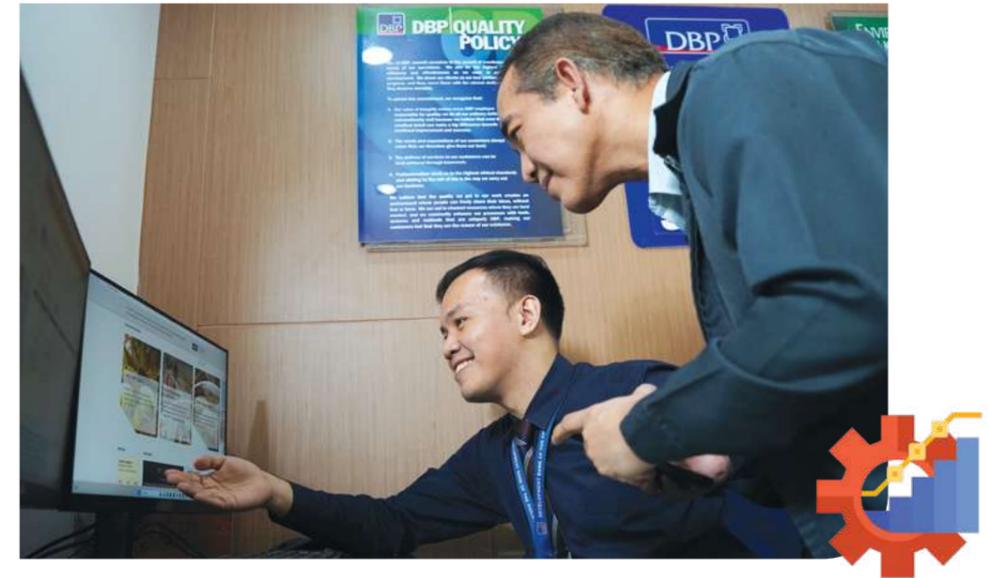
### Application Program Interface (API) Enablement

Implementing the Fusion Banking Solution for API Enablement was a strategic move for ICTS towards the digital transformation journey. APIs are essential tools allowing applications to access data and interact with external software components, operating systems, or microservices.

This initiative is expected to enable smooth communication with external systems, making data exchange and automation easier. This will thus streamline processes, improve interoperability, and boost efficiency, innovation, and customer satisfaction.

### Enhanced Electronic Payment System

DBP offers its clients the convenience of paying their taxes through the Electronic Payment System (EPS), an Internet-based tax payment system seamlessly integrated with the Bureau of Internal Revenue's (BIR) Electronic Filing and Payment System (EFPS), which provides taxpayers with an easier, paperless tax filing experience. Through the EPS, clients may opt to have their tax payments debited from their DBP accounts.



The bank faced challenges with its EPS, however, leading to the temporary suspension of BIR payments acceptance. This caused the EPS to undergo extensive enhancements in 2023. Following the implementation of these enhancements, the customer experience—especially for LGU clients—was also improved. The enhancement of the EPS facilitated smoother transactions, reduced processing time, and enhanced overall operational efficiency.

### Branch Process Re-engineering

The bank's ICT Systems and Methods Department (ICT-SMD), dedicated to spearheading DBP's digitization efforts, recognized that achieving true digital transformation entailed more than technical solutions. It required comprehensive process re-engineering. Without addressing underlying processes, there is a risk of automating outdated and flawed procedures, potentially leading to transformation failure.

Fully aware of these risks, the ICT-SMD took proactive measures and initiated a thorough process study and re-engineering project focused on branch banking processes. The approach involved meticulous site visits to eight branches, conducting interviews, process observations, data gathering, and collaborative brainstorming sessions with relevant personnel. The goal was to identify issues and concerns and develop viable solutions to optimize processes for digitalization.

Through this initiative, the ICTS demonstrated a commitment to driving meaningful digital transformation within the bank by addressing not only technical aspects but also the fundamental processes underlying branch operations. With the study concluded, the proposed solutions were expected to improve the efficiency of bank forms, enhance customer service standards, decrease processing times, standardize procedures, and reduce errors and redundant activities.

### Upgrade of Branch Telecom Lines

In 2023, the telecommunication lines of DBP branches were upgraded, including the enhancement of the quality and stability of connections within branch locations. This initiative involved the replacement and upgrading of existing telecommunications infrastructure. By improving the telecom lines, branches experienced enhanced reliability, faster data transmission speeds, and better overall connectivity. This upgrade ensured that branches had access to robust communication channels, supporting efficient operations and providing a seamless experience for both staff and customers.

### NIDSS End-of-Day Optimization — Branch and ATM Up/Online

The New Integrated Deposit Servicing System (NIDSS) End-of-Day (EOD) Optimization was a strategic initiative undertaken by the ICTS to address the prolonged batch processing associated with the Deposit System since the completion of its technical upgrade in 2021.

The successful implementation of the Branch EOD Optimization initiative made a positive impact on the bank's operations and customer satisfaction. It significantly reduced the duration of the EOD Batch Run process, particularly during critical periods such as weekends, month end, and quarter end. By addressing the extended batch processing through this initiative, the Applications Management and Development Department (AMDD) was able to deliver a more efficient and reliable banking experience for stakeholders.



# Corporate Governance

Corporate governance principles of fairness, integrity, discipline and accountability permeates all levels of the institution and are integrated and translated into concrete strategies, policies, and activities of the bank.



**DBP remained steadfast in ensuring its commitment to be effective, sustainable, transparent, and accountable to its stakeholders in 2023. The bank implemented significant governance policies and programs, with heightened emphasis on instituting a more robust governance structure, addressing governance gaps, and improving compliance with relevant laws and regulations. All these are grounded to meet the needs and requirements of DBP's stakeholders.**

DBP adopted a strong innovation and customer-centric culture as the bedrock of its developmental mandate and commitment to sustainability. The bank also championed policies and programs that are aligned with the Philippine Development Plan 2023–2028 and geared towards achieving the national government's long-term vision expressed in AmBisyon Natin 2040.

DBP ensures full compliance with all the good governance conditions of the Governance Commission for GOCCs (GCG), and all requirements and legal duties imposed by its regulators. Guided by the Enhanced Corporate Governance Framework (ECGF), DBP's adherence to the highest standards of ethical conduct is demonstrated through common observance of the following corporate governance policies and initiatives:

- a. The Whistleblower Protection Policy (DBP Circular No. 16, S. 2013) encourages the responsible reporting of acts or omissions constituting an illegal activity and establishes measures to ensure that whistleblowers and witnesses are adequately protected against retaliation.
- b. DBP's Governance Circles remain a significant participatory governance tool in spreading and institutionalizing the culture of good governance in DBP. They serve as a feedback mechanism that allows employees to freely voice their concerns, collaborate, and engage in dialogue on relevant issues, which helps identify policy gaps and aids in policy or process improvement. Currently, there are more than 260 DBP Governance Circles across the DBP head office and regional units.

In CY 2023, Governance Circles discussed matters such as the DBP Mental Health Program, Sustainability Governance Structure, Occupational Health and Safety, DBP Quality Workplace and Recognition, Republic Act No. 11313 or the Safe Spaces Act, among others, to promote good governance policies and best practices within the organization.



- c. The "No Gift" Policy (DBP Circular No. 12, s. 2022) allows DBP to efficiently maintain a high standard of ethical conduct for employees and members of the Board of Directors. It prohibits all employees and Board members from soliciting or accepting, directly or indirectly, any gift from any person in the course of their official duties or in connection with any transaction that may be affected by the functions of their office.
- d. The Policy on Interlocking Positions (DBP Circular No. 25, s. 2022) covers guidelines for the assessment, approval, reporting, and monitoring of interlocking positions of bank directors and officers to ensure that they will continue to serve with diligence and devote sufficient time and attention necessary to carry out their duties effectively. It seeks to optimize the benefits of the knowledge and competencies of these directors or officers with interlocking positions—namely, the promotion of economies of scale, organizational synergies, and broadening perspectives in strategy formulation and risk management. Likewise, it prevents the excessive concentration of power, unfair competitive advantage, abusive practices, and conflicts of interest or situations that may give rise to these issues.

Equally important is the continued adherence to the DBP Code of Ethics. Aside from providing new employees with a copy of the Code, seminars, training, and orientation programs for new employees integrate this topic into their discussions. All directors, officers, and employees must understand and comply with the DBP Code of Ethics, which upholds the State's policy to promote a high standard of ethics in public service. The Code enumerates the prohibited acts and transactions whereby the commission thereof will subject the concerned personnel to appropriate administrative disciplinary action.

In addition, DBP maintains the conduct of its mandatory Corporate Governance seminars and capacity-building activities for DBP personnel. Its Management Associates Program includes a Corporate Governance, Ethics, and Public Accountability module. DBP also complies with the reporting and evaluation system governing GOCCs, including the periodic disclosure and examination of operations and management, assets and finances, revenues, and expenditures. It also regularly discloses business matters by updating the DBP website's Transparency Seal, Corporate Governance, and Citizen's Charter Pages, which feature mandatory disclosures and public information.

Consistent with its developmental mission and initiatives, DBP acknowledges the financial stability challenges inherent in climate change and other environmental and social risks, as they will likely have significant implications on its operations and financial interests. It shares the vision of the Bangko Sentral ng Pilipinas (BSP) on the role of financial institutions in sustainable and resilient growth by enabling environmentally and socially responsible business decisions considering the aspirations set out for Filipinos under the Philippine Development Plan. To this end, DBP has institutionalized the adoption of sustainability principles through its environmental, social, and gender and development policies.

DBP adheres to the highest international standards, integrating environmental and social considerations and sustainability principles into every aspect of its operations and services, assets and management, and business decisions. It is also committed to implementing gender and development considerations, embodying them in the bank's inclusiveness, accountability, and partnership principles. As part of its commitment to transparency, accountability, and continuous improvement in its sustainability reporting practices, DBP regularly reports on its progress to Senior Management, Board and Board-level Committees, and regulators such as the BSP and GCG whenever necessary. It also had its 2022 Annual and Sustainability Report externally assured.

Furthermore, DBP ensures full compliance with the Governance Commission for GOCCs (GCG) Code of Corporate Governance for GOCCs, the Bangko Sentral ng Pilipinas (BSP) Circular on the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions, and the Anti-Red Tape Authority's directives consistent with the Ease of Doing Business Law. In CY 2023, DBP diligently submitted reportorial requirements to various regulatory bodies and took initial steps to update its Citizen's Charter to include additional internal and external services.



To aid in the delivery of good governance practices and initiatives, DBP reviewed and updated the Charter of the Human Resource Committee, Development Advocacy Committee, Risk Oversight Committee, and Executive Committee to set out the respective roles, responsibilities, and authorities of its members based on the 2021 BSP Manual of Regulations for Banks (MORB) and other related issuances. Doing so ensures effective Board leadership and oversight in charting DBP's current and future direction.

DBP's People's Freedom of Information (FOI) Manual was also updated in CY 2023 to reflect recent issuances of the Presidential Communications Operations Office (PCOO) through the Freedom of Information–Project Management Office (FOI-PMO), such as new guidelines in handling both paper-based and electronic forms of requesting information. The Manual, approved by the Board of Directors through the Executive Committee, sets forth the processes and procedures for FOI requests of the public under Executive Order No. 2 series of 2016, and covers all requests directed to DBP, subject to limitations as provided in the Revised DBP Charter; Republic Act (RA) No. 1405, the Secrecy of Bank Deposits Act; RA 6242, the Foreign Currency Deposit Act; RA 9510, the Credit Information System Act; RA 10173, the Data Privacy Act; and other relevant laws. All these significantly enhance transparency and accountability in DBP's transactions and decisions involving public interest.

Moreover, DBP amended its Manual of Corporate Governance (MCG) to strengthen ethical behavior and sound banking practices. The MCG reflects the framework of governance that DBP directors, officers, and employees shall strive to achieve while encouraging awareness within the organization, and awareness that corporate governance principles shall always guide the attainment of corporate goals.

On 20 November 2023, DBP was one of the three recipients of the Corporate Governance Scorecard (CGS) Hall of Fame Award from the GCG for consistently ranking in the top 10 of the CGS ratings from 2017 to 2022. DBP also received an award for its overall CGS rating of 100.00, one of the highest ratings for CY 2022.

*The Board of Directors ensures that personnel selection and promotion are based on merit and fitness, and that all personnel actions follow applicable laws, rules and regulations.*



## THE BOARD OF DIRECTORS

The Board is primarily responsible for DBP's governance. In addition to setting the policies for achieving the bank's corporate objectives, it shall provide an independent check on Management. Consequently, the Board is primarily accountable to the State for DBP's operations and performance.

The Board shall foster DBP's long-term success and secure its sustained competitiveness consistent with its fiduciary responsibility, which it shall exercise in the best interest of DBP, the Filipino people, and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in discharging its duties, functions, and responsibilities.

As part of its work providing corporate leadership to DBP, the Board of Directors monitors and oversees the implementation of its corporate strategy. It annually reviews and approves DBP's vision, mission, and strategy during a Board Retreat. In 2023, the Board of Directors met with members of Senior Management during the Board Retreat at the Bulwagan ng Diwang Pilipino, DBP Head Office Building to discuss the performance assessment results and action plans and the synthesis of the enterprise environmental scan to provide context to the strategy review.

A notable takeaway from the Board Retreat is the improved 2040 DBP Vision Statement in its strategy map, revised to read: "By 2040, DBP is a world-class infrastructure and development financial institution and a proven catalyst for a sustainably progressive and inclusive Philippines." In addition, Senior Management members regularly report to the Board and its various committees on matters relating to and affecting DBP's strategy, such as quarterly performance results based on its balanced scorecard.

The Board of Directors formulates policies necessary to effectively carry out the provisions of DBP's Charter and prescribe, amend, and repeal by-laws, rules, and regulations for the effective operation of DBP, and how the general business of DBP may be conducted, and the powers granted by law to DBP, exercised. They likewise determine DBP's organizational structure, define its officers' and employees' duties and responsibilities, and adopt a compensation and benefits scheme consistent with the CPCS developed by GCG and formally approved by the President of the Philippines.

DBP is implementing a competitive selection and promotion process, a professional development program, and a succession plan to maintain a roster of capable and trained bank personnel. Its existing salary structure was also recently aligned with the Compensation and Position Classification System under Executive Order No. 150 s. 2021 while maintaining authorized benefits under the Revised DBP Charter and existing laws.

Moreover, the Board of Directors ensures that personnel selection and promotion are based on merit and fitness and that all personnel actions follow applicable laws, rules, and regulations. Through the Human Resource Committee, the Board of Directors oversees the selection and review of the performance of Senior Officers and their continuing competence to fulfill their duties and responsibilities as civil servants. It verifies that the Board and Senior Management possess the required qualifications and remain fit and proper for their respective positions in compliance with existing standards and regulations.

Aside from its role in ensuring the efficient use of government assets and resources and that government exposure to all forms of liabilities and subsidies is warranted and incurred through prudent means, the Board of Directors also determines and approves important policies governing major areas of DBP's operations and contribute to its long-term success, competitiveness, and sustainability. DBP also defines its level of risk tolerance in its significant areas of banking operations, providing a mechanism to ensure compliance with established policies and procedures, establishing limits of discretionary powers of Officers and Committees, and considering sustainability implications in the overall decision process.

All members of the Board of Directors are appointed for one year and continue to serve as such until replaced or removed for cause under GCG Memorandum Circular No. 2012-05. Appointment to any vacancy shall only be for the predecessor's unexpired term starting from July 1 of the year of his appointment and expires on June 30 of the following year or for such term and commencement thereof as may be contained in the appointment papers issued by the Office of the President of the Philippines, unless sooner removed for cause.

The appointment of a director to fill such vacancy shall be done in the manner provided for regular nomination, shortlisting, and appointment of appointive directors. An appointive director may be nominated by the GCG for reappointment by the President of the Philippines only if they obtain a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as an appointive director based on the performance criteria for appointive directors adopted for the bank.

In CY 2023, Chairman Dante O. Tiñga, President and Chief Executive Officer (CEO) Michael O. de Jesus, Director Emmeline C. David, Director Jaime Z. Paz, and Director Philip G. Lo, were appointed by the President of the Philippines as new members of the DBP Governing Board. They assumed office and joined Director Maria Lourdes A. Arcenas, who was reappointed, as well as Director Roberto V. Antonio and Director Wilma T. Eisma, who continued to serve as members of the DBP Governing Board. None of the members hold shares or stocks of the bank as the national government is the only shareholder of DBP, owning 100 percent of its shares.

## Composition of DBP Board of Directors for CY 2023

Name	Type <sup>1</sup>	Date First Appointed	Date of Oath	No. of Years and Months Served as Director <sup>2</sup>	Date of Cessation from Office	Reason
Chairman Dante O. Tiñga	Independent/Non-Executive Director	12/09/2022	12/22/2022	1 year	N/A	N/A
President and Chief Executive Officer (CEO) Michael O. de Jesus	Executive Director	1/6/2023	1/11/2023	11 months	N/A	N/A
President and CEO Emmanuel G. Herbosa	Executive Director	02/15/2019	03/01/2019	3 years and 10 months <sup>3</sup>	1/17/2023	Replaced with the appointment of PCEO Michael O. de Jesus
Director Roberto V. Antonio	Independent/Non-Executive Director	09/15/2022	09/27/2022	1 year and 3 months	N/A	N/A
Director Maria Lourdes A. Arcenas	Independent/Non-Executive Director	11/28/2016 1/6/2023	01/04/2017 1/12/2023	6 years 11 months	N/A N/A	N/A N/A
Director Emmeline C. David	Independent/Non-Executive Director	1/6/2023	1/12/2023	11 months	N/A	N/A
Director Wilma T. Eisma	Regular/Non-Executive Director	03/01/2022	03/01/2022	1 year and 9 months	N/A	N/A
Director Emmanuel P. Galicia, Jr.	Regular/Non-Executive Director	10/10/2016	11/11/2016	6 years and 2 months <sup>4</sup>	1/11/2023	Replaced with the appointment of Director Jaime Z. Paz
Director Rogelio V. Garcia	Regular/Non-Executive Director	01/31/2017	02/15/2017	6 years and 2 months <sup>5</sup>	05/04/2023	Replaced with the appointment of Director Philip G. Lo
Director Dante V. Liban	Regular/Non-Executive Director	08/10/2021	08/20/2021	1 year and 4 months <sup>6</sup>	1/11/2023	Replaced with the appointment of Director Emmeline C. David
Director Philip G. Lo	Independent/Non-Executive Director	4/25/2023	5/5/2023	7 months	N/A	N/A
Director Consuelo N. Padilla	Regular/Non-Executive Director	03/08/2022	03/16/2022	11 months <sup>7</sup>	2/28/2023	Courtesy resignation accepted by the Office of the President of the Philippines on 28 February 2023
Director Jaime Z. Paz	Independent/Non-Executive Director	1/6/2023	1/12/2023	11 months	N/A	N/A

<sup>1</sup> Executive Director (ED), Non-Executive Director (NED) or Independent Director (ID)

<sup>2</sup> From the date the Director concerned took their oath/accepted the position until December 31, 2023

<sup>3</sup> Served as Vice-Chairman and President and CEO until January 17, 2023 following the appointment, oath, and assumption to duty of President and CEO Michael O. de Jesus

<sup>4</sup> Served as Director until 11 January 2023 following the appointment of Director Jaime Z. Paz

<sup>5</sup> Served as Director until May 4, 2023 following the appointment of Director Philip G. Lo

<sup>6</sup> Served as Director until 11 January 2023 following the appointment of Director Emmeline C. David

<sup>7</sup> Served as Director until 28 February 2023 following the acceptance of her courtesy resignation by the Office of the President of the Philippines

# 2023 Board of Directors



**Dante O. Tiña**  
Chairman

**Emmanuel G. Herbosa**  
President and  
Chief Executive Officer

**Michael O. de Jesus**  
President and  
Chief Executive Officer

**Emmeline C. David**  
Director

**Roberto V. Antonio**  
Director

**Jaime Z. Paz**  
Director

**Maria Lourdes A. Arcenas**  
Director

**Emmanuel P. Galicia, Jr.**  
Director

**Rogelio V. Garcia**  
Director

**Dante V. Liban**  
Director

**Philip G. Lo**  
Director

**Consuelo N. Padilla**  
Director

**Wilma T. Eisma**  
Director

# 2024 Board of Directors



Philip G. Lo  
Chairman



Michael O. de Jesus  
President and  
Chief Executive Officer



Roberto V. Antonio  
Director



Emmeline C. David  
Director



Jaime Z. Paz  
Director



Eduardo F. Saguil  
Director



Juan Gabriel L. Velasquez  
Director



Delfin T. Hallare, Jr.  
Director



Victor Alfonso A.  
Limlingan  
Director



Each member of the Board of Directors is fit and proper for their position, possessing integrity, physical and mental fitness, technical expertise, relevant knowledge and experience, independence of mind, and sufficient time to fully perform their duties and responsibilities in DBP. At the start of their term, they executed an affidavit stating that they possess all the qualifications and none of the disqualifications as stated in the pertinent GCG and BSP circular. Likewise, no person shall be appointed to the Board unless they are a natural-born citizen of the Philippines, not less than 35 years of age, of good moral character, and have attained proficiency, expertise, and recognized competence in one or more of the following fields: banking, finance, economics, law, agriculture, business management, or government administration.

At least four of the members of the Board shall come from the private sector. Except for the Chairman and the President, no officer or employee of DBP may be appointed as a member of the Board; nor shall any director, officer, or employee of any other bank shall be eligible as a member of the DBP Board of Directors. Being public servants, they are also covered by the provisions of the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713). They shall, in turn, abide by their fiduciary duties of diligence, loyalty, and confidentiality.

The capacity of directors to serve with diligence shall not be compromised. As such, no director shall accept more than two additional appointive directorship positions in the government. Appointive directorship refers to the position on the Board where an appointment paper from the Office of the President covers the appointment thereto. On the other hand, a non-executive director may concurrently serve as a director in a maximum of five publicly listed companies or private corporations. There is no seat limit for private corporations.

Two separate individuals perform the functions of Chairman and President and CEO to ensure an appropriate balance of power, increased accountability, greater capacity of the Board for decision-making, and optimum capacity to exercise supervisory function over Management. The Chairman, in particular, provides leadership in the Board of Directors. He encourages essential discussions and promotes the effective functioning of the Board of Directors, including maintaining a relationship of trust with members of the Board

of Directors. He ensures that the meeting agenda focuses on strategic matters, such as discussion on risk appetites and key governance concerns, and that members of the Board of Directors receive accurate, timely, and relevant information, among others.

Meanwhile, the President and Chief Executive Officer exercises general supervision and authority over the regular course of DBP's business, affairs, and property, as well as its employees and officers. He likewise reports to the Board the main facts concerning the operations of DBP and recommends changes in policies that he may deem advisable. As Vice-Chairman of the Board of Directors, the President and CEO shall also preside at the Board meetings in the absence of the Chairman. He shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

Under Section 132 of the BSP Manual of Regulations for Banks (2021), at least one-third (1/3) but not fewer than three members of the Board shall be independent directors. In selecting independent directors, the number and types of entities where the candidate is likewise elected as such shall be considered to ensure that he will be able to devote sufficient time to effectively carry out his duties and responsibilities. On the other hand, non-executive directors, which include independent directors, refer to those who are not part of the day-to-day management of operations and shall comprise at least the majority of the Board of Directors to promote the independent oversight of Management by the Board of Directors.

Non-Executive Directors of the Risk Oversight Committee and the Audit and Compliance Committee, in the absence of Management, annually meet with the Heads of Control Units functionally reporting to them. In CY 2023, non-executive directors held meetings with the Heads of the Compliance Management Group, Internal Audit Group, and/or Enterprise Risk Management Group without the President and CEO to ensure that independent directors carry out their duties and responsibilities. President and CEO Michael O. de Jesus likewise stepped out of the Board meeting held on November 8, 2023, allowing the non-executive directors to discuss without the head of the management.

The compensation, per diem, allowances, and incentives of Directors are determined by regulatory and supervising agencies such as the GCG. DBP currently adheres to the prescribed remuneration for Directors of a Class "A" financial institution under Executive Order No. 24 s. 2011. Members of the Board of Directors are entitled to receive the prescribed amount of per diem, performance-based incentive (PBI), and reimbursement for actual and reasonable expenses incurred in performing their official duties. The per diem is based on their attendance to Board and Board-Level Committee meetings, subject to the prescribed annual limit and special premium rate accorded to the Chairman of the Board and of the respective Board-level Committees. The President and CEO likewise receive additional compensation reflected in DBP's current Compensation Plan, as determined and approved by the Board of Directors.

## CONTINUING EDUCATION PROGRAM OF THE BOARD OF DIRECTORS

All newly appointed members of the Board are furnished with an onboarding kit and are informed of their respective duties and responsibilities under the BSP MORB and the DBP Manual on Corporate Governance through an orientation conducted by the Office of the Corporate Secretary (OCS). Moreover, the new directors are immediately enrolled in

a Corporate Governance Orientation Program given by an accredited training provider by the BSP or GCG. As part of the Continuing Education Program of the Board of Directors, all incumbent members undergo an annual training or seminar on Corporate Governance, AMLA, and other specialized topics on banking laws, risk management, or sustainable development, among others.

In CY 2023, all members of the DBP Governing Board attended at least two training programs.

### Continuing Education Program for the Board of Directors for CY 2023

NAME	TRAINING PROGRAM	INCLUSIVE DATE/S	CONDUCTED BY	VENUE	HOURS
<b>Tiña, Dante O.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	AML/CFT/CPF (BSP Cir. No. 1022) for Directors & Senior Management	January 23, 2023	Bankers Institute of the Philippines, Inc.	Via Zoom	3
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	09/15/2022	09/27/2022	Via Zoom	2
<b>De Jesus, Michael O.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	Corporate Governance Orientation Program for Government-Owned and Controlled Corporations	March 9, 2023	Institute of Corporate Directors	Face To Face	8
	Training on R.A. 9184 and its 2016 Implementing Rules and Regulations and Recent Updates	May 26, 2023	Government Procurement Policy Board - Technical Support Office	Bulwagan ng Diwang Pilipino	4
	Anti-Money Laundering Act Session/Briefing	June 20, 2023	DBP Compliance Management Group	DBP Office of the Board of Directors	
	Anti-Money Laundering and Combatting Terrorism and Proliferation Financing (AML/CTPF) Course for Directors and Senior Officers	September 21, 2023	Bankers Institute of the Philippines, Inc.	Via Zoom	3
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
<b>Antonio, Roberto V.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
<b>Arcenas, Maria Lourdes A.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
	Masterclass: The Third Series Session 3 "Adopting an Entrepreneurial Mindset: A Primer for Board Directors"	September 29, 2023 October 27, 2023 December 15, 2023	Institute of Corporate Directors	Via Zoom	6
	Session 4 "Transforming Companies with Digital-Disruption-Ready Boards of Directors"				
	Session 6 "The Brand Architecture: A Valuable Framework for Setting Strategy"				
<b>David, Emmeline C.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	Anti-Money Laundering Act Session/Briefing	August 24, 2023	DBP Compliance Management Group	Face To Face	2

NAME	TRAINING PROGRAM	INCLUSIVE DATE/S	CONDUCTED BY	VENUE	HOURS
	Anti-Money Laundering and Combatting Terrorism and Proliferation Financing (AML/CTPF) Course for Directors and Senior Officers	September 21, 2023	Bankers Institute of the Philippines, Inc.	Zoom	3
	Corporate Governance Orientation Program for Government-Owned and Controlled Corporations	June 8-9, 2023	Institute of Corporate Directors	Via Zoom	8
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
<b>Eisma, Wilma T.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
	Mandatory Continuing Legal Education	March 4, 11, 18 & 25, 2023	University of the Philippines Law Center - Institute for the Administration of Justice	UP Diliman/ Somerset Olympia, Makati City	
<b>Lo, Philip G.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2
	Anti-Money Laundering and Combatting Terrorism and Proliferation Financing (AML/CTPF) Course for Directors and Senior Officers	September 21, 2023	Bankers Institute of the Philippines, Inc.	Via Zoom	3
	Anti-Money Laundering Act Session/Briefing	August 24, 2023	DBP Compliance Management Group	Face To Face	2
	Corporate Governance Orientation Program for Government-Owned and Controlled Corporations	June 8-9, 2023	Institute of Corporate Directors	Via Zoom	8
	Executive Learning Session on the Revised IRR Of R.A. 9184 as of July 2023	February 8, 2024	GPPPB-TSO	Hybrid (Suite 5, Executive Lounge & Via MS Teams)	2.5
<b>Paz, Jaime Z.</b>					
	Information Security Executive Briefer for Board of Directors and Management Committee Members	December 12-29, 2023	DBP Information Security Risk Management Department	Online (O365)	1
	Anti-Money Laundering Act Session/Briefing	June 20, 2023	DBP Compliance Management Group	DBP Office of the Board of Directors	2
	Corporate Governance Orientation Program for Government-Owned and Controlled Corporations	March 9, 2023	Institute of Corporate Directors	Face To Face	8
	2023 Anti-Money Laundering Updates for Board of Directors and Senior Management	October 26, 2023	Anti-Money Laundering Council	Via Zoom	2

## PERFORMANCE ASSESSMENT

The effectiveness of the overall performance of the Board and its members is measured through peer rating and is done through the annual performance appraisal system conducted within the first quarter of each year or on a date decided upon by the Board. The questions in the assessment are based on the duties and responsibilities of the Board as provided in the BSP Manual of Regulations for Banks, the Fit and Proper Rule of the GCG, and the DBP Revised Manual of Corporate Governance. Only those who have served on the Board for at least three months are qualified to rate the performance of the Board.

In addition to the Board Appraisal System and Peer Assessment of Directors, the effectiveness of all Board-level Committees is appraised using the criteria and rating system approved by the Board. The raters are regular members of the specific Committee, except for the Executive Committee, where the raters shall be all members of the Board with at least three months of incumbency before the rating date.

The criteria and rating system for the Board and Board-level Committee assessments focus on their structure and composition (20 percent), duties and responsibilities (60 percent), and individual member performance (20 percent). For the peer assessment, the criteria are competence (15 percent), independence (15 percent), preparedness as a Director (20 percent), practice as a Director (20 percent), committee activity (15 percent), and the development process of the corporate enterprise (15 percent).

The results of the Board and Board-Level Committee Appraisal and Peer Assessment of Directors are submitted to the Governance Committee and the Board of Directors for notation. Likewise, the results of the Board-Level Committee assessments are reported for the notation of the respective Committees.

For CY 2023, the peer assessment commenced on 25 January 2024 and was completed in May 2024. The results of the Board and Board-Level Committee Appraisal and Peer Assessment of Directors are submitted to the Governance Committee and the Board of Directors for notation. Likewise, the results of the Board-level Committee assessments are reported for notation of the respective Committees within the second quarter of CY 2024.

All eligible members of the Board of Directors obtained a "Strong" individual rating in the Peer Assessment for CY 2023, which means that the members have demonstrated an excellent level of skills, ability, and performance in the discharge of their duties and responsibilities, translating to the effective governance of DBP. The Board likewise received a "Very Satisfactory" Performance Appraisal Rating for the same period.

Similarly, the Audit and Compliance Committee, Governance Committee, and Trust Committee maintained a "Very Satisfactory" overall adjectival rating for CY 2023, which signified each Committee's high level of effectiveness and efficiency. The tallying of the assessment results of other Board-level Committees is ongoing.

## BOARD AND BOARD-LEVEL COMMITTEE MEETINGS

The Board shall constitute the proper Board Committees to assist it in performing its duties and responsibilities in good corporate governance. The Board authorizes the Board Committees to provide instructions to Management except on matters relating to DBP policies. The Board-level Committees shall report to the Board as a collegial body, and the minutes of the meetings shall be circulated to all its members. The existence of the committees shall not excuse the Board of Directors from its collective responsibility for all matters that are within its primary responsibility.

As a rule, all matters must be deliberated and discussed in the appropriate Board-level Committee before they are raised to the Board of Directors. This facilitates a more thorough examination and assessment of the matters presented by the specialized Board-level Committee.

The creation of Board Committees and other such oversight bodies enables the members of the Governing Board to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting DBP and the proper handling of all other concerns. This allows the Board to utilize the expertise of its Directors effectively.

The Board of Directors shall approve, review, and update at least annually or whenever there are significant changes therein, the respective charters of Board Committees or other documents that set out in detail its mandate, scope, membership or composition, duties and responsibilities, and other matters that will aid the committees to perform their functions objectively and smoothly. It shall articulate how the Committee will report to the full Board of Directors, what is expected of the Committee members, and what are

the tenure limits for serving on the Committee. The Board shall also consider the occasional rotation of committee members and chairs to avoid undue concentration of power and promote fresh perspectives.

The DBP Board of Directors meets at least twice a month to perform its duties and responsibilities under the DBP Charter and the DBP Manual of Corporate Governance. Meanwhile, Board-level Committee meetings are scheduled based on their respective charters. The Office of the Corporate Secretary performs the secretariat functions for the Board of Directors, including coordinating their attendance, facilitating meetings, and distributing Board materials to the directors at least five days before the meeting.

The Board of Directors is assisted by a Corporate Secretary in the person of SVP Rene A. Gaerlan, who is a lawyer by profession. He was succeeded by Atty. Maria Katrina L. Infante, likewise a lawyer by profession, as Officer-in-Charge of the Office of the Corporate Secretary. Before this role, she served as the Assistant Corporate Secretary and concurrent Head of the Corporate Governance Unit of OCS.

## SCHEDULE OF BOARD MEETINGS FROM JANUARY TO DECEMBER 2023

### REGULAR MEETING (25)

January 4 and 18, 2023  
February 1, 15, and 22, 2023  
March 1, 15, and 29, 2023  
April 19, 2023  
May 3 and 17, 2023  
June 7 and 21, 2023  
July 5 and 19, 2023  
August 2 and 16, 2023  
September 6 and 20, 2023  
October 4 and 18, 2023  
November 8 and 22, 2023  
December 6 and 13, 2023

### MEETING VIA AD REFERENDUM (12)

January 30, 2023  
February 7, 20, 27, and 28, 2023  
March 24, 2023  
April 3, 19, and 28, 2023  
May 10, 2023  
June 15, 2023  
October 16, 2023

### SPECIAL MEETING (11)

March 8, 2023  
April 12, 2023  
May 24, 2023  
June 21, 2023  
July 12 and 20, 2023  
August 23, 2023  
September 12 and 13, 2023  
October 5, 2023  
November 15, 2023



## SCHEDULE OF BOARD-LEVEL COMMITTEE MEETINGS FROM JANUARY TO DECEMBER 2023

### A. EXECUTIVE COMMITTEE MEETING

#### REGULAR MEETING (21)

January 25, 2023  
February 13 and 22, 2023  
March 8 and 22, 2023  
April 12 and 26, 2023  
May 10 and 24, 2023  
June 14, 2023  
July 12 and 26, 2023  
August 9 and 23, 2023  
September 13, 2023  
October 4, 11, and 25, 2023  
November 15 and 29, 2023  
December 11, 2023

#### MEETING VIA AD REFERENDUM (3)

January 31, 2023  
March 21 and 22, 2023

#### SPECIAL MEETING (1)

May 31, 2023

### B. TRUST COMMITTEE MEETING

#### REGULAR MEETING (10)

January 25, 2023  
February 22 and 27, 2023  
April 26, 2023  
May 24, 2023  
July 27, 2023  
August 23, 2023  
September 27, 2023  
October 25, 2023  
November 29, 2023

#### MEETING VIA AD REFERENDUM (3)

June 29, 2023  
November 24, 2023  
December 15, 2023

### C. RISK OVERSIGHT COMMITTEE MEETING

#### REGULAR MEETING (11)

January 25, 2023  
February 22, 2023  
March 22, 2023  
May 4, 2023  
May 26, 2023  
June 30, 2023  
July 31, 2023  
September 14, 2023  
September 29, 2023  
October 27, 2023  
November 30, 2023

#### MEETING VIA AD REFERENDUM (1)

February 15, 2023

### D. DEVELOPMENT ADVOCACY COMMITTEE MEETING

#### REGULAR MEETING (11)

January 11, 2023  
February 8, 2023  
March 8, 2023  
April 12, 2023  
May 10, 2023  
June 14, 2023  
July 12, 2023  
August 9, 2023  
October 11, 2023  
November 15, 2023  
December 11, 2023

#### MEETING VIA AD REFERENDUM (2)

October 4, 2023  
November 8, 2023

### E. AUDIT AND COMPLIANCE COMMITTEE MEETING

#### REGULAR MEETING (13)

January 18, 2023  
February 15, 2023  
March 15, 2023  
April 19, 2023  
May 24, 2023  
June 21, 2023  
July 19, 2023  
August 2 and 16, 2023  
September 19, 2023  
November 15 and 22, 2023  
December 11, 2023

### F. GOVERNANCE COMMITTEE MEETING

#### REGULAR MEETING (12)

January 4, 2023  
February 1, 2023  
March 1 and 29, 2023  
May 3, 2023  
June 7, 2023  
July 5, 2023  
August 2, 2023  
September 6, 2023  
October 4, 2023  
November 8, 2023  
December 6, 2023

### G. IT GOVERNANCE COMMITTEE MEETING

#### REGULAR MEETING (5)

January 4, 2023  
February 1, 2023  
March 1, 2023  
April 19, 2023  
June 7, 2023

#### MEETING VIA AD REFERENDUM (1)

May 25, 2023

### SPECIAL MEETING (3)

February 3 and 23, 2023  
May 23, 2023

### H. HUMAN RESOURCE COMMITTEE MEETING

#### REGULAR MEETING (12)

January 11, 2023  
February 8, 2023  
March 8, 2023  
April 12, 2023  
May 10, 2023  
June 14, 2023  
July 12, 2023  
August 9, 2023  
September 13, 2023  
October 11, 2023  
November 15, 2023  
December 11, 2023

#### MEETING VIA AD REFERENDUM (4)

March 14, 2023  
April 18, 2023  
May 26, 2023  
August 2, 2023

#### SPECIAL MEETING (1)

March 28, 2023

### I. RELATED PARTY TRANSACTIONS COMMITTEE MEETING

#### REGULAR MEETING (5)

January 11, 2023  
February 1, 2023  
March 29, 2023  
May 3, 2023  
July 5, 2023

#### MEETING VIA AD REFERENDUM (1)

October 18, 2023

### J. BUDGET COMMITTEE MEETING

#### REGULAR MEETING (5)

February 15, 2023  
May 17, 2023  
July 19, 2023  
August 16, 2023  
October 18, 2023

#### MEETING VIA AD REFERENDUM (4)

March 21, 2023  
April 27, 2023  
May 10, 2023  
December 21, 2023

## ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

For CY 2023, almost all members of the DBP Governing Board met 100 percent of their scheduled meetings to perform their duties and responsibilities under the DBP Charter and the DBP Manual of Corporate Governance.

### Directors' Attendance at Board Meetings for CY 2023

Name	REGULAR/SPECIAL BOARD — 36		APPROVAL BY REFERENDUM — 12		Total	%
	HELD SINCE ASSUMPTION	ATTENDED	HELD SINCE ASSUMPTION	ATTENDED		
Dante O. Tiñga	36	36	12	12	48/48	100%
Michael O. de Jesus	35	35 <sup>8</sup>	12	12	47/47	100%
Emmanuel G. Herbosa	1	1	-	-	1/1	100%
Roberto V. Antonio	36	33 <sup>9</sup>	12	12	45/48	93.45%
Maria Lourdes A. Arcenas	36	34 <sup>10</sup>	12	12	46/48	95.83%
Emmeline C. David	35	35	12	12	47/47	100%
Wilma T. Eisma	36	36	12	12	48/48	100%
Emmanuel P. Galicia, Jr.	1	1	-	-	1/1	100%
Rogelio V. Garcia	12	12	7	7	19/19	100%
Dante V. Liban	1	1	-	-	1/1	100%
Philip G. Lo	24	23 <sup>11</sup>	3	3	26/27	96.29%
Consuelo N. Padilla	5	5	3	3	8/8	100%
Jaime Z. Paz	35	31 <sup>12</sup>	12	12	43/47	91.48%

<sup>8</sup> For November 8, 2023 Board meeting, President/CEO de Jesus stepped out of the meeting

<sup>9</sup> On leave on January 4 and February 22, 2023 Regular Board; not present on August 16, 2023 Regular Board

<sup>10</sup> Not present on July 12 and 20, 2023 Special Board

<sup>11</sup> Not present on October 5, 2023 Special Board

<sup>12</sup> Not present on July 20, September 13 and 20 (on leave), and October 5, 2023 Special Board

## BOARD-LEVEL COMMITTEES

### Executive Committee

The Executive Committee (ExCom) exercises such powers of the Board of Directors in managing DBP's business and affairs as the Board may occasionally confer upon it.

The ExCom shall comprise the Board's Chairman, the President and Chief Executive Officer, and three other Directors. The three other Directors who will sit in the ExCom shall be designated on a regular rotation basis. The Chairman of the Board may require the Chairman of the Risk Oversight Committee to attend the meetings of ExCom regularly as a resource person. It held 25 meetings in 2023.

### Directors' Attendance at Executive Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman: Dante O. Tiñga	January 4 – December 31, 2023	25	25	100%
Vice Chairman: Michael O. de Jesus	January 18 – December 31, 2023	25	25	100%
Emmanuel G. Herbosa	January 1 – January 17, 2023	0	0	N/A
Members:				
Roberto V. Antonio	January 1 – December 31, 2023	13	12 <sup>13</sup>	92.30%
Maria Lourdes A. Arcenas	January 1 – December 31, 2023	13	13	100%
Emmeline C. David	January 18 – December 31, 2023	13	13	100%
Wilma T. Eisma	January 1 – December 31, 2023	10	10	100%
Emmanuel P. Galicia, Jr.	January 1 – January 11, 2023	0	0	N/A
Rogelio V. Garcia	January 1 – May 4, 2023	3	3	100%
Dante V. Liban	January 1 – January 11, 2023	0	0	N/A
Philip G. Lo	May 10 – December 31, 2023	9	9	100%
Consuelo N. Padilla	January 1 – February 28, 2023	2	2	100%
Jaime Z. Paz	January 18 – December 31, 2023	12	11 <sup>14</sup>	91.66%

<sup>13</sup> On leave on February 22, 2023

<sup>14</sup> Did not attend on November 15, 2023

### Trust Committee

The Trust Committee (TrustCom) ensures that DBP's trust and other fiduciary business, including the investment management activities of the DBP Trust Banking Group (TBG), are conducted under applicable laws, rules, and regulations. It oversees the implementation of DBP's risk management framework and places internal controls related to fiduciary activities. It also reviews the trust business operations and proposals for new investments, trust products, and more.

TrustCom is composed of at least five members including DBP's President and CEO and Trust Officer. The remaining members, including the Chairperson, may be non-executive directors or independent directors who are not part of the audit committee or those considered qualified Independent Professionals.

It held 13 meetings in CY 2023.

### Directors' Attendance at Trust Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Jaime Z. Paz	January 18 – December 31, 2023	13	13	100%
Emmanuel P. Galicia, Jr.	January 1 – January 11, 2023	0	0	N/A
Vice Chairman:				
Emmeline C. David	April 19 – December 31, 2023	10	10	100%
Consuelo N. Padilla	January 1 – February 28, 2023	3	3	100%
Members:				
Michael O. de Jesus	January 18 – December 31, 2023	13	13	100%
Corazon D. Conde	January 1 – December 31, 2023	13	13	100%
Camilo G. Sanchez	January 1 – December 31, 2023	13	13	100%

### Risk Oversight Committee

The Risk Oversight Committee (ROC) oversees the institution's compliance with risk management principles and best practices. It comprises at least three members of the Board of Directors, the majority of whom shall be Independent Directors, including the Chairperson.

The ROC also governs the establishment of a robust risk management framework, ensuring the timely execution of risk management strategies and plans under business-as-usual and fast-changing environment scenarios. Likewise,

the ROC takes an active role in defining the risk appetite and adoption of sustainability principles, including those covering E&S risk areas in DBP, by incorporating the same in the corporate governance and risk management frameworks as well as in its strategic objectives and operations, considering its risk appetite and ability to manage risk.

In 2023, the ROC held 12 regular meetings, continuing to play an active role in the conduct of the Internal Capital Adequacy Assessment Process (ICAAP). As part of the ICAAP, the Board of Directors, through the ROC, ensured the implementation of various capital management strategies and worked towards improving DBP's loan portfolio quality. Apart from the ICAAP Document submission, the Committee likewise performed oversight in completing and submitting BSP's updated Recovery Plan to the BSP.

The Committee addressed the adequacy and effectiveness of DBP's risk management systems and operating policies in the face of various factors that have changed risk exposures over time. Enhancements on DBP's credit, market, liquidity, interest rate, operational, and information security risk management policies and procedures were also approved and endorsed by the Committee to the Board for final approval. Moreover, the ROC addressed or arrested the asset quality deterioration through various directives, ensuring that bad accounts have appropriate provisions. Lastly, the Committee ensured that DBP met its profitability targets by year-end and maintained sufficient liquidity.

### Directors' Attendance at Risk Oversight Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Consuelo N. Padilla ( <i>Acting Chairman</i> )	January 1 – February 28, 2023	3	3	100%
Maria Lourdes A. Arcenas	March 15 – December 31, 2023	9	9	100%
Vice Chairman:				
Maria Lourdes A. Arcenas	February 15 – March 14, 2023			
Roberto V. Antonio	January 1 – February 14, 2023	3	3	100%
Wilma T. Eisma	March 15 – December 31, 2023	12	12	100%
Members:				
Wilma T. Eisma	January 1 – February 22, 2023			
Jaime Z. Paz	March 22 – December 31, 2023	9	8 <sup>15</sup>	88.88%

<sup>15</sup> On official business on February 8, 2023 (BR#0046 dated February 1, 2023)

### Development Advocacy Committee

The Development Advocacy Committee (DAC), composed of the Chairman of the Board, the President and CEO, and four other Directors, serves as the unifying and focal body in spearheading DBP's drive towards accomplishing its development and sustainability mandate. DAC's primary function is to advocate and integrate sustainability and emerging development perspectives, including environmental and social risk areas, into DBP's Corporate Governance policies, risk management framework, strategic objectives, and operations. It shall serve as a clearing house or sounding board to discuss identified interventions and advocacy.

Moreover, the Committee promotes a culture that fosters environmentally and socially responsible business decisions by ensuring that sustainability implications are considered in the overall decision-making process and that sustainability objectives and policies are communicated. Aside from charting the overall outcome of DBP's developmental mandate and periodically disclosing its performance based on the economic, social, and environmental lens, it also helps the Board ensure the bank's adherence to its developmental mission. Likewise, it drives and integrates sustainability and emerging development perspectives into DBP's lending programs and operations.

A total of 13 meetings were held in 2023.

### Directors' Attendance at Risk Oversight Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Emmeline C. David	February 8 – December 31, 2023	12	12	100%
Dante V. Liban	January 1 – January 11, 2023	1	1	100%
Vice Chairman:				
Philip G. Lo	May 17 – December 31, 2023	9	9	100%
Rogelio V. Garcia	January 1 – May 4, 2023	4	4	100%
Member:				
Michael O. de Jesus	February 8 – December 31, 2023	12	11 <sup>16</sup>	91.66%
Maria Lourdes A. Arcenas	January 1 – December 31, 2023	13	13	100%
Wilma T. Eisma	January 1 – December 31, 2023	13	13	100%

Name	Inclusive Dates	Held Since Assumption	Attended	%
Consuelo N. Padilla	February 15 – February 28, 2023	0	0	N/A
Dante O. Tiñga	January 4 – February 14, 2023	2	2	100%
Emmanuel G. Herbosa	January 1 – January 11, 2023	1	1	100%

<sup>16</sup> Did not attend on October 27, 2023

### Audit and Compliance Committee

The Audit and Compliance Committee (ACC), in the exercise of its oversight function, held 13 meetings during the year, where various matters involving financial, credit, operations, information systems, monitoring, and accomplishment were discussed. The ACC noted, reviewed, approved, and endorsed the annual business plans, recommendations on credit policy enhancements, independent testing frameworks, compliance, and related activities, and the Internal Audit Group (IAG) and Compliance Management Group (CMG) performance.

The ACC is constantly updated on relevant laws, regulations, and the like to ensure DBP's policies, practices, and procedures remain relevant, consistent, and effective. In 2023, the ACC approved several proposals from CMG, specifically on the proposed amendments to the Money Laundering and Terrorism Financing Prevention Program, updating the defined parameters of identified activated scenarios for the AML System, updating the Compliance Manual, Compliance Manual for Trust Operations, and the Annual Review and Update of the Written Supervisory Procedures.

In overseeing the internal audit function, the ACC reviewed and approved the revised Internal Audit Manual, revised Operating Manuals, and 2023 risk-based internal audit plan, including any changes to the plan during the year. The ACC also noted IAG's Annual Declaration of Organizational Independence, Annual IA Report, Annual Report on Quality Assurance and Improvement Program, regular and special or fact-finding audit reports, and accomplishment reports. During ACC meetings, it actively monitored the status of outstanding audit findings and Management's timely resolution/implementation of corrective action plans.

The ACC comprises at least three members of the Board of Directors, who shall all be Non-Executive Directors, the majority of whom shall be Independent Directors, including the Chairman.

### Directors' Attendance at Development Advocacy Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Roberto V. Antonio	January 1 – December 31, 2023	13	12 <sup>17</sup>	92.30%
Vice Chairman:				
Rogelio V. Garcia	January 1 – April 19, 2023	4	4	100%
Maria Lourdes A. Arcenas	November 15 – December 31, 2023	13	13	100%
Members:				
Maria Lourdes A. Arcenas	January 1 – September 19, 2023			
Wilma T. Eisma	November – December 31, 2023	3	3	100%

<sup>17</sup> Did not attend on April 19, 2023

### Governance Committee (also acting as the Nomination Committee)

The Governance Committee sustained adopting and implementing sound corporate governance principles and practices in CY 2023. It held 12 meetings to ensure a governance culture anchored on integrity, accountability, discipline, transparency, and fairness.

As prescribed by regulators and based on emerging practices, the Committee prioritized corporate governance principles and programs that maintain the observance of the highest standards of corporate governance in DBP in CY 2023. It continued to oversee the implementation of the Enhanced DBP Corporate Governance Framework (ECGF) 2019–2022, which cultivates a company culture of integrity, discipline, accountability, transparency, and fairness, leading to improved performance and growth for DBP.

In light of the new appointments to the DBP Board of Directors in the first half of 2023, the Committee ensured adherence to the Continuing Education Program for the Board of Directors, which includes an onboarding or orientation program for first-time directors for at least eight hours and an annual continuing education program for all directors for at least four hours.

The Committee also monitored the implementation of DBP's Governance Circles (GCs), which serve as a critical participatory governance tool, established across the DBP Head Office, Branches, and Lending Centers to give officers and employees a greater voice in the company's decision-making process. The GCs serve as the venue where the culture of open communication and dialogue between the employees, the Board, and Management is maintained to ensure that good governance policies and programs



enshrined in the ECGF 2019–2022 are cascaded from top to bottom, permeate all levels of the organization, and are internalized by all officers and employees. More than 260 GCs are meeting almost monthly to collaborate, articulate their concerns, and engage in meaningful dialogue regarding matters of utmost importance.

In addition, the Committee conducted a periodic review of corporate governance policies and guidelines. Among these are the amendments to the DBP People's Freedom of Information Manual, implemented in 2023, which improves the process and procedures covering requests for information directed to DBP by incorporating additional prescribed issuances.

Likewise, the Committee reviewed and evaluated the qualifications of the nominees to the Governing Board of DBP subsidiaries, affiliates, non-equity investment accounts, and other related entities upon endorsement by the Management Committee before approval by the Board of Directors.

### Directors' Attendance at Governance Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Dante O. Tiñga	January 4 – December 31, 2023	12	12	100%
Maria Lourdes A. Arcenas	January 1 – January 3, 2023	2	2	100%
Vice Chairman:				
Maria Lourdes A. Arcenas	January 4 – February 14, 2023			
Roberto V. Antonio	February 15 – December 31, 2023	10	9 <sup>18</sup>	90%
Emmanuel P. Galicia, Jr.	January 1 – January 11, 2023	1	1	100%
Member				
Jaime Z. Paz	February 1 – December 31, 2023	11	10 <sup>19</sup>	90.90%

<sup>18</sup> Did not attend on October 4, 2023

<sup>19</sup> Did not attend on December 6, 2023

### IT Governance Committee<sup>20</sup>

The IT Governance Committee ensures that DBP's IT processes, systems, and programs are continuously and rigorously evaluated in conjunction with its thrust. It sets, compares, and monitors DBP's IT objectives and direction to align them with the bank's strategies and targets. It also monitors IT services and safeguards DBP's IT assets.

It held nine meetings before its dissolution in 2023.

### Directors' Attendance at IT Governance Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Wilma T. Eisma	January 1 – June 7, 2023	9	9	100%
Vice Chairman:				
Emmeline C. David	February 1 – June 7, 2023	8	8	100%
Dante V. Liban	January 1 – January 11, 2023	1	1	100%
Members:				
Jaime Z. Paz	February 1 – June 7, 2023	8	6 <sup>21</sup>	75%
Emmanuel P. Galicia, Jr.	January 1 – January 11, 2023	1	1	100%

<sup>20</sup> BR No. 0289, s. 2023 – Dissolution of IT Governance Committee effective June 8, 2023

<sup>21</sup> Did not attend on May 23, 2023 and June 7, 2023

### Human Resource Committee

The Human Resource Committee (HRComm) guides and advises the Board of Directors in ensuring good corporate governance by reviewing and formalizing management recommendations on matters relating to human resources, the executive and management development program, and succession management policies for the Board's approval.

In support of DBP's commitment to enhance the quality of life of its officers and employees and the belief that doing so will also rebound to the quality of service to its stakeholders, the HRComm shall endeavor to install a high degree of integrity and strengthen the DBP officers and employees' commitment to excellence in public service. The committee also seeks to cultivate the employees' social and environmental awareness and nationalism; oversee and direct talent management and development philosophy, principles, and policies, which may include performance management, succession planning, leadership development, equal opportunities in recruitment, learning and career development, and succession; and provide a competitive compensation package to both officers and employees by the DBP Charter.

HRComm is composed of at least three members of the Board of Directors who shall elect a Chairman among themselves. It held 17 meetings in 2023.

### Directors' Attendance at Governance Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Co-Chairmen:				
Philip G. Lo	May 10 – December 31, 2023	10	10	100%
Michael O. de Jesus	May 10 – December 31, 2023	10	10	100%
Rogelio V. Garcia	January 1 – May 4, 2023	7	7	100%
Vice Chairman:				
Wilma T. Eisma	January 1 – April 18 2023			
Members:				
Wilma T. Eisma	May 10 – November 15, 2023	15	15	100%
Emmeline C. David	February 8 – December 31, 2023	16	16	100%
Dante V. Liban	January 1 – January 11, 2023	1	1	100%

### Budget Committee

The Budget Committee, composed of three members of the Board of Directors, lends its expertise to effectively manage DBP's financial and budgetary affairs. It assists the Board of Directors in establishing policies and strategic guidelines for reviewing and implementing DBP's operating budget and significant capital expenditures.

The Committee likewise monitors, oversees, and acts on corporate budgets, plans, and programs, and provides flexibility to modify corporate operating budget utilization within the Department of Budget Management-approved budget level, funded out of corporate funds.

A total of nine meetings were held in 2023.

### Directors' Attendance at Governance Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Philip G. Lo	May 10 – December 31, 2023	6	6	100%
Rogelio V. Garcia	January 1 – May 4, 2023	3	3	100%
Vice Chairman:				
Jaime Z. Paz	February 15 – December 31, 2023	9	9	100%
Members:				
Michael O. de Jesus	April 19 – December 31, 2023	7	7	100%
Consuelo N. Padilla	January 1 – February 28, 2023			

### Related Party Transactions Committee

The Related Party Transactions Committee (RPT Comm) is composed of at least three members of the Board of Directors, two of whom shall be Independent Directors, including the Chairperson. It assists the Board of Directors in evaluating all material RPTs to ensure that transactions with related parties are undertaken on an arm's length basis and managed in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations, to protect the interest of the depositors, creditors, and other stakeholders. It likewise evaluates on an ongoing basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.

The RPT Committee also oversees, through the OCS-Corporate Governance Unit, the implementation of the system for identifying, monitoring, measuring, controlling, and reporting all RPTs, including the periodic review of RPT policies and procedures. It also ensures that appropriate disclosure is made and information is provided to regulating and supervising authorities regarding DBP's RPT exposures and policies on conflicts of interest or potential conflicts of interest.

A total of six meetings were held in 2023.

### Directors' Attendance at Related Party Transactions Committee Meetings for CY 2023

Name	Inclusive Dates	Held Since Assumption	Attended	%
Chairman:				
Dante O. Tiñga	January 4 – December 31, 2023	6	6	100%
Vice Chairman:				
Roberto V. Antonio	January 1 – December 31, 2023	6	6	100%
Members:				
Emmeline C. David	February 1 – December, 2023	5	5	100%
Dante V. Liban	January 1 – January 11, 2023	1	1	100%

### RELATED PARTY TRANSACTIONS

DBP reviews Related Party Transactions (RPTs) to assess the risks, subject the same to appropriate restrictions, and prevent potential or actual abuses and conflicts of interest arising from transactions with related parties. While it is generally allowed and conducted based on the arm's length principle, effective control systems are in place to identify, prevent, and manage said exposures to avoid abuses that are disadvantageous to DBP and its depositors, creditors, fiduciary clients, and other stakeholders.

DBP's Revised DBP Related Party Transactions Policy (Circular No. 25, s. 2018) provides general requirements, responsibilities, and procedures for dealing with RPTs. It is currently being updated to reflect recent regulatory issuances.

The Notes to Financial Statements include the list of material RPTs entered into by DBP in 2023.

### SELF-ASSESSMENT FUNCTION

This is the review process adopted by the Board to ensure the effectiveness and adequacy of the internal control system.

Risk management resides at all levels of the organization, with the Board ultimately being responsible for DBP's overall risk. The Board sets the tone and risk tolerance by articulating DBP's risk appetite and establishing its risk management strategy. The Board takes the lead in promoting a culture of risk awareness throughout the institution. The Enterprise Risk Management Group (ERM), as part of the DBP's second line of defense, is primarily responsible for establishing a reliable and proactive enterprise-wide risk management process, policies, and procedures.

Risk and capital management at all levels of the organization institutes a culture of risk-based approach to decision-making. The management of risk is guided and monitored by various Board-level Committees such as the Risk Oversight Committee (ROC)—the lead risk management unit of DBP, the Audit and Compliance Committee (ACC), Executive Committee (ExCom), Governance Committee (GovCom), Development Advocacy Committee (DAC), Trust Committee (Trust Comm), Human Resource Committee (HR Comm), and Budget Committee (Budget Comm); together with the Management-level Committees, such as the Management Committee, Credit Committee, and Asset Liability Management Committee, among others.

The Board and Senior Management are provided with a detailed analysis of DBP's portfolio and a comprehensive assessment of its overall risk profile to guide strategy formulation each year. It follows an Enterprise Risk Management (ERM) framework that integrates Strategic Planning, Internal Capital Adequacy Assessment Process, and Business Continuity Planning. The ERM involves risk assessment and identification from which formulation of risk management strategies emanates. Strategies consider capital implications and other requirements to ensure the continuity of developmental service to the nation. When implemented, these risk strategies are subject to monitoring and further evaluation to improve the risk management process continually. Capital adequacy rounds these up to ensure financial stability as objectives are achieved, even as risk management is enhanced.

The ERM framework is regularly reviewed and updated to ensure that it remains aligned with the risk tolerance set by the Board and consistent with industry best practices and globally accepted frameworks. For CY 2023, the Board of Directors, through the ROC, regularly discussed the adequacy

and effectiveness of DBP's risk management systems and operating policies through inputs and reports coming from ERM and other business units. They revisited and reviewed pertinent credit policies and guidelines, given the effects of various macroeconomic conditions and increasing inflation rates, among others, on borrowers' repayment capabilities. The Board likewise revised and updated the bank's various policies and models for market, liquidity, interest rate, and trust risks for its Treasury activities and Trust operations.

The establishment of the internal limit and the early warning trigger for the Net Stable Funding Ratio (NSFR) – Single Currency was also approved to give DBP more leeway in generating additional deposits and other sources of funds while being mindful of the bank's current resources and the competitive rates offered by peer banks. To enhance the security of the bank's electronic channels and ensure alignment with BSP regulations, the Board approved the fraud management policy on Electronic Payment and Financial Services (EPFS). Further, the enhancement of existing information security risk management policies was also approved to ensure that these remain relevant and applicable in protecting the information assets. Lastly, in 2023, the Board approved the Information Security Risk Assessment results.

The Board of Directors also ensures an adequate, effective, and efficient internal control framework commensurate with DBP's operations' size, risk profile, and complexity. Moreover, adherence to DBP's internal control framework resides at all levels of the organization to provide reasonable assurance on the achievement of objectives through efficient and effective operations in areas including reporting; monitoring compliance with laws, regulations, and internal policies; efficiency and effectiveness of operations; and safeguarding of assets.

In CY 2023, the Compliance Management Group utilized onsite and offsite procedures to conduct compliance risk testing and validation activities for the year. In particular, the Anti-Money Laundering Department (AML) began conducting AML Onsite Compliance Risk Testing in the Head Office and nearby branches. At the same time, the Compliance Testing and Monitoring Department continued to employ offsite testing during the year. It continuously took steps to align DBP's policies and procedures with existing, evolving, new regulations and best industry practices. CMG also spearheaded the conduct of a comprehensive Privacy Impact Assessment (PIA) in February 2023 as part of its adherence to data privacy principles. Several technical training sessions were conducted by the Data Protection Officer (DPO) and her team aimed to capacitate and equip the designated bank personnel with the necessary skills and knowledge. In addition, the Bank completed the registration with the NPC Registration System (NPCRS)—a new platform intended for the registration and renewal of certifications for all Personal Information Controllers (PICs) and Personal Information Processors (PIPs)—on 8 March 2023.

With regards to the conduct of the Board's deliberation of proposed policy amendments and issuances, the Board

commented and eventually approved policies regarding proper handling of restructuring of accounts/payment arrangements, coverage of credit dealings, and risk-based pricing loans. Additionally, the Board commented on various policy updates en route for approval, such as the policies on clean loans and financial documents required for credit evaluation, and delegated authorized credit limits, all of which enhance internal risk management controls. Moreover, the Board approved various risk management limits, which serve as DBP's internal controls on its risk exposures. Through the ROC, they were apprised of and remarked on the action plans and mitigating and preventive measures to cope with the said exposures. As such, they discussed salient points on the risk assessment performed by the bank in 2023.

DBP discloses its internal control procedures and risk management systems for external stakeholders by submitting and publishing its Annual Reports and Notes to Financial Statements. Internally, these procedures and systems are documented in relevant DBP circulars, policies, and guidelines.

## ETHICS AND INTEGRITY

### Ethics

The DBP Code of Ethics sets forth the values, ethical principles, and ethical standards that all members of the Board of Directors, officers, and employees are expected to uphold. In line with the norms of conduct embodied in the Code, all DBP officials and employees shall perform and discharge their duties with the highest degree of responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

#### A. Conflict of Interest

##### Board of Directors

To avoid conflicts of interest and violations of the interlocking directorships rule, members of the Board shall, at the beginning of their respective term, disclose to the Board and BSP any interest that they may have in any corporation, partnership, or association and shall thereafter disclose any changes thereto. In the event of a conflict concerning any matter for discussion or resolution, wherein the Board member has a direct personal interest or any of his relatives within the second degree of consanguinity or affinity has such interest, the concerned director must inhibit from the deliberation on the matter. The minutes of the meeting shall note the Board member's inhibition from the deliberation.

For the interlocking directorship issue, the concerned director must resign and/or divest himself from the questioned institution except with prior approval from the Board of Directors and the Monetary Board or when appointed as a representative of the bank.

### Officers and Employees

As defined in RA 6713, An Act Establishing A Code of Conduct and Ethical Standards for Public Officials and Employees, a "conflict of interest arises when a public official or employee is a member of a board, an officer or a substantial stockholder of a private corporation or owner or has a substantial interest in a business, and the interest of such corporation or business, or his rights or duties therein, may be opposed to or affected by the faithful performance of official duty." Such a situation occurs when an individual's private interest interferes in any way with the interests of the bank. The bank requires all officials and employees to conduct personal business or outside affiliation, financial, and other relationships in a manner that will avoid, or resolve in a manner consistent with this Code, any conflict of interest with the bank. This prohibition extends to the public official's or employee's family members up to the second degree of consanguinity or affinity.

In all cases, conflicts of interest must be handled ethically, meaning they must be fully disclosed to the appropriate authority level in the bank, and the officers and employees concerned must resign from their position in the said private business enterprise within 30 days from his assumption of office and/or divest himself of this shareholding, or interest within 60 days from such assumption. Additionally, they shall inhibit themselves from the transaction for whatever capacity.

#### B. Conduct of Business and Fair Dealings

##### Board of Directors

To demonstrate strong ethical leadership, the Board and each director shall strive to do what is in the best interest of the bank for the long-term benefit of its shareholders and be mindful of the interests of the bank's employees, customers, suppliers, and other stakeholders.

Having an oversight function over the bank's operations, public disclosure, and financial reporting, the Board shall ensure transparency in disclosures of all business matters of the bank at all times. The Board shall promote policies that lead to a positive and ethical workplace for the bank's officers and employees and support guidelines that prohibit retaliation against any employee who will raise issues about business conduct and ethics.

##### Officers and Employees

All officers and employees of DBP must:

1. Uphold the public interest over and above personal interest. All bank resources and powers of their offices must be employed and used efficiently, effectively, honestly, and economically particularly to avoid wastage in public funds and revenues.
2. Perform and discharge duties with the highest degree of excellence, professionalism, intelligence, and skill.



3. Act with fairness and sincerity and not discriminate against anyone, especially the poor and the underprivileged. Respect at all times the rights of others and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety, and public interest.

#### C. Receipt of Gifts

Except as otherwise provided in DBP's Revised No Gift Policy, all DBP employees, Officers, and Directors are prohibited from accepting or soliciting, either directly or indirectly, gifts from persons or entities other than a member of his immediate family, or on behalf of any member of his family or relative within the fourth degree of consanguinity or affinity, in the course of their official duties or in connection with any transaction which may be affected by the functions of their office.

The policy underpins DBP's efforts to identify, prevent, and combat graft and corrupt practices as well as conflicts of interest. It also reinforces their duty to exercise prudence and judgment in refusing acceptance of a gift. At the same time, they must also practice and demonstrate equal treatment, unbiased professionalism, and non-discriminatory actions in the performance of duties and responsibilities, without expectation of any undue favor or reward at all times.

The policy is cascaded to all Directors and employees in a timely and continuous manner. Likewise, a module on this policy shall be included in the continuing education program for Directors and employees. Given that the effective implementation of this policy depends on the support of its external partners and the general public, DBP shall endeavor to inform its clients, customers, third parties, counterparties, and other entities with whom it has an existing business relationship, of the existence of this policy. It will also be incorporated in all loan agreements and contracts entered into by DBP with its clients, consultants, contractors, suppliers, service providers, vendors, or other persons and institutions who have business or other similar dealings or transactions with it.

#### D. Disciplinary Action

##### Board of Directors

Investigation of violation of the DBP Code of Ethics by members of the Board shall be conducted by the Governance Committee. The Committee will submit its report and recommendation to the Board, without prejudice to criminal and civil liabilities prescribed under existing laws.

### Officers and Employees

Investigation and imposition of penalties for violation of the provisions of this Code by the officers and employees shall be under existing policies and after due notice and hearing following the Uniform Guidelines in Handling Administrative Cases.

DBP ensures the continued awareness, implementation, and observance of the provisions of the Code of Ethics through continuous information dissemination. It likewise includes the Code of Ethics among the topics for discussion during seminars, training, and orientation programs for new employees. All employees are given a copy of the Code upon joining DBP to ensure strict compliance with it.

#### Internal and External Mechanisms for Advice and Concerns about Ethics

DBP has institutionalized a Whistleblower Protection Policy, which aims to establish the guidelines on reporting and investigating allegations of commission of illegal activity reported under the policy, and procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior.

All officers and employees can freely report irregularities; violations of laws, rules, and regulations; or even corrupt practices or non-observance of the bank's Code of Ethics without fear of retaliation. The report may also be made initially through telephone call, or other electronic means, provided that the report or disclosure shall be made in writing and under oath within 72 hours from the initial report. DBP's website contains information on the bank's Complaints Handling Program, specifically how (instructions are in English and Tagalog) and where clients and consumers can file their feedback and complaints. It includes the contact details (address, telephone number, and email address) of the department in charge as well as the 24/7 ATM Hotline.

If no report under oath is made within 72 hours, the initial report shall be treated as an anonymous complaint. If the allegations therein are verifiable and supported by evidence, a fact-finding investigation shall be conducted following DBP's Implementing Guidelines of the Revised Rules on Administrative Cases. An investigation shall also be conducted to ascertain the identity of the person who made the report or disclosure for possible filing of appropriate charges against him if the allegations are proven to be false and malicious.

An illegal activity may be reported to any of the following senior officers of the Bank: the President and Chief Executive Officer, the Corporate Secretary, the Chief Legal Counsel, the Chief Compliance Officer, the Head of Internal Audit, or the Head of the Human Resource Management Group.

Interference, retaliation, and other forms of retribution against whistleblowers or witnesses to a protected disclosure are considered grave administrative offenses and shall be dealt with following applicable rules and regulations.

## Profile of the Board of Directors



**Dante O. Tiña**  
Chairman | Independent/  
Non-Executive Director  
Nationality: Filipino  
Age: 84

Dante O. Tiña joined the Development Bank of the Philippines as Chairman of its Board of Directors on 22 December 2022. He is a distinguished legislator and jurist with a professional career spanning over six decades in both public and private practice.

Chairman Tiña started his career as a senior attorney and associate at various prestigious law firms. He was elected Member of the House of Representatives for the Taguig-Pateros legislative district for three consecutive terms, from 1987 to 1998. In the House, he served as Chairperson of the Committee on Corporations and Franchises from 1987-1992, as House Majority Speaker for Luzon from 1992 to 1998, as Chairperson of the Committee on Energy also from 1992 to 1998, and as Speaker's Deputy in the Committee on Rules in 1995-1998. He was subsequently appointed to the Supreme Court (SC) where he served as Associate Justice from 2003 to 2009.

An educator at heart, Chairman Tiña taught as a professor at the University of the East (UE) Colleges of Business Administration and Law from 1967 to 1992. He served as Dean of the UE College of Law twice—from 1989 to 1993, and again from 2017 to 2018. He likewise holds the distinction of being the first Dean of the Polytechnic University of the Philippines (PUP) College of Law, a post he held from 2001 until his appointment to the SC in 2003.

Chairman Tiña earned his Bachelor of Laws degree from UE, graduating *magna cum laude* in 1960. He not only passed the Philippine Bar Examinations given that same year, but placed in the Top 15. He later obtained his Master of Laws degree from the University of California, Berkeley, in 1970.

In recognition of his years of dedicated service and significant contributions to the private and public sectors, Chairman Tiña was awarded the Most Distinguished Alumnus by the Taguig Institute in 1968, Most Distinguished Alumnus in the Legal Profession by UE in 1988, and Most Distinguished Alumnus in Education also by UE in 1991. He was further conferred the degrees of Doctor of Public Administration by PUP in 1996 and Doctor of Law (*Honoris Causa*) by UE in 2009. He is the esteemed recipient of international awards as well, particularly, the 2009 Man of the Year in Law Award from the American Biographical Institute and the UE Global Achiever Award from the UE Alumni Association-US Chapter, both bestowed in 2010.



**Michael O. de Jesus**  
President and Chief Executive  
Officer | Executive Director  
(17 January 2023 – Present)  
Nationality: Filipino  
Age: 64

Veteran banker Michael O. de Jesus takes the helm of the Development Bank of the Philippines (DBP) as its ninth President and Chief Executive Officer, bringing with him a wealth of experience honed by more than four decades of local and international banking.

Before his appointment to DBP, de Jesus was head of the Corporate Bank of Rizal Commercial Banking Corporation (RCBC), Philippine National Bank (PNB), and United Coconut Planters Bank (UCPB). He also worked with both Citibank New York and Citibank Manila. He has a Bachelor of Arts degree in Economics from Union College in Schenectady, New York, and a Master's Degree in Business Administration (Finance) from The Wharton School, University of Pennsylvania, USA.

Mr. de Jesus took his oath before Executive Secretary Lucas Bersamin on 11 January 2023, at Malacañan Palace, Manila.



**Emmanuel G. Herbosa**  
President and Chief Executive  
Officer | Executive Director  
(3 March 2019 – 17 January 2023)  
Nationality: Filipino  
Age: 70

A professional banker, Mr. Emmanuel G. Herbosa takes the helm of the Development Bank of the Philippines as its latest President and Chief Executive Officer.

Honed by over four decades of solid banking experience, Mr. Herbosa juggled leadership roles in corporate banking, consumer banking, branch banking, and overseas banking in reputable financial institutions such as the Bank of the Philippine Islands and Bank of Commerce, where he served as senior vice president, and executive vice president, respectively. He also served as chief operating officer of Ayala Insurance, a bancassurance subsidiary of the Ayala Group.

Before his designation as DBP head, Mr. Herbosa was president and chief executive officer of the Philippine Guarantee Corporation (PGC). PGC provides guarantees to facilitate the entry of foreign loans into the country for development purposes. Apart from his banking profession, he also served in directorial posts at the De La Salle School Boards, De La Salle Brothers Fund, Inc., and P&Gers Fund, Inc.

Mr. Herbosa graduated with a Bachelor's degree in Industrial Management Engineering from De La Salle University and obtained his Master's in Business Administration from The Wharton School, University of Pennsylvania, USA.



**Roberto V. Antonio**  
Independent/Non-Executive  
Director  
Nationality: Filipino  
Age: 61

Director Antonio, a seasoned businessman, was appointed to the DBP Board on 15 September 2022.

He was a former undersecretary and senior consultant of the Department of Tourism (DOT), where he spearheaded the conceptualization of the Eight Anchor Destination Program and the production of the DOT Foreign Offices Manual. He was also previously elected councilor of Mandaluyong City, where he was recognized as an Outstanding Councilor in 1993.

With an extensive record in business management, Director Antonio currently heads Kalimera, Inc., RVA and Sons Inc., and RVA International Trading. He is likewise the chairman and vice chairman of RVA Hatch, Inc. and Right Eight Security Agency, Inc., respectively, and serves as a consultant for Mustang Holdings, Inc. He also serves as an Independent Director of the Premium Leisure Corporation and the Pacific Online System Corporation.

He earned his Master's in Business Economics from the University of Asia and the Pacific, and a Bachelor of Science degree in Economics from De La Salle University.



**Maria Lourdes A. Arcenas**  
Non-Executive Director/  
Independent Director  
Nationality: Filipino  
Age: 73

Director Arcenas was first appointed to the DBP Board on 28 November 2016, and reappointed on 6 January 2023. She was the Human Resources Committee Chairperson from 2017 to 2018 and Governance Committee Chairperson from 2019 to 2022.

A clinical psychologist by profession, Director Arcenas' expertise is in resiliency strengthening and competence-building. She obtained a Bachelor of Arts degree in Psychology from St. Scholastica's College Manila, graduating cum laude, and holds a Master of Arts degree in Clinical Counseling Psychology from the Ateneo de Manila University.

She was a recipient of the Rotary Ambassadorial Scholarship at Stanford University where she received a Master of Arts degree in International Development Education. She received her accreditation certificates in Partnerships Brokering for Sustainable Development from Deakins University in Australia and in Conflict Resolution–Peace Building from Chulalongkorn University in Thailand.

Her extensive career experience includes human resource management and psycho-diagnostics, team building, crisis communication and risk management, and resource governance, among others.

Currently, Director Arcenas serves as Senior Advisor on Environmental Social Governance (ESG) to local and international corporations in the power, mining, forestry, and infrastructure sectors. She is the founding Chairperson of the Women Institute for Social Entrepreneurship Inc., which provides women in peace-building roles with opportunities for sustainable livelihood. She likewise serves as an Independent Director of the DBP Service Corporation and the Al Amanah Islamic Investment Bank of the Philippines..



**Emmeline C. David**  
Non-Executive Director/  
Independent Director  
Nationality: Filipino  
Age: 52

Atty. Emmeline C. David joined the DBP Board of Directors on 18 January 2023.

A lawyer by profession, Director David started her legal career as an associate at the Picazo, Buyco, Tan, Fider, and Santos Law Office. She lent her expertise to several government agencies including the House of Representatives, through the Office of Representative Peter John Calderon during the 17th, 18th, and 19th Congress, and the Office of the Mayor of the Municipality of Samboan, Cebu. She likewise served as a Political Affairs Officer under the Office of Congressman Emerito S. Calderon Sr. for several years.

Director David continuously sharpens her leadership skills in both the public and private spheres. She currently sits as the President of both the Avatar Realty Corporation and the Neufort Development Corporation. She has also been active in community development in her capacity as Program Director for Sustainable Development of the St. Jude Samboan Foundation in Cebu, assisting in the conceptualization and implementation of various educational, livelihood, cultural, and religious development projects as well as medical and legal assistance. Among the notable efforts of the Foundation were livelihood projects, in partnership with the Technical Education and Skills Development Authority and the International Labor Organization, for victims of Super Typhoon Haiyan (Yolanda) in 16 municipalities of Cebu, and relief assistance to families affected by Typhoon Odette in Samboan and other communities in the 7th District of Cebu.

Director David obtained her Bachelor of Science Degree in Business Management from the University of the Philippines Cebu and her Juris Doctor from the Ateneo de Manila Law School. She is also a Career Executive Service Officer.



**Wilma T. Eisma**  
Non-Executive Director  
Nationality: Filipino  
Age: 54

Director Eisma, a lawyer by profession, joined the DBP Board of Directors on 2 March 2022.

Director Eisma was the first woman Administrator and Chairman of the Subic Bay Metropolitan Authority appointed by the President of the Philippines in 2016 and 2017, respectively.

She held various leadership roles in PMFTC Inc., the Philippine affiliate of Philip Morris International, handling Sustainability and Contributions, Public Affairs and Contributions, and Government and Community Relations. She likewise handled Local Regulatory Affairs and Community Relations, as well as Government Relations, during her stint with Philip Morris Philippines Manufacturing Inc. She occupied key positions during her tenure at the Office of the Secretary of the Department of Trade and Industry, and the Office of the Majority Floor Leader in the House of Representatives.

Director Eisma earned her Doctor of Jurisprudence from the Ateneo de Manila University. She was a member of the Philippine delegation to the Univ Forum in Rome and attended a course on Issues Handling and Media Engagement conducted by Bursor-Martseller, Inc. in Hong Kong.



**Emmanuel P. Galicia, Jr.**  
Non-Executive Director  
Nationality: Filipino  
Age: 53

Atty. Galicia has served as Director of DBP from 10 October 2016 until 11 January 2023. As a member of the Board, he sits as Chairman of the Trust Committee, Vice Chairman of the Risk Management Committee, and a member of the Development Advocacy Committee.

He was appointed as President and Chief Executive Officer of the DBP Data Center, Inc. in July 2017.

He is a Senior Partner at LG Law in Davao City and a Retained Lawyer at the Department of Social Welfare and Development in Davao City. He is also the President of the Independent Baptists Churches in the Philippines.

Atty. Galicia obtained his Bachelor of Arts in Communication degree from the Ateneo de Davao University and was admitted to the Philippine Bar in 1996.



**Rogelio V. Garcia**  
Non-Executive Director  
Nationality: Filipino  
Age: 75

Director Garcia was appointed to the DBP Board on 31 January 2017. He is also a Director of Al Amanah Islamic Investment Bank of the Philippines, DBP Leasing Corporation, and DBP Insurance Brokerage, Inc.

Director Garcia served as a member of Parliament in the Batasang Pambansa and Deputy Minister/ Undersecretary of the Department of Labor and Employment. He was also a member of the Board of Directors of the Manila International Airport Authority. His track record also includes various positions held at the Integrated Bar of the Philippines (IBP) since 1983. He served as IBP South Cotabato Chapter President, then later on as Governor for IBP Western Mindanao Region, and Deputy Director of IBP Commission on Bar Discipline. Atty. Garcia was the JCI Senate Philippines National President in 2016, and JCI Senate-TOFIL Foundation President from 2016 up to the present. Currently, he serves as a member of the Junior Chamber International Senate ASEAN and Region XII President of PDP Laban since 2000.

Atty. Garcia obtained his Bachelor of Laws degree from San Beda College in 1971 and passed the Philippine Bar Examinations the following year. His 45 years of law practice are anchored on integrity and public service.



**Dante V. Liban**  
Non-Executive Director  
Nationality: Filipino  
Age: 76

Director Liban was appointed to the DBP Board on 20 August 2021.

With an extensive record in public service, Director Liban served as City Councilor and Minority Leader of the Quezon City Government; Congressional Representative of the Second District of Quezon City in the 9th, 10th, and 11th Congress; and as Director General of the Technical Education and Skills Development Authority.

He occupied key positions in local and international organizations, including Deputy Secretary General of the Chamber of Commerce of the Philippines (presently the Philippine Chamber of Commerce and Industry), Executive Secretary of the Employers Confederation of the Philippines, and Administrative Director of the ASEAN Chamber of Commerce & Industry's Working Group on Industrial Complementation.

Extending his policy-making expertise to the education sector, Director Liban served as Regent in the University of the Philippines System, Mindanao State University, Polytechnic University of the Philippines, and Philippine Normal University; and as a Trustee of the Trinity University of Asia.

He holds a Doctorate in Organizational Development and degrees in Law and Public Administration, among others, and has earned honorary doctorates in the fields of Humanities, Law, Education, Public Administration, and Pedagogy. Director Liban likewise attended advanced leadership programs at Harvard University's John F. Kennedy School of Government, the Harvard Institute of International Development, the International Institute of Labor in Switzerland, and the Haggai Institute in Hawaii.



**Philip G. Lo**  
Non-Executive Director  
Nationality: Filipino  
Age: 66

A highly respected business executive currently serving as a member of the Board of Directors of the Development Bank of the Philippines since 10 May 2023, Director Lo has a remarkable track record in both the private and public sectors, having held various leadership roles throughout his career.

In the private sector, he is the Chairman of Coast Pacific Group of Companies (CPGC) and Toyota Mabolo Cebu, Inc. (TMCI). His expertise and investments span across multiple industries he leads, including hospitality, furniture, real estate development, construction, warehouse leasing, manufacturing (furniture, furnishings, and stone tiles), food restaurants, motorcycle assembly, and automobile dealerships. Additionally, he has significant experience in community malls, housing development, shipping, trading, export and logistics, public transport, financing, insurance, industrial refrigeration, powder coating, agricultural farming and products.

Apart from his successful business ventures, Director Lo actively participates in nongovernmental organizations. He is the President of Boaters Limited and a member of the Philippine Coast Guard Auxiliary, where he holds the rank of Commodore, showing his commitment to serving the community.

Director Lo has also made contributions to public service, serving as a Director in both the Philippine Amusement and Gaming Corporation from 2002 to 2010 and Cocogen Insurance, Inc.

He holds a Bachelor of Science in Business Administration from the University of Santo Tomas, which he obtained in 1979. Additionally, he has completed specialized training in Corporate Governance, further enhancing his expertise in leadership and governance. With his wealth of experience and accomplishments, Director Lo continues to make valuable contributions to the business world and the community at large.



**Consuelo N. Padilla**  
Non-Executive Director  
Nationality: Filipino  
Age: 63

Director Padilla joined the DBP Board of Directors on 16 March 2022.

She is Chairperson of the Landbank Countryside Development Foundation and a Director of PFC Baesa Redevelopment Corporation, Padilla De Los Reyes Inc., Seltos Inc., and Tohsel Inc. She is also Treasurer of the Foundation for Development Through Education.

She was previously a Presidential Assistant at the Office of the President, as well as a Consultant for solid waste at the Department of Tourism. She has held key positions in the Treasury offices of the Philippine Associated Smelting and Refining Corporation and the Bank of the Philippine Islands, and was the Philippine Representative to OBU Bank Dagang Nasional Indonesia.

Director Padilla earned her Master's in Business Management from the Asian Institute of Management, and her AB Literature in English and BSC Accounting degrees from Assumption College.



**Jaime Z. Paz**  
Non-Executive Director/  
Independent Director  
Nationality: Filipino  
Age: 59

Director Jimmy, as he is fondly called, officially joined the DBP Board of Directors on 18 January 2023.

His professional career started at the Benjamin Abalos Law Firm, which eventually produced public servants in all branches of the government.

Director Jimmy's government experience includes stints with the Metro Manila Development Authority (as General Manager), the Commission on Elections (as Head Executive Assistant, Office of the Chairman), and the Social Housing Finance Corporation (as a member of the Board of Directors).

Just recently, he was designated by the Province of Rizal for another term as the Alternate Representative on the Board of Directors of the Laguna Lake Development Authority, to which he agreed to serve anew in gratis to pursue his environmental advocacies.

Over 32 years as a lawyer, Director Jimmy has gained profound and vast work experience both in the private and public sectors, excelling in areas as diverse as the Philippine electoral system, environmental protection and preservation, socialized housing, as well as urban planning and development. His expertise in law and procedure, in addition to his ability to decide swiftly and strategically on critical issues, makes him a valuable asset to the bank.

# 2023 Management Committee



**Emmanuel G. Herbosa<sup>1</sup>**  
President and Chief  
Executive Officer

**Fe Susan Z. Prado<sup>1</sup>**  
Executive  
Vice President

**Soraya F. Adiong**  
Senior  
Vice President

**Catherine T. Magana**  
Senior  
Vice President

**Mario Rey T. Morales<sup>3</sup>**  
Senior  
Vice President

**Michael O. de Jesus**  
President and Chief  
Executive Officer

**George S. Inocencio**  
Executive  
Vice President

**Ma. Lourdes B. Gumba<sup>2</sup>**  
Senior  
Vice President

**Carolyn I. Olfindo**  
Senior  
Vice President

**Ronaldo U. Tepora**  
Senior  
Vice President

**Ana Marie E. Veloso<sup>4</sup>**  
Senior  
Vice President

**Romeo B. Carandang**  
First  
Vice President

**Christine G. Mota<sup>5</sup>**  
First  
Vice President

**Rodrigo Jesus V.  
Mantaring**  
Vice President

**Jose M. de Vera<sup>6</sup>**  
Vice President

**Ma. Cristina C. Malab<sup>7</sup>**  
First  
Vice President  
Observer

**Jeshryl D. Aranzaso**  
Vice President  
Observer

**Micaela V. Masigan<sup>8</sup>**  
Vice President  
Observer

**Jose Maria L.  
Villareal**  
Vice President  
Observer

<sup>1</sup> 01 January to 17 January 2023

<sup>2</sup> Member from 23 February to 20 April 2023; Observer from 21 April to 31 December 2023

<sup>3</sup> Member from 23 February to 31 December 2023; Observer from 01 January to 22 February 2023

<sup>4</sup> Member from 21 April to 31 December 2023

<sup>5</sup> Member from 24 January to 22 February 2023

<sup>6</sup> Member from 23 February to 31 December 2023; Observer from 01 January to 22 February 2023

<sup>7</sup> Observer from 01 January to 22 February 2023

<sup>8</sup> Observer from 23 February to 31 December 2023

# 2024 Management Committee

01 JANUARY 2024 TO PRESENT



**Michael O. de Jesus**  
President and Chief  
Executive Officer

**George S. Incencio**  
Executive Vice  
President

**Carolyn I. Olfindo**  
Senior Vice President

**Ronaldo U. Tepora**  
Senior Vice President

**Catherine T. Magana**  
Senior Vice President

**Mario Rey T. Morales**  
Senior Vice President

**Ana Marie E. Veloso**  
Senior Vice President

**Soraya F. Adiong**  
Senior Vice President

**Romeo B. Carandang**  
First Vice President

**Jose M. de Vera**  
Vice President

**Jose Maria L. Villareal**  
Vice President

**Ma. Lourdes B. Gumba**  
Senior Vice President  
Observer

**Micaela V. Masigan**  
Vice President  
Observer

**Jocelyn A. Carrillo**  
Senior Assistant  
Vice President  
Observer

# Executive Committees: Steering DBP's Strategic Direction

## Management Committee

The Management Committee (ManCom), DBP's highest approving body at the Management level, is collectively responsible for vetting and deliberating on all matters based on the decision of the majority of its members. It is composed of the President and CEO as Chairman and the designated Senior Officers.

The ManCom Chairman may invite other members of senior management to participate in the deliberations of the Committee as non-voting members who attend all ManCom meetings.

Matters on policy and operations presented to the ManCom for approval cut across bank sectors and impact the whole bank. These include: (1) policy matters for the determination of management's official position before submission for Board approval; (2) policy matters as may be delegated by the Board for ManCom deliberation and approval; and (3) administrative or operational matters that would benefit from the collective wisdom and deliberation of the ManCom as a collegial body.

Members	Total Attendance
PCEO Emmanuel G. Herbosa <sup>1</sup>	3
PCEO Michael O. de Jesus	36
EVP George S. Inocencio	60
EVP Susan Z. Prado <sup>1</sup>	3
SVP Soraya F. Adiong	44
SVP Ma Lourdes B. Gumba <sup>2</sup>	9
SVP Catherine T. Magana	56
SVP Mario Rey T. Morales <sup>3</sup>	57
SVP Carolyn I. Olfindo	49
SVP Ronaldo U. Tepora	56
SVP Ana Marie E. Veloso <sup>4</sup>	32
FVP Romeo B. Carandang	56
FVP Christine G. Mota <sup>5</sup>	4
VP Jose M. De Vera <sup>6</sup>	41
VP Rodrigo Jesus V. Mantaring	54
Observers	
FVP Ma. Cristina C. Malab <sup>7</sup>	7
FVP Jeshryl D. Aranzaso	45
VP Micaela V. Masigan <sup>8</sup>	44
VP Jose Maria A. Villareal	43

<sup>1</sup> 01 to 17 January 2023

<sup>2</sup> Member from 23 February to 20 April 2023; Observer from 21 April to 31 December 2023

<sup>3</sup> Member from 23 February 2023 to 31 December 2023; Observer from 01 January to 22 February 2023

<sup>4</sup> Member from 21 April to 31 December 2023

<sup>5</sup> Member from 24 January to 22 February 2023

<sup>6</sup> Member from 23 February to 31 December 2023; Observer from 01 January to 22 February 2023

<sup>7</sup> 01 January to 22 February 2023

<sup>8</sup> 23 February to 31 December 2023

**61** NUMBER OF MEETINGS HELD IN 2023



## Asset Liability Management Committee

The Asset Liability Management Committee (ALCO) has been established by the Board of Directors to assist in ensuring that liquidity, market, and interest rate risks are adequately managed both on long-term and day-to-day bases. The Committee's duties, responsibilities, and authority are outlined in the ALCO Charter. Among other functions, the ALCO is directed towards optimization of income to ensure viable and profitable operations through maximization of yields and minimization of costs relative to risks and opportunities in the market. The Committee serves as the approving authority and pre-clearing body of the bank's pricing policies, interest rate setting, investments in financial instruments, and risk management policies and limits on market, liquidity, interest rate, and other related risks. It likewise undertakes notation of reports on regulatory

compliance ratios, profitability and financial performance indicators, sources and uses of funds, fund sourcing, market developments, and economic review. In addition, the ALCO monitors the bank's capital position and the capital management activities undertaken to ensure that capital levels are compliant with regulatory requirements and management directives.

The members of ALCO are designated by the President and Chief Executive Officer who acts as the Chairperson. The Branch Banking Sector Head and the Treasury and Corporate Finance Sector Head are the Committee's First Vice Chairperson and Second Vice Chairperson, respectively. The Committee meets every week and follows the approved structured agenda.

	Name	Period Covered
Chairperson	PCEO Michael O. de Jesus	January 24 – December 31, 2023
First Vice Chairperson	EVP George S. Inocencio	January 1 – December 31, 2023
Second Vice Chairperson	SVP Mario Rey T. Morales	February 17 – December 31, 2023
Members	SVP Ronaldo U. Tepora	January 2 – December 31, 2023
	SVP Catherine T. Magana	February 17 – December 31, 2023
	SVP Carolyn I. Olfindo	February 17 – December 31, 2023
	SVP Ana Marie E. Veloso	April 20 – December 31, 2023
	FVP Christine B. Mota	February 17 – December 31, 2023
	VP Rodrigo Jesus V. Mantaring	January 2 – December 31, 2023
	VP Francis S. Delos Reyes	February 17 – December 31, 2023
Resource Persons	SVP Antonio Owen S. Maramag	March 6 – December 31, 2023
	FVP Jeshryl D. Aranzaso	January 1 – December 4, 2023
	SVP Ma Lourdes B. Gumba	December 5 – 31, 2023

	Name	Number of Meetings Attended Upon Assumption	Number of Meetings Attended Upon Assumption
Chairperson	PCEO Michael O. de Jesus	39	10
First Vice Chairperson	EVP George S. Inocencio	41	40
Second Vice Chairperson	SVP Mario Rey T. Morales	34	34
Members	SVP Ronaldo U. Tepora	41	40
	SVP Catherine T. Magana	34	31
	SVP Carolyn I. Olfindo	34	26
	SVP Ana Marie E. Veloso	27	17
	FVP Christine B. Mota	34	33
	VP Rodrigo Jesus V. Mantaring	41	38
	VP Francis S. Delos Reyes	34	33
	SVP Ma Lourdes B. Gumba, OIC DLS		9
	SVP Catherine T. Camarao, OIC DLS		1
	SVP Lutgarda B. Peralta, OIC CSS		1
	FVP Ma. Cristina C. Malab, OIC DRS		2
	VP Angelica G. Arile, OIC CG		5
	VP Jema D. Belza, OIC CG		3
	VP Rustico Noli D. Cruz, OIC DRS		1
	SAVP Angeli B. Sulit, OIC SPG		1

## Credit Committee

As established by the Board of Directors, the Credit Committee (CreCom) is responsible for the implementation of the bank's comprehensive and effective credit risk management system. The CreCom ensures that the bank's credit risk-taking activities are aligned with the credit risk strategy and appetite approved by the Board. Led by the President and Chief Executive Officer and the Senior Management, the CreCom is the primary credit risk evaluation and approving body of the bank for credit and credit-related matters, as well as the endorsing body for matters requiring higher approval by the Executive Committee (ExCom) or the Board of Directors (BOD).

The following are the main functions of the CreCom:

1. Deliberates and acts on all credit proposals within the authority provided under the Delegated Authorized Credit Limits (DACL) approved by the Board.
2. Responsible for the development, implementation, review, and amendment of the following:
  - a. Appropriate lending programs in support of the bank's development thrusts.
  - b. Implementing guidelines of credit policies.

3. Endorses proposals requiring ExCom/BOD final approval:
  - a. Credit proposals beyond the DACL of the CreCom, as defined under CP 2.
  - b. Investment proposals submitted by the bank's Treasury and Corporate Finance Sector.
  - c. Credit policies, procedures, and guidelines.



### Composition of the Credit Committee for the period January to April 18, 2023

	Name	Period Covered
Chairperson	PCEO Emmanuel G. Herbosa	January 6, 2023 to January 17, 2023
	PCEO Michael O. de Jesus	January 18, 2023 to April 18, 2023
First Vice Chairperson	SVP Carolyn I. Olfindo	January 6, 2023 to April 18, 2023
Second Vice Chairperson	SVP Mario Rey T. Morales	January 6, 2023 to April 18, 2023
Members	EVP Fe Susan Z. Prado	January 6, 2023 to January 17, 2023
	EVP George S. Inocencio	January 6, 2023 to April 18, 2023
	SVP Soraya F. Adiong	January 6, 2023 to April 18, 2023
	SVP Catherine T. Magana	January 6, 2023 to April 18, 2023
	SVP Ronaldo U. Tepora	January 6, 2023 to April 18, 2023
	FVP Christine B. Mota	January 18, 2023 to April 18, 2023
	VP Mary Gina T. Legaspi	January 6, 2023 to April 18, 2023
Resource Persons	FVP Christine B. Mota	January 6, 2023 to January 17, 2023
	VP Dulce O. Cerin	January 6, 2023 to April 18, 2023
	VP Jeshryl D. Aranzaso	January 6, 2023 to April 18, 2023

### Credit Committee attendance from January to April 18, 2023

	Name	Number of Meetings Attended Upon Assumption	Number of Meetings Attended Upon Assumption
Chairperson	PCEO Emmanuel G. Herbosa	2	2
	PCEO Michael O. De Jesus	13	10
First Vice Chairperson	SVP Carolyn I. Olfindo	15	13
Second Vice Chairperson	SVP Mario Rey T. Morales	15	12
Members	EVP Fe Susan Z. Prado	2	2
	EVP George S. Inocencio	15	14
	SVP Soraya F. Adiong	15	0
	SVP Catherine T. Magana	15	14
	SVP Ronaldo U. Tepora	15	11
	FVP Christine B. Mota	13	11
	VP Mary Gina T. Legaspi	15	12
	SVP Antonio Owen S. Maramag (vice EVP Inocencio)		1
	FVP Ma. Cristina C. Malab (vice SVP Olfindo)		1
	FVP Marie Cielo T. Veran (vice SVP Tepora)		6
	FVP Francis Nicolas M. Chua (vice SVP Magana)		1
	VP Jema D. Belza (for FVP Mota)		1
	VP Rustico Noli D. Cruz (vice SVP Morales)		2
	SAVP Micaela V. Masigan (vice SVP Adiong)		7
	SAVP Ma. Luisa L. Pangilinan-Aguirre (vice SVP Adiong)		8
SM Calixto Z. Alegrid (vice VP Legaspi)		2	
Resource Persons	FVP Christine B. Mota	2	2
	VP Dulce O. Cerin	15	14
	VP Jeshryl D. Aranzaso	15	13
Alternate Resource Persons	AVP Silvester A. Lacson		2
	SM Alpha R. Buendia		2

### Credit Committee composition from April 19, 2023 to December 31, 2023

	Name	Period Covered
Chairperson	PCEO Michael O. de Jesus	April 19, 2023 to December 31, 2023
First Vice Chairperson	EVP Reynaldo P. Orsolino	April 19, 2023 to December 31, 2023
Second Vice Chairperson	SVP Ana Marie E. Veloso	April 19, 2023 to December 31, 2023
Members	SVP Ma. Lourdes B. Gumba	April 19, 2023 to September 10, 2023
	FVP Ma. Dolores C. Guevara	April 19, 2023 to December 31, 2023
	FVP Jeanne D. Adamos	April 19, 2023 to December 31, 2023
	VP Marissa P. Anino	April 19, 2023 to December 31, 2023
	VP Helbert Antoine A. Achay	April 19, 2023 to December 31, 2023
	VP Abener M. Balatbat	September 11, 2023 to December 31, 2023
	AVP Ma. Eliza C. Galvan	April 19, 2023 to December 31, 2023
Resource Persons	SVP Soraya F. Adiong	April 19, 2023 to December 31, 2023
	SVP Catherine T. Magana	April 19, 2023 to December 31, 2023
	VP Dulce O. Cerin	April 19, 2023 to December 31, 2023
	VP Mary Gina T. Legaspi	April 19, 2023 to December 31, 2023
	VP Jeshryl D. Aranzaso	April 19, 2023 to December 31, 2023
	SAVP Ma. Luisa L. Pangilinan-Aguirre as alternate of SVP Adiong	April 19, 2023 to December 31, 2023

**Credit Committee attendance from April 18, 2023 to December 31, 2023**

	Name	Number of Meetings Attended Upon Assumption	Number of Meetings Attended Upon Assumption
Chairperson	PCEO Michael O. de Jesus	33	4
First Vice Chairperson	EVP Reynaldo P. Orsolino	33	33
Second Vice Chairperson	SVP Ana Marie E. Veloso	33	31
Members	SVP Ma. Lourdes B. Gumba	20	16
	FVP Ma. Dolores C. Guevara	33	26
	FVP Jeanne D. Adamos	33	30
	VP Marissa P. Anino	33	25
	VP Helbert Antoine A. Achay	33	24
Resource Persons	SAVP Ma. Eliza C. Galvan	33	32
	SVP Soraya F. Adiong	33	0
	SVP Catherine T. Magana	33	9
	VP Dulce O. Cerin	33	32
	VP Mary Gina T. Legaspi	33	29
	VP Jeshryl D. Aranzaso	33	16
Alternate Resource Persons	SAVP Ma. Luisa L. Pangilinan-Aguirre (vice SVP Adiong)	33	30
	AVP April D. Cabeza-Torres (vice SAVP Pangilinan-Aguirre)		1
	SAVP Wilfimell S. Tolentino-Macaraeg (vice SAVP Pangilinan-Aguirre)		1

**IT Steering Committee**

The IT Steering Committee (ITSC) provides strategic direction and oversight for the bank's IT projects and initiatives. It ensures that all IT projects and investments align with the bank's overall business goals and objectives, and prioritizes projects based on their potential impact and value, ensuring that resources are allocated effectively and efficiently.

**Attendance Record (CY 2023)**

**10** MEETINGS  
**4** APPROVAL / NOTATION VIA AD REFERENDUM  
**14** TOTAL ATTENDANCE RECORD (CY 2023)

Additionally, the ITSC establishes and maintains the bank's IT governance framework, by setting policies and standards, resolving policy disputes, and ensuring compliance with regulatory requirements. It likewise monitors IT performance, manages IT-related risks, and safeguards IT assets to ensure the integrity, security, and reliability of the bank's IT systems.

It likewise has the authority to explore technological advancements and trends, particularly those relevant to the banking industry. By evaluating new technologies and their potential impact, the ITSC makes recommendations to the

Board of Directors and advocates for necessary changes or investments, to support the bank's thrust toward being competitive and responsive to customer needs.

The ITSC is chaired by the President and CEO, with non-executive members of the Board of Directors serving as Vice-Chairpersons. The other members are composed of the highest-ranking officers who oversee the business user groups and the head of IT.

Participants	Meetings Attended	Ad Referendum	Duration	
<b>A. Members<sup>1</sup></b>				
Chairperson	PCEO Michael O. de Jesus	9	4	January to December 2023
1st Vice-Chairperson <sup>2</sup>	Director Emmeline C. David	3	1	June to December 2023
2nd Vice-Chairperson	EVP George S. Inocencio	10	4	January to December 2023
Head / OIC, Operations Sector	FVP Christine G. Mota	2	0	January to February 2023
	SVP Catherine T. Magana	5	3	February to December 2023

Participants	Meetings Attended	Ad Referendum	Duration	
Head / OIC, Development Lending Sector	SVP Carolyn I. Olfindo	2	0	January to February 2023
	FVP Ma. Lourdes B. Gumba	0	1	February to April 2023
	SVP Ana Marie E. Veloso	2	2	April to December 2023
Head / OIC, Corporate Services Sector	SVP Ronald U. Tepora	10	4	January to December 2023
Head / OIC, Treasury and Corporate Finance Sector	SVP Catherine T. Magana	2	0	January to February 2023
	SVP Mario Rey T. Morales	8	3	February to December 2023
Head / OIC, Development and Resiliency Sector	SVP Mario Rey T. Morales	1	0	January to February 2023
	SVP Carolyn I. Olfindo	2	2	February to December 2023
Head / OIC, Legal Services Group	SVP Soraya F. Adiong	5	4	January to December 2023
Head / OIC, Strategic Planning Group	VP Rodrigo Jesus V. Mantaring	6	3	April to December 2023
Head / OIC, Human Resource Management Group	FVP Romeo B. Carandang	3	3	April to December 2023
Head / OIC, Information and Communications Technology Sector	VP Jose M. De Vera	9	4	January to December 2023

**A. Observers**

Head / Representative, Internal Audit Group	VP Christopher C. Realina	10	N/A	January to December 2023
	SVP Ryan R. Gabinete			
Head / Representative, Compliance Management Group	VP Jose Maria L. Villareal	9	N/A	January to December 2023
	SAVP Jocelyn A. Carillo			
Head / Representative, Enterprise Risk Management Group	VP Jeshryl D. Aranzano	9	N/A	January to December 2023
Head / Representative, Strategic Planning Group	VP Rodrigo Jesus V. Mantaring	3	0	January to April 2023
	SAVP Angeli B. Visaya-Sulit	1	0	February 2023

<sup>1</sup> The inclusion of the 1st and 2nd Vice-Chairperson and the Heads of Strategic Planning Group and Human Resource Management Group as members of the ITSC was approved per ITSC Resolution No. 2023-017 dated March 31, 2023 and Board Resolution No. 0209 dated May 3, 2023. Previous to the approval, the Heads of HRMG and SPG attended as resource persons/observers.

<sup>2</sup> The designation of a non-executive member of the Board of Directors as the 1st Vice-Chairperson was approved per ITSC Resolution No. 2023-082 dated November 23, 2023 and Board Resolution No. 018 dated January 24, 2024.

**Composition of the IT Steering Committee (ITSC Charter dated November 2023)**

	Name
Chairperson	President and CEO
First Vice-Chairperson	Designated Non-Executive Member of the Board of Directors
Second Vice-Chairperson	Head, Branch Banking Sector
Members	Head, Information and Communications Technology Sector
	Head, Operations Sector
	Head, Development Lending Sector
	Head, Corporate Services Sector
	Head, Treasury and Corporate Finance Sector
	Head, Development and Resiliency Sector
	Head, Legal Services Group
	Head, Strategic Planning Group
Resource Persons / Observers	Head, Human Resources Management Group
	Head, Internal Audit Group
	Head, Compliance Management Group
Secretariat	Head, Enterprise Risk Management Group
	Head, ICT Support Department

## Office of the President and Chief Executive Officer



**Michael O. De Jesus**  
President and  
Chief Executive Officer

**Soraya F. Adiong**  
Senior Vice President

**Ryan R. Gabinete**  
Senior Vice President

**Ma. Lourdes B. Gumba**  
Senior Vice President

**Jeshryl D. Aranzaso**  
First Vice President

**Romeo B. Carandang**  
First Vice President

**Zandro Carlos P. Sison**  
First Vice President

**Dulce O. Cerin**  
Vice President

**Ardy D. Gomez**  
Vice President

**Ivan Phillippe G. Ibero**  
Vice President



**Heidi G. Macasaet**  
Vice President

**Rodrigo Jesus V. Mantaring**  
Vice President

**Micaela V. Masigan**  
Vice President

**Cristopher C. Realina**  
Vice President

**Stella A. Sampayan**  
Vice President

**Camilo G. Sanchez**  
Vice President

**Mary Rachele R. Sañez-Hernandez**  
Vice President

**Maria Virginia M. Tipace**  
Vice President

**Menchie C. Villacorta**  
Vice President

**Jose Maria L. Villareal**  
Vice President

## Branch Banking Sector



**George S. Inocencio**  
Executive Vice President

**Antonio Owen S. Maramag**  
Senior Vice President

**Helbert Antoine A. Achay**  
Vice President

**Roderick P. Barbado**  
Vice President

**Rose Marie C. Callanta**  
First Vice President

**Maria Dolores C. Guevara**  
First Vice President

**Francis Thaddeus L. Rivera**  
First Vice President

**Geronimo Alfredo  
Gerald S. Crisologo**  
Vice President

**Joel G. Jalbuena**  
Vice President

## Corporate Services Sector



**Nomerlito A. Juatchon**  
Vice President

**Mary Joyce B. Salgados**  
Vice President

**Leah R. Santos**  
Vice President

**Nelito H. Tingzon**  
Vice President

**Ronaldo U. Tepora**  
Senior Vice President

**Lutgarda C.  
Baquiran-Peralta**  
Senior Vice President

**Marie Cielo T. Veran**  
First Vice President

**Madeleine M. Casas**  
Vice President

**Fe B. Dela Cruz**  
Vice President

## Development Lending Sector



**Ana Marie E. Veloso**  
Senior Vice President

**Catherine T. Camarao**  
Senior Vice President

**Daniel M. Gonzales**  
Senior Vice President

**Sisinio S. Narisma**  
Senior Vice President

**Jeanne D. Adamos**  
First Vice President

**Myra G. Almogino-Calara**  
Vice President

**Marissa P. Anino**  
Vice President

**Suzanne S. Aquino**  
Vice President

**Raquel C. Atienza**  
Vice President

**Cliff C. Chatto**  
Vice President

**Rey C. Urbizondo**  
Vice President

## Development and Resiliency Sector



**Carolyn I. Olfindo**  
Senior Vice President

**Ma. Cristina C. Malab**  
First Vice President

**Ricardo Josef S. Bandal**  
Vice President

**Rustico Noli D. Cruz**  
Vice President

**Airene Petronila D. Estrella**  
Vice President

## Information and Communications Technology Sector



**Jose M. De Vera**  
Vice President

**Mark Dennis S. Tan**  
First Vice President

**Jose Marie A. Bonto**  
Vice President

**Rebecca G. Reyes**  
Vice President

**Patricia T. Roque**  
Vice President

## Operations Sector



**Catherine T. Magana** Senior Vice President  
**Christine G. Mota** First Vice President  
**Jema D. Belza** Vice President  
**Rustum H. Corpuz Jr.** Vice President  
**Angelica G. Arile** Vice President  
**Mary Gina T. Legaspi** Vice President

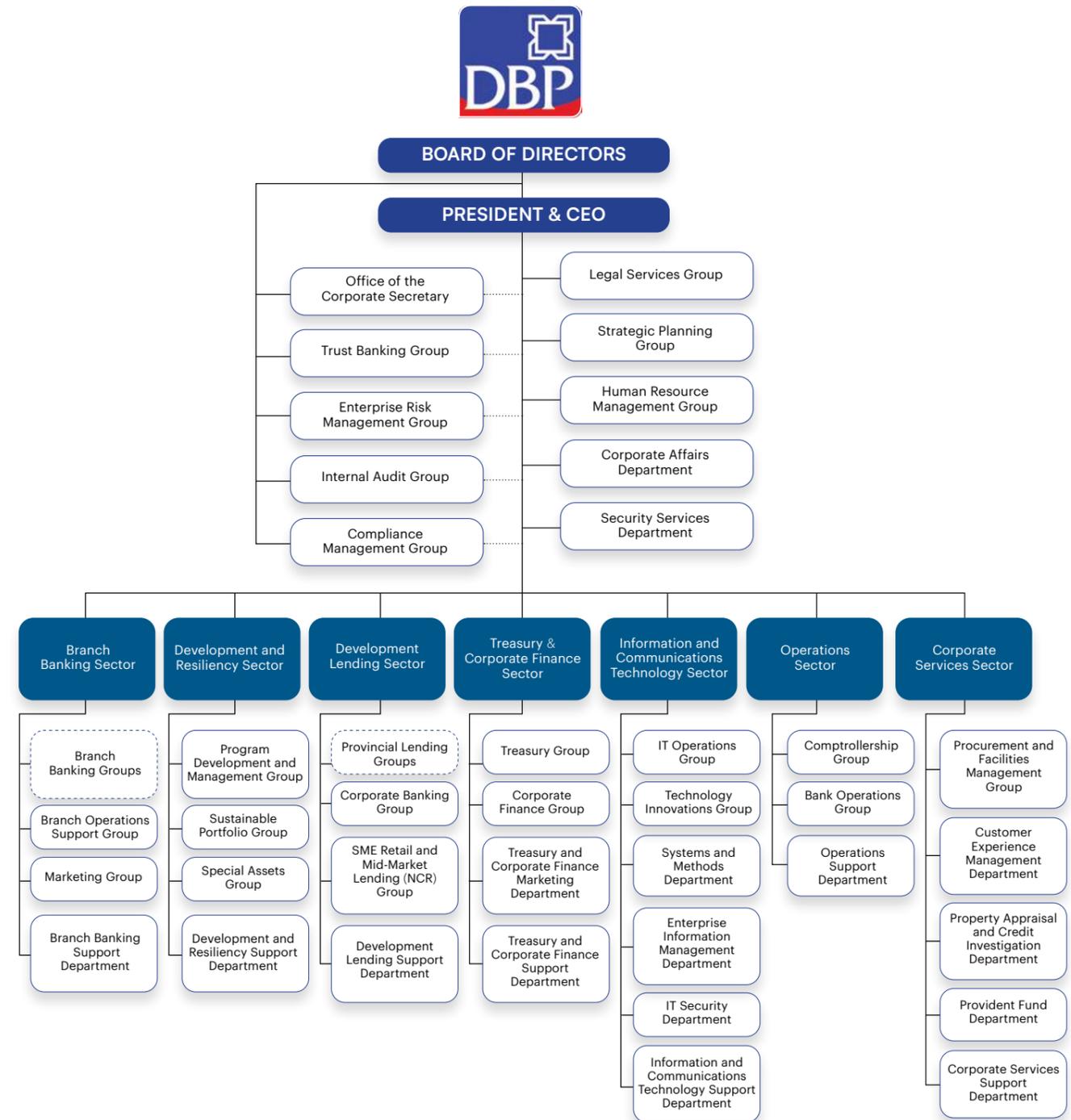
## Treasury and Corporate Finance Sector



**Mario Rey T. Morales** Senior Vice President  
**Allen Robert M. Adec** Vice President  
**Francis S. Delos Reyes** Vice President  
**Lorena G. Español** Vice President

# DBP Organizational Structure

As of 31 December 2023



## Internal Audit

The Internal Audit Group (IAG) provides independent, objective assurance and advisory services designed to add value and improve the bank's operations. Its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. IAG helps the bank accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of its governance, risk management, and control processes.

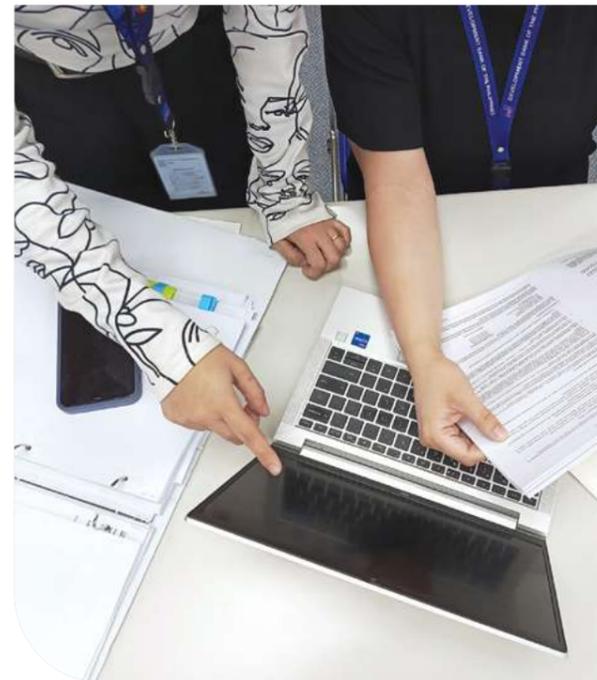
The purpose, authority, and responsibility of IAG are defined in the Board-approved Internal Audit Charter. The IAG is authorized to have full, free, and unrestricted access to any of the functions, records, properties, and personnel of the bank, its affiliates, and its subsidiaries, pertinent to carrying out any engagement, subject to strict accountability for confidentiality and safeguarding of records and information. The IAG maintains its independence and objectivity in carrying out its mandated tasks as the group, headed by the Chief Audit Executive, reports functionally to the Audit and Compliance Committee and administratively (i.e., day-to-day operations) to the President and Chief Executive Officer. The IAG strictly conforms to its Conflict-of-Interest Policy in identifying, avoiding, and/or dealing with actual or potential conflicts of interest that may impair the independence and objectivity of the IAG.

The IAG continuously supports the operational effectiveness of the bank amid a rapidly changing economic environment, strengthening its resiliency to ensure that it delivers strong performance and progress in its internal audit services. In 2023, IAG was able to conduct its internal audit activities following the approved 2023 Risk-Based Audit Plan. Appropriate changes in the audit plan were implemented in consideration of changing business requirements as well as the practicality of performing the planned activities. With a clear business mandate and vision/mission statements, IAG remained focused on improving its service delivery model. The IAG delivered its planned audit engagements through the efficient allocation of limited resources and streamlining of risk-based audit processes and procedures to sustain audit coverage. By embracing a proactive, risk-based internal audit approach, the IAG ensured that high-risk and significant areas were adequately covered in its audit activities. Moreover, the IAG's periodic monitoring of outstanding and unresolved audit issues ensured timely resolution and proactive risk mitigation.

The IAG continuously obtains a satisfactory rating during the BSP's periodic examination where the majority of observations were already complied with. Moreover, the Chief Audit Executive, Senior Vice President Ryan Gabinete, is actively involved in professional organizations such as the Institute of Internal Auditors-Philippines and the Association of Government Internal Auditors. He was also honored by the San Beda University Alumni Association as one of the 2024 Distinguished Bedan Alumni and gained media exposure, being featured in the Manila Times' Boardroom Watch for exceptional accomplishments in the profession.

Because the IAG is known for championing best practices in internal audit within the public sector, other government agencies frequently conduct process benchmarking with the DBP-IAG to learn and enhance their internal audit functions.

With a firm commitment to integrity, accountability, and professionalism, the IAG's diverse capabilities bring meaningful value to the organization. Its broad-based perspective uniquely positions it as a valuable driver for strong corporate governance. The group continued to ensure that internal audit activities were conducted following the requirements of the international standards and Code of Ethics. This was validated by the "General Conformance" rating from both external quality assessment performed by a qualified independent firm, and internal quality assessment conducted by a dedicated quality assurance team within the IAG.



## Compliance Management



The Compliance Management Group (CMG) implements the bank's Compliance Program. Through its compliance system, all relevant Philippine laws and banking rules and regulations applicable to all areas of bank operations are identified and monitored for adherence by all business units.

The DBP Compliance System is aligned with the Compliance Framework under BSP Manual of Regulations for Banks (MORB) Section 161 which requires the CMG to focus on identifying and mitigating business risks that may erode the franchise value of the bank. These risks include, but are not limited to:

1. Risks of legal or regulatory sanctions.
2. Risks of material financial loss or loss to reputation the bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.
3. Risks arising from failure to manage conflict of interest and/or treat customers fairly.
4. Risks arising from failure to effectively manage risks arising from money laundering and proliferation financing activities.

The CMG is one with the BSP in its mandate to promote a safe and sound banking system.

Under the bank's Operating Principles and Compliance Program, the CMG is accountable to the Board of Directors and functionally reports directly to it through the Audit and Compliance Committee (ACC). The office serves as a support unit for management in ensuring that all units in the bank comply with all regulatory and reportorial requirements. Administratively, the CMG is under the Office of the President and Chief Executive Officer.

### Customer Data Privacy

DBP, as controller and processor of personal data, endeavors to institute fair information practices as part of its commitment towards product and service quality that conforms with the standards set forth by the Data Privacy Act of 2012. The bank's data privacy and security policy are governed by its Circular No. 28 dated 23 November 2022, the DBP Data Privacy Policy Manual.

Through the bank's Personal Data Breach Management protocol, an incident response procedure was established to contain the security incident or personal data breach and keep the integrity of the information entrusted to the bank. This includes the bank's preparation and submission to the National Privacy Commission (NPC) of reports and other documentation concerning security incidents or data breaches within the prescribed period.

The bank ensures fair and lawful processing of the personal data of data subjects, including employees, clients, customers, shareholders, and other individuals. The consent of DBP's data subjects must be given at the point of collection.

As determined by the data protection officer (DPO), any data sharing arrangement entered by the bank with third parties shall be covered by a Data Sharing Agreement (DSA) or Outsourcing and Subcontracting Agreement which shall provide, among others, the data privacy and security standards to be observed. These agreements are evidence of accountability, which ensures the protection of personal data.

The bank ensures the conduct of the Privacy Impact Assessment (PIA) annually, or as needed and/or required. PIA is a tool used to assess the privacy impacts and identify the potential risk of existing personal or sensitive personal information on the bank's systems, technology, programs or processes. Its results further aid the bank in the registration of its Data Processing Systems with the National Privacy Commission.

For data privacy requests and concerns, data subjects may write to the DPO at [dpo@dbp.ph](mailto:dpo@dbp.ph). CEMD or other business units through the Customer Service Officer may receive correspondence pertaining to requests and concerns of data subjects and forward these to the DPO.

## Anti-Money Laundering

DBP is one with the national government and global communities in their unwavering commitment to combat money laundering (ML), terrorism financing (TF), and proliferation financing (PF). To ensure continuing compliance, the bank has put in place a comprehensive Anti-Money Laundering (AML) and Counter-Terrorism and Proliferation Financing (CTPF) risk management framework that addresses the identification, assessment, mitigation, and monitoring of risks attendant to business operations and the exercise of its developmental mandate.

The bank's AML/CTPF policies and control measures, as enshrined in the Board-approved Money Laundering, Terrorism Financing, and Proliferation Financing Prevention Program (MTPPP), are anchored on statutory requirements and those prescribed by various regulators such as the

Bangko Sentral ng Pilipinas (BSP) and the Anti-Money Laundering Council (AMLC), among others. The bank's MTPPP is founded on five primary pillars: (a) Risk-based Know-Your-Customer (KYC), (b) Customer Due Diligence (CDD), (c) Covered and Suspicious Transaction Reporting, (d) Record-Keeping, and (e) Continuing Education and Training.

The bank's MTPPP incorporates the globally recognized AML standards espoused by the Financial Action Task Force (FATF) to facilitate effective implementation of its mission for countries to combat money laundering, terrorism financing, and proliferation financing. It adopts the FATF's Risk-Based Approach in identifying, assessing, and understanding its ML/TF/PF risk exposures and in taking appropriate mitigation measures commensurate with the risks involved.

The bank adopts a customer-focused ML risk assessment process with the objective of establishing the money laundering risk classification of every customer as being either low-, normal-, or high-risk in terms of potential for money laundering, terrorism, or proliferation financing. Performed at the inception of customer onboarding and during the periodic review of existing business relationships, the ML risk assessment process correspondingly determines the proportionate level of CDD to be applied to a customer.

The bank employs the use of an AML electronic monitoring system to facilitate the monitoring of transactions and the detection of transactions or customer behaviors that could potentially be deemed suspicious. This system is capable of generating red flag alerts when specific parameters indicative of suspicious activities are met, which may not necessarily be observed through manual monitoring. The bank likewise pursues continuing compliance with the prescribed regulatory reporting requirements following standardized formats as well as corresponding timelines of submissions as established by the AMLC.

The MTPPP similarly puts forth the bank's key policies in the management of risks of terrorism financing and proliferation financing. It provides for specific handling procedures to be observed by business units relative to targeted financial sanctions (TFS) related to terrorism, terrorism financing, and proliferation financing, as well as policies in the handling of strategic trade transactions in line with various legal and regulatory requirements to combat the financing of weapons of mass destruction and related materials and their means of delivery.

Continuing education and awareness campaigns on AML are carried out by the bank to ensure that its officers and employees are consistently reminded of their AML-related responsibilities. These initiatives are designed to keep them informed about the latest legal and regulatory requirements, as well as to provide updates on the current money laundering, terrorism financing, and proliferation financing techniques, methods, and trends.



For data privacy requests and concerns, all data subjects of the bank are encouraged to contact the DPO at [dpo@dbp.ph](mailto:dpo@dbp.ph). CEMD or other business units, through the Customer Service Officer, may also receive and forward to the DPO all privacy-related correspondences, requests, and concerns.

## Managing Risk, Ensuring Growth: DBP's Risk Management Strategy

DBP continued to exhibit preparedness and ability to absorb shocks in its pursuit of financial strength and viability to sustain its development efforts. In 2023, the bank sustained its profitable operations and posted a Capital Adequacy Ratio (CAR) of 13.94 percent on a consolidated basis. This complies with the BSP's regulatory minimum CAR of 10.00 percent. Further, it posted Common Equity Tier (CET 1) and Tier 1 Ratios of 13.03 percent on a consolidated basis, which are likewise above regulatory thresholds.

The bank emphasizes maintaining adequate capital ratios to ensure the availability of sufficient resources in pursuing its mandate. Overall risk positions and capital levels are regularly reviewed and monitored to ensure that the bank is sufficiently capitalized. Stress testing is conducted to provide a comprehensive enterprise-wide assessment of the bank's vulnerabilities, the results of which serve as the basis for determining capital buffer for shocks.

With the implementation of BSP Circular No. 639 s. 2009 requiring all universal and commercial banks (UKBs) to adopt the Internal Capital Adequacy Assessment Process (ICAAP), DBP has adopted the "Pillar I Plus" approach to account for additional capital provisions for non-Pillar I risk, such as credit concentration risk, interest rate risk in the banking book, liquidity risk, strategic risk, compliance risk, and reputational risk. The bank has undergone efforts to institutionalize the ICAAP by successfully integrating it into its Strategic Planning Exercise and Enterprise Risk Management (ERM) framework.

### Management of Risks

The responsibility of risk management resides in all levels of the organization, with the Board of Directors being ultimately responsible for the overall risk management of the bank. They set the tone and risk tolerance by articulating the DBP's risk appetite and establishing the risk management strategy for the bank. Moreover, the Board of Directors takes the lead in promoting a culture of risk awareness throughout the institution. The Senior Management then provides direction and visible management support in the implementation of risk management processes.

The Enterprise Risk Management Group (ERM), as part of the bank's second line of defense, is primarily responsible for ensuring that the risk profile of the bank is aligned with business strategies approved by the Board of Directors. ERM, through close coordination with various business units, develops and implements an effective risk management framework from which emanates recommended policies, procedures, controls, and methodologies. Risk and capital management is then performed at all levels of the organization, instituting a culture of risk awareness and a risk-based approach to decision-making.

The management of risks is guided, implemented, and monitored by the Board-level committees, such as the Risk Oversight Committee (ROC), the lead risk management unit of the bank, the Executive Committee, Governance Committee, Development Advocacy Committee, Audit and Compliance Committee, Trust Committee, Human Resource Committee, and the Budget Committee, together with management-level committees such as the Credit Committee, Asset Liability Management Committee, Management Committee, IT Steering Committee, and ICAAP Steering Committee, among others.

The bank follows an ERM framework that integrates Strategic Planning, the ICAAP, and Business Continuity Planning (BCP). The ERM framework involves risk assessment and identification from which the formulation of risk management strategies emanates. Strategies take into account the capital implications and other requirements to ensure the continuity of developmental service to the nation. These risk strategies, when implemented, are subject to monitoring and further evaluation to continually improve the risk management process. Capital adequacy rounds these up as it is needed to ensure financial stability as objectives are achieved even as risk management is enhanced.

### Credit Risk

Credit risk is DBP's biggest risk exposure arising mainly from its lending, trade-financing, treasury, and underwriting businesses.

Given the bank's primary thrust of financing development to stimulate economic activities across the nation, its loan portfolio is typically characterized by medium- to long-term exposures to the priority sectors of infrastructure and logistics; environment and climate change; micro, small, and medium enterprises (MSMEs); social services and community development; and agriculture, fishing, and

forestry. Local government units, government agencies, and private sector initiatives are also supported by the bank for capacity building and countryside development. To provide financing to segments having no ready access to funds and capital, DBP extends financing to microfinance via wholesale lending and similar institutions.

The bank manages its credit risk at all relevant levels of the organization through its credit evaluation and assessment process, credit policies, and controls and monitoring structures. The bank has an established credit limit structure that provides safeguards to manage credit concentration risk brought about by exposures to single-name or group borrowers; industry sectors; and directors, officers, stockholders, and related interests (DOSRI). The hierarchy of approval is established so that big-ticket accounts are subject to rigorous evaluation by the Board of Directors. Credit risk mitigation is likewise employed through the acceptance of eligible collaterals and guarantees. An enhanced internal credit risk rating system (ICRRS), linked with Philippine Financial Reporting Standards 9 (PFRS9)-compliant models of estimating expected credit loss (ECL) enables the monitoring of the portfolio quality and risk level and individual credit profile. The assessment of account classification and estimation of ECL every quarter ensures the adequacy of loan loss reserves.

The bank makes use of the standardized approach under the Basel Framework to determine required capital levels on account of its credit risk exposures. As of 31 December 2023, the bank's total credit risk-weighted assets (RWA) amounted to Php519.10-billion broken down as follows:

CREDIT RISK-WEIGHTED ASSETS As of December 31, 2023 (In Php Millions)	Group	Parent
Total Risk-Weighted On-Balance Sheet Assets ( <b>Schedule A</b> )	502,263	499,220
Total Risk-Weighted Off-Balance Sheet Assets ( <b>Schedule B</b> )	18,687	18,687
Total Counterparty Risk-Weighted Assets in Banking Book (Derivatives and Repo-Style Transactions) ( <b>Schedule C</b> )	1,095	1,095
Total Counterparty Risk-Weighted Assets in Trading Book (Derivatives and Repo-Style Transactions) ( <b>Schedule D</b> )	0	0
Total Risk-Weighted Amount of Credit Linked Notes in the Banking Book	0	0
Total Risk-Weighted Securitization Exposures	0	0
Total Gross Risk-Weighted Assets	522,045	519,002
Deductions	2,947	2,441
<b>TOTAL CREDIT RISK-WEIGHTED ASSETS</b>	<b>519,098</b>	<b>516,561</b>

Schedule A ON-BALANCE SHEET ASSETS - Group As of December 31, 2023 (In Php Millions)	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk- Weighted Assets
Cash on Hand	6,748	-	-	-	-	-	-
Checks and Other Cash Items	0	0	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	75,936	-	-	-	-	-	-
Due from Other Banks	9,913	1,119	5,416	-	3,378	-	6,310
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	41,897	65	10,040	-	1,787	-	6,820
Financial Assets at Hold to Collect (HTC)	263,500	9,571	30,808	-	33,911	-	51,230
Loans and Receivables	421,038	10,249	-	-	389,707	20,969	423,211
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	42,907	20	277	-	-	-	142
Sales Contract Receivable	0	-	-	-	-	0	1
Real and Other Properties Acquired	1,751	-	-	-	-	1,752	2,626
Total Exposures, Excluding Other Assets	863,690	21,024	46,541	0	428,783	22,721	490,340
Other Assets	37,810	-	-	-	11,924	-	11,924
Total Exposures, Including Other Assets	901,500	21,024	46,541	0	440,707	22,721	502,264
Total Risk-Weighted On-Balance Sheet Assets not covered by CRM	901,500	4,205	23,270	-	440,707	34,081	502,264
Total Risk-Weighted On-Balance Sheet Assets covered by CRM	79,852	-	-	-	-	-	-
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>	<b>981,352</b>	<b>4,205</b>	<b>23,270</b>	<b>-</b>	<b>440,707</b>	<b>34,081</b>	<b>502,264</b>

Schedule A ON-BALANCE SHEET ASSETS - Parent As of December 31, 2023 (In Php Millions)	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk- Weighted Assets
Cash on Hand	6,727	-	-	-	-	-	-
Checks and Other Cash Items	0	0	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	75,600	-	-	-	-	-	-
Due from Other Banks	9,912	1,119	5,416	-	3,377	-	6,309
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	41,883	65	10,040	-	1,773	-	6,806
Financial Assets at Hold to Collect (HTC)	263,376	9,571	30,808	-	33,911	-	51,230
Loans and Receivables	418,374	10,249	-	-	387,896	20,229	420,289
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	42,807	20	277	-	-	-	142
Sales Contract Receivable	0	-	-	-	-	0	1
Real and Other Properties Acquired	1,709	-	-	-	-	1,709	2,563
Total Exposures, Excluding Other Assets	860,388	21,024	46,541	-	426,957	21,938	487,340
Other Assets	37,763	-	-	-	11,880	-	11,880
Total Exposures, Including Other Assets	898,151	21,024	46,541	-	438,837	21,938	499,220
Total Risk-Weighted On-Balance Sheet Assets not covered by CRM	898,151	4,205	23,270	-	438,837	32,908	499,220
Total Risk-Weighted On-Balance Sheet Assets covered by CRM	79,803						
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>	<b>977,954</b>	<b>4,205</b>	<b>23,270</b>	<b>-</b>	<b>438,837</b>	<b>32,908</b>	<b>499,220</b>

Schedule B OFF-BALANCE SHEET ASSETS As of December 31, 2023 (In Php Millions)	Group	Parent
Direct credit substitutes (e.g., general guarantees of indebtedness and acceptances)	1,050	1,050
Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties, and stand-by LCs related to particular transactions)	17,632	17,632
Trade-related contingencies arising from the movement of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one (1) year	5	5
Other commitments that can be unconditionally canceled at any time by the bank without prior notice and those not involving credit risk	-	-
<b>TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS</b>	<b>18,687</b>	<b>18,687</b>

Schedule C COUNTERPARTY ASSETS IN THE BANKING BOOK As of December 31, 2023 (In Php Millions)	Group	Parent
A. Derivative Exposures	-	-
1. Interest Rate Contracts	-	-
2. Exchange Rate Contracts	-	-
3. Equity Contracts	-	-
4. Credit Derivatives	-	-
B. Counterparty Exposures arising from Financial Assets Sold/Lent under Repurchase Agreements, Certificates of Assignment/Participation with Recourse, Securities Lending, and Borrowing Agreements (Repo-style Transactions)	1,095	1,095
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE BANKING BOOK</b>	<b>1,095</b>	<b>1,095</b>

Schedule D COUNTERPARTY ASSETS IN THE TRADING BOOK As of December 31, 2023 (In Php Millions)	Group	Parent
A. Derivative Exposures	-	-
1. Interest Rate Contracts	-	-
2. Exchange Rate Contracts	-	-
3. Equity Contracts	-	-
4. Credit Derivatives	-	-
B. Counterparty Exposures arising from Financial Assets Sold/Lent under Repurchase Agreements, Certificates of Assignment/Participation with Recourse, Securities Lending, and Borrowing Agreements (Repo-style Transactions)	-	-
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE TRADING BOOK</b>	<b>-</b>	<b>-</b>



## Market Risk

A major source of market risk for the bank is the price and foreign currency risks from its treasury activities. Trading and investment activities are carried out mainly to manage residual funds from the bank's lending activities.

While capital requirements are accounted for using the standardized approach, the bank complements its capital adequacy assessment by using several measures to monitor market risk from its portfolio: (1) measuring of sensitivity of exposures to market factors, (2) estimating maximum potential loss through value-at-risk (VaR) calculation, and (3) analysis of vulnerabilities through scenario and stress testing. The combination of these measures allows the bank to determine the continuing adequacy of its capital to withstand losses from sudden and prolonged adverse market conditions.

The table below provides a summary of the Parent Company's VaR profile by risk class for 2023:

VALUE-AT-RISK PROFILE (In Php Millions)	2023	December 2022 - December 2023			2022
	Year-end	Average	Min	Max	Year-end
Fixed Income Trading	17	116	17	17	116
Foreign Exchange Trading	5	6	-	5	6

As of end-2023, the total market RWA stood at Php2.39-billion, of which 61 percent is accounted for by interest rate exposures and 29 percent by foreign exchange exposures, while equity exposures make up the remaining 10 percent.

MARKET RISK-WEIGHTED ASSETS (In Php Millions)	2023	2022
Using Standardized Approach		
1. Interest Rate Exposures	1,465	2,544
2. Equity Exposures	227	-
3. Foreign Exchange Exposures	693	575
4. Options	-	-
<b>TOTAL MARKET RISK-WEIGHTED ASSETS</b>	<b>2,385</b>	<b>3,119</b>

The Market Risk Management Department-Market and Liquidity Risk Unit (MRMD-MLRU) handles risk management for the bank's treasury operations. MRMD-MLRU provides the Board of Directors, Senior Management, and Treasury Group with comprehensive analytics for market risk. In addition, MRMD-MLRU establishes and reviews controls imposed on the bank's trading and investment portfolio. The controls implemented on treasury activities, including controls on a portfolio and a per-trader basis, help ensure that the risk tolerance defined by the Board of Directors is properly executed. MRMD-MLRU regularly monitors the activities of the Treasury Group to ensure that these are conducted within established limits, aligned with market regulation, and adhere to high ethical standards.

## Liquidity Risk

The bank designed the liquidity risk management process with three main elements appropriately linked to each other: (1) risk profiling using the maximum cumulative outflow (MCO) together with the liquidity coverage ratio (LCR), net stable funding ratio (NSFR), and other liquidity ratios; (2) analysis of vulnerabilities using liquidity stress testing; and (3) defining concrete operational strategies during crisis events in the contingency funding plan (CFP). This design helps ensure the bank's ability to meet its maturing obligations, which can be subject to uncertainty resulting from external events and changes in other risk factors.

The MCO is the bank's core measurement and monitoring tool in managing liquidity risk as it captures cash flow mismatch from assets and liabilities including off-balance sheet commitments. It ultimately identifies any liquidity funding requirement in the future under a normal banking environment. Alongside the MCO, the bank employs liquidity ratio analyses to determine significant changes in its liquidity profile, identify potential points of liquidity stress, and serve as a gauge for industry comparison. The bank uses the LCR to monitor and assess its ability to withstand significant liquidity shocks that can last 30 calendar days. The NSFR is also measured by the bank to assess its longer-term funding resilience. The bank's LCR and NSFR are both compliant with the required regulatory level. The other liquidity ratios or indicators are used to measure structural components of the bank's liquidity profile benchmarked against the industry.

LCR IN SINGLE CURRENCY	2023	2022
Solo	123.36%	125.48%
Consolidated	123.56%	125.53%

NSFR IN SINGLE CURRENCY	2023	2022
Solo	105.82%	110.20%
Consolidated	105.58%	109.94%

OTHER LIQUIDITY RATIOS <sup>1</sup> As of 31 December 2023	DBP Ratios	Industry Ratio <sup>2</sup>
Stable Funding vs. Non-Liquid Assets	12%	9%
Liquid Assets vs. Volatile Funding	21%	29%
Liquid and Less Liquid Assets vs. Volatile Funding	28%	31%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	6%	3%
Liquid Assets Ratio	17%	23%

<sup>1</sup> Liquidity ratios computed internal to DBP

<sup>2</sup> Top 10 universal banks in terms of assets excluding DBP as of 31 December 2023

The bank also considers funding concentration as a possible source of liquidity risk as it is related to its funding profile. Unlike other commercial banks and being a development bank, it has access to Overseas Development Assistance (ODA) facilities from foreign governments and supranational development banks, as well as other agencies that provide funds characterized by stability, longer tenors, and lower interest rates. The majority of funds are sourced from deposits, however; thus the bank is vulnerable to unexpected withdrawals from large fund providers or a set of depositors. To manage this risk, core deposit levels—as well as top depositors and profiles on classification and currencies—are closely monitored to keep track of significant movements and potential funding requirements.

To reinforce the bank's liquidity risk management, the BOD and ROC set the risk tolerance reflected through the various liquidity risk limits and internal thresholds in place. Liquidity stress testing is also processed monthly to anticipate worst-case scenarios and test the capacity of the bank's liquidity position. In case of a liquidity crisis event, the bank's CFP outlines the strategic courses of action to be taken by concerned business units and Senior Management.

## Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is the risk of unexpected adverse change in net interest income or the unexpected adverse change in the value of equity as a result of unexpected changes in interest rates. Two complementary approaches are used in the assessment and measurement of interest rate risk: (1) changes in expected earnings through the earnings-at-risk (EaR) measure, and (2) changes in economic value provided by the economic value of equity (EVE) measure.

IMPACT OF CHANGE IN INTEREST RATE TO NET INCOME (In Php Millions)						
Currency	-200 bps	-100 bps	-50 bps	50 bps	100 bps	200 bps
<b>2022</b>						
PHP	885	442	221	(221)	(442)	(885)
USD	218	109	55	(55)	(109)	(218)
JPY	58	29	15	(15)	(29)	(58)
<b>2023</b>						
PHP	939	470	235	(235)	(470)	(939)
USD	(32)	(16)	(8)	8	16	32
JPY	53	26	13	(13)	(26)	(53)

The bank's IRRBB is mainly sourced from timing differences of maturity (for fixed-rate instruments) and/or repricing (for floating-rate instruments) of assets and liabilities. This is initially measured through the interest rate gap (IRGap) analysis where interest-bearing liabilities are subtracted from interest-earning assets per identified time band to determine whether the gap is asset-sensitive or liability-sensitive. An asset-sensitive gap indicates a positive gap wherein interest rate-sensitive assets are more than liabilities that will be repriced and are vulnerable to declining interest rates. Otherwise, IRRGap is considered liability-sensitive and is vulnerable to rising interest rates.

To determine the potential decline in interest income as a result of movements in the interest rate under a normal scenario, the bank uses the EaR methodology computed by subjecting the IRRGap to an interest rate factor using a 99 percent confidence level. The computed EaR per time band is aggregated within the one-year period and is compared to EaR limits based on the bank's tolerance level and capacity of its capital to absorb losses. Alongside EaR measurement, various stress testing scenarios and sensitivities are employed by the bank to evaluate its impact on capital and set up adequate buffers to mitigate the risks. The measurement of the EaR and reporting to the ALCO and ROC are done monthly. On the other hand, the BOD is the final approving authority on the levels of movement in interest rates which is aligned with the uniform stress testing for banks to sensitize its IR risk portfolio together with the policies, key assumptions, and methodologies used in measuring IRRBB.

The following table shows the impact of the reasonable changes in interest rates on the bank's net income as of December 2022 and December 2023:

To strengthen the management of IRRBB exposures, the bank also provided regular reporting of EVE. The bank uses the EVE model to capture the economic value of interest rate-sensitive assets, liabilities, and off-balance sheet accounts through the calculation of the net present value of all future cash flows from the said accounts. Assumptions are employed to deposit outflow rates using the bank's core deposit retention rate model. The EVE complements the short-term view of the EaR considering that EVE covers short-

medium-, and long-term exposure of the bank's IR profile. In calculating the EVE, the delta EVE or the change in EVE is determined to gauge the impact of changes in the yield curve on the overall economic value. The EVE is subjected to various sensitivities, stress scenarios, and standardized scenarios provided under Basel. Risk assessment is based on consensus interest rate forecasts and the absorptive capacity of the bank's capital to absorb potential losses.

As of December 2023, sensitivity to changes in interest rates may impact the bank's capital as follows:

IMPACT OF CHANGE IN INTEREST RATE TO CAPITAL (In Php Millions)						
Currency	-200 bps	-100 bps	-50 bps	50 bps	100 bps	200 bps
PHP	14,495	6,893	3,363	(3,206)	(6,262)	(11,960)
USD	1,222	610	304	(304)	(607)	(1,212)
JPY	(4,735)	(2,213)	(1,071)	1,006	1,951	3,677
EUR	(252)	(118)	(57)	54	104	196
<b>TOTAL</b>	<b>10,729</b>	<b>5,171</b>	<b>2,539</b>	<b>(2,450)</b>	<b>(4,814)</b>	<b>(9,299)</b>

With the continuing effects of the COVID-19 situation in 2022 together with other macroeconomic factors—geopolitical events and their ripple effects, the increase in inflation rates, peso depreciation, and interest rate hikes, among others—the bank maintained additional liquidity and interest rate risks stress scenario factoring in various assumptions on potentially affected accounts. This is to assess the bank's capacity to withstand further complications. Results of the risk assessment are discussed comprehensively in the regular reports.

MRMD-MLRU handles risk management for the bank's liquidity and interest rate risk exposures. This business unit establishes the parameters for the liquidity risk and IRRBB management tools such as the MCO, IRRGap, EaR, and EVE. More importantly, analyses of the results of these monitoring tools are provided to the Treasury Group, Senior Management, and Board of Directors in aid of decision-making.

## Operational Risk

The bank manages operational risk by identifying, assessing, monitoring, controlling, and mitigating the risk, rectifying operational risk events, and implementing additional procedures required to comply with regulatory requirements. All units are responsible for managing operational risk by implementing clear and defined processes, delineation of responsibilities, and business continuity plans, among others.

The bank's operational risk capital charge is determined using the basic indicator approach (BIA). An analysis of the bank's historical loss experience, which is based on data reported and captured via the Enhanced Operational Loss Monitoring Module (eOLMM), an automated system for tracking operational losses, complements the results of the BIA.

The operational risk capital is obtained by multiplying the computed average gross income by a specified factor. Total operational RWA amounted to Php47.81-billion.

OPERATIONAL RISK-WEIGHTED ASSETS (In Php Millions)	Group	Parent
Using Basic Indicator Approach (BIA)		
Year 3	3,327	3,310
Year 2	3,744	3,732
Year 1	4,404	4,390
Average	3,825	3,811
Adjusted Capital Charge	4,781	4,763
<b>TOTAL OPERATIONAL RISK-WEIGHTED ASSETS</b>	<b>47,812</b>	<b>47,633</b>

The Operational Risk Information System (ORIS) is a risk management tool that automates the risk and control self-assessment (RCSA), business impact analysis (BIA), and the information security risk assessment (ISRA). This tool aims to achieve:

- Systematic collection of operational risk information.
- Quicker access to historical risk assessment results.
- Easier monitoring of business units' risk assessments, key risk indicators, and risk treatment plants.
- Timely generation of required risk reports.

ORIS is accessible to authorized personnel of all business units (head office, lending centers, and branches) for data collection, in which the gathered information will be used to assist top management in its decision-making relative to the identification, mitigation, and management of operational risks.

The RCSA is conducted across the institution to identify risk areas and vulnerabilities. The top-level risk assessment is performed by the Board of Directors and Senior Management, and its annual Strategic Planning exercise is complemented by a bottom-up RCSA conducted by business units, in which high-risk areas given the functions of the units are identified and risk responses are determined.

The BIA, on the other hand, enables the business units to identify business functions that have the most impact on the bank and to determine the effect of an interruption in service or the impact of business disruptions or disasters on each BU and the organization.

Recognizing the bank's vulnerability to losses resulting from operational disruptions due to internal factors such as power outages and system downtime; and external factors such as natural disasters, terrorist attacks, and pandemic illness, among others, the bank continually exerts efforts to improve its business continuity management including disaster preparedness. The bank regularly reviews and enhances its business continuity management processes to adopt industry best practices and ensure that the bank's core business operations continue to function in the event of a business disruption or disaster. Regular tests are performed to ensure the ability of all business units to recover their business operations. Complementing the detailed contingency measures, the bank's disaster recovery facilities are regularly assessed and maintained with a view toward the bank's recovery requirements, including critical application systems, equipment, and supplies.

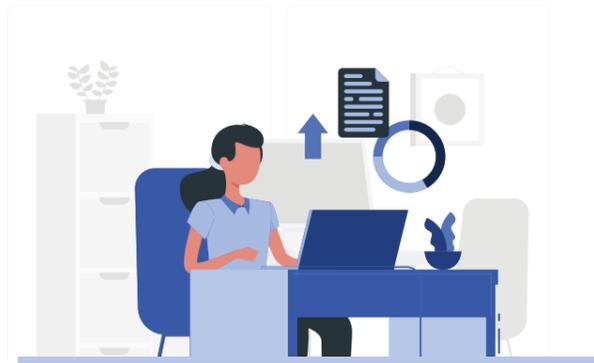
For continuous risk management awareness, the topics of operational risk management and business continuity management are discussed regularly in infographic materials and training sessions.

To ensure timeliness and continuity in the implementation of the various regulatory requirements in incident reporting, operational loss monitoring, business continuity management, and operational risks, the bank has identified and designated Operational Risk Coordinators from each business unit.

## Information Security/Information Technology (IS/IT) Risk

With the bank's continuing pursuit to expand its digital presence, risks on its use of information assets and information technology are continuously being managed and monitored using a governance framework where risk management is embedded and applied across the entire enterprise, supporting business objectives while remaining compliant with regulatory requirements and global standards.

The Board and Senior Management exercise oversight on IS and IT risks, providing strategic direction and plans for their vision on DBP's state of IS and IT. By establishing tone at the top, direction is cascaded to all business units to operationalize controls to ensure continued protection of the various information assets and technologies of the bank.



As the respective owners of business processes and as part of the first line of defense against risks, business units manage information security and technology risks at the operational level through compliance with mandated security controls while achieving their corresponding business goals. Moreover, each business unit head concurrently serves as that unit's Associate Information Security Officer (AISO)—who, by their function, ensures that IS or IT risks and/or operational losses against their business processes and assets are periodically assessed and that controls and mechanisms that reduce such risks are in place, maintained, and reviewed regularly.

The Information Security Risk Management Department (ISRMD)—forming part of the second line of defense—oversees the management of IS, IT, and cyber-related risks by risk-taking units, aligning with the bank's enterprise-wide risk management endeavors. The department ensures that policies and standards in managing IS/IT risks are adequate and timely, capturing the bank's risk appetite and addressing substantial threats that may obstruct the attainment of business objectives. The ISRMD serves as business units' partner and internal resource persons in guiding and driving business line managers and personnel in adopting risk management in their respective processes. ISRMD also provides a constructive validation or challenge on business units' assessment of risks and retention of controls, as part of its oversight function.

Various risk assessment and monitoring activities are held throughout the year to measure various domains or sub-areas of IS and IT risks. One of these is the annual enterprise-wide IS Risk Assessment (ISRA), whereby consolidated assessments of business units identify security gaps and mitigating measures (the latter being documented through an IS Risk Mitigation Plan), enabling Management to make well-informed decisions on security-related initiatives and mitigations. Lastly, ISRMD also oversees and is part of the process for detecting, analyzing, and responding to any information security incidents.

The bank's IS/IT risk capital charge is determined using the likelihood-impact analysis approach. An analysis of the bank's historical loss experience based on data reported and captured via a central incident database supplements the result of the assessment. IS/IT risks are reassessed through an annual risk assessment exercise participated in by all business units to provide a comprehensive analysis of evolving threats, accounting for both external and internal factors impacting identified risks. The output is a set of strategies or recommendations to manage associated risks and place additional safeguards where necessary.

## Compliance and Legal Risk

Changes in laws and regulations, if not adequately and timely complied with, may have an adverse impact on DBP's operations and financial position. Therefore, the bank's Compliance Program, which is being reviewed and updated regularly to capture these regulatory changes, provides the general framework for ensuring compliance with applicable laws, rules, and regulations. This program presents the various measures or initiatives of the bank to monitor and assess the compliance levels of business units, including the corresponding reporting procedure, among others.

Meanwhile, legal risk is centrally managed, through the Legal Services Group (LSG), via instituted work processes and control structures such as Legal Office sign-off procedures, issuance of legal opinions, regular monitoring of ongoing cases, and continuous training and awareness campaigns. Additionally, the LSG has in place monitoring and reporting systems that enable it to keep track of all cases handled and referrals for loan and non-loan documentation services, and also enable it to render significant and accurate reports to Management or the Board of Directors.

DBP also has in place a Money Laundering and Terrorism Financing Prevention Program (MTPP) that institutionalizes the bank's AML policies and procedures to manage its money laundering, terrorism financing, or proliferation financing risks. A key component of the said program is the customer-focused Money Laundering (ML) Risk Assessment process, which determines the proportionate level of customer due diligence (acceptance and monitoring) to be applied based on the ascertained ML risk classification.

Capital impact of compliance and legal risk takes into consideration potential losses from litigation cases, as well as the previous year's total potential fines and penalties. The estimated capital charge for compliance and legal risks is part of the annual ICAAP.

## Reputation Risk

Risk identification is crucial in successfully managing reputation risk, which is not easily measurable. It is thus important to be aware of the venues where possible threats or dangers to the bank's good name may be present. Publications, news coverage, and other media involving and relevant to the bank are regularly scanned to immediately identify any negative publicity that could create misimpressions about DBP and its operations.

Effective communication is important in promoting an excellent reputation. Thus, the bank actively implements external communications initiatives to maintain its image as a proactive development financial institution with a line-up of responsive products and services in fulfillment of its development mandate. These initiatives include advertising, media, marketing communication, and public relations activities. To achieve a wider reach, the bank has also utilized social media platforms, specifically Facebook and YouTube, to promote its image. Sustaining DBP's positive image is expected to result in deepened relationships with its existing customers and an expanded customer base.

The bank is vigilant about keeping its good name and reputation, and as such, continually strives towards managing and improving its services and operations. The Corporate Affairs Department takes a proactive role in maintaining the DBP brand and preventing risks from negative publicity.

The DBP FCP Framework has likewise institutionalized consumer protection as a vital component of the bank's corporate governance and culture and adopts a customer-centric approach in all aspects of its operations and processes. The operationalization of the DBP CAMS, one of the components of the FCP, sets forth effective complaints and feedback management led by the CEMD. As part of the CAMS, the bank conducts a customer feedback management program aimed at measuring the current level of its customers' satisfaction with its banking products and services, and obtaining valuable insights for the improvements of the same to enable the bank to effectively respond to the evolving needs and expectations of its customers and stakeholders. This feedback mechanism has expanded through the DBP Harmonized CSM that covers both external and internal services of the bank, the implementation of which complies with the harmonized CSM conjointly required by the Governance Commission for GOCCs and the Anti-Red Tape Authority using the survey methodology and questionnaire prescribed by the latter.

## Strategic Risk

The bank, being a government financial institution, pursues the strategic direction of the national government, which is encapsulated in the DBP Balanced Scorecard. This contains DBP's commitment to deliver its core development mandate that supports the national agenda of inclusive growth and poverty reduction. The scorecard also highlights the bank's continued pursuit of financial strength and visibility to sustain its developmental efforts.

Strategic risk is the potential risk to earnings and capital from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Management of strategic risk involves setting strategies, deploying resources, monitoring implementation, and being receptive to opportunities while minimizing threats. Business plans are aligned with the bank's strategic thrusts and directions as determined by the Board of Directors and Senior Management, as well as the associated risk assessments taken into consideration in the formulation of risk management strategies and determination of capital requirements. Periodic reviews of actual performance versus set objectives are undertaken by the Management Committee and the Board of Directors. The practice of good governance is in place to ensure that corporate culture and values are continuously implemented. Moreover, the awareness and responsiveness of the bank to changes in the business and economic environment trigger tactical revisions of specific business plans.



## Capital Structure and Capital Adequacy

Effective 1 January 2014, the bank complied with BSP Circular No. 781, s. 2013 or the Basel III Implementing Guidelines on Minimum Capital Requirements. This provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, following the Basel III standards. In addition, the bank complied with BSP Circular No. 881, s. 2015 or the Implementing Guidelines on the Basel III Leverage Ratio Framework. The said circular provides the implementing guidelines on the Leverage Ratio framework following the Basel III standards.

BSP Circular No. 781 sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00 percent and Tier 1 capital ratio of 7.50 percent and also introduces a capital conservation buffer of at least 2.50 percent composed of CET1 capital. With the issuance of BSP Circular No. 1024 s. 2018, banks must comply with both the capital conservation buffer (CCB) and countercyclical capital buffer (CCyB), which are applied in addition to the minimum CET1 requirement. Currently, the CCyB is set at 0 percent. The existing requirement for capital adequacy ratio (CAR) is still at 10.00 percent. Meanwhile, BSP Circular No. 881 stipulates that the leverage ratio must not be less than 5.00 percent. These ratios shall be maintained by the bank at all times.

CET1 capital, Tier 1 capital, and qualifying capital are computed following the provisions of Part II of BSP Circular No. 781. Further, total RWA is the sum of (1) credit RWA, (2) market RWA, and (3) operational RWA.

RWA consists of total assets less non-risk assets such as the following: cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items determined by the Monetary Board (MB) of the BSP. As of 31 December 2023, the Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives, and investments in other types of structured products. Credit risk mitigants on RWA were based on collateralized transactions (margin deposits and hold-out on deposits) as well as guarantees by the Philippine national government and those guarantors and exposures with the highest credit rating. Standardized credit risk weights were used in the credit assessment of asset exposures. Third-party credit assessments were based on the ratings by S&P, Moody's, and Fitch on exposures to sovereigns, multilateral development banks, banks, local government units, government corporations, and corporations. Market RWA and operational RWA are computed using the standardized and basic indicator approaches, respectively.

## Trust Risk

Risks emanating from the bank's trust, other fiduciary business, and investment management activities are managed through the trust risk management framework. These include credit or counterparty, market, liquidity, operational, IS or IT, compliance, reputation, and strategic risks. As prescribed by regulations, the bank's trust risk management framework follows the four-step process of identifying, measuring, monitoring, and controlling risks. This process likewise adheres to the basic standards for fiduciary activities, which are also established by the BSP.

Under the bank's framework for trust risk, the management of these risks is anchored on whether their impact is on the client's earnings or principal, or on the bank's earnings. When the realized impact is ultimately borne by the client, risk management tools focus on the financial effect on the client's portfolio. Meanwhile, for risks whose impact ultimately affects the bank's earnings, risk management tools, as implemented with other bank units, are likewise applied to the Trust Banking Group to mitigate the adverse impact of such risks. The results of risk monitoring are regularly reported to the Trust Committee and the ROC.

## Subsidiaries and Affiliates Risk

Given the bank's investments in identified financial and non-financial entities, which in turn result in majority (subsidiaries) or significant (affiliates) ownership of such entities, DBP implements strategic oversight on these equity investments, spearheaded by the bank's Strategic Planning Group. Complementing this oversight function is the monitoring conducted by the bank's independent units for risk management, compliance, and internal audit. Monitoring results and other subsidiary and affiliate updates are regularly reported to the bank's Governance Committee and the ROC.

Exposure measure is computed following the provisions stated in BSP Circular No. 881. It is composed of on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures, and off-balance sheet exposures.

The bank has complied with all externally imposed capital requirements throughout the year, both on a solo and consolidated basis. The total qualifying capital amounted to Php79.38-billion as of 31 December 2023. Tier 1 capital, wholly consisting of CET1, accounted for 93 percent (Php74.16-billion) and Tier 2 capital at 7 percent (Php5.22-billion) of the total qualifying capital.

CAPITAL ADEQUACY As of 31 December 2023 (In Php Millions)	Group	Parent
Qualifying Capital		
Common Equity Tier 1 (CET 1) Capital	74,155	73,679
Additional Tier 1 Capital	-	-
Tier 1 Capital	74,155	73,679
Tier 2 Capital	5,220	5,190
<b>TOTAL QUALIFYING CAPITAL</b>	<b>79,375</b>	<b>78,869</b>
<b>CAPITAL CONSERVATION BUFFER</b>	<b>14,232</b>	<b>14,164</b>
<b>COUNTERCYCLICAL CAPITAL BUFFER</b>	<b>-</b>	<b>-</b>
<b>SURPLUS / (SHORTFALL) CET1 CAPITAL</b>	<b>25,765</b>	<b>25,520</b>
Risk-Weighted Assets (RWA)		
Credit RWA	519,098	516,561
Market RWA	2,385	2,385
Operational RWA	47,812	47,633
<b>TOTAL RWA</b>	<b>569,295</b>	<b>566,579</b>
Qualifying Capital Requirements (10.0% of RWA)		
Credit Risk	51,910	51,656
Market Risk	239	239
Operational Risk	4,780	4,763
<b>TOTAL QUALIFYING CAPITAL REQUIREMENT</b>	<b>56,929</b>	<b>56,658</b>
<b>CET 1 Ratio</b> (CET 1 Capital ÷ Total RWA)	<b>13.03%</b>	<b>13.00%</b>
<b>Tier 1 Ratio</b> (Tier 1 Capital ÷ Total RWA)	<b>13.03%</b>	<b>13.00%</b>
<b>Capital Adequacy Ratio (CAR)</b> (Qualifying Capital ÷ Total RWA)	<b>13.94%</b>	<b>13.92%</b>
Exposure Measure		
On-Balance Sheet Exposures	941,411	938,112
Derivative Exposures	-	-
Securities Financing Transaction (SFT) Exposures	42,599	42,499
Off-Balance Sheet Exposures	26,548	26,548
<b>TOTAL EXPOSURE MEASURE</b>	<b>1,010,558</b>	<b>1,007,159</b>
<b>Leverage Ratio</b> (Tier1 Capital ÷ Total Exposure Measure)	<b>7.34%</b>	<b>7.32%</b>

On a consolidated basis, the capital requirement (equivalent to 10.00 percent of risk-weighted assets) is Php51.91-billion for credit risk, Php239-million for market risk, and Php4.78-billion for operational risk. Risk-based CAR of 13.94 percent is well above the set internal and regulatory minimum levels. The CET1 and Tier 1 ratios are calculated at 13.03 percent which is also above their respective thresholds. Similarly, the leverage ratio of 7.34 percent is well above the internal and regulatory minimum levels. The parent bank posted CAR, Tier 1/CET1 ratio, and leverage ratio of 13.92 percent, 13.00 percent, and 7.32 percent, respectively.

As of 31 December 2023, the Php5.48-billion difference between the parent bank's qualifying capital of Php78.87-billion and the total capital of Php84.35-billion reported in the published financial statements was mainly due to the following:

As of 31 December 2023 (In Php Millions)	
Unsecured Subordinated Debt Classified as Tier 2 Capital	-
General Loan Loss Provision	5,190
Regulatory Adjustments to CET 1 Capital	(10,670)
	(5,480)

The bank used to have unsecured unsubordinated notes eligible as Tier 2 capital worth Php10 billion. The said issuance matured in November 2023.

As of 31 December 2023, the Php45.54-billion difference between the parent bank's on-balance sheet exposures of Php938.11-billion and the total resources of Php983.65-billion per published financial statements was mainly due to the following:

(In Php Millions)	
Loans and Receivables arising from RRP	42,499
Derivatives Exposure (Replacement Cost)	-
Regulatory Adjustments to CET 1 Capital	10,670
General Loan Loss Provision	(7,631)
	45,538



## Evaluating Risks, Enhancing Sustainability: DBP's Approach to Risk Management



DBP strives to champion ecological protection by integrating sustainable business practices into its investments and operations. Today, DBP leads the way in financing sustainable development in the Philippines by investing in high-impact programs with clear social and environmental priorities.

For DBP, operational excellence means combining quality and sustainability in everyday actions. By proactively integrating sustainable practices in its services, asset management, and business decisions, DBP is helping advance sustainability in the banking sector.

The bank's environmental policy embodies its dedication to the country's physical environment. Internally, the bank constantly seeks to improve its Environmental Management System; externally, it encourages other institutions to follow the sustainable path through environmentally responsive lending and technical assistance programs.

Moreover, DBP strictly complies with the country's environmental laws, regulations, and relevant agreements. To assess sustainability performance, the bank regularly reviews its environmental initiatives and human resource capacity to meet sustainability targets.

### Risk Identification and Management

DBP understands the importance of identifying and managing risks associated with its business activities to protect its operations and ensure its development objectives. DBP's Board of Directors provides the overall leadership for risk management, from risk assessment to monitoring, and promotes a culture of risk awareness within the organization. The Enterprise Risk Management Group is responsible for developing and implementing a risk management framework that shall direct the bank's policies, procedures, methods, and controls. The Group performs risk management functions together with key Board-level committees, such as the Risk Oversight Committee, the Governance Committee, and the Audit and Compliance Committee, among others.

Furthermore, DBP has an Enterprise Risk Management Framework that involves risk assessment and identification from which the formulation of risk management strategies emanates. Risks assessed, identified, and managed include those related to environmental, social, and governance topics. The bank employs qualitative and quantitative tools and methodologies to conduct risk assessments and to establish a comprehensive limit structure for its risk tolerance and appetite. To ensure an inclusive risk identification process, DBP conducts consultations with its various stakeholders and/or subject matter experts. The identified risks are addressed through risk management strategies formulated following a thorough analysis of DBP's portfolio and overall risk profile. In managing the identified risks, DBP considers implications to the bank's capital and the continuity of its service to the public. The bank also monitors and evaluates risk strategies.

Given the implicit risks in the banking industry, DBP anticipates and prepares for potential risks and hazards through consistent risk assessment. All year long, risks and opportunities are identified by the different business units and enterprise levels through an environmental scan. The results are tackled in Management Committee meetings and fed into the strategy for the upcoming year. Moreover, the risk identification and assessment are documented in the bank's Internal Capital Adequacy Assessment Process (ICAAP), the primary document for this process. This document is submitted to the Bangko Sentral ng Pilipinas (BSP) every third month of the year.

The bank usually deals with financial-related risks, such as credit risk, market risk, liquidity risk, and interest rate risk in the banking book. Non-financial risks include operational risk, information security/information technology risk, compliance and legal risk, reputational risk, consumer protection risk, and strategic risk.

### Credit Risk Management

As a financing institution in lending, trade financing, treasury, and underwriting, DBP's most significant and by far its biggest risk exposure risk is credit risk. Given its vital role in propelling national growth and development by funding critical sectors in the economy, the risk exposures in its loan portfolio are between medium- and long-term.

DBP has established a credit evaluation and assessment process, credit policies, controls, and monitoring structures to create a robust credit risk management system and to manage the bank's credit risk exposure within acceptable levels while pursuing its developmental mandate. Through a diversified portfolio and other safeguard measures, DBP reduces the likelihood of concentration risk. Moreover, credit risk is mitigated through expansive due diligence on the borrower and the project, and the acceptance of eligible collaterals.

DBP regularly monitors its Past Due and Non-Performing Loans ratios, which were 6.67 percent and 3.59 percent, respectively, by year-end 2023. The risk rating of accounts is adjusted given market changes, the prospects of the borrower's business and industry, and the relief afforded by the regulatory body. In addition, the bank conducts a review or updating of the risk rating of all accounts to take into consideration recent payment experience before estimating the quarterly expected credit loss (ECL).

### Market Risk Management

The bank's market risk primarily stems from its treasury-related activities subject to price and foreign currency risks. Such treasury-related activities include trading and investment, which utilize residual funds from lending activities. These residual funds are placed in financial instruments that can generate acceptable profits, thus augmenting the bank's capital and funds, which in turn can be further allocated to lending activities in the bank's priority sectors. Meanwhile, to measure and manage market risk, the bank implements value-at-risk (VaR) calculations, stress tests, scenario analysis, and Board-approved risk limits.

### Liquidity Risk Management

DBP implements a robust liquidity risk management process that interconnects three primary elements, namely, (1) risk profiling using the Maximum Cumulative Outflow (MCO) with LCR, NFSR and other Liquidity Ratios, (2) analyzing vulnerabilities using Liquidity Stress Testing, and (3) defining concrete operational strategies during crisis events, such as varying degrees of natural disasters, among others, in the Contingency Funding Plan (CFP). Furthermore, the bank's tolerance for liquidity risk is demonstrated through its Board-approved liquidity risk limits and internal thresholds. The bank also recognizes its exposures in terms of funding concentration from large fund providers (LFP). This is being monitored closely on a daily basis and subjected to applicable thresholds.

### Interest Rate Risk in the Banking Book Management

Any unexpected adverse change in interest rates may negatively affect the value of the lending and investment portfolios, and ultimately the bank's net interest income from these portfolios. A decline in net interest income can in turn reduce profits that can be allocated to future developmental lending activities. To protect the bank from the adverse impact of interest rate movements, DBP employs a complementary perspective to assess and measure interest rate risk in the banking book. From an earnings perspective, DBP uses the earnings-at-risk (EaR) approach to consider the repricing characteristics of interest rate-sensitive accounts and assess how changes in interest rates affect the net interest income. Also, a risk-based computation of net interest margin (NIM) is performed every month to estimate the net return of assets after deducting funding cost from liabilities. Complementing the earnings perspective is the economic value perspective, which focuses on the impact of yield curve changes on the overall economic value, determined by considering the present value of future cash flows of the interest rate-sensitive accounts. Also, to help the bank identify vulnerabilities and develop risk mitigation strategies, both measures on earnings-based and economic value are subjected to regular stress testing.

### Operational Risk Management

The basic indicator approach, complemented by an analysis of DBP's historical loss experience, helps the bank determine its operational risk capital charge. The computed average gross income should be multiplied by a specified factor to calculate operational risk capital charge.

DBP implements the operational risk information system (ORIS) to automate its data management and information collection for operational risk. The system enables DBP to automate its risk and control self-assessment (RCSA), business impact analysis (BIA), and information security risk assessment (ISRA).

## Information Security/Information Technology (IS/IT) Risk Management

The protection of information assets and prudent management of information technology are tenets that define DBP's stance on IS and IT risks. As such, the bank has established a risk management system for IS and IT risks covering a governance structure, where roles from the Board down to asset users are defined; policies and standards that articulate the expected quality of business units' risk-taking activities; and risk assessment and monitoring mechanisms that enable decision-makers in making timely and informed decisions.

The bank employs a likelihood-impact analysis approach to project its IS/IT risk capital charge combined with an analysis of historical loss based on its reported data. DBP annually re-evaluates its IS and IT risks, mindful of external and internal factors that may impact the identified risks to anticipate emerging and evolving threats. The evaluation results are used to develop strategies that enhance and address any gaps in the existing process.

## Compliance and Legal Risk Management

DBP's Compliance Management Group (CMG) is responsible for implementing the Compliance Program of the bank. The program outlines the processes and introduces the framework for DBP's compliance system and policy. The framework describes the functions of the CMG unit, the responsibilities of CMG personnel, and the compliance testing process, including the monitoring and reporting system. DBP has also adopted Know Your Customer (KYC) policies to prevent financial crimes such as money laundering. In addition, the senior management has the prerogative to disengage with high-risk customers. Meanwhile, DBP's Legal Services Group (LSG) manages legal risk by implementing control measures such as sign-off procedures, issuance of legal opinions, consistent monitoring of ongoing cases, and training and awareness campaigns.

The bank's compliance risk capital charge is determined using the previous year's total potential fines and penalties. The following are also factored in the computation to determine the capital impact of compliance risk-related legal risk: (1) the amount involved, (2) the probable result (or the win-loss probability expressed in percentage), and (3) the amount of possible liability or loss for ongoing cases identified by the litigation lawyers. For cases with a greater probability of loss (or 30 percent and below winning probability), the estimated capital charge is the identified amount of possible liability/loss. Meanwhile, no capital charge will be provided for cases with a lesser probability of loss (or more than 30 percent winning probability).

## Reputation Risk Management

DBP understands the importance of a strong positive reputation among its stakeholders. Effective management of reputation risk starts with the identification and monitoring of threats and issues that may damage the bank's reputation. As part of its monitoring for risk control, publications as well as news coverage involving and relevant to the bank are scanned regularly to immediately identify any negative publicity that could create misimpressions about DBP and its operations. Alongside these controls, DBP maximizes the power of social media and external communications initiatives to maintain its image as a proactive development financial institution with a line-up of responsive products and services in fulfillment of its developmental mandate. Advertising, media, marketing communication, and public relations activities form part of its external communications strategy.

DBP promptly responds to complaints, inquiries, requests, feedback, or adverse publicity through its Customer Experience Management Department (CEMD) and Corporate Affairs Department (CAD). The bank has enhanced its feedback mechanism through the DBP Harmonized Client Satisfaction Measurement (CSM), which complies with the harmonized CSM conjointly required by the Governance Commission for GOCCs (GCG) and the Anti-Red Tape Authority (ARTA).



## Consumer Protection Risk Management

The DBP Consumer Protection Management System (CPRMS) is an integral component of the bank's Financial Consumer Protection (FCP) Framework and is integrated into the bank's existing enterprise risk management processes and risk governance framework. It enables the bank to identify, measure or assess, monitor or report, and control or mitigate consumer protection risks inherent in its operations. As part of risk governance, the Board of Directors through the Senior Management is the final approving authority on the results of risk assessments and their corresponding mitigants.

The DBP CPRMS also includes the pertinent bank policies and procedures which take into consideration the Consumer Protection Standards of Conduct (Disclosure and Transparency, Protection of Client Information, Fair Treatment, Effective Recourse, and Financial Education and Awareness) to ensure that the bank and its employees comply with customer protection laws, rules, and regulations. The quality and effectiveness of the CPRMS and its implementing policies and procedures are independently assessed by independent control functions of the bank.

## Strategic Risk Management

DBP adheres to the strategic direction of the national government towards influencing and accelerating sustainable economic growth and development. This alignment is condensed in the DBP Balanced Scorecard, which demonstrates the bank's objective of strengthening its financial position and viability to support its development initiatives. DBP's approach to strategic risk involves qualitative analysis and identifying strategies and resources to manage the risk effectively, and being receptive to opportunities while minimizing threats. The bank enhances its overall strategic risk management by embedding risk assessments in formulating strategies and determining capital requirements for its business plans. Moreover, as part of its risk management process, the bank's actual performance is periodically reviewed against its set objectives by the Board of Directors and the Management Committee.

## Trust Risk Management

Risks emanating from DBP's trust, other fiduciary business, and investment management activities are managed through the bank's trust risk management framework. These include credit or counterparty, market, liquidity, operational, information security or information technology, compliance, reputation, and strategic risks. As prescribed by regulations, the bank's trust risk management framework follows the four-step process of identifying, measuring, monitoring, and controlling risks. This process likewise adheres to the basic standards for fiduciary activities, which are also established by the BSP.

## Subsidiaries and Affiliates Risk Management

Given its investments in identified financial and non-financial entities, which in turn results in majority (subsidiaries) or significant (affiliates) ownership of such entities, the bank implements strategic oversight on these equity investments, spearheaded by its Strategic Planning Group. Complementing this oversight function is the monitoring conducted by the bank's independent units for risk management, compliance, and internal audit. Monitoring results and other subsidiary and affiliate updates are regularly reported to the bank's Governance Committee and the ROC.

## Climate Risk Management

Beyond the above risk categories, the bank has to grapple with climate risk, which poses an existential threat to the organization. Intensifying climate hazards bring substantial damage to DBP's property and assets and disrupt operations, thus affecting the bank's income and portfolio quality. DBP enhances its business continuity management, disaster preparedness plans, and contingency measures to manage climate risks. The bank periodically tests its business continuity plans, including disaster preparedness plans, to ensure the ability of all bank units to recover their business operations and to identify potential weaknesses

in these programs. Regular assessment and maintenance activities are also conducted to ensure the operability of its recovery facilities, which contain its critical application systems, equipment, and supplies. For its loan portfolio, the bank performs routine monitoring and evaluation to determine the environmental factors and related incidents that may affect the viability of DBP-financed projects. Upon loan application and throughout the term of the loan, the financed project is regularly assessed to ensure compliance in addressing not only climate risks but also environmental and social risks. In addition, DBP borrowers are required to submit feasibility studies on the project location and project impact, including flood or earthquake scenarios, wildlife and biodiversity preservation, and pollution control to address climate change.

For CY 2023, the Board of Directors, along with the Risk Oversight Committee (through the Enterprise Risk Management Group), regularly discussed the adequacy and effectiveness of the bank's risk management systems and operating policies, especially in the face of changing groupwide risk exposures brought about by various macroeconomic events. New and existing credit policies and guidelines were issued and amended or updated given the continuous change in the global, local, and sectoral risk landscapes. Post-pandemic, geopolitical tensions pose a key source of uncertainty in the global market, which continues to affect fuel prices; thus contributing to the persistent fluctuations in inflation rates. Changes in monetary policies and legal issuances kept the local economy on edge. Adapting to changes in the business environment, the Committee likewise revised and updated the bank's various market, liquidity, interest rate, and trust risk policies and models as well as various limits for treasury activities. Enhancements to policies on information security risk management were also approved to ensure the protection of information and technology assets. The bank's Business Continuity Management Program is regularly updated to ensure business resiliency against unforeseen events. The Integrated Incident Management Framework establishes standardized procedures for the management of incidents and their resultant risks. The bank's Consumer Protection Risk Management System institutionalizes consumer protection as an integral component of corporate governance, culture, and risk management.

## Environmental and Social Risk Management

DBP recognizes the importance of considering the environmental and social impacts of the bank's lending and investment activities. As such, DBP strives to mainstream and institutionalize environmental and social (E&S) risk management to proactively manage project risks. This process entails careful consideration of E&S risk in the project evaluation and credit process monitoring guided by DBP's Credit Policy on Environmental and Social Due Diligence. DBP indirectly influences its clients to consider and manage their environmental and social impacts and risks by enforcing these policies as loan requirements and lending conditions.

In terms of the scale of E&S risk exposures, a per-industry breakdown of total loans to borrowers' portfolios is presented below:

Industry As of 31 December 2023	Total Exposure (OPB)	% to Total
Electricity, Gas, Steam, and Air-conditioning Supply	113,597	22.31%
Public Administration and Defense; Compulsory Social Security	79,088	15.53%
Real Estate Activities	55,566	10.91%
Construction	49,559	9.73%
Financial and Insurance Activities	36,193	7.11%
Manufacturing	33,882	6.65%
Human Health and Social Work Activities	24,581	4.83%
Agriculture, Forestry, and Fishing	24,089	4.73%
Transportation and Storage	23,222	4.56%
Information and Communication	21,127	4.15%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	15,984	3.14%
Water Supply, Sewerage, Waste Management and Remediation Activities	14,677	2.88%
Activities of Households as Employers and Undifferentiated Goods and Services	7,718	1.52%
Education	5,344	1.05%
Accommodation and Food Service Activities	3,546	0.70%
Various Industries of Minimal Exposures	1,021	0.20%
<b>Total</b>	<b>509,194</b>	<b>100%</b>

The bank aims to align its strategies to address E&S areas through its risk exposures to the above industries to achieve its E&S risk objectives in short-, medium-, and long-term horizons.

DBP acknowledges the urgency of intensifying its mainstreaming efforts toward effective environmental and social risk management to strengthen its enterprise-wide risk management system. Accordingly, the bank's Sustainability Policy Statement (SPS) articulates its commitments and measures to address all areas of sustainability as aligned with the bank's vision, mission, and strategic direction. It also serves as a guide in mainstreaming sustainability principles at the core of DBP's business strategies, risk management system, corporate governance framework, and overall bank operations.

With the SPS serving as an anchor for DBP's sustainability journey, the bank has established the Environmental and Social Risk Management (ESRM) System which forms an integral part of the overall Sustainability Management System (SMS) Framework. The SMS Framework covers the full spectrum of sustainability policies and procedures supplemented by the ESRM System, which focuses on the management of environmental and social risks in its lending strategies and business operations. The DBP Circular on ESRMS published in 2023 provides guidelines governing the integration of environmental and social risks in the bank's enterprise-risk management frameworks to ensure alignment of the bank's existing sustainability initiatives with industry best practices.

In the coming years, DBP vows to expand and enhance its relevant policies and procedures on E&S risk management to adapt to the changing business landscape and the emerging issues and trends that can significantly affect the bank's portfolio and reputation. Relatedly, DBP will endeavor to include sector standards specifically for areas with considerable environmental and social sensitivity. The bank will also continuously align with internationally recognized principles, standards, and global practices to develop more robust E&S risk management strategies.

### Project Due Diligence

In the financial sector, due diligence is of utmost importance to effective and sound financial management. For DBP, due diligence requires a comprehensive screening and assessment of any project vying for the bank's financing support. Project screening and assessment are two related exercises by which DBP exercises due diligence.

DBP screens projects by categorizing the environmental risks associated with a project. The possible impacts of natural and climate-induced hazards on the project are also identified. Moreover, the probable social impacts of natural and climate-induced hazards are evaluated through this process. Of particular concern to the bank is the social impact of projects such as the following: involuntary resettlement or loss of livelihood of persons; projects located in an ancestral domain affecting indigenous peoples (IPs); and irreversible adverse impacts on physical cultural resources and heritage. These E&S considerations are critical factors in identifying and categorizing projects financed by the bank.

Project assessment is done by examining the technical aspects of a project. Then the environmental, social, and economic impacts of a project are appraised. This step also involves pinning down the performance indicators that will serve as data reference points for project monitoring. The performance indicators will ultimately measure project success, specifically if the environmental and socioeconomic targets are achieved and sustained. In addition, project screening also includes an assessment of the project's viability and risk asset acceptance. For as long as the loan facility that financed a certain project is outstanding, due diligence is regularly conducted and this includes monitoring project performance indicators and checking compliance with E&S-related requirements.

### Compliance: Social and Environmental

DBP has institutionalized the adoption of sustainability principles in its corporate governance and risk management frameworks to promote the bank's long-term financial viability and to exert influence on economic and social progress for clients and society, while minimizing environmental pressures. Moreover, the bank espouses adopting regulatory policies in pursuing sustainable and resilient growth by enabling environmentally and socially responsible business decisions. To ensure compliance with social and environmental laws, DBP requires its clients to submit pertinent documents relative to their transactions with the bank.

## Legal Safeguards



Driven by the bank's core mandate of providing banking services principally to service the medium- and long-term needs of agricultural and industrial enterprises, and moving in unison with all business units in the bank, the Legal Services Group (LSG) ensures that all legal needs of the organization are met. With this collaborative goal in mind, LSG observes good corporate governance principles of transparency and accountability, economic efficiency and practicality, and adheres faithfully to sound principles of law and ethics.

In compliance with the bank's Sustainability Strategy and Transition Plan, LSG adopted the required sustainability provisions in the bank's standard loan and non-loan agreements.

Furthermore, LSG recommended the streamlining of Procurement Contract Preparation. The process effectively reduced the turnaround time from the business unit as the streamlined process was aimed at preventing the back-and-forth review from both parties (DBP and supplier/service provider). The process required the inclusion of the Office of the Government Corporate Counsel (OGCC)-approved procurement contract template as part of the required documentation embodied in the Terms of Reference/Scope of Services/Technical Specifications. This shall ensure that a bidder/prospective winner is already informed of the contractual stipulations required by the bank in its procurement contracts beforehand and, therefore, can no longer raise issues concerning them after acceptance of the bank's Notice of Award (NOA) or during the latter stage

of contract negotiation, in particular, that some contractual provisions are not part of the Terms of Reference / Scope of Services / Technical Specifications more or less, the additional two weeks of discussion prior to contract preparation was removed from the previous process.

LSG, through its legal teams assigned at the head office and at the Regional Lending Centers and Branches, has effectively and consistently supported the bank in fulfilling its mandate toward ensuring that banking operations are conducted strictly in accordance with law, jurisprudence, policies and relevant issuances.

Relative to the 2023 Synchronized Barangay and Sangguniang Kabataan (BSK) Elections, LSG issued an advisory to guide the bank's business units regarding the pertinent dates and prohibited activities during the BSK election. LSG answered various queries regarding the BSK election to assist business units.

Anchored on Republic Act No. 9184, LSG advised business units that payments based on procurement agreements must be based on valid contracts well within the period of the latter.

In relation to the investigation of incidents involving the bank's automated teller machines, LSG advised that insofar as the identity of the bank's depositors and borrowers are protected and kept secret, information assets can be released subject to the approval of proper authorities in keeping with the bank's information asset policies.

In addition, LSG was able to secure favorable Supreme Court decisions when the latter upheld the validity of foreclosure of real estate mortgage over prime properties located in the cities of Antipolo and Manila, and these decisions further strengthened the bank's recovery procedures.

LSG successfully foreclosed 19 properties for 13 accounts, purchased for the total bid amount of Php137,973,454.00 for the partial settlement of the total obligation of Php540,551,863.86.

LSG continuously supports the bank in ensuring that its best practices comply with environmental laws/regulations and ultimately have a positive environmental impact.

LSG will remain steadfast and committed in fully supporting business units at the head office and in the regions and branches in the bank's pursuit of reliable, prompt, honest and environmentally impactful operations.

## Anti-Corruption

LSG investigates complaints or manages reports of corruption that have been endorsed to it for investigation. LSG conducts its investigation in accordance with the Civil Service Commission's 2017 Rules on Administrative Cases in the Civil Service (2017 RACCS) and DBP Circular No. 8 dated 18 February 2020 (Implementing Guidelines of the 2017 RACCS) and submits its findings to the bank's Disciplining Authority for decision. For disciplinary cases involving officers from the rank of Vice President or its equivalent, and other more senior officer positions, the Disciplining Authority is the Board of Directors. For disciplinary cases involving officers and/or employees below the rank of Vice President or its equivalent, the Disciplining Authority is the President and Chief Executive Officer.

## Citizen's Charter

The DBP Citizen's Charter outlines the procedure for handling complaints filed through the Customer Experience Management Department. When the complaint is endorsed to the Administrative Legal Department (ALD), the same will be addressed and/or investigated in accordance with the 2017 RACCS and DBP Circular No. 8 dated 18 February 2020 (Implementing Guidelines of the 2017 RACCS). Similarly, DBP Circular No. 8 s. of 2020, in consonance with the 2017 RACCS, also prescribes the manner by which a complaint may be filed with ALD-LSG.

Another bank unit reports instances of corruption and to support the same, the loan documents prepared by Documentation and Opinion and Research Department (DORD) include provisions where borrowers acknowledge that the bank's personnel have the duty to report to superior officers any possible violation of the policy. The loan documents also include that violation of the Anti-Graft and Corrupt Practices Act (R.A. No. 3019) shall be considered an Event of Default.

## Protecting Whistleblowers

The bank's Revised Whistleblower Protection Policy allows employees and stakeholders to report/disclose instances of corruption directly to the President and Chief Executive Officer, the Chief Legal Counsel, the Chief Compliance Officer, the Head of the Internal Audit Group, or the Head of the Human Resource Management Group. Complaints shall be investigated in accordance with the 2017 RACCS and DBP Circular No. 8 s. 2020.

DBP's Revised Whistleblower Protection Policy requires that:

1. All bank personnel involved in a whistleblower case shall keep in absolute confidentiality the identity of the whistleblower and witnesses, the subject matter of the protected disclosure, and the documents and proceedings undertaken relative thereto.
2. Disclosure of any material information or identity of the whistleblower or witness shall be made only when necessary for fact-finding investigation or in the appropriate judicial/quasi-judicial/administrative proceedings.
3. The Governance Committee duly constituted by the Board of Directors shall ipso facto act as the Whistleblower Protection Committee and shall:
  - a. Determine the appropriate protection, security and benefits that whistleblowers or witnesses may need;
  - b. Act on requests for transfer to another department or branch by whistleblowers or witnesses who are discriminated against, isolated, ostracized, ridiculed and treated differently by officers and peers in their current offices; and
  - c. Execute a Memorandum of Agreement and any such contracts between DBP and the whistleblower or witness defining the terms and conditions of the protection to be extended by the bank to the whistleblower or witness.
4. When the whistleblower or witness qualifies for protection under the policy, the bank – through the Whistleblower Protection Committee – shall extend protection to ensure their safety in the course of the bank's review or investigation, including legal assistance, subject to a financial cap of P500,000.00 for each whistleblower or witness.
5. Upon recommendation of the Whistleblower Protection Committee, the bank shall refer the whistleblower or witness to the proper government agency for possible coverage under the Witness Protection Program.
6. When a whistleblower or witness reports to the Whistleblower Protection Committee a direct or imminent threat against them or against members of their immediate family, the Committee shall coordinate with the appropriate bank unit that can undertake

appropriate measures to protect the whistleblower or witness or their families. If necessary, the Committee shall likewise coordinate with local or national enforcement agencies.

7. Interference, retaliation and other forms of retribution against whistleblowers or witnesses to a protected disclosure shall be considered a grave administrative offense and shall be dealt with in accordance with the 2017 RACCS and DBP Circular No. 8 dated 18 February 2020 (Implementing Guidelines of the 2017 RACCS).
8. Employees who have been retaliated against or who believe that they are being subjected to retaliation for disclosing a suspected illegal activity (including corruption), or for refusing an illegal order, or for participating in an investigation of a suspected illegal activity (including corruption), may file a Retaliation Complaint. If, after investigation, it is determined that acts of retaliation were committed against a whistleblower or witness, the person named in the Retaliation Complaint shall be dealt with in accordance with the 2017 RACCS and DBP Circular No. 8 s. 2020.

## Information Dissemination

Existing policies, such as the Code of Ethical Standards and Code of Corporate Governance, are readily accessible for reference in the bank's website. These policies are likewise made accessible for employees, and the members of Management through the portal being managed by the Office of the Corporate Secretary. LSG likewise conducts information dissemination through the DBP Orientation for New Employees Program as part of employee on-boarding and as an elective subject for participants of the DBP Management Associates Program.

## A Culture of Compliance

DBP has a firmly established mechanism for ensuring enterprise-wide compliance with applicable laws, with pertinent provisions embodied in agreements. These include compliance with tax laws, regulations, standards, orders and directives of any government authority.

Under these agreements, borrowers are required to submit documents that prove their compliance with applicable laws, regulations, and standards (e.g. AOI, SEC registration, compliance certificates, tax declarations, audited financial statements, appraisal reports, insurance coverage). Non-submission of these documents would result in non-approval of loans/non-release of loan proceeds. It may also constitute breach of the borrower's covenants that may give rise to an event of default.

Upon the directive of the DBP Management and in compliance with pertinent circulars issued by the Bangko Sentral ng Pilipinas, loan and procurement/non-loan contracts have been updated to ensure adherence of borrowers and suppliers/service providers to the bank's Sustainability Policy Framework.

DBP specifically ensures that compliance with environmental laws particularly in relation to its lending transactions incorporated in loan documents executed between bank and its borrowers. In the loan documents prepared by the bank's Legal Services Group, one of the representation and warranties and affirmative covenants by the borrowers is compliance with environmental laws, regulations, orders or ordinances, which include but are not limited to waste disposal, emissions, and application of necessary certificates indicating environmental compliance.

In addition, among others, DBP maintains an Environmental Compliance Obligation Register to regularly update and monitor the bank's compliance with local and national environmental laws, rules and regulations.

To monitor and measure non-compliance with relevant environmental laws and regulations, account officers who communicate with LSG-DORD ensure that certificates and documents related to environmental laws are duly submitted. The borrowers will not be able to execute a contract with the bank in case of non-submission of certificates and other documents related to applicable environmental compliance requirements.

Other than the finding that Romblon Branch's operation without valid discharge permit pursuant to Section 14 of R.A. No. 9275 (with Permit DP-R4B-22-02120 having expired on 17 March 2023), the bank has not been found to have violated relevant environmental laws, rules and regulations which resulted to other significant fines and/or non-monetary sanctions during the covered period.





# FINANCIAL STATEMENTS



## Statement of Management's Responsibility for Financial Statements

The Management of the Development Bank of the Philippines and Subsidiaries (the Group) and of the Development Bank of the Philippines (the Parent) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group and the Parent or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and the Parent's financial reporting processes.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the regulators, creditors, and other users.

The Commission on Audit has audited the financial statements of the Group and of the Parent in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Directors, has expressed its opinion on the fairness of the presentation upon completion of such audit.

**PHILIP G. LO**  
Chairman of the Board

**MICHAEL O. DE JESUS**  
President and Chief Executive Officer

**CATHERINE T. MAGANA**  
Senior Vice President  
Officer-in-Charge, Operations Sector



REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT  
Corporate Government Audit Sector  
Cluster I — Banking and Credit

## Independent Auditor's Report

The Board of Directors  
Development Bank of the Philippines  
Makati City

### Report on the Audit of Financial Statements

#### Opinion

We have audited the financial statements of the **Development Bank of the Philippines** (DBP) and its subsidiaries (the Group), and of DBP (Parent Bank), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Bank as at December 31, 2023 and 2022, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC), as described in Note 2.2 to the financial statements.

#### Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Parent Bank in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matters

We draw attention to Note 2.2 to the financial statements, which states that the financial statements have been prepared in accordance with the PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the financial statements as of December 31, 2023 and 2022 is discussed in detail in Note 2.2.1 to the financial statements.

Also, we draw attention to Note 2.18 – Capitalized Interest and Other Charges (CIOC) on Restructured Loans, which states that any increase in the face amount of the loans resulting from accrued interest and accumulated charges which have been capitalized or made part of the principal or restructured loans are booked under Other Deferred Credits – CIOC and shall be amortized/credited to income using the effective interest method in accordance with the BSP's Financial Reporting Package.

Our opinion is not modified in respect of these matters.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC, as described in Note 2.2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC, as described in Note 2.2 to the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under the Revenue Regulations No. 15-2010 in Note 47 and the BSP Circular No. 1074 in Notes 5, 15, 40 and 45 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the BSP, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of the Parent Bank and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### COMMISSION ON AUDIT



**NIDA A. SINGSON**

OIC, Supervising Auditor

June 19, 2024

## Statement of Financial Position

As at December 31, 2023 and 2022

(In thousand pesos)

	Note	Group		Parent	
		Audited 2023	Restated 2022	Audited 2023	Restated 2022
<b>Assets</b>					
Cash and other cash items	7	5,999,317	6,412,239	5,980,293	6,397,601
Due from Bangko Sentral ng Pilipinas	8	76,109,867	125,147,543	75,774,099	124,853,077
Due from other banks	9	10,231,396	9,624,316	10,227,868	9,623,603
Interbank loans receivable	10	10,246,972	22,916,233	10,246,972	22,916,233
Securities purchased under agreement to resell	11	42,907,022	27,662,401	42,807,134	27,555,388
Financial assets at fair value through profit or loss (FVTPL)	12	2,664,026	2,809,824	2,664,026	2,809,824
Financial assets at fair value through other comprehensive income (FVOCI)	13	42,207,510	39,763,065	42,172,324	39,708,212
Financial assets at amortized cost (Held to Collect)	14	262,892,553	282,774,597	262,771,117	282,741,699
Financial assets at amortized cost (Loans and receivables, net)	15	486,237,941	509,642,705	483,305,972	506,325,969
Bank premises, furniture, fixtures, and equipment - net	16	2,394,203	2,488,671	2,384,914	2,477,160
Rights-Of-Use Assets - net	17	643,225	471,561	632,862	452,461
Investment property - net	18	1,652,005	1,584,549	1,604,038	1,550,246
Equity investment in subsidiaries - net	19	-	-	949,931	1,810,853
Equity investment in associates and joint ventures - net	20	215,433	231,076	50,531	50,531
Non-current assets held for sale - net		205,175	218,256	205,175	218,256
Deferred tax assets	22	7,639,280	5,360,683	7,502,739	5,308,410
Intangible assets - net	23	190,434	239,148	188,508	237,161
Other assets - net	24	34,677,063	9,426,895	34,555,538	9,307,473
<b>Total Assets</b>		<b>987,113,422</b>	<b>1,046,773,762</b>	<b>984,024,041</b>	<b>1,044,344,157</b>
<b>Liabilities and Equity</b>					
<b>Liabilities</b>					
Deposits liabilities	25	775,346,569	825,627,450	774,884,254	825,156,874
Bills payable	26				
Official Development Assistance (ODA)		30,276,018	35,661,650	30,276,018	35,661,650
Non-ODA		26,175,849	35,585,125	25,256,626	34,424,360
		<u>56,451,867</u>	<u>71,246,775</u>	<u>55,532,644</u>	<u>70,086,010</u>
Bonds payable	27	32,376,486	28,593,260	32,376,486	28,593,260
Manager's checks and demand drafts outstanding	29	193,639	221,125	192,461	217,613
Accrued taxes, interests, and expenses	30	10,955,349	8,048,483	10,547,174	7,753,471
Unsecured subordinated debt	31	-	10,000,000	-	10,000,000
Deferred credits and other liabilities	32	26,679,824	24,819,620	25,769,814	23,911,240
<b>Total Liabilities</b>		<u>902,003,734</u>	<u>968,556,713</u>	<u>899,302,833</u>	<u>965,718,468</u>
<b>Equity</b>					
Capital Stock	33	32,000,000	32,000,000	32,000,000	32,000,000
Retained earnings		54,125,518	47,375,556	53,774,603	47,841,726
Retained earnings reserves	34	266,498	265,382	246,498	245,382
Accumulated other comprehensive income/(loss)	35	(1,281,941)	(1,423,428)	(1,299,893)	(1,461,419)
		<u>85,110,075</u>	<u>78,217,510</u>	<u>84,721,208</u>	<u>78,625,689</u>
Non-controlling interest		(387)	(461)	-	-
<b>Total Equity</b>		<u>85,109,688</u>	<u>78,217,049</u>	<u>84,721,208</u>	<u>78,625,689</u>
<b>Total Liabilities and Equity</b>		<b>987,113,422</b>	<b>1,046,773,762</b>	<b>984,024,041</b>	<b>1,044,344,157</b>

See accompanying Notes to Financial Statements

## Statement of Profit or Loss

For the Years Ended December 31, 2023 and 2022  
(In thousand pesos)

Note	Group		Parent	
	Audited 2023	Restated 2022	Audited 2023	Restated 2022
Interest income				
Loans and receivables	29,917,818	22,563,215	29,855,939	22,498,948
Financial assets - debt securities	13,355,698	11,559,337	13,352,817	11,557,398
Deposits with banks	1,253,879	1,749,017	1,248,250	1,743,176
Interbank loans receivable/Securities purchased under agreement to resell	2,273,636	1,163,468	2,266,305	1,160,186
	<u>46,801,031</u>	<u>37,035,037</u>	<u>46,723,311</u>	<u>36,959,708</u>
Interest expense				
Bills payable and other borrowings:				
ODA Borrowings	1,594,014	1,658,363	1,594,013	1,658,363
Other Borrowings	2,667,856	2,375,447	2,590,081	2,314,919
Deposits	<u>19,156,004</u>	<u>8,713,169</u>	<u>19,157,257</u>	<u>8,713,397</u>
	<u>23,417,874</u>	<u>12,746,979</u>	<u>23,341,351</u>	<u>12,686,679</u>
Net interest income	23,383,157	24,288,058	23,381,960	24,273,029
Provision for impairment	21 6,421,311	7,815,931	7,066,380	7,803,850
Net interest income after provision for impairment	<u>16,961,846</u>	<u>16,472,127</u>	<u>16,315,580</u>	<u>16,469,179</u>
Other income				
Profits/(Loss) from investment and securities trading	419,096	(190,167)	419,096	(190,167)
Foreign exchange profit/(loss)	2,717,372	1,852,152	2,717,372	1,852,152
Service charges, fees, and commissions	36 1,874,852	1,586,438	1,604,913	1,396,624
Dividends - equity investments	212,072	294,781	246,854	298,724
Miscellaneous	37 1,606,171	788,989	1,256,134	691,083
	<u>6,829,563</u>	<u>4,332,193</u>	<u>6,244,369</u>	<u>4,048,416</u>
Other expenses				
Compensation and fringe benefits	6,789,157	6,315,467	6,440,234	6,024,392
Taxes and licenses	39, 47 4,888,339	4,918,148	4,845,822	4,898,128
Occupancy expenses	58,358	136,843	51,720	133,117
Other operating expenses	38 4,722,444	4,696,453	4,686,164	4,655,877
	<u>16,458,298</u>	<u>16,066,911</u>	<u>16,023,940</u>	<u>15,711,514</u>
Profit before tax	7,333,111	4,737,409	6,536,009	4,806,081
Provision for income tax	39 577,931	800,773	602,016	799,108
<b>Profit for the year</b>	<b><u>6,755,180</u></b>	<b><u>3,936,636</u></b>	<b><u>5,933,993</u></b>	<b><u>4,006,973</u></b>
Attributable to:				
Equity holder of DBP	6,755,222	3,936,690		
Non-controlling interest	(42)	(54)		
	<u>6,755,180</u>	<u>3,936,636</u>		

See accompanying Notes to Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income

For the Years Ended December 31, 2023 and 2022  
(In thousand pesos)

Note	Group		Parent	
	Audited 2023	Restated 2022	Audited 2023	Restated 2022
<b>Profit for the Year</b>	<u>6,755,180</u>	<u>3,936,636</u>	<u>5,933,993</u>	<u>4,006,973</u>
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
<i>Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)</i>				
Net change in fair value during the year	35 1,064,784	(2,706,004)	1,064,784	(2,706,004)
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
<i>Equity instruments at Fair Value through Other Comprehensive Income (FVOCI)</i>				
Net change in fair value during the year	35 (914,132)	(50,967)	(894,467)	(50,938)
<i>Cumulative Foreign Currency Translation</i>	35 (8,791)	182,718	(8,791)	182,718
<i>Remeasurement Gain/(Loss) on Pension Benefit Payable</i>	(374)	2,124	-	-
<b>Total Other Comprehensive Income</b>	<u>141,487</u>	<u>(2,572,129)</u>	<u>161,526</u>	<u>(2,574,224)</u>
<b>Total Comprehensive Income for the Year</b>	<b><u>6,896,667</u></b>	<b><u>1,364,507</u></b>	<b><u>6,095,519</u></b>	<b><u>1,432,749</u></b>
Attributable to:				
Equity holder of DBP	6,896,711	1,364,554		
Non-controlling interest	(44)	(47)		
	<u>6,896,667</u>	<u>1,364,507</u>		

See accompanying Notes to Financial Statements

## Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022  
(In thousand pesos)

Note	GROUP					
	Attributable to Equity Holder of DBP					
	Capital Stock (Note 33)	Retained Earnings	Retained Earnings Reserves (Note 34)	Accumulated Other Comprehensive Income/(Loss) (Note 35)	Non- Controlling Interest	Total
<b>BALANCE AT JANUARY 1, 2022</b>	<b>32,000,000</b>	<b>44,695,504</b>	<b>262,950</b>	<b>1,148,701</b>	<b>(521)</b>	<b>78,106,634</b>
Cumulative effect of prior period adjustments		(1,250,117)			107	(1,250,010)
<b>BALANCE AT JANUARY 1, 2022 - RESTATED</b>	<b>32,000,000</b>	<b>43,445,387</b>	<b>262,950</b>	<b>1,148,701</b>	<b>(414)</b>	<b>76,856,624</b>
<b>Total comprehensive income net of tax</b>						
Net Income for the year		3,936,690			(54)	3,936,636
Net change in fair value of debt instrument at FVOCI	35			(2,706,004)		(2,706,004)
Net change in fair value of equity instrument at FVOCI	35			(50,967)	7	(50,960)
Cumulative foreign currency translation	35			182,718		182,718
Remeasurement of net defined benefit liability/(asset)				2,124		2,124
Dividends		(4,089)				(4,089)
Reclassification to (from) Retained Earnings Free						
Set up of reserve for Trust Business		(2,432)	2,432			-
<b>BALANCE AT DECEMBER 31, 2022 - RESTATED</b>	<b>32,000,000</b>	<b>47,375,556</b>	<b>265,382</b>	<b>(1,423,428)</b>	<b>(461)</b>	<b>78,217,049</b>
<b>Total comprehensive income net of tax</b>						
Net Income for the year		6,755,222			(42)	6,755,180
Net change in fair value of debt instrument at FVOCI	35			1,064,784		1,064,784
Net change in fair value of equity instrument at FVOCI	35			(914,132)	(2)	(914,134)
Cumulative foreign currency translation	35			(8,791)		(8,791)
Remeasurement of net defined benefit liability/(asset)				(374)		(374)
Dividends		(4,026)				(4,026)
Reclassification to (from) Retained Earnings Free						
Set up of reserve for Trust Business		(1,116)	1,116			-
Adjustments		(118)			118	-
<b>BALANCE AT DECEMBER 31, 2023 - AUDITED</b>	<b>32,000,000</b>	<b>54,125,518</b>	<b>266,498</b>	<b>1,281,941</b>	<b>(387)</b>	<b>85,109,688</b>
Note	PARENT					
	Attributable to Equity Holder of DBP					
	Capital Stock (Note 33)	Retained Earnings	Retained Earnings Reserves (Note 34)	Accumulated Other Comprehensive Income/(Loss) (Note 35)	Non- Controlling Interest	Total
<b>BALANCE AT JANUARY 1, 2022</b>	<b>32,000,000</b>	<b>45,675,283</b>	<b>242,950</b>	<b>1,112,805</b>		<b>79,031,038</b>
Cumulative effect of prior period adjustments	48	(1,838,098)				(1,838,098)
<b>BALANCE AT JANUARY 1, 2022 - RESTATED</b>	<b>32,000,000</b>	<b>43,837,185</b>	<b>242,950</b>	<b>1,112,805</b>		<b>77,192,940</b>
<b>Total comprehensive income net of tax</b>						
Net Income for the year		4,006,973				4,006,973
Net change in fair value of debt instrument at FVOCI	35			(2,706,004)		(2,706,004)
Net change in fair value of equity instrument at FVOCI	35			(50,938)		(50,938)
Cumulative foreign currency translation	35			182,718		182,718
Reclassification to (from) Retained Earnings Free						
Set up of reserve for Trust Business		(2,432)	2,432			-
<b>BALANCE AT DECEMBER 31, 2022 - RESTATED</b>	<b>32,000,000</b>	<b>47,841,726</b>	<b>245,382</b>	<b>(1,461,419)</b>		<b>78,625,689</b>
<b>Total comprehensive income net of tax</b>						
Net Income for the year		5,933,993				5,933,993
Net change in fair value of debt instrument at FVOCI	35			1,064,784		1,064,784
Net change in fair value of equity instrument at FVOCI	35			(894,467)		(894,467)
Cumulative foreign currency translation	35			(8,791)		(8,791)
Reclassification to (from) Retained Earnings Free						
Set up of reserve for Trust Business		(1,116)	1,116			-
<b>BALANCE AT DECEMBER 31, 2023 - AUDITED</b>	<b>32,000,000</b>	<b>53,774,603</b>	<b>246,498</b>	<b>(1,299,893)</b>		<b>84,721,208</b>

See accompanying Notes to Financial Statements

## Statement of Cash Flows

For the Years Ended December 31, 2023 and 2022  
(In thousand pesos)

Note	Group		Parent	
	Audited 2023	Restated 2022	Audited 2023	Restated 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income received	47,449,369	37,026,005	47,357,049	37,094,203
Interest expense paid	(20,416,786)	(12,374,963)	(20,340,284)	(12,314,643)
Bank commission, service charges and fees received	1,874,881	1,587,263	1,604,942	1,397,449
Profits (loss) from investment and securities trading	393,837	(180,423)	393,837	(180,423)
Dividend and other income	2,040,709	2,007,934	1,785,786	1,747,908
General and administrative expenses paid	(15,341,021)	(14,427,437)	(15,031,984)	(14,094,157)
Changes in operating assets and liabilities:				
(Increase) Decrease in operating assets:				
Financial assets - FVTPL	109,606	2,960,991	109,606	2,960,991
Financial assets at Amortized Cost (Loans and receivables, net)	17,771,993	(56,723,227)	17,681,483	(56,310,221)
Non-current assets held for sale	27,888	(17,660)	27,888	(20,563)
Other assets	(654,639)	831,672	(643,616)	497,130
Increase (Decrease) in operating liabilities:				
Deposit liabilities	(50,177,711)	(121,552,265)	(50,169,450)	(121,694,336)
Due to Bangko Sentral ng Pilipinas/other banks	-	(152)	-	(152)
Manager's checks and demand drafts outstanding	(27,486)	(210,905)	14,778	(206,856)
Accrued taxes, interest and expenses	2,934,618	2,022,194	2,821,455	2,019,909
Deferred credits and other liabilities	(406,764)	(3,405,932)	(398,045)	(3,497,819)
Cash generated from (used in) operating activities	(14,421,506)	(162,456,905)	(14,786,555)	(162,601,580)
Income taxes paid	(3,559,606)	(2,255,939)	(3,500,477)	(2,253,930)
Net cash used in operating activities	(17,981,112)	(164,712,844)	(18,287,032)	(165,855,510)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) Decrease in:				
Financial assets - FVOCI	(2,432,644)	(9,353,766)	(2,432,644)	(9,353,766)
Financial assets at Amortized Cost (HTC)	18,164,836	(20,834,903)	18,258,152	(20,856,804)
Equity investment in subsidiaries	-	-	(77,000)	(35,000)
Equity investment in associates and joint ventures	15,643	(14,896)	-	-
Bank premises, furniture, and equipment	(187,341)	(186,428)	(179,487)	(177,907)
Investment properties	(162,060)	(463,645)	(148,398)	(428,318)
Intangible assets	59	(6,478)	(3,290)	(1,567)
Contributions to the Maharlika Investment Fund	(25,000,000)	-	(25,000,000)	-
Net cash used in investing activities	(9,601,507)	(30,860,116)	(9,582,667)	(30,853,362)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in:				
Borrowings	(12,055,479)	750,745	(11,813,936)	1,001,231
Bonds Payable	3,875,000	(9,000,000)	3,875,000	(9,000,000)
Payment of matured Unsecured Subordinated Debt	(10,000,000)	-	(10,000,000)	-
Payment of Cash Dividends	(4,026)	(4,088)	-	-
Net cash used in financing activities	(18,184,505)	(8,253,343)	(17,938,936)	(7,998,769)
<b>EFFECTS ON EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
	(482,375)	3,295,836	(482,375)	3,295,836
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(46,249,499)</b>	<b>(200,530,467)</b>	<b>(46,291,010)</b>	<b>(200,411,805)</b>
Cash and cash equivalents				
Beginning of year	191,724,229	392,254,696	191,307,658	391,719,463
End of year	7	<b>145,474,730</b>	<b>191,724,229</b>	<b>145,016,648</b>

See accompanying Notes to Financial Statements

# Identifying Our Priorities: Materiality Assessment Overview

This report discloses the topics that are material to the stakeholders of DBP, composed of the bank's employees, senior management, government regulators or agencies, national government, bank clients, local government units, professional and non-profit organizations, other financial institutions, suppliers, international organizations, funders, media, and CSR beneficiaries.

In the 2022 issue of this report, a comprehensive materiality analysis was conducted with the assistance of a third-party independent consultant to determine the economic, environmental, and social topics.

The 2023 DBP Annual and Sustainability Report makes use of the results of the preceding year's materiality assessment, noting that there have been no significant changes within the organization and that the material topics identified in the previous report remain of paramount concern to the bank.

The material topics cited in the previous issue of the report were identified vis-à-vis the corresponding UN Sustainable Development Goal (SDG) and the Global Reporting Initiative (GRI) disclosure that they address, serving as the bank's guidance in determining the best sustainability approach for every material topic.

Risk management, products and services, and economic governance were identified as the most critical topics, having the most impact on the bank's business and stakeholders. Information security and data privacy also ranked high, followed by anti-financial crime, and safety and security. Digital transformation and compliance with government regulations were also considered top-tier topics.

The following table lists the results of the materiality analysis:

Material Topics	Section of the 2023 DBP Annual and Sustainability Report — GRI and SDG Alignment
ESG-related Products and Services	<b>Development Impact</b> GRI 2-24, 203-2, 413-1 
Environmental Impact	
Initiatives to Mitigate Climate Change	
Innovation and Digitalization/Digital Transformation	
Products and Services Accessibility	
Financial Performance	<b>Finance</b> GRI 2-24, 201-1 



Material Topics	Section of the 2023 DBP Annual and Sustainability Report — GRI and SDG Alignment
Customer Satisfaction and Experience	<b>Constituency</b> GRI 2-24, 203-2, 304-3, 413-1 
Financial Inclusion and Capacity Building	
CSR – Socio-Economic Development of the Communities	
CSR – Education	<b>Internal Process</b> GRI 2-22, 2-24, 204-1, 302-1, 302-3, 302-4, 303-5, 304-3, 305-1 to 2, 305-5, 306-1 to 4, 308-1 to 2, 414-1 to 2 
Protecting Natural Resources	
Integration of ESG (Risk) Factors into Policies and Procedures	
Hazardous Waste Management	
Energy Management	
Recycling, Waste Management, and Waste Reduction	
Supporting Local Procurement	

Material Topics	Section of the 2023 DBP Annual and Sustainability Report — GRI and SDG Alignment
Anti-Financial Crime	<p><b>Organization and Corporate Governance</b></p> <p>GRI 2-7 to 20, 2-24 to 27, 201-2 to 3, 205-1 to 3, 401-1 to 3, 403-1, 403-3 to 10, 404-1 to 3, 405-1, 406-1, 410-1, 418-1</p> 
Safety and Security	
Compliance with Government Regulations	
Business Continuity and Disaster Management	
Information Security and Data Privacy	
Health and Wellness	
Protection of Human Rights	
Employee Remuneration	
Ethical Operations and Good Governance	
Employee Commitment and Engagement	
Recruitment/Talent Management	
Intellectual Capital	
Diversity and Equal Opportunities	

## Building Relationships: Engaging Our Stakeholders

DBP kept its stakeholders constantly engaged through activities reflected in this section of the report. Through its continuing interactions with its stakeholders, the bank ensures that perspectives, opinions, and feedback are discussed through a range of identified responsive means and platforms.

The bank continues to more strictly align its initiatives with the guidelines of the Bangko Sentral ng Pilipinas Circular No. 1085, the Sustainability Finance Framework. This regulatory framework underscores that sustainability shall be mainstreamed in banking institutions, while consciously considering potential costs from these initiatives.

The bank's internal stakeholders is composed of senior officers, junior officers, and rank-and-file employees, while the external stakeholders included clients, institutional and corporate social responsibility partners, and suppliers.

DBP's stakeholder engagement reflects a continuously growing interest and involvement in a collective concern for sustainable development, opening up more opportunities for a strengthened and responsive performance that is attuned to efforts to achieve sustainability thrusts.

The assessment served to determine the changing needs and expectations of the bank's stakeholder ecosystem, noting that the COVID-19 pandemic continued to usher in shifting stakeholder priorities that accelerated digitalization initiatives.

Stakeholder Group	Engagement Type	Frequency	Interest & Influence	Key Concerns/ Expectations	DBP's Response
<b>INTERNAL</b>					
Employee	Information, education, and communication campaigns, notices and announcements, internal mailers, training activities	Continuous	Interest: High Influence: High	<ul style="list-style-type: none"> <li>Transparency and accountability</li> <li>Employee communication, training and education</li> <li>Compensation and benefits</li> <li>Employee hiring, retention and turnover</li> <li>Personnel development and growth</li> <li>Compensation program (monetary and non-monetary)</li> <li>Work environment</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced good governance system, Grievance Machinery employee training</li> <li>Institutional events, in-house publications, intranet and email, memos, public address system, bulletin boards</li> <li>Increased employee engagement (reinstated ADCO, strong union representation)</li> </ul>
Sustainability Aspect				<ul style="list-style-type: none"> <li>Compliance with applicable labor laws and other standards (see register)</li> <li>Gender equality</li> <li>Opportunities to engage in environmental programs are available and encouraged</li> </ul>	<ul style="list-style-type: none"> <li>Workplace health and safety programs</li> <li>GAD gap Assessment program</li> <li>Environmental programs through partnerships</li> </ul>
Senior Management	Notices, emails and newsletters, training	Continuous	Interest: High Influence: High	<ul style="list-style-type: none"> <li>Risk identification and management</li> <li>Business continuity and disaster management</li> <li>Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Management system and tools</li> <li>Employee support to management</li> </ul>
Sustainability Aspect				<ul style="list-style-type: none"> <li>Additional cost to the bank for sustainable projects</li> <li>DBP market limited to select projects</li> </ul>	<ul style="list-style-type: none"> <li>Conduct of market sounding and social marketing activities to advocate environmental, social and governance considerations in the bank's core business activities</li> </ul>

Stakeholder Group	Engagement Type	Frequency	Interest & Influence	Key Concerns/ Expectations	DBP's Response
<b>EXTERNAL</b>					
Government Regulators/ Agencies	Discussions with regulatory bodies/agencies	Continuous	Interest: Medium Influence: High	<ul style="list-style-type: none"> <li>Compliance with policies, laws/ regulations</li> <li>Payment of taxes</li> <li>Reportorial requirements</li> <li>Anti-corruption practices</li> <li>Transparency and accountability</li> </ul>	<ul style="list-style-type: none"> <li>Continued compliance and engagement</li> </ul>
National Government (NG)	Adherence to/ support of policies, laws, and strategic directions of NG	Continuous	Interest: Medium Influence: High	<ul style="list-style-type: none"> <li>Dividends</li> <li>Policy compliance</li> <li>Economy building and recovery</li> <li>Focus on priority sectors and abide by GFI responsibilities in BARO 1 and 2 and other economic recovery efforts</li> <li>Enhanced support of NG initiatives with contribution in initial seed capital for the Maharlika Investment Fund</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of policy alignment</li> </ul>
Sustainability Aspect				<ul style="list-style-type: none"> <li>Compliance with applicable laws and other standards (see register)</li> <li>Additional cost resulting from compliance with sustainability practices in business activities</li> <li>Longer processing time attributed to compliance with environmental and social requirements</li> </ul>	<p>Institutional policies and activities that promote and monitor compliance with social and environmental laws and safeguards such as, but not limited to:</p> <ul style="list-style-type: none"> <li>Magna Carta for Women</li> <li>Accessibility requirements</li> <li>Implementation of identified activities in relation to its SFF (part of the compliance register)</li> </ul>
Clients - Depositors, Borrowers, Investors, General Public	Customer satisfaction survey, financial literacy forum, road shows, client calls	Continuous	Interest: High Influence: High	<ul style="list-style-type: none"> <li>Security practices</li> <li>Customer privacy, data privacy and information security</li> <li>Customer health and safety</li> <li>Accessibility of banking services</li> <li>Service quality</li> <li>Soundness of investments</li> <li>Financial advisory</li> </ul>	<ul style="list-style-type: none"> <li>Training and equipment for security</li> <li>Expansion plans to bolster market presence and accessibility of DBP products and services</li> <li>Customer satisfaction surveys</li> <li>Accelerating digital infrastructure development</li> <li>IMS Certification</li> <li>Citizen's Charter &amp; EODB Law Compliance</li> <li>Service availability</li> </ul>
Local Government Units	Discussions with local government units	Continuous	Interest: Medium Influence: High	<ul style="list-style-type: none"> <li>Compliance with laws / regulations</li> <li>Anti-corruption practices</li> <li>Transparency and accountability</li> <li>Customer satisfaction</li> <li>Development financing</li> <li>Access to financial services in low-populated or low-income areas</li> <li>Competitive terms for loans and other products/services</li> </ul>	<ul style="list-style-type: none"> <li>Availability and accessibility of developmental loans</li> <li>Cash and investment services</li> <li>Development partnerships in the implementation of government programs and projects</li> <li>Partnership/ Advocacy for good governance initiatives</li> </ul>

Stakeholder Group	Engagement Type	Frequency	Interest & Influence	Key Concerns/ Expectations	DBP's Response
<b>EXTERNAL</b>					
Professional and non-profit organizations	MOA, contract negotiations	Need-based	Interest: Low Influence: Medium	<ul style="list-style-type: none"> <li>Mutually beneficial partnership</li> <li>Accreditation</li> </ul>	<ul style="list-style-type: none"> <li>Mutually beneficial partnership</li> <li>Accreditation evaluation</li> </ul>
Banks and other financial institutions	MOA, contract negotiations, discussions	Continuous	Interest: High Influence: Medium	<ul style="list-style-type: none"> <li>Mutually beneficial partnership</li> <li>Business generation</li> </ul>	<ul style="list-style-type: none"> <li>Mutually beneficial partnership</li> <li>Agent banking agreements</li> </ul>
Suppliers	MOA, contract negotiations	Need-based	Interest: Low Influence: Low	<ul style="list-style-type: none"> <li>DBP suppliers' labor and human rights practices</li> <li>Security practices</li> <li>Business generation</li> <li>Financial products and services designed for environmental and social benefits</li> <li>Customer Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with RA 9184</li> </ul>
Sustainability Aspect				<ul style="list-style-type: none"> <li>Additional business cost/ expense tied to new compliance requirements</li> <li>Additional cost/expense related to use of environmental products and practices</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance and other grants to assist clients in adapting to sustainable practices</li> <li>Development advocacy</li> </ul>
International Organizations	MOA, membership	Continuous	Interest: Medium Influence: Medium	<ul style="list-style-type: none"> <li>Abide by agreements and contracts</li> <li>Common core values and advocacies</li> <li>Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Advocacy campaigns</li> <li>Statement of support</li> <li>Information sharing</li> </ul>
Funders	MOA, contract negotiations, discussions	Continuous	Interest: High Influence: High	<ul style="list-style-type: none"> <li>Repayment</li> <li>Impact monitoring</li> <li>Project sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Development lending</li> <li>Program monitoring and management</li> </ul>
Sustainability Aspect				<ul style="list-style-type: none"> <li>Continued compliance to sustainability conditions in contracts and agreements</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalization of sustainability initiatives</li> </ul>
Media	MOA, contract negotiations, discussions	Continuous	Interest: Medium Influence: Medium	<ul style="list-style-type: none"> <li>News-worthy information</li> <li>FOI</li> </ul>	<ul style="list-style-type: none"> <li>Press briefings, news conferences, news releases, advertising, column feeds, networking, interviews</li> </ul>
CSR beneficiaries	Discussions with CSR partners and beneficiaries	Needs-based	Interest: High Influence: Low	<ul style="list-style-type: none"> <li>Transparency and accountability</li> <li>Information and communication</li> <li>Interactions with investees/ business partners on environmental and social risks and opportunities</li> <li>Environmental impacts of DBP products and services (including recycling and reclamation)</li> <li>Customer privacy, data privacy and information security</li> </ul>	<ul style="list-style-type: none"> <li>Responsive CSR programs</li> <li>Timely delivery of CSR commitments</li> </ul>

# Empowering Financial Solutions: DBP's Diverse Products and Services

## BRANCH BANKING SECTOR

### 1. Deposit

- a. **Savings Account.** An interest-earning deposit account that comes with an ATM card or an ATM card and a passbook. Provides both interest income and liquidity to account holder. Funds may be accessed over the counter (OTC) or online, or via ATM or point-of-sale (POS) terminals (for Peso accounts) and OTC (for US Dollar accounts).
- b. **Deposit Account for Financial Inclusion.** A Peso savings account with ATM card, with simplified account opening requirements, lower required initial deposit, and zero required minimum monthly average daily balance.
- c. **USD Savings Account for Investors of USD-Denominated Bonds.** A settlement account for investors of USD-denominated bond issuances where the issue is supported by DBP. It is also a regular operating account for valid transactions of the investor. Offered only during USD-denominated bond issues.
- d. **Current Account.** Provides easy access to funds of corporates and individuals for payment of their financial transactions. A choice between maintaining a non-interest- or interest-bearing Peso checking account at a low initial deposit, minimum monthly ADB, and ADB to earn interest requirement.
- e. **Young Earner's Savings Account.** A Peso and US Dollar savings account for kids 0–19 years old (In trust for Account for 7 years old and below) to encourage the habit of saving. Offers low initial deposit which allows a one-year grace period from the account opening date to build the balance up to the required ADB to earn interest. The YES account earns the interest of a regular savings account + premium.
- f. **Zero Balance Account.** A zero opening and maintaining balance savings or current account available for corporates and individuals performing online settlement of government contributions/payments to the Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and Pag-IBIG Fund through the bank's online payment system. It is also available to both individual and corporate clients of the Trust Banking Group (TBG), to serve as TBG's settlement facility for the interest income and any proceeds from its clients' investment funds.
- g. **Payroll Account.** For payroll requirements of local institutional clients.
- h. **Pensioner's Account.** A Peso savings account for Philippine Veterans Affairs Office (PVAO) and SSS pensioners. Account holders enjoy priority servicing.
- i. **Wisdom Account.** Peso or US Dollar savings or time deposit account for senior citizens 60 years old and above. It offers a premium over savings and time deposit rates and priority processing.

- j. **Electronic Cash (EC) Card.** A special ATM savings account intended for overseas Filipino workers (OFWs) and OFW beneficiaries that has the following features: (i) no initial deposit required to open the account; (ii) minimum ADB of Php500.00 to earn interest; (iii) no maintaining balance required; and (iv) an EMV-compliant EC card that can be used for bills payment and POS transactions, and can be enrolled online. The account holder can also withdraw OTC at any DBP branch nationwide.
- k. **Time Deposit.** Peso and US Dollar time deposit account for individual and corporate clients, that earns higher interest than the regular savings account.
- l. **Special Savings Deposit.** A high-yield Peso fixed-term deposit for individual and corporate clients. With a passbook for easy tracking of investment.
- m. **Option Savings Account.** A high-yield Peso fixed-term deposit for individual and corporate clients with temporary short-term liquidity. Clients may opt for a shorter term and still enjoy a higher interest rate. With a passbook for easy tracking of investment.
- n. **High Earner Time Deposit.** A Peso or US Dollar time deposit for individual and corporate clients with long-term placement requirements. Offers a higher interest rate than a time deposit. Interest earning is paid upon placement, which may be used for liquidity or reinvestment.
- o. **Special Investor's Resident Visa (SIRV).** A Peso time deposit for foreign investors who intend to reside and invest in the Philippines, that is acceptable to the Board of Investments.

**2. DBP EC Salary Loan.** A short-term to mid-term multi-purpose unsecured personal loan to employees of accredited participants—local government units (LGUs), national government agencies and offices, government-owned and -controlled corporations (GOCCs), state universities and colleges (SUCs), local water districts (LWDs), and electric cooperatives (ECs). Loan repayment is via salary deduction.

**3. Back-to-Back Loans.** Short-term secured loans available to existing Peso and USD deposit account holders.

### ELECTRONIC BANKING

**4. DBP Regular Debit Card.** The DBP Regular Debit Card is the bank's standard card that is EMV compliant and PayWave enabled. This is directly linked to an interest-earning savings/current account, providing cardholders the convenience of payment transactions and cash withdrawals through POS and ATMs.

Validity: 5 years  
Maintaining Balance: Php100.00  
Interest Earning: Yes

**5. DBP ATM ID Debit Card.** A multi-functional payroll ATM card that also serves as the institutional client's company identification card. The DBP ATM-ID Debit Card is linked to an interest-earning savings/current account with a Php100 maintaining balance. It has a customized card design that is EMV compliant and can be equipped with RFID functionality for contactless interface capability.

Validity: No card expiration  
Maintaining Balance: Php100.00  
Interest Earning: Yes

**6. DBP Prepaid Card.** The DBP Prepaid Card is a customizable and reloadable Visa-branded card that can be used through local and international ATMs, payment via POS terminals, and online payment gateways through BancNet and VISA networks.

Validity: 5 years  
Maintaining Balance: None  
Interest Earning: No

**7. DBP Cash Card.** A nameless EMV card with a highly customized design issued in partnership with institutions for their specific disbursement needs. The DBP Cash Card can be transacted locally at any BancNet ATM and POS terminal.

**8. DBP Visa Gift Card.** A non-reloadable nameless prepaid Visa card. An all-occasion gift solution issued in the following denominations: Php500.00, Php1,000.00, Php2,000.00, and Php5,000.00. Can be used for POS and online purchases until the balance is consumed. It is BancNet-affiliated and Visa-branded, enabling both local and international transactions.

**9. DBP Digital Banking Portal (DBP2).** A facility that enables institutional clients to access their accounts and perform banking transactions via the internet. It provides a full suite of cash management solutions that include disbursements, collections, account, and liquidity management services.

**10. Bancnet eGov.** An online facility that enables employers from both the private and government sectors to facilitate payments to government agencies such as SSS, PhilHealth, and HDMF (Pag-IBIG). This 24-hour facility provides a convenient way of remitting government contributions and loan payments.

**11. Cash@POS.** Expands the functions of a POS terminal to include processing of withdrawal transactions using ATM cards of participating banks through DBP's partner institutions. This service aims to provide ATM account holders access to their funds even in areas without ATMs.

**12. DBP Internet Payment Gateway (IPG).** A web-based collection solution for institutions with interactive or transactional websites. DBP serves as the enabler for card payment acceptance through the websites of these accredited institutions.

**13. Bills Payment Facility.** Enables a biller to collect online through the BancNet Online website.

**14. DBP Point of Sale (POS) Facility.** A stand-alone collection facility that enables clients to accept prepaid, debit, and credit card payments over the counter.

**15. Automated Teller Machine (ATM).** A self-service specialized machine that allows the public to conduct safe and secure financial transactions, with the following services:

- cash withdrawal
- balance inquiry
- PIN change
- funds transfer
- bills payment
- checkbook reorder



Network Affiliation: VISA, MasterCard, Diners Club, Discover, KFTC via BancNet  
Denomination: Philippine Peso

**16. ATM Piggybacking Partnership.** DBP provides convenient ATM services through the installation of ATMs at partner rural banks especially in remote areas with limited access to banking services.

**17. Proprietary Bills Payment.** A closed-loop proprietary bills payment facility, in partnership with electric cooperatives and water districts, for promoting financial inclusion through the payment of utility bills electronically using DBP ATMs.

Source of Fund: DBP Debit or Prepaid Card

Usage and Functionalities: Alternative mode of payment for utility bills with the use of a DBP Debit or Prepaid Card on a DBP ATM

## REMITTANCE

### 18. Foreign Inward Remittance

a. **Send money to the Philippines via:**

- **Overseas Remittance Partners.** Remit and send remittances to beneficiaries in the Philippines through accredited remittance partners located in the Kingdom of Saudi Arabia, UAE, Japan, Canada, USA, Australia, Europe, Hong Kong, Cambodia, Korea, Bahrain, Singapore, and other countries.
- **Society for Worldwide Interbank Financial Telecommunication (SWIFT).** Send remittances through any bank overseas for credit to you and your beneficiary's account in the Philippines.

### 19. Domestic Inward Remittance

- a. **Bank to Bank Credit.** Fast and worry-free credit of remittances to any Peso or US Dollar-denominated bank account in the Philippines through the BSP PESONet, InstaPay, and Philippine Domestic Dollar Transfer System (PDDTS) channels, and through SWIFT or Real Time Gross Settlement (RTGS).
- b. **Cash Pick-up Anywhere.** Claim remittances at any DBP branch or any of the more than 8,000 accredited/authorized pay outlets nationwide accessible to the beneficiary. Payout partners include M. Lhuillier, Cebuana Lhuillier, Palawan Pawnshop, and selected rural banks.

- c. **DBP Debit Visa Card.** The card is equipped with EMV/ chip technology linked to a deposit account. It allows cardholders to make ATM, POS, and online transactions. It is BancNet-affiliated and Visa-branded, enabling both local and international transactions.
- d. **Payment to Institutions (Overseas Collection Arrangement).** Collection of premiums and loan amortizations for payment to SSS, Pag-IBIG, PhilHealth, and other government and private institutions.

**20. Fund Transfer**

- a. Manager's Check
- b. Foreign Currency Denominated Bank Draft
- c. Philippine Domestic Dollar Transfer System (PDDTS)
- d. SWIFT
- e. RTGS
- f. PESONet
- g. Instapay

**21. Special/Other Services**

- a. Bills Payment Acceptance for
  - BIR
  - SSS
  - PhilHealth
  - PLDT
  - SMART
- b. Deposit Pick-up and Cash Delivery Service
- c. Payroll Servicing
- d. Servicing of Government's Modified Disbursement Scheme (MDS)
- e. NCO collection for the Bureau of Treasury
- f. Central posting of Internal Revenue Allotment (CePIRA)
- g. Debit to One Credit to All Deposit Facility (DOCA)
- h. Credit to One Debit to All Deposit Facility (CODA)
- i. Foreign Currency Exchange Dealership (Non-Trade)

**DEVELOPMENT AND RESILIENCY SECTOR**

**DEVELOPMENT LENDING PROGRAMS**

**1. Infrastructure and Logistics**

- a. **Program Assistance to Support Alternative Driving Approaches (PASADA).** The DBP PASADA supports the implementation of the government's Public Utility Vehicle Modernization Program (PUVMP) and its Omnibus Franchising Guidelines (OFG) under Department Order No. 2017-011 dated June 19, 2017, issued by the Department of Transportation. The program aims to offer financing with favorable terms that are responsive to the needs of transport corporations and cooperatives and allow a smooth transition to modern public transport vehicles.
- b. **Infrastructure Contractors Support (ICONS) Program.** The ICONS Program aims to support the national government's thrust of promoting infrastructure growth in the country under its Build Better More Program, including its public-private partnership program. The program will extend direct financing to construction

contractors as a complementary mode of fund to various types of infrastructure activities. With increased levels of infrastructure spending as a goal of the government, higher levels of credit support for contractors will be needed to finance award contracts. The DELTA-P Program aims to contribute to the continual improvement of the Electric Cooperative's (ECs) performance through loan takeout from the Power Sector Assets and Liabilities Management (PSALM) to ensure the adequate, affordable, and reliable supply of electricity.

c. **Connecting Rural Urban Intermodal Systems Efficiently (CRUISE).** The CRUISE Program serves as the umbrella program to guide the bank's strategic thrust for connectivity infrastructure in the transportation, logistics, and tourism sectors. The program's objectives are to support the national plan to increase investments in transport, logistics, ICT, and tourism infrastructure and services through medium- and long-term financing; promote rural-urban integration and connectivity; and accelerate economic growth particularly in the high-potential growth sectors of manufacturing, agriculture, and tourism through the provision of necessary connectivity infrastructure.

d. **Financing Utilities for Sustainable Energy Development (FUSED) Program.** The FUSED Program aims to contribute to increased access to electricity services such as power generation and distribution. This would include support for increased access to electricity services and transformation of Electric Cooperatives.

e. **DBP's Electric Cooperative Loan Take-Out Assistance from PSALM (DELTA-P).** The DELTA-P Program aims to contribute to the continual improvement of the performance of ECs through loan takeout from the Power Sector Assets and Liabilities Management (PSALM) to ensure the adequate, affordable, and reliable supply of electricity.

f. **DBP Mindanao Development Assistance (DBP-MinDA) Financing Program.** The DBP-MinDA Financing Program aims to contribute to addressing the challenges faced by the people in Mindanao, such as low agricultural productivity due to the lack of access to processing centers and markets in production areas, and the lack of access to water supply for drinking and irrigation and other support services.

Through the provision of potable water supply and irrigation, the program will contribute to addressing these challenges and further attain peace, prosperity, and poverty reduction, among others, for geographically isolated and disadvantaged areas in Mindanao.

g. **Solar Merchant Power Plant (SMPP) Financing Program.** The SMPP Financing Program is designed to support the attainment of the government's target of 35% renewable energy (RE) in the country's energy mix by 2030, per the Philippine Energy Plan (2018-2030). It is expected to contribute to the government's goal of increasing solar photovoltaic capacity in the country from 2.16 GW in 2020 to 15.9 GW by 2030.



**2. Environment**

a. **Energy Efficiency Savings (E2SAVE) Financing Program.**

The E2SAVE Financing Program aims to contribute to the development and promotion of energy efficiency, renewable energy for own use, green building, and electric vehicle projects, and thus, help in strengthening energy security and address climate change by reducing greenhouse gas emissions in the country. It further aims to provide credit assistance to energy service providers, energy service companies, and charging station service providers to promote the development of energy efficiency projects.

b. **Lending Initiative for Sanitation (LINIS) Program.** The LINIS Program aims to contribute to the national government's goal of achieving universal access to sanitation through the provision of credit assistance to local government units, water districts, and private companies, and thus help them address compliance with:

- Clean Water Act of 2004 or Republic Act (RA) No. 9275.
- Order of the Supreme Court for the clean-up, rehabilitation, and preservation of several bodies of water.
- Presidential Directive No. 2018-0081 dated February 12, 2018 requiring all resorts to have a water treatment facility.

c. **Water for Every Resident (WATER) Program.** The DBP WATER Program supports the Philippine Development Plan (2017-2022), which is aimed at increasing the percentage of households with access to safe water supply (85.50% to 95.16%), and the United Nations (UN) Sustainable Development Goal 6: Clean water and sanitation. The WATER Program aims to contribute to the provision of safe and affordable water supply through financing to help achieve inclusive growth and poverty reduction, and to provide credit assistance to water service providers in their investment requirements to provide safe, reliable, and affordable water services.

d. **Agroforestry Plantation Program (APP).** The APP is a credit assistance program for the development, expansion, harvesting, processing, maintenance, and protection of industrial forest-based plantations in qualified private and public land consisting of at least five to 40,000 hectares of open area. APP aims to hasten economic development, promote environmental stability, enhance climate change mitigation, and boost the Philippine wood-based industry by addressing the increase in demand for forest and forest-based products and services.

**3. Social Services and Community Development**

a. **Building Affordable Homes Accessible to Every Filipino (BAHAY) Program (formerly the Residential Real Estate Financing Program).** The BAHAY Program is a lending program for the housing sector covering the end-to-end process of housing development, from land acquisition to site development and shelter construction. It aligns with DBP's strategic thrust of social development through the provision of accessible financing to support shelter production and secure tenure delivery. The BAHAY

Program aims to contribute to the national government's target of making cities and human settlements inclusive, safe, resilient, and sustainable through financing. Further, it aims to help address the gaps in mass housing by providing credit assistance through short-term and long-term financing.

b. **DBP Credit Facility for SHFC Contractors and Developers (BAHAY-SHFC).** The BAHAY-SHFC is a special loan offered by DBP to accredited contractors and developers of the Social Housing Finance Corporation (SHFC). The facility is open to housing builders with contracts awarded by community associations under the turnkey guidelines of the SHFC Community Mortgage Program (CMP). Under this facility, DBP will provide a credit line to the contractors and developers to advance SHFC's payment for work completed on the project.

c. **DBP Credit Facility for the 4PH Program (BAHAY-4PH).** The BAHAY-4PH is a subprogram of the BAHAY Program crafted in support of the government's Pambansang Pabahay Para sa Pilipino (4PH) Program. It aims to contribute to reducing the country's housing deficit by supporting the national government and the Department of Human Settlements and Urban Development (DHSUD) through the provision of development loans to encourage LGUs, developers, and contractors to undertake 4PH Program housing projects.

d. **Contract-to-Sell Financing Facility for Real Estate Developers (CTS Financing).** The CTS Financing supports the national government's goal of addressing the housing deficit and establishing livable communities, as outlined in the Philippine Development Plan for 2023-2028. It is a credit assistance for developers that provides bridge financing for the construction of residential housing projects covered by contracts-to-sell.

e. **Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD).** The SHIELD Program supports the Philippine Development Plan aimed to improve access to health services and the UN Sustainable Development Goal 3: Good health and well-being. By 2030, the SHIELD Program is expected to have financed Php25 billion in investments in healthcare projects and contributed at least 5,000 additional beds.

f. **Education Sector Support for Knowledge, Wisdom, and Empowerment through Lending Assistance (ESKWELA) Program (formerly DBP Educational Fund Program).** The ESKWELA Program is a lending program for schools covering basic education, higher education, technical-vocational education, and alternative learning. The program aims to contribute to the improvement of Filipino lives by supporting and promoting the availability and accessibility of quality education. It also aims to contribute to the national government's education targets by providing credit assistance to the education sector.

g. **DBP Rehabilitation Support Program for Severe Events (RESPONSE) (formerly DBP REPAIR, which was established in 2018).** The DBP RESPONSE Program provides rehabilitation financing support to new and existing borrowers of DBP, whether public and private institutions, that have been adversely affected by calamities and/or events arising from the occurrence of such calamities.

h. **Assistance for Economic and Social Development (ASENSO) for Local Government Units (LGUs) Financing Program.** The ASENSO for LGUs Financing Program aims to provide financing assistance to all levels of LGUs in the accomplishment of its projects to accelerate infrastructure development as one of the goals in the Philippine Development Plan; and to contribute to the attainment of the UN Sustainable Development Goals 1, 2, 3, 4, 6, 7, 8, 9, 11, and 13.

i. **DBP Sustainable Waste Management for Enhanced Environmental Protection (SWEEP) Financing Program.** The program aims to support the strict implementation of RA 9003, the Ecological Solid Waste Management Act of 2000, and RA 6969, the Toxic Substances and Hazardous and Nuclear Waste Act of 1990. The objective of the program is to contribute to the development of solid and hazardous waste management facilities and waste-to-energy projects by providing credit assistance to public and private companies to help protect the environment and address climate change.

**4. Micro, Small, and Medium Enterprises**

a. **Aquaculture Value Chain Financing Program—Regular.** The Aquaculture Value Chain Financing Program—Regular is a credit assistance program that provides comprehensive support to medium and large enterprises within the aquaculture value chain.

b. **Aquaculture Value Chain Financing Program—ACPC Funded.** The Aquaculture Value Chain Financing Program—ACPC Funded is a credit assistance program that provides comprehensive support to micro and small enterprises, and cooperatives, including start-up fish farm operators within the aquaculture value chain.

c. **Swine Repopulation, Rehabilitation, and Recovery (SWINE R3) Credit Program—Regular.** The SWINE R3 Credit Program—Regular is a credit window to support eligible medium- to large-scale swine projects, including LGU projects. This project can finance the establishment or construction of swine farm facilities with at least a Level 1 biosecurity classification as certified by the Bureau of Animal Industry, and support facilities, acquisition of machinery and equipment, and working capital requirements.

d. **Swine Repopulation, Rehabilitation and Recovery Credit Program—ACPC Funded (SWINE R3-ACPC).** The SWINE R3-ACPC is a credit window to support eligible small-scale swine projects using funding from the national government (initial funding from the Agricultural Credit Policy Council).

e. **DA-ACPC-DBP BuyAnihan Credit Program.** The DA-ACPC-DBP BuyAnihan Credit Program is a credit facility that aims to elevate the direct engagement of rice cooperatives in the rice industry value chain by providing credit access to working capital requirements.

f. **Coconut Farmers and Industry Development (CFID) Credit Program.** The CFID Credit Program is a credit window that supports the nation's coconut industry through financing projects related to the coconut value chain, the establishment of intercropped, and livestock/poultry integration in coconut farms.

g. **Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF).** The ERCA-RCEF is a credit facility that aims to support rice farmers and their cooperatives, and to improve the productivity of local rice farmers and increase their income amidst the liberalization of the Philippine rice trade policy.

h. **DBP RESPONSE to Accelerate MSME Recovery (DBP RESPONSE—MSME Recovery).** The DBP RESPONSE—MSME Recovery is a subprogram of the DBP RESPONSE created in compliance with RA 11494, the Bayanihan to Recover as One Act, directing DBP to introduce low interest rates and/or flexible term loan programs to businesses affected by the COVID-19 pandemic, including start-ups and cooperatives.

i. **Credit Surety Fund (CSF) Credit Facility.** The DBP CSF is a special lending window in support of the Credit Surety Fund Program of the Bangko Sentral ng Pilipinas, which aims to support the growth of micro, small, and medium enterprises (MSMEs) that are short of acceptable collateral.

j. **Broiler Contract Growing Program (BCGP).** The BCGP supports the poultry industry through the financing of poultry broiler contract growing projects under the Sustainable Agribusiness Financing Program.

k. **Rediscounting Line Facility for Financial Institutions.** The Rediscounting Line Facility for Financial Institutions is a credit facility to supplement or augment funds needed by wholesale borrowers, where availments on the rediscounting line are made against promissory notes of sub-borrowers. It includes not only project- or business-based enterprises but also those eligible for salary-based general-purpose consumption loans.

l. **Rural Agro-enterprise Partnership for Inclusive Development and Growth (RAPID Growth) Credit Facility.** The RAPID Growth Credit Facility is a credit assistance program created to support the RAPID Growth Project of the national government. The RAPID Growth Project was conceptualized by the Department of Trade and Industry (DTI) and funded by the International Fund for Agricultural Development (IFAD).

One of the key features of the RAPID Growth Project is the Conditional Matching Grants. Grant fund support will be provided to qualified proponents to enhance their overall competitiveness level and for the development of the specific agricultural value chain. It aims to address market failures and institutional deficiencies in terms of access to financing. It also aims to provide the necessary development intervention to help improve agricultural production, productivity, and quality.



**SPECIAL PROJECTS**

1. **People's Survival Fund.** The People's Survival Fund (PSF) is a program of the national government created by RA 10174. It is a Php1 billion annual fund sourced from the General Appropriations Act intended for climate change adaptation projects of LGUs that will better equip vulnerable communities to deal with the impacts of climate change.

2. **Green Climate Fund.** The Green Climate Fund (GCF) was created in 2010 by the UN Framework Convention on Climate Change (UNFCCC), headquartered in South Korea, to provide support to developing countries in shifting towards low-emission and climate-resilient development. It may be tapped by accredited entities as a concessional loan, grant, guarantee, or equity.

**OPERATIONS SECTOR**

**TRADE FINANCE**

1. **Import Letter of Credit (ILC).** This is a payment instrument issued by a bank, at the request of the applicant (importer), in which the bank promises to pay a specified amount of money to the named foreign beneficiary (exporter) upon his presentation of documents as stipulated in the credit.

2. **Domestic Letter of Credit (DLC).** This is a payment instrument issued by a bank, at the request of the applicant (buyer), in which the bank promises to pay a specified amount of money to the named local beneficiary (seller) upon his presentation of documents as stipulated in the credit.

3. **Foreign Standby Letter of Credit (FSLC).** This is a guarantee of payment issued by a bank to a foreign beneficiary on behalf of its client (applicant) that is used as "payment of last resort" should the client fail to fulfill a contractual commitment with a third party. It is called or drawn upon only if there is a default.

4. **Domestic Standby Letter of Credit (DSLCL).** This is a guarantee of payment issued by a bank to a local beneficiary on behalf of a client (applicant) that is used as "payment of last resort" should the client fail to fulfill a contractual commitment with a third party. It is called or drawn upon only if there is a default.

5. **Document Against Acceptance (DA).** The seller ships the goods directly to the buyer and sends the shipping documents and bill of exchange or time draft drawn on the buyer through a bank, which shall release the documents to the buyer upon the buyer's acceptance of the draft and confirmation of the draft's maturity date.

6. **Document Against Payment (DP).** The seller ships the goods to the buyer and sends the shipping documents and a sight draft drawn on the importer/buyer through a bank for purposes of handling the release of documents to the importer only upon payment of the import/domestic bill. The bank shall only release the shipping documents to the buyer if the latter has paid the import bill amount plus the charges.

7. **Open Account (OA).** The exporter/seller ships the goods and sends shipping documents directly to the buyer without courting the shipping document through the bank, upon the importer's promise to pay at some future date after shipment. OA transactions must be payable at least 30 calendar days after the bill of lading (BL) or air waybill (AWB) shipment date.

8. **Direct Remittance (DR).** The exporter/seller ships the goods and sends shipping documents directly to the buyer without courting the shipping document through the bank, upon the importer's promise to pay at some future date after shipment. Payment is made within 29 calendar days after delivery or BL/AWB shipment date.

9. **Advance Payment.** The buyer/importer pays the seller/exporter in advance, either partially or in full, for goods/services ordered. The seller ships out the goods or performs the services only upon receipt of good funds.

10. **Trust Receipt (TR) Financing.** This is a loan/facility given to the buyer/importer where the goods are released to him, allowing him physical possession of the goods as a trustee. When a TR loan is availed, the bank retains the title to the goods. The buyer/importer is obliged to remit the proceeds of the sale of these goods to the bank.

11. **Collection of Customs Duties.** It is a service provided by DBP as one of the Authorized Agent Banks (AAB) of the Bureau of Customs (BOC) to collect and remit the payment of customs duties of its importer/exporter clients.

12. **Shipside Bond/Shipping Guaranty Issuance.** This is a written undertaking issued by the applicant's bank at the importer's request, in favor of the shipping company or its agent authorizing them to release the goods to the importer without an original BL. This relieves the shipping line of any liability for releasing the goods to the importer without the original BL.

13. **Air Waybill Endorsement/Advance Release.** This is a written undertaking issued by the applicant's bank at the importer's request, in favor of the airline company authorizing them to release the goods to the importer without an original AWB. This relieves the airline of any liability for releasing the goods to the importer without the original AWB.

14. **Export Bills Purchase (EBP).** It is a post-shipment financing facility wherein the bank purchases/pays in advance the client's export bill for collection.

15. **Outward Bills for Collection (OBC).** It is a service provided by DBP wherein the export documents under sight/usance LCs are presented for collection purposes only. It is not a trade financing method but simply a collection process that the bank may offer to exporters who do not need financing for a particular shipment at a particular time.

16. **Export LC/SBLC Advising (LA).** It is a service provided by DBP that merely advises the arrival of the LC/SBLC but holds no obligation on the part of the bank. The original export LC/SBLC will be released to the exporter/beneficiary only upon payment of bank advising fees.

17. **Inward Trade Remittance.** The bank credits the export proceeds to the exporter client's peso/dollar account based on the received SWIFT message (MT103), upon receipt of copies of shipping documents from the client.

## TREASURY AND CORPORATE FINANCE SECTOR

### TREASURY

**1. Government Securities.** Government securities (GS) are unconditional obligations of the Republic of the Philippines. These are relatively free from credit risk because the principal and interest are guaranteed by the national government, backed by the full taxing power of the sovereignty. There may be market risks due to changes in the interest rates, however.

The Philippine government issues both Peso and US Dollar-denominated securities. There are two kinds of Peso GS: (1) Treasury Bills and (2) Treasury Bonds. Treasury Bills are obligations with a maturity of one year or less, issued at a discount to the maturity value. Treasury Bonds are obligations with maturities ranging from two to 25 years, issued at par with periodic coupon payments to be made up to final maturity. Bonds issued without coupons are known as zero coupon bonds.

The dollar-denominated GS, on the other hand, has tenors of up to 25 years. Interest rates are paid semi-annually based on a fixed coupon rate.

**2. Corporate Bonds/Bank Notes.** Corporate Bonds/Bank Notes are debt securities issued by a corporation/bank and sold to investors. Compared to GS, Corporate Bonds/Bank Notes offer better yield to maturity. It is not covered by the Philippine Deposit Insurance Corporation, however, since it is not a deposit product. The client's exposure is on the Issuer. These are subject to both market risks and credit/default risks.

**3. Foreign Exchange.** Provides prices in buying and selling of foreign currencies to service the FX trade and non-trade requirements of clients.

### CORPORATE FINANCE SERVICES

**1. Issue Management.** Tailored solutions to corporate and public sector clients who are looking to tap the investing public and institutional investors to raise funds. DBP offers innovative financing structures that cater to the unique requirements of issuers and investors alike, as government regulators, to ensure a successful issuance in a timely and cost-effective manner.

**2. Fixed-income Underwriting.** DBP capitalizes on its experience with various fundraising activities in the credit evaluation of investment securities and loan arrangements to determine appropriate distribution channels to ensure the success of the arrangement.

**3. Loan Syndication/Arrangement.** DBP lends its expertise in coming up with appropriate financing structures via syndicated loans, wherein DBP manages the fundraising on behalf of the client and acts as the central point of contact to facilitate information sharing among lenders and other parties for a more cost- and time-efficient fund-raising process.

**4. Structuring/Project Finance.** DBP assists in developing appropriate financing structures, particularly with a view of the financing being a limited or non-recourse facility to the sponsors.

**5. Transaction and Financial Advisory Services.** DBP helps clients realize their strategic objectives by providing advisory services for public-private partnerships or joint ventures (either solicited or unsolicited), privatizations, and mergers and acquisitions, among others. DBP can also provide tailor-fit solutions required by clients.

## TRUST BANKING GROUP

### 1. Unit Investment Trust Funds (UITFs)

a. **Unlad Kawani Money Market Fund** is a money market fund exclusively offered to government employees (through the human resources department of the government agency) that aims to provide investors with a steady flow of income and potentially higher returns than regular savings deposits by investing in the deposit products of accredited banks.

b. **Unlad Panimula Multi-class Money Market Fund** is a multiclass money market UITF that aims to provide individual and corporate clients a steady flow of income and potentially higher returns than regular savings deposits by investing in the deposit products of accredited banks.

**2. Investment Management Account** provides clients with portfolios that are tailor-fitted to their liquidity and growth needs. For a minimum of Php10 million (for individual clients) and Php20 million (for corporate clients), clients gain access to financial markets through the DBP Trust Banking Group (DBP-TBG) as the investment manager.

### 3. Trust and Other Fiduciary Services

a. **Employee Benefit Trust** allows companies to provide separation benefits to employees through a tax-qualified plan (e.g., pension, lump sum retirement, gratuity).

b. **Personal Management Trust** allows clients to manage, hold, and distribute their assets for the benefit of designated beneficiaries.

c. **Court Trusts** are executed under the orders of the courts of competent jurisdiction and can include administratorship, executorship, and guardianship.

d. **Legislated and Quasi-Judicial Trusts** are mandated by law, executive order, a court, or other government regulatory agency. The TBG offers the following arrangements:

i. **Directors and Officers Liability Fund (DOLF)** – for the indemnification of directors and officers of GOCCs, GFIs, agencies, or commissions against the cost of litigation and liability in the course of performing their fiduciary duties and obligations.

ii. **DENR Mining Trust** – set up by the mining companies for the physical and social rehabilitation of the areas and communities affected by the mining activities, and for the implementation of environmental protection and enhancement programs.

iii. **Credit Surety Fund** – serves as security for loans obtained by MSMEs in which TBG manages the funds contributed by cooperatives, MSMEs, NGOs, and LGUs.

iv. **Public Trusteeship** – required for the public issuance of an unsecured subordinated debt by corporations and juridical entities.

e. **Facility/Loan Agency** is where TBG acts as a liaison between the syndicate of lenders and the borrower to monitor compliance with the representations, warranties, and covenants under the loan arrangement and provide convenience to the borrower by centralizing all communications and transactions.

f. **Project Account/Paying Agency** ensures that funds are available to meet the payment of future obligations, disbursements to borrowers follow the terms and conditions in the agreement, and amortizations to lenders are paid on time.

g. **Mortgage / Collateral Trust Under Indenture** is where TBG acts as an impartial intermediary between the borrower and the creditors in the administration of a loan agreement and mortgaged properties and collateral.

h. **Escrow** protects the interests of the contracting parties by ensuring that the terms and conditions mutually agreed upon are fulfilled through the services of TBG as escrow agent.

i. **DMW - Placement Agency** – for employment agencies required to set up an escrow account with TBG to answer for all valid and legal claims arising from contracts of employment and violations of the conditions for the grant and use of the license as may be adjudicated by the DMW and DOLE-NLRC.

ii. **BIR Capital Gains Tax Exemption** – for individuals who intend to avail of the exemption from the payment of the 6% capital gains tax on the sale of a principal residence, subject to the satisfaction of certain conditions.

iii. **BIR Auction Sale** – for the winning bidders in the public auction of distrained, seized, or levied properties of a delinquent taxpayer.

iv. **DHSUD** – for developers who must comply with socialized housing requirements through certain alternative modes of compliance.

v. **IPO Listing** – for companies that will issue IPO shares and have to comply with the prescribed lock-up period.

vi. **Source Code** – to safely keep and make available to the system user or client the source code of the IT application availed from a system provider upon the need to re-install the system.

vii. **Other Escrows**

i. **Safekeeping** provides security for and inventory of the documents of corporate clients such as TCTs, securities, titles.

j. **Other Trust Accounts or Fiduciary Services**

**4. Special Purpose Trust was created under The Securitization Act of 2004**, allowing companies to access alternative financing by selling assets or future cash flows on a without-recourse basis.

## CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

**1. DBP Forest Program (DFP).** This program is a DBP initiative to protect the country's watershed areas through the planting of high-value fruit trees, forest trees, and other useful species such as bamboo and ilang-ilang. Its long-term vision is to develop downstream industries in the rural areas by supporting and encouraging the reforestation of open areas. Other similar undertakings include coastal rehabilitation through the planting of mangroves.

**2. DBP Native Tree Seedbank Project.** A newly approved subprogram under the DFP, it shall cover all nursery establishment and seed collection projects under DFP. Its long-term vision is to provide readily available high-quality native tree planting materials in watershed areas for a faster reforestation rate.

**3. DBP Resources for Inclusive and Sustainable Education (RISE).** This program promotes the welfare of the Filipino people, particularly the underprivileged, by sending indigent but deserving high school students to college, in partnership with accredited partner schools. The scholarship assistance covers a whole range of the students' requirements, including tuition, books, cost of living, and allowances.



**4. Donations and contributions that advocate for community development by supporting various advocacy projects and outreach activities.** The bank extends assistance to NGAs, LGUs, charitable institutions, and NGOs for projects aimed at augmenting the provision of basic social services to selected vulnerable groups of society and for calamity and disaster relief operations.

# Directory

## BRANCH BANKING

### BBG-METRO MANILA

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### Alabang Branch

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Tel.: (02) 85529218

### Antipolo Branch

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### Pasig Branch

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### P. Tuazon Branch

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### Quezon City Branch

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### Roces Avenue Branch

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### San Juan Branch

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### Taguig Branch

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### Taguig-Tuktukan Branch

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Email: taguig-tuktukan@dbp.ph  
Tel.: (02) 85327673

### BBG-NORTHERN LUZON

2nd Floor, DBP Building, Session Road corner Perfecto Street, Barangay Malcolm Square, Baguio City, Benguet 2600  
Email: nlb@dbp.ph  
Tel.: (02) 88189511 local 1560

### Abulug Branch

National Highway, Barangay Libertad, Abulug, Cagayan 3517  
Email: abulug@dbp.ph  
Tel.: (02) 88189511 local 1559

### Aparri Branch

DBP Building, Maharlika Highway, Barangay Macanaya, Aparri, Cagayan 3515  
Email: aparri@dbp.ph  
Tel.: (078) 8882066

### Baguio Branch

Ground Floor, Session Road corner Perfecto Street, Barangay Malcolm Square, Baguio City, Benguet 2600  
Email: baguio@dbp.ph  
Tel.: (074) 4425305

### Bangui Branch

Legislative Building, Barangay San Lorenzo, Banguui, Ilocos Norte 2920  
Telephone Number: (02) 88189511 local 1558  
Email: bangui@dbp.ph

### Cabarroguis Branch

1st Floor, Provincial Capitol Commercial Building, Capitol Hills, Barangay San Marcos, Cabarroguis, Quirino 3400  
Email: cabarroguis@dbp.ph  
Tel.: (02) 88189511 local 1529

### Cauayan Branch

STP Building, Rizal Avenue, Extension, District II, Centro, Cauayan City, Isabela  
Email: cauayan@dbp.ph  
Tel.: (078) 3256434

### Dagupan Branch

M. H. del Pilar Street, Barangay Mayombo, Dagupan City, Pangasinan 2400  
Email: dagupan@dbp.ph  
Tel.: (075) 5220986

### Ilagan Branch

Ground Floor, DBP Building, Maharlika Highway corner Arranz Street, Barangay Osmena, City of Ilagan, Isabela 3300  
Tel.: (078) 6242145  
Email: ilagan@dbp.ph

### Tumauini Branch Lite Unit

National Highway, Barangay Maligaya, Tumauini, Isabela 3325  
Email: tumauini@dbp.ph

### Lal-lo Branch

Solomon Hotel, Barangay Magapit, Lal-lo, Cagayan 3509  
Email: lal-lo@dbp.ph  
Tel.: (078) 3770947

### Laoag Branch

A.G. Tupaz Avenue, Barangay 10, San Jose, Laoag City, Ilocos Norte 2900  
Email: laoag@dbp.ph  
Tel.: (077) 7720234

### Santiago Branch

Purok 7, Maharlika Highway, Barangay Villasis, Santiago City, Isabela 3311  
Email: santiago@dbp.ph  
Tel.: (078) 3050916

### San Fernando (La Union) Branch

Lueco Building I, Barangay Sevilla, San Fernando, La Union 2500  
Email: sanfernando-launion@dbp.ph  
Tel.: (072) 7000101

### Naguilian Branch Lite Unit

Barangay Ortiz, Naguilian, La Union 2511  
Email: naguilian@dbp.ph  
Tel.: (072) 888-0620

### Solano Branch

DBP Building, Burgos Street, Barangay Quezon, Solano, Nueva Vizcaya 3709  
Email: solano@dbp.ph  
Tel.: (078) 3268007

### Tabuk Branch

DBP Building, Provincial Road, Barangay Dagupan Centro, Tabuk City, Kalinga 3800  
Email: tabuk@dbp.ph  
Tel.: (02) 88189511 local 1555

### Tuguegarao Branch

Enrile Boulevard, Carig Sur, Tuguegarao City, Cagayan 3500  
Email: tuguegarao@dbp.ph  
Tel.: (02) 88189511 local 1553

### Urdaneta Branch

Unit 110-112 Magic Mall Urdaneta Annex, Alexander Street, Poblacion, City of Urdaneta, Pangasinan 2428  
Email: urdaneta@dbp.ph  
Tel.: (02) 88189511 local 1568

### Vigan Branch

Balai Magnolia, L. Florentino Street, Barangay 1, Vigan City, Ilocos Sur 2700  
Email: vigan@dbp.ph  
Tel.: (077) 6742501

### Cabugao Branch Lite Unit

National Highway, Barangay Rizal, Cabugao, Ilocos Sur 2372  
Email: cabugao@dbp.ph  
Tel.: (077) 604-1151

### BBG-CENTRAL LUZON

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Email: clbg@dbp.ph  
Tel.: (045) 9631231

### Balanga Branch

DBP Building, Capitol Drive, Barangay Tenejero, Balanga City, Bataan 2100  
Email: balanga@dbp.ph  
Tel.: (047) 2372073

### The Bunker Branch Lite Unit

Ground Floor, The Bunker Building, Capitol Compound, Barangay Tenejero, Balanga City, Bataan 2100  
Email: thebunker@dbp.ph

### Baler Branch

National Highway, Barangay Suklayin, Baler, Aurora Province 3200  
Email: baler@dbp.ph  
Tel.: (042) 7240007

### Cabanatuan Branch

DBP Building, Burgos Avenue corner Gabaldon Street, Barangay East Sangitan, Cabanatuan City, Nueva Ecija 3100  
Email: cabanatuan@dbp.ph  
Tel.: (044) 4643536

### Clark Branch

Pavillion 1 Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone 2023  
Email: clark@dbp.ph  
Tel.: (045) 499649

### Guagua Branch

Mary the Queen College Building, Jose Abad Santos Avenue, Barangay San Matias, Guagua, Pampanga 2003  
Email: guagua@dbp.ph  
Tel.: (045) 4320098

### Malolos Branch

DBP Building, Paseo Del Congreso, Barangay Catmon, City of Malolos, Bulacan 3000  
Tel.: (044) 7601156  
Email: malolos@dbp.ph

### San Jose Del Monte Branch Lite Unit

Unit 101 Building B, St. Vivian's Plaza, M. Villarica Road, Barangay Muzon, Zone 1, City of San Jose Del Monte, Bulacan 3000  
Email: sanjosedelmonte@dbp.ph

### Palayan Branch

Provincial Capitol Compound, Barangay Singalat, Palayan City, Nueva Ecija 3132  
Tel.: (044) 4630096  
Email: palayan@dbp.ph

### San Fernando Branch

G/F Doña Isa Fel Building, McArthur Highway, Barangay Dolores, City of San Fernando, Pampanga 2000  
Email: sanfernando-pampanga@dbp.ph  
Tel.: (045) 9614971

### Subic Branch

Unit No. 109 Ground Floor Wow World Complex, Rizal Highway, Central Business District, Subic Bay Freeport Zone 2222  
Email: subic@dbp.ph  
Tel.: (047) 2523090

### Tarlac Branch

DBP Building, Macabulos Drive, Barangay San Roque, Tarlac City, Tarlac 2300  
Email: tarlac@dbp.ph  
Tel.: (045) 9820406

### Valenzuela Branch

253-A McArthur Highway, Barangay Karuhatan, Valenzuela City 1441  
Email: valenzuela@dbp.ph  
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**BBG-SOUTHERN LUZON**

Ground Floor, DBP Building, Barangay 9, Merchan Street corner Perez Street, Lucena City 4301  
Email: slbg@dbp.ph  
Tel.: (042) 3730297

**Bacoor Branch**

Unit 2 Sidcor Building, Molino Boulevard, Barangay Bayanan, Bacoor City, Cavite 4102  
Email: bacoor@dbp.ph  
Tel.: (046) 4350442

**Batangas Branch**

National Highway, Barangay Kumintang Ibaba, Batangas City 4200  
Email: batangas@dbp.ph  
Tel.: (043) 7023400

**Calapan Branch**

DBP Bldg. Roxas Drive, Barangay Sto. Nino, Calapan City, Oriental Mindoro 5200  
Email: calapan@dbp.ph  
Tel.: (043) 2884399

**Dasmariñas Branch**

DBP Building, Km. 30.7 Emilio Aguinaldo Highway, Barangay Zone 1, Dasmariñas, Cavite 4114  
Email: dasmarinas@dbp.ph  
Tel.: (046) 4161389

**Lipa Branch**

FNR Building, No. 2 C.M. Recto Avenue, Barangay 9, Lipa City, Batangas 4217  
Email: lipa@dbp.ph  
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**Lucena Branch**

Ground Floor, DBP Building, Barangay 9, Merchan Street corner Perez Street, Lucena City 4301  
Email: lucena@dbp.ph  
Tel.: (042) 3730190

**Tayabas Branch Lite Unit**

46 Nadera Street, Barangay San Diego Zone 1, Tayabas City, Quezon Province 4301  
Email: tayabas@dbp.ph  
Tel.: (042) 7170140

**Puerto Princesa Branch**

Ground Floor, Empire Suites Hotel, Rizal Avenue, Barangay Maningning, Puerto Princesa City, Palawan 5300  
Email: ptoprincesa@dbp.ph  
Tel.: (048) 4332358

**Romblon Branch**

DBP Building, Zaragoza Street, Barangay Capaclan, Romblon, 5500  
Tel.: (02) 88189511 local 1547  
Email: romblon@dbp.ph

**San Jose Branch**

DBP Building, Rizal Street corner Quirino Street, Barangay 6 Poblacion, San Jose, Occidental Mindoro 5100  
Email: sanjose@dbp.ph  
Tel.: (02) 88189511 local 1588

**Santa Cruz Branch**

DBP Building, A. Bonifacio corner F. Sario Streets, Barangay Poblacion IV, Santa. Cruz, Laguna 4009  
Email: stacruz@dbp.ph  
Tel.: (049) 5015142

**Santa Rosa Branch**

Ground Floor Maerix Terrace Building, Rizal Boulevard, Barangay Tagapo, City of Santa Rosa, Laguna 4026  
Email: starosa@dbp.ph  
Tel.: (049) 5342821

**Taytay-Palawan Branch**

Ground Floor, RIKC Building corner Sto. Domingo Street, National Highway, Barangay Poblacion, Taytay, Palawan 5312  
Email: taytay-palawan@dbp.ph  
Tel.: (02) 88189511 local 1544

**BBG-BICOL**

2F DBP Building, Panganiban Drive, Barangay Tinago, Naga City 4400  
Email: bbg@dbp.ph  
Tel.: (02) 88189511 local 1590

**Daet Branch**

DBP Building, Magallanes Iraya Street, Barangay III, Daet, Camarines Norte 4600  
Email: daet@dbp.ph  
Tel.: (054) 5712500

**Jose Panganiban Branch Lite Unit**

Bagong Mambulao, Grand Terminal Mall, Barangay Poblacion, San Jose, Panganiban, Camarines Norte  
Email: josepanganiban@dbp.ph

**Guinobatan Branch**

SB Building, Rizal Street, Barangay Ilawod, Guinobatan, Albay 4503  
Email: guinobatan@dbp.ph  
Tel.: (052) 8260284

**Iriga Branch**

Ground Floor, LRDC Building, Msgr. Lanuza Street, Barangay San Francisco, Iriga City 4431  
Email: iriga@dbp.ph  
Tel.: (054) 2997570

**Legazpi Branch**

DBP Building, Quezon Avenue, Barangay Dinagaan, Legazpi City 4500  
Email: legazpi@dbp.ph  
Tel.: (052) 7327900

**Masbate Branch**

Corner Danao and Mabini Streets, Barangay Bapor, Masbate City, Masbate 5400  
Email: masbate@dbp.ph  
Tel.: (056) 3332947

**Aroroy Branch Lite Unit**

Ground Floor, One Stop Shop Livelihood Center, Junction Mil-Bal Road corner Cordero Street, Barangay Ambolong, Aroroy, Masbate  
Email: aroroy@dbp.ph

**Naga Branch**

DBP Building, Panganiban Drive, Barangay Tinago, Naga City 4400  
Email: naga@dbp.ph  
Tel.: (054) 4720641

**Placer Branch**

DRNC Building corner Avenida and Balangawan Streets, Barangay Poblacion Centro, Placer, Masbate 5408  
Email: placer@dbp.ph  
Tel.: (02) 88189511 local 1545

**Sorsogon Branch**

ACM Building corner Rizal and Burgos Street., Barangay Talisay, Sorsogon City, Sorsogon  
Email: sorsogon@dbp.ph  
Tel.: (056) 4216876

**Virac Branch**

Old Capitol Building, Rizal Avenue corner Eustaquio Street, Barangay Sta. Elena, Virac, Catanduanes 4800  
Email: virac@dbp.ph  
Tel.: (02) 88189511 local 1591

**BBG-CENTRAL & EASTERN VISAYAS**

Ground Floor, DBP Building, Osmena Boulevard, Barangay Kalubihan, Cebu City  
Email: cebvg@dbp.ph  
Tel.: (032) 2549163

**Bogo Branch**

Martinez Building, corner Sor D. Rubio and San Vicente Streets, San Vicente, Bogo City, Cebu 6010  
Email: bogo@dbp.ph  
Tel.: (032) 2600839

**Borongan Branch**

DBP Building, E. Cinco Street, Barangay Purok C, Borongan City, Eastern Samar 6800  
Email: borongan@dbp.ph  
Tel.: (055) 5609080

**Carcar Branch**

Awayan, Barangay Poblacion III, Carcar City, Cebu 6090  
Email: carcar@dbp.ph  
Tel.: (032) 4877038

**Catarman Branch**

DBP Building, 390 J.P. Rizal Street, Barangay Lapu-Lapu, Catarman, Northern Samar 6400  
Email: atarman@dbp.ph  
Tel.: (055) 2518615

**Catbalogan Branch**

Ground Floor, Tia Anita's Commercial Building, Mabini Street, Barangay 11, Catbalogan City, Samar 6700  
Email: catbalogan@dbp.ph  
Tel.: (055) 2512046

**Cebu Branch**

Ground Floor, DBP Building, Osmena Boulevard, Barangay Kalubihan, Cebu City 6000  
Email: cebu@dbp.ph  
Tel.: (032) 4123402

**Dolores Branch**

LGU Dolores Building, corner Real and San Jose Streets, Barangay 10, Dolores, Eastern Samar 6817  
Email: dolores@dbp.ph  
Tel.: (02) 88189511 local 1918

**Maasin Branch**

DBP Building, RK Kangleon Street, Barangay Tunga-Tunga, Maasin City, Southern Leyte 6600  
Email: maasin@dbp.ph  
Tel.: (053) 3812083

**Mandaue Branch**

Bridges Town Square, Plaridel Street, Barangay Alang-Alang, Mandaue City 6014  
Email: mandaue@dbp.ph  
Tel.: (032) 3458625

**Ormoc Branch**

Units 15, 16 & 17, Aviles Arcade, Apo Street, Barangay Don Felipe Larrazabal, Ormoc City, Leyte 6541  
Email: ormoc@dbp.ph  
Tel.: (053) 5614434

**Tacloban Branch**

DBP Building, corner Zamora and Paterno Streets, Barangay 25, Tacloban City, Leyte 6500  
Email: tacloban@dbp.ph  
Tel.: (053) 5230094

**Tagbilaran Branch**

DBP Building, 0533 Carlos P. Garcia Avenue, Barangay Booy, North Tagbilaran City 6300  
Email: tagbilaran@dbp.ph  
Tel.: (038) 4123103

**Talisay Branch**

South Coast Center, Cebu Road, Barangay Linao, Talisay City, Cebu 6045  
Email: talisay@dbp.ph  
Tel.: (032) 4915646

**Naga Branch Lite Unit**

Units 32 & 39, Naga City People's Market, N. Bacalso, South National Highway, Barangay East Poblacion, Naga City, Cebu 6038  
Email: nagalite@dbp.ph  
Tel.: (032) 5160459

**Toledo Branch**

Barcenas Building, Poloyapoy Street, Barangay Poblacion, Toledo City 6038  
Email: toledo@dbp.ph  
Tel.: (02) 88189511 local 1903

**Alegria Branch Lite Unit**

Barangay Poblacion, Alegria, Cebu 6030  
Email: allegrialite@dbp.ph

**Tubigon Branch**

Holy Cross Academy Building, Barangay Poblacion, Tubigon 6329  
Email: tubigon@dbp.ph  
Tel.: (038) 5088683

**Ubay Branch**

Cornelio Uy Building, Tan Nene Street, Barangay Poblacion, Ubay 6315  
Email: ubay@dbp.ph  
Tel.: (038) 5188861

**BBG-WESTERN VISAYAS**

Mezzanine Floor, DBP Building, corner South Capitol Road and Lacson Streets, Barangay 9, Bacolod City 6100  
Email: wvbg@dbp.ph  
Tel.: (034) 4334284

**Antique Branch**

AVP Building, T. A. Fornier Street, Barangay 6, San Jose, Antique 5700  
Email: antique@dbp.ph  
Tel.: (036) 5407848

**Bacolod Branch**

DBP Building, corner South Capitol Road and Lacson Streets, Barangay 9, Bacolod City 6100  
Email: bacolod@dbp.ph  
Tel.: (034) 4334283

**Buenavista Branch**

Multi-Purpose Building, Old Market Site, Barangay New Poblacion, Buenavista, Guimaras 5044  
Email: buenavista@dbp.ph  
Tel.: (02) 88189511 local 1927

**Dumaguete Branch**

DBP Building, Rizal Boulevard, Barangay Poblacion 4, Dumaguete City 6200  
Email: dumaguete@dbp.ph  
Tel.: (035) 2254338

**Siaton Branch Lite Unit**

Municipal Building, Progreso Street, Barangay Poblacion I, Municipality of Siaton 6219  
Email: siaton@dbp.ph  
Tel.: (035) 5273539

**Iloilo Branch**

DBP Building, I. de la Rama Street, Iloilo City 5000  
Email: iloilo@dbp.ph  
Tel.: (033) 3362092

**Jaro Branch**

DBP Building, E. Lopez Street, Barangay Seminario, Jaro, Iloilo City 5000  
Email: jaro@dbp.ph  
Tel.: (033) 3295230

**Kabankalan Branch**

DBP Building, corner Lirazan and Bonifacio Streets, Barangay 4, Kabankalan City 6111  
Email: kabankalan@dbp.ph  
Tel.: (034) 4713170

**Kalibo Branch**

DBP Building, Capitol Site, Barangay Estancia, Kalibo, Aklan 5600  
Email: kalibo@dbp.ph  
Tel.: (036) 2685126

**Pototan Branch**

Milagros Building, RY Ladrado Street, Barangay San Jose Ward, Pototan, Iloilo 5008  
Email: pototan@dbp.ph  
Tel.: (033) 3321485

**Roxas Branch**

Ground Floor., Capiz Government Business Center, Provincial Park, Barangay Tiza, Roxas City 5800  
Email: roxas@dbp.ph  
Telephone Number: (036) 6215096

**San Carlos Branch**

DBP Building, F. C. Ledesma Avenue, Barangay Palampas, San Carlos City, Negros Occidental 6127  
Email: sancarlos@dbp.ph  
Tel.: (034) 3125591

**Siquijor Branch**

Siquijor Convention Center Building, Mabini Street, Barangay Poblacion, Siquijor, Siquijor 6225  
Email: siquijor@dbp.ph  
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**BBG-NORTHERN MINDANAO**

3rd Floor DBP Building, Corrales Avenue corner Tirso Neri Street, Cagayan de Oro City 9000  
Email: nmbg@dbp.ph  
Tel.: (088) 8813011

**Butuan Branch**

J. C. Aquino Avenue corner J. Rosales Avenue, Butuan City 8600  
Email: butuan@dbp.ph  
Tel.: (085) 8152209

**Cagayan de Oro Branch**

Corrales Avenuer corner. Tirso Neri Street, Cagayan de Oro City 9000  
Email: cagayandeoro@dbp.ph  
Tel.: (088) 8572148

**Claver Branch**

Clarín Street, Tayaga, Claver, Surigao del Norte 8410  
Email: claver@dbp.ph  
Tel.: (033) 8217027

**Iligan Branch**

Picardal Road, Mahayahay, Iligan City 9200  
Email: iligan@dbp.ph  
Tel.: (02) 88189511 local 1947

**Limketkai Branch**

Rosario Strip, Limketkai Center, Barangay 31, Cagayan de Oro City, Misamis Oriental 9000  
Email: limketkai@dbp.ph  
Tel.: (088) 8567776

**Malaybalay Branch**

Bonifacio Drive, Caul, Malaybalay City 8700  
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Tel.: (088) 8133831

**Mangagoy Branch**

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Email: mangagoy@dbp.ph  
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**San Francisco Branch**

Orange St. cor. Rotunda, San Francisco, Agusan del Sur 8501  
Email: sanfrancisco@dbp.ph  
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**Bayugan Branch Lite Unit**

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**San Jose-Dinagat Branch**

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**Siargao Branch**

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Email: siargao@dbp.ph  
Tel.: (02) 88189511 local 1959

**Surigao Branch**

Narciso Street, Surigao City 8400  
Email: surigao@dbp.ph  
Tel.: (086) 8260289

**Tandag Branch**

Purok Napo, Barangay Bagong Lungsod, Tandag City, Surigao Del Sur 8300  
Email: tandag@dbp.ph  
Tel.: (086) 2145801

**Trento Branch**

Poblacion, Along National Highway, Trento, Agusan Del Sur 8505  
Email: trento@dbp.ph  
Tel.: (085) 2423991

**Tubod Branch**

Ground Floor, A.A. Quibranza Building, National Highway corner Arsenio Quibranza Highway, Tubod, Lanao Del Norte  
Email: tubod@dbp.ph  
Tel.: (063) 2289140

**Valencia Branch**

Tamay Lang Park Lane, G. Laviña Avenue, Poblacion, Valencia City, Bukidnon 8709  
Email: valencia@dbp.ph  
Tel.: (088) 8183316

**Villanueva Branch**

National Highway, Barangay Katipunan, Villanueva Misamis Oriental 9002  
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**BBG-SOUTHERN MINDANAO**

Roxas Avenue, Barangay North, General Santos City 9500  
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**Cotabato Branch**

Don Rufino Alonzo Street, Barangay Poblacion, Cotabato City 9600  
Email: cotabato@dbp.ph  
Tel.: (064) 4212367

**Davao Branch**

DBP Building, C. M. Recto Avenue, Barangay 38-D, Davao City 8000  
Email: davao@dbp.ph  
Tel.:(082) 2277285

**Digos Branch**

DBP Building, Quezon Avenue, Barangay Zone I, Digos City 8002  
Email: digos@dbp.ph  
Tel.: (082) 5532933

**General Santos Branch**

Roxas Avenue, Barangay North, General Santos City 9500  
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Tel.: (083) 5547821

**Kidapawan Branch**

DBP Building, Quezon Boulevard corner J.P. Laurel Street, Barangay Poblacion, Kidapawan City 9400  
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**M'lang Branch Lite Unit**

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Email: mlang@dbp.ph  
Tel.: (064) 5770368

**Malita Branch**

New Business Center of Malita Public Market, Poblacion, Malita, Davao Occidental  
Email: malita@dbp.ph  
Tel.: (02) 88189511

**Marbel Branch**

Alunan Avenue, Barangay Zone IV, Koronadal City 9506  
Email: marbel@dbp.ph  
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**Banga Branch Lite Unit**

Municipal Hall Compound, Barangay Poblacion, Banga, South Cotabato 9511  
Email: banga@dbp.ph  
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**Mati Branch**

DBP Bldg., Limatoc Street, Barangay Central, Mati City 8200  
Email: mati@dbp.ph  
Tel.: (087) 3883489

**Polomolok Branch**

National Highway corner Juan Bayan, Barangay Magsaysay, Polomolok, South Cotabato 9504  
Email: polomolok@dbp.ph  
Tel.: (083) 5531567

**Sta. Cruz (Davao) Branch**

Stall No. 1, Sta Cruz Public Market, Poblacion, Barangay Zone III, Sta. Cruz, Davao del Sur 8001  
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**Tacurong Branch**

National Highway corner Del Corro Street, Barangay Poblacion, Tacurong City 9800  
Email: tacurong@dbp.ph  
Tel.: (064) 2003060

**Tagum Branch**

DBP Building, Apokon Road, Barangay Visayan, Tagum City 8100  
Email: tagum@dbp.ph  
Tel.: (084) 2167097

**BBG-WESTERN MINDANAO**

DBP Building, Don P. Lorenzo Street, Barangay Zone IV (Port Area), Zamboanga City 7000  
Email: wmbg@dbp.ph  
Tel.: (062) 9927365

**Basilan Branch**

J. S. Alano Street, Seaside Barangay, Isabel City, Basilan 7300  
Email: basilan@dbp.ph  
Tel.: (02) 88189511 local 1985

**Dipolog Branch**

DBP Building, National Highway, Barangay Turno, Dipolog City 7100  
Email: dipolog@dbp.ph  
Tel.: (065) 2123404

**Ipil Branch**

Corner Sucgang Avenue and Gethsemane Street, Barangay Poblacion, Ipil, Zamboanga Sibugay 7001  
Email: ipil@dbp.ph  
Tel.: (062) 3332279

**Jolo Branch**

Gen. Arrola Street corner Buyon Street, Barangay Walled City, Jolo, Sulu 7400  
Email: jolo@dbp.ph  
Tel.: (02) 88189511 local 1982

**Oroquieta Branch**

Independence Street, Barangay Poblacion II, Oroquieta City, Misamis Occidental 7207  
Email: oroquieta@dbp.ph  
Tel.: (088) 5641317

**Ozamiz Branch**

Burgos corner Zamora Streets, 50th Barangay, Ozamiz City 7200  
Email: ozamis@dbp.ph  
Tel.: (088) 5210027

**Pagadian Branch**

Rizal Avenue, Balangasan District, Barangay Balangasan, Pagadian City 7016  
Email: pagadian@dbp.ph  
Tel.: (062) 2141448

**Zamboanga Branch**

DBP Building, Don Pablo Lorenzo Street (Port Area), Barangay Zone IV, Zamboanga City 7000  
Email: zamboanga@dbp.ph  
Tel.: (062) 9920493

**Zambo Ecozone Branch**

Zamboanga Ecozone, Sitio San Ramon, Barangay Talisayan, Zamboanga City 7000  
Email: zamboecozone@dbp.ph  
Tel.: (062) 983-0413

**DEVELOPMENT LENDING CORPORATE BANKING GROUP**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: cbg@dbp.ph  
Tel.: (02) 88126536

**Corporate Banking I Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: cbd1@dbp.ph  
Tel.: (02) 88938940

**Corporate Banking II Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: cbd2@dbp.ph  
Tel.: (02) 88928369

**Public Sector Department**

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Tel.: (02) 88189511 local 6332

**Financial Institutions Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: fid@dbp.ph  
Tel.: (02) 88189511 local 3317

**SME RETAIL AND MIDDLE MARKET LENDING (NCR) GROUP**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: smermmlg@dbp.ph  
Tel.:(02) 88931177

**Middle Market I Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: mmd1@dbp.ph  
Tel.: (02) 88189511 local 3322

**Middle Market II Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: mmd2@dbp.ph  
Tel.: (02) 88189511 local 3313

**SME - NCR Department**

3rd Floor DBP Head Office  
Sen. Gil Puyat Avenue corner Makati Avenue Makati City 1200  
Email: smed@dbp.ph  
Tel.: (02) 88400735

**NORTH & CENTRAL LUZON LENDING GROUP**

2nd Floor DBP Building, Paseo del Congreso, Barangay Catmon, City of Malolos, Bulacan 3000  
Email: ncl-ig@dbp.ph  
Tel.: (044) 7960325

**Baguio Lending Center (Benguet)**

2nd Floor DBP Building, Session Road corner Perfecto Street, Baguio City 2600  
Email: benguet-ic@dbp.ph  
Tel.: (02) 88189511 local 1565

**Cabanatuan Lending Center (Nueva Ecija)**

DBP Building, Burgos Avenue corner Gabaldon Street, Cabanatuan City, Nueva Ecija 3100  
Email: nuevaecija-ic@dbp.ph  
Tel.: (02) 88189511 local 1528

**Ilagan Lending Center (Isabela)**

2nd Floor DBP Building, Maharlika Highway corner Arranz Street, Barangay Osmeña, Ilagan City, Isabela 3300  
Email: ilagan-ic@dbp.ph  
Tel.: (02) 88189511 local 1550

**Laoag Lending Center (Ilocos Norte)**

2nd Floor DBP Building, A.G. Tupaz Avenue, Laoag City, Ilocos Norte 2900  
Email: ilocos-ic@dbp.ph  
Tel.: (077) 7721161

**Malolos Lending Center (Bulacan)**

2nd Floor DBP Building, Paseo del Congreso, Barangay Catmon, City of Malolos, Bulacan 3000  
Email: bulacan-ic@dbp.ph  
Tel.:(044) 7960325

**San Fernando Lending Center (Pampanga)**

2nd Floor Doña Isa Fel Building McArthur Highway, Barangay Dolores, City of San Fernando, Pampanga 2000  
Email: sanfernando-ic@dbp.ph  
Tel.: (045) 6496602

**Tuguegarao Lending Center (Cagayan)**

DBP Building Enrile Boulevard, Barangay Carig Sur, Tuguegarao City, Cagayan 3500  
Email: cagayan-ic@dbp.ph  
Tel.: (078) 3049688

**SOUTH LUZON LENDING GROUP**

4th Floor FNR No. 2 C.M. Recto Avenue, Barangay 9, Lipa City, Batangas 4217  
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Tel.: (02) 88189511 local 1543

**Calapan Lending Center (Oriental Mindoro)**

DBP Building, M. Roxas Drive, Barangay Sto. Niño, Calapan City, Oriental Mindoro 5200  
Email: mindoro-ic@dbp.ph  
Tel.: (043) 2886620

**Dasmariñas Lending Center (Cavite)**  
2nd Floor DBP Building, KM 3 E. Aguinaldo Highway, City of Dasmariñas, Cavite 4114  
Email: cavite-lc@dbp.ph  
Tel.: (02) 88189511 local 1514

**Legazpi Lending Center (Albay)**  
2nd Floor DBP Building, Quezon Avenue, Legazpi City, Albay 4500  
Email: albay-lc@dbp.ph  
Tel.: (02) 88189511 local 1599

**Lipa Lending Center (Batangas)**  
4th Floor FNR No. 2 C.M. Recto Avenue, Barangay 9, Lipa City, Batangas 4217  
Email: lipa-lc@dbp.ph  
Tel.: (02) 88189511 local 1580

**Lucena Lending Center (Quezon)**  
2nd Floor DBP Building, Merchan Street, Lucena City 4300  
Email address: quezon-lc@dbp.ph  
Tel.: (042) 3734404

**Naga Lending Center (Camarines Sur)**  
2nd Floor DBP Building, Panganiban Drive, Naga City 4400  
Email: camarinessur-lc@dbp.ph  
Tel.: (02) 88189511 local 1541

**Puerto Princesa Lending Center (Palawan)**  
3rd Floor Puerto Princesa Water District, Rizal Avenue, Puerto Princesa City 5300  
Email: puertoprincesa-lc@dbp.ph  
Tel.: (048) 7260313

**VISAYAS LENDING GROUP**  
Mezzanine Floor DBP Building, Osmeña Boulevard, Cebu City 6000  
Email: v-lg@dbp.ph  
Telephone Number: (032) 2556323

**Bacolod Lending Center (Negros Occidental)**  
Mezzanine Floor, DBP Building, corner South Capitol Road and Lacson Streets, Bacolod City 6100  
Email: negrosoccidental-lc@dbp.ph  
Tel.: (034) 4349378

**Catbalogan Lending Center (Samar)**  
2nd Floor DBP Building, corner Zamora and Paterno Streets, Tacloban City 6500  
Email: catbaloganlc@dbp.ph  
Tel.: (053) 5672961

**Cebu North Lending Center (Cebu 2)**  
Mezzanine Floor DBP Building, Osmeña Boulevard, Cebu City 6000  
Email: cebunorth-lc@dbp.ph  
Tel.: (032) 2556312

**Cebu South Lending Center (Cebu 1)**  
Mezzanine Floor DBP Building, Osmeña Boulevard, Cebu City 6000  
Email: cebu-lc@dbp.ph  
Tel.: (032) 2556323

**Iloilo Lending Center (Panay)**  
Mezzanine Floor DBP Building, I. Dela Rama Street, Iloilo City 5000  
Email: panay-lc@dbp.ph  
Tel.: (033) 5099505

**Tagbilaran Lending Center (Bohol)**  
DBP Building, 0533 Carlos P. Garcia North Avenue, Booy District, Tagbilaran City, Bohol 6300  
Email: bohol-lc@dbp.ph  
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**Tacloban Lending Center (Leyte)**  
2nd Floor DBP Building, corner Zamora and Paterno Streets, Tacloban City 6500  
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Tel.: (053) 5672961

**NORTHERN MINDANAO LENDING GROUP**  
2nd Floor DBP Building, J.C. Aquino Avenue corner J. Rosales Avenue, Butuan City 8600  
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Tel.: (085) 8152196

**Butuan Lending Center (Agusan del Norte)**  
2nd Floor DBP Building, J.C. Aquino Avenue corner J. Rosales Avenue, Butuan City 8600  
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Tel.: (085) 8152196

**Cagayan de Oro Lending Center (Misamis Oriental)**  
2nd Floor DBP Building, Corrales Avenue corner Tirso Neri Street, Cagayan de Oro City 9000  
Email: misamisoriental-lc@dbp.ph  
Tel.: (088) 8572087

**Iligan Lending Center (Lanao del Norte)**  
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Tel.: (063) 2233332

**Malaybalay Lending Center**  
DBP Building Bonifacio Drive, Malaybalay City, Bukidnon 8700  
Email: malaybalay-lc@dbp.ph  
Tel.: (088) 3141058

**Surigao Lending Center (Surigao)**  
2nd Floor DBP Building Narciso Street, Barangay Washington, Surigao City, Surigao del Norte 8400  
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Tel.: (086) 8276401

**SOUTHERN & WESTERN MINDANAO LENDING GROUP**  
2nd Floor DBP Building, C.M. Recto Avenue, Davao City 8000  
Email: swm-lg@dbp.ph  
Tel.: (082) 2223477

**Davao Lending Center (Davao del Sur)**  
2nd Floor DBP Building, C.M. Recto Avenue, Davao City 8000  
Email: davaodelsur-lc@dbp.ph  
Tel.: (082) 2223477

**Digos Lending Center (Davao 2)**  
2nd Floor DBP Building Quezon Avenue, Digos City, Davao del Sur 8002  
Email: digos-lc@dbp.ph  
Tel.: (02) 88189511 local 1977

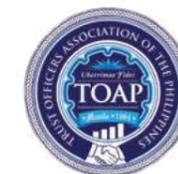
**General Santos Lending Center (South Cotabato)**  
3rd Floor DBP Building, Roxas Avenue, General Santos City 9500  
Email: southcotabato-lc@dbp.ph  
Tel.: (083) 5522328

**Kidapawan Lending Center (North Cotabato)**  
DBP Building, Quezon Boulevard, Kidapawan City, North Cotabato 9400  
Email: kidapawan-lc@dbp.ph  
Tel.: (064) 5771450

**Tagum Lending Center (Davao del Norte)**  
City Arcade JFM Building, JV Ayala Avenue, Apokon, Tagum City, Davao del Norte 8100  
Email: davaodelnorte-lc@dbp.ph  
Tel.: (084) 6452108

**Zamboanga Lending Center (Zamboanga del Sur)**  
2nd Floor, DBP Building, Don Pablo Lorenzo Street (Port Area), Zamboanga City 7000  
Email: zamboanga-lc@dbp.ph  
Tel.: (062) 9910359

# Membership in Industry Associations



# DBP Subsidiaries



## Al-Amanah Islamic Investment Bank of the Philippines

The Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) is a subsidiary of DBP, which owns 99.9 percent of its outstanding shares of stocks. AAIIBP is formerly known as the Philippine Amanah Bank (PAB) that was established in 1973 by virtue of Presidential Decree (PD) No. 264 to provide credit, commercial, development and savings banking facilities at reasonable terms to the people of the primarily Muslim provinces of Mindanao through the establishment, acquisition, development and expansion of agricultural, commercial and industrial enterprises. It was later on supplemented by PD No. 542 issued in 1974 to implement the Islamic concept of banking such as the “no-interest” doctrine and the so-called two-tier silent partnership principle.

The AAIIBP breathes through Republic Act (RA) No. 6848, otherwise known as the Charter of the Al-Amanah Islamic Investment Bank of the Philippines. The Charter was enacted in 1990, classifying AAIIBP as a universal bank with special authority to create and establish its own Islamic window for the purpose of participating in almost all phases of socio-economic development, primarily in the then Autonomous Region in Muslim Mindanao, which is now BARMM. Today, AAIIBP has nine branches, eight of which are in Mindanao in the Cities of Cagayan de Oro, Cotabato, Davao, Iligan, General Santos, Marawi and Zamboanga and Jolo in Sulu Province, and one in the City of San Juan at the National Capital Region (NCR).

### DBP’s support of AAIIBP

Through a Service Level Agreement (SLA), DBP has been extending its unwavering support to AAIIBP through Internal Audit, Bank Security, Risk Management, Remittance and other administrative and technical services. In 2021, DBP infused emergency capital to AAIIBP in the amount Php150-million to help the bank recover from the perils of the pandemic.

In 2022, DBP infused additional capital of Php122-million, coupled with a Rescue Plan to recalibrate its business operations and strengthen its austerity measures. Since the pandemic up to the present, DBP has been extending an arm’s length of support to AAIIBP by providing hands-on training and coaching programs to improve capacity building.

### Gearing towards Full Islamic Banking

Due to the absence of regulation on Islamic Banks in the Country, the bank generally operated as a conventional bank which led to its inability to attract not only customers and depositors but also potential partners and investors that can help develop its Islamic window. In 2017, the bank started developing and enhancing the existing Islamic products and offered the first Islamic Microfinance and Car Financing products. In 2018, the bank started to reverse its credit facilities from 98 percent conventional loan portfolio to 60 percent Islamic financing, which led to sudden increase of the 2016 deposits to over 125 percent by the end of 2018. By 1990, the bank was able to surpass its target to 80 percent Islamic financing.

After the passage of RA 11439, otherwise known as the Islamic Banking Act [of the Philippines] in 2019, the need to gear the bank towards full Islamic banking has become imperative in attaining growth and sustainability, particularly in relation to its purpose and mandate in taking its role and participation in socio-economic development and poverty alleviation in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

The AAIIBP remains focused on looking for potential partner-investors with competent expertise and ample experience in Islamic banking, financing and investment. AAIIBP has its sights set on collaborating with partner-investors committed to provide financial and technical support in the bank’s participation through investment and funding in socio-economic development, especially in the BARMM.

### Partnership with BARMM and Private Entities for Waqf (trust) facility.

After the successful partnership of AAIIBP with UN-Habitat in 2019 through the program “Rebuilding Marawi Through Community Driven Shelter and Livelihood Project,” which extended financial assistance through the use of AAIIBP’s banking services to the beneficiaries who were victims of the Marawi Siege in 2017, AAIIBP has been inviting potential partners, local and foreign, with similar program to use AAIIBP’s Humanitarian Financing Products and other banking services.

In 2023, AAIIBP has also partnered with BARMM Ministry of Trade, Investment and Tourism for delivery of its program called “Propelling Economic and Sustainable Opportunities for MSME” by delivering financial assistance to its target beneficiaries through AAIIBP’s Humanitarian Financing products.

AAIIBP also partnered with BARMM Ministry of Agriculture, Fisheries and Agrarian Reform for delivery of its “Sustainable Livelihood Program (SLP)” to its target beneficiaries in Marawi City through the selected AAIIBP’s Humanitarian Islamic product.



From left: Technology and Innovations Department Head Bayani P. Asuncion Jr., Business Development Department Head Jose Enrique C. Singson, President and CEO Michielson L. Luakian, Chief Operating Officer Jose Carmelo J. Porciuncula, HR and Admin Department Head Marco A. Ustaris, Finance Consultant Gina A. Gonzales



## DBP Data Center, Inc.

DBP Data Center, Inc. (DCI) is an information technology company specializing in providing innovative solutions and services in the ICT industry. DCI’s primary mandate is to engage in Information Technology facilities management, systems application development, systems integration, providing IT solutions, contact center operations, business process outsourcing, consultancy services and other IT-related services for government and non-government institutions.

DCI has been continuously supporting DBP’s Information Technology infrastructure for the past 41 years. In the year 2023, DCI continued to focus primarily on assisting DBP’s initiatives in various bank products by providing the workforce for the development and maintenance of the bank’s systems and applications. Further, DCI has opportunities to increase revenues by expanding its customer base to include government agencies and instrumentalities using an Agency-to-Agency Agreement.

Aligned with DCI’s strategic plan, DCI pursues an aggressive business plan to deliver high-quality services, build an excellent team, and capture competitive market share in the industry.

Below are some of DCI’s notable accomplishments/performance in 2023:

### a. DBP Opportunities

1. DBP IT Staffing - Among DCI’s core competencies is identifying the right people suitable for augmenting the IT staffing needs of the bank. As of December 31, 2022, DCI has a total of seventeen (17) strong workforce working closely with the DBP’s IT requirements.

### b. Non-DBP Opportunities

The Corporation has started opportunities and negotiations on non-DBP projects focusing on government agencies and instrumentalities such as:

Below are some of DCI’s notable accomplishments/performance in 2023:

1. Dr. Jose N. Rodriguez Memorial Hospital – This is a DOH hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in February 2018. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. This is an ongoing project.
2. James L. Gordon Memorial Hospital – This is a LGU hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of five (5) years. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Contract was signed in August 2018. This is an ongoing project.

3. Eastern Visayas Regional Medical Center (EVRMC) – This is a DOH hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in May 2018. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Inflow of income started in middle of 2019. This is an ongoing project.
4. Tondo Medical Center (TMC) – This is a DOH hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in April 2019. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Live production started in September 2019. This is an ongoing project.
5. Ilocos Training & Regional Medical Center (ITRMC) - This is a DOH Hospital where DCI offered the following:
  - a. eClaims Service. Contract was signed in January 2021 with a period of two (2) years. This is an ongoing project; and
  - b. Hospital Information System (HIS) BPO project. Contract was signed in September 2021 with a period of five (5) years. This is an ongoing project.
6. Provincial Government of Antique (Angel Salazar Memorial General Hospital) – This is a LGU hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of six (6) years. Contract was signed in November 2022.
7. Department of Energy (DOE) – Various application development projects as follows:
  - a. Expansion and Enhancement of the Web-based National Energy Efficiency and Conservation Database System (NEECDS). This project aims to develop the enhancement of Web-based application and Online database system to achieve the online processes and submission intended for PESLP, GEMP and Energy Database System for the Commercial, Industrial and Transport (CIT) Sectors (EDSS) programs.
8. Governance Commission for GOCCs (GCG) – This is an engagement that entails supply, delivery, installation, configuration, testing and implementation of Enterprise Planning Solution. The Enterprise Resource Planning (ERP) Solution Software Phase - 1 aims to deliver an integrated, robust, and flexible information system, optimized specifically to address the strategic requirements of the GCG's Administrative and Finance Office towards becoming a center of excellence both in human capital management and property management.
9. Philippine Science High School (PSHS) - This is an engagement that entails the following:
  - a. Supply, delivery, installation, configuration, testing and implementation of New Freshmen Admission Processing System (NFAPS) and Student Information System (SIS); and

- b. Web hosting Service for the Knowledge Hub (KHub) and New Freshmen Admission and Processing System (NFAPS). This project will ensure the continuity of the KHub and NFAPS, and to accommodate the teaching and learning needs of the PSHS community.



### DBP Leasing Corporation

DBP Leasing Corporation's (DBPLC) gross revenues saw a significant improvement of 191.93 percent to Php377.21-million in 2023 from Php129.21-million in 2022. This improvement in gross revenues came from the payment work out plans of previously past due accounts.

Earnings before interest, taxes, depreciations and amortizations (EBITDA) rate was at 32.28 percent in 2023 from 7.15 percent in 2022. EBITDA showed a strong 325.63 percent increase from Php70.07-million in 2022 to Php298.24-million in 2023.

However, due to the strong and conservative provisioning policy of the company, it provided Php290.25-million in allowance of probable credit loss in 2023 vs. Php10.83-million in 2022. Hence, the company remained in the red at Php59.89-million in 2023 vs. Php7.86-million in 2022.

It continued its focus on collection and risk management and targeted resilient industries. DBPLC continued its tradition of being the first in the DBP Group to receive its Commission on Audit (COA) Unqualified opinion for the year 2023. Further, it was able to pass its ISO certification, the few ISO certified leasing and finance company in the industry.

The company is ready and poised for a turnaround in 2024.

#### DBPLC Board of Directors

Chairman	Cyr C. Gonesto
Vice-Chairman	Danilo E. Bernal, Jr.
DBP Representative	Delfin T. Hallare, Jr.
Director	Engineer Andrew C. Kong
Director	BGen Jess G. Estoesta, AFP (Ret)
Director	Benhur S. Mongao
Director	Reymont U. Choachuy

#### DBPLC Senior Management

President and Chief Executive Officer	BGen Jess G. Estoesta, AFP (Ret) <i>January - September 14, 2023</i> Engineer Andrew C. Kong <i>September 15 - December 31, 2023</i>
Chief Financial Officer/ VP – Finance	Agnes Z. Bengco
VP – AMG	Caesar A. Lejano*

\*up to May 15, 2024



From left: Vice President for Operations Atty. John Dx Lapid, Chief Financial Officer and Vice President for Finance Agnes Z. Bengco, President and CEO Engineer Andrew C. Kong

### DBP Management Corporation

The DBP Management Corporation (DBPMC) was created in 1981 primarily to assist DBP in the management of its distressed accounts and disposal of acquired assets. DBPMC's mandate was to purchase, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to carry on and on to manage the general business of any company.

As early as April 20, 2016, the Governance Commission for GOCCs (GCG) has already classified DBPMC as "inactive" and that the Corporation functions mainly as a support unit of the Parent Corporation, DBP. Given this situation, DBPMC's operations have been limited to investing in low-risk investment outlets like time deposit and special savings.

On April 26, 2017, the DBP Board approved the amendment of DBPMC's Articles of Incorporation mainly for shortening its corporate life. The DBP Board likewise gave instruction for the Parent Bank, DBP, to initiate the dissolution of DBPMC and subsequent transfer of the remaining assets to DBP subject to final approval of GCG.

On June 20, 2018 and April 3, 2019, the DBP Board approved the nomination of representatives to the Board of DBPMC to pass upon and approve the various undertakings in the preparation for DBPMC's dissolution and subsequent transfer of the remaining assets to DBP. Said dissolution, subject to clearance by GCG, did not progress as there were delays in the approvals by GCG of the nine-man Board of DBPMC. However, on October 7, 2020, the DBP Board resolved to resume active operations of DBPMC in anticipation of the enactment of the Financial Institutions Strategic Transfer (FIST) Act in which DBPMC's participation might be tapped by DBP. The DBP Board revoked the 2017 Board Resolution No. 0142 approving amendments of DBPMC's Articles of Incorporation for the shortening of DBPMC's corporate life and its subsequent dissolution.

On October 29, 2020, the DBP Board sought endorsement of the DOF Secretary for GCG's approval of the DBP representatives to the respective Boards of subsidiaries including the nine-man Board of DBPMC. GCG's approval is necessary to resume active operations of DBPMC.

As of 31 December 2023, DBPMC's assets amounted to Php87.00-million with net income of Php9.08-million for the year, derived mainly from interest on time deposits.

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201-3 Defined benefit plan obligations and other retirement plans		Compensation and Benefits, pp. 103-104 Provident Fund, pp. 107-108	
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable. CPCS salary structure is consistently/uniformly used bankwide.	
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	The Year That Was, pp. 12-15 Development Impact, pp. 22-71 Good Corporate Citizenship, pp. 86-87	
	203-2 Significant indirect economic impacts	DBP Forest Program, pp. 86-87	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Supply Chain, pp. 91-92	
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Corporate Governance, pp. 112-115 Ethics and Integrity, pp. 134-135	
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance, pp. 112-115 Ethics and Integrity, pp. 134-135	
	205-3 Confirmed incidents of corruption and actions taken	Not reported	
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	Tax Strategy and Governance, p. 75	
	207-2 Tax governance, control, and risk management	Tax Strategy and Governance, p. 75	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Strategy and Governance, p. 75	
	207-4 Country-by-country reporting	Tax Strategy and Governance, p. 75	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Not applicable in the operations of the bank	
	301-2 Recycled input materials used	Not applicable in the operations of the bank	
	301-3 Reclaimed products and their packaging materials	Not applicable in the operations of the bank	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Internal Process, pp. 88-95	
	302-2 Energy consumption outside of the organization	None to report	
	302-3 Energy intensity	Resource Management, pp. 93-95	
	302-4 Reduction of energy consumption	Resource Management, pp. 93-95	
	302-5 Reductions in energy requirements of products and services	None to report	

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	None to report
	303-2 Management of water discharge-related impacts	None to report
	303-3 Water withdrawal	None to report
	303-4 Water discharge	None to report
	303-5 Water consumption	Resource Management, pp. 93-95
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None to report. DBP's areas of operations are located in commercial areas and business districts in various provinces or municipalities. As such, the bank's operations do not affect protected areas, areas of high biodiversity, or habitats of species at the risk of extinction.
	304-2 Significant impacts of activities, products and services on biodiversity	None to report. DBP's areas of operations are located in commercial areas and business districts in various provinces or municipalities. As such, the bank's operations do not affect protected areas, areas of high biodiversity, or habitats of species at the risk of extinction.
	304-3 Habitats protected or restored	DBP Forest Program, pp. 86-87
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	None to report. DBP's areas of operations are located in commercial areas and business districts in various provinces or municipalities. As such, the bank's operations do not affect protected areas, areas of high biodiversity, or habitats of species at the risk of extinction.
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Internal Process – Emissions, p. 94
	305-2 Energy indirect (Scope 2) GHG emissions	Internal Process – Emissions, p. 94
	305-3 Other indirect (Scope 3) GHG emissions	None to report
	305-4 GHG emissions intensity	None to report
	305-5 Reduction of GHG emissions	Internal Process – Emissions, p. 94
	305-6 Emissions of ozone-depleting substances (ODS)	None to report
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	None to report
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Internal Process - Waste Management, p. 95
	306-2 Management of significant waste-related impacts	Internal Process - Waste Management, p. 95
	306-3 Waste generated	Internal Process - Waste Management, p. 95
	306-4 Waste diverted from disposal	Internal Process - Waste Management, p. 95
	306-5 Waste directed to disposal	None to report
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	Supply Chain, Supplier Social and Environmental Assessment, pp. 91-92
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain, Supplier Social and Environmental Assessment, pp. 91-92
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Our People, pp. 98-102 Employee Separations, p. 102
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits, pp. 103-104 Provident Fund, pp. 107-108
	401-3 Parental leave	Compensation and Benefits, pp. 103-104
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Occupational Safety and Health, pp. 105-106
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health, pp. 105-106
	403-3 Occupational health services	Occupational Safety and Health, pp. 105-106
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health, pp. 105-106
	403-5 Worker training on occupational health and safety	Occupational Safety and Health, pp. 105-106
	403-6 Promotion of worker health	Occupational Safety and Health, pp. 105-106 Occupational Health Services, p. 106

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health, pp. 105-106 Occupational Health Services, p. 106
	403-8 Workers covered by an occupational health and safety management system	Occupational Safety and Health, pp. 105-106 Occupational Health Services, p. 106
	403-9 Work-related injuries	Occupational Safety and Health, pp. 105-106 Occupational Health Services, p. 106
	403-10 Work-related ill health	Occupational Safety and Health, pp. 105-106 Occupational Health Services, p. 106
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	People Development, pp. 108-109
	404-2 Programs for upgrading employee skills and transition assistance programs	People Development, pp. 108-109 Continuing Education Program of the Board of Directors, pp. 123-124
	404-3 Percentage of employees receiving regular performance and career development reviews	People Development, pp. 108-109
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Profile of the Board of Directors, pp. 136-139 Management Committee, pp. 140-144 Our People, p. 100
	405-2 Ratio of basic salary and remuneration of women to men	Compensation and Benefits, p. 105
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	Our People, pp. 98-101 Conduct of Business and Fair Dealings, pp. 134-13
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee-Management Relations, p. 104
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	None to report
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	None to report
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	Physical Security, p. 107
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	None to report
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Development Impact, pp. 22-71 Constituency, pp. 76-87
	413-2 Operations with significant actual and potential negative impacts on local communities	None to report
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Supply Chain, Supplier Social and Environmental Assessment, pp. 93-94
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain, Supplier Social and Environmental Assessment, pp. 93-94
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	None to report
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	None to report
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None to report
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	None to report
	417-2 Incidents of non-compliance concerning product and service information and labeling	None to report
	417-3 Incidents of non-compliance concerning marketing communications	None to report
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Consumer Protection Practices, p. 78 Customer Data Privacy, p. 159-161

# Notes to Financial Statements

December 31, 2023 and 2022

## Note 1 – General Information

### 1.1 Incorporation and Operations

The Development Bank of the Philippines (DBP or the "Parent Bank"), created under Republic Act (RA) No. 85, as amended by Executive Order No. 81 dated December 3, 1986, primarily provides banking services principally to cater to the medium and long-term financing needs of agricultural and industrial enterprises particularly in the countryside with emphasis on small and medium-scale industries. The Parent Bank also provides financial assistance to participating financial institutions for on-lending to investment enterprises and direct to borrowers as may be required by its catalytic role in the economy. It is likewise involved in other activities including investments in government and private financial instruments.

The Bangko Sentral ng Pilipinas (BSP), in its letter dated December 20, 1995, granted the Parent Bank the permit to operate as an expanded commercial bank (EKB). The Parent Bank commenced operation as an EKB on February 7, 1996.

The Parent Bank and its subsidiaries referred to as the Group are engaged in development banking, financing, management services, computer services, leasing and remittance services.

The Parent Bank's principal place of business is at Sen. Gil J. Puyat Avenue Corner Makati Avenue, Makati City.

As of December 31, 2023, the Group had 3,334 employees, operated 140 branches with 14 branch lite units and installed a total of 903 ATMs nationwide.

### 1.2 Approval of Financial Statements

These financial statements have been approved and authorized for issuance by the Board of Directors of the Parent Bank on June 19, 2024 under Board Resolution No. 0245.

## Note 2 - Material Accounting Policies

### 2.1 Basis of Financial Statement Preparation

The financial statements comprise the statements of financial position, the statements of profit or loss and other comprehensive income presented as two statements, the statements of changes in equity, the statements of cash flows and the notes.

These financial statements have been prepared on a historical cost basis except for Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI), derivative financial instruments and real and other properties owned that have been measured at fair value.

The accompanying financial statements of the Parent Bank reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU).

The preparation of financial statements in conformity with Philippine Financial Reporting Standards (PFRSs) requires the use of certain critical accounting estimates. It also requires the Group to exercise its judgment in applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### 2.2 Statement of Compliance

The Group's consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the following reliefs issued by the BSP and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic.

As contained in Board Resolution No. 0297 dated May 20, 2020, the BOD of the Parent Bank approved the Parent Bank's availment of the temporary regulatory and operational relief measures as detailed in BSP Memoranda Nos. M-2020-008, 011 and 033 dated March 14, 19 and April 27, 2020, respectively.

#### 2.2.1 Updates on Staggered Booking

The Parent Bank's application for the relief measures was approved by the BSP per its letter dated June 11, 2020. It includes, among others, the temporary operational and relief measure on the staggered booking of allowance for credit losses (ACL). After the Bank submitted additional documents to BSP for evaluation, on October 4, 2021, BSP approved the Parent Bank's request for staggered booking of ACL amounting to Php3,281 million covering 149 borrowers, subject to the condition that the Parent Bank shall immediately recognize the ACL amounting to Php656 million, which is equivalent to the ACL that should be recognized in the first year of the five-year period, while the equal annual booking of Php656 million within the period of five years, or until December 31, 2025.

The Parent Bank recorded the third tranche of staggered booking of Php656 million in CY 2023, with the remaining unbooked balance amounted to Php1,313 million as at end CY 2023. The Parent Bank's Net Income was registered at Php4,007 million in CY 2022 (as

restate) and Php5,934 million in CY 2023. Had the Parent Bank not availed of the financial reporting relief for the implemented staggered booking of ACL, Net income would have ended at Php4,499 million and Php6,426 million in CY 2022 and 2023, respectively.

### 2.3 New and amended standards adopted by the Group effective January 1, 2023:

- > **PAS 1 (Amendments)**, Presentation of Financial Statements - Disclosure of Accounting Policies  
The amendment requires the disclosure of material accounting policy. It clarifies that an accounting policy may be material due to its nature and that the users of the financial statements would require such accounting policy in understanding another material information.
- > **PAS 8 (Amendments)**, Accounting Estimates - Definition of Accounting Estimates  
The amendment sets forth the new definition of a change in accounting estimate which covers the financial statements' monetary amounts that are subject to measurement uncertainty.
- > **PAS 12 (Amendments)**, Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from Single Transactions  
The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences arise on initial recognition.

Adoption of the above-mentioned standards did not have any impact on the Group's consolidated financial statements.

### 2.4 New and amended standards not yet adopted:

- > **PAS 1 (Amendments)**, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after January 1, 2023, deferred to January 1, 2024).

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- > **PAS 1 (Amendments)**, Presentation of Financial Statements - Non-current Liabilities with Covenants (effective for annual periods beginning on or after January 1, 2024).

The amendments modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

- > **PAS 7 (Amendments)**, Statement of Cash Flows and **PFRS 7 (Amendments)**, Financial Instruments: Disclosures - Supplier Finance Arrangements (effective for annual periods beginning on or after January 1, 2024).

The amendments add disclosure requirements and 'sign-posts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

- > **PAS 16 (Amendments)**, Leases - Lease Liability in a Sale and Leaseback (effective for annual reporting periods beginning on or after January 1, 2024).

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

The Group is currently assessing the impact of these amendments in its financial statements.

### 2.5 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Bank and its subsidiaries which are prepared for the same reporting period as the Parent Bank using consistent accounting policies. The percentage of effective ownership of the Parent Bank in operating subsidiaries at December 31, 2023 is as follows:

	Percentage of ownership
DBP Data Center, Incorporated	- 100 per cent owned
DBP Management Corporation	- 100 per cent owned
DBP Leasing Corporation	- 100 per cent owned
Al-Amanah Islamic Investment Bank of the Philippines	- 99.95 per cent owned

Under PAS 27, *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*, the financial statements of the investee company are required to be consolidated with the financial statements of the investor even if the shareholding of the Parent Bank is below 50 per cent but the investor has evidence of control.

All significant inter-company balances and transactions are eliminated in full upon consolidation. The consolidated financial statements of the Group are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.6 Investments in Subsidiaries

Subsidiaries are entities over which the Parent Bank has the power to control its financial and operating policies. The Parent Bank obtains and exercises control through voting rights.

Subsidiaries' financial statements are consolidated when the Parent Bank has control over it and cease to be consolidated on the date the Parent Bank loses its control.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Bank. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill.

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Bank.

Non-controlling interests are presented separately in the statements of profit or loss, statements of comprehensive income and within equity in the statements of financial position, separately from equity attributable to the Parent Bank. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

2.7 Investments in Associates and Joint Ventures

Associates and joint ventures are entities over which the Parent Bank has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates and joint ventures in the consolidated financial statements are accounted for under the equity method of accounting. Under the equity method, the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition.

2.8 Investments in Subsidiaries, Associates and Joint Ventures

Equity investments reflected in the Parent Bank's separate financial statements which represent investments in subsidiaries, associates and joint ventures are accounted for at cost method in accordance with PAS 27. Under the cost method, income from investment is recognized in the statements of profit or loss only to the extent that the investor receives distributions from accumulated net income of the investee arising subsequent to the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of investment.

The Parent Bank recognizes a dividend from a subsidiary or associate or joint venture in profit or loss in its separate financial statements when its right to receive the dividend is established.

The Parent Bank determines at each reporting date whether there is any indication that the investment in the subsidiary or associate or joint venture is impaired. If this is the case, the Parent Bank calculates the amount of impairment or the difference between the recoverable amount and the carrying value and the difference is recognized in profit or loss.

Investment in subsidiaries or associates or joint ventures are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries or associates or joint ventures at which time the cost and the related accumulated impairment loss are removed in the statement of financial position. Any gain or loss on disposal is determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

2.9 Foreign Currency Translationa) Functional and Presentation Currency

Items included in the financial statements of the parent's investee company are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in the Philippine peso, which is the Parent bank's functional and presentation currency.

b) Transactions and Balances

Foreign currency monetary items are accounted for in accordance with the provisions of PAS 21, "Effects of Changes in Foreign Exchange Rates". Actual foreign currency transactions are booked based on prevailing PDS as of transaction date and are revalued monthly using the Philippine Dealing System (PDS) peso/ US dollar closing rate and the New York US dollar/third currencies closing rates as prescribed under BSP Circular 494 dated September 20, 2005. Foreign exchange differences arising from the above are charged to operations.

2.10 Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents consist of cash and other cash items on hand, bank deposits and interbank loans receivable and securities purchased under agreements to resell with maturities of less than three months from the date of acquisition.

2.11 Due from Other Banks

Due from other banks includes balances of funds on deposit with other foreign and local banks to meet not only reserve requirements but also to cover operational requirements especially in areas not covered by BSP clearing offices. This includes requirements for encashment of checks issued by various government agencies against their DBP accounts for the payroll of public-school teachers and other disbursements of the Department of Budget and Management (DBM) under the Modified Disbursement Scheme (MDS) of the Bureau of Treasury.

2.12 Financial Instruments - Date of Recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date - the date that an asset is delivered to or by the Group. For settlement date accounting, financial assets are recognized on the day it is delivered subject to the provisions of PFRS 9. The corresponding gain or loss on disposal is recognized at the time of derecognition.

Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to customers when funds are transferred to the Group.

2.13 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

a) Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or purchased financial assets going forward.

b) The Solely Payments of Principal and Interest (SPPI) Test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

c) Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

2.14 Classification and Measurement of Financial Assets

The Group classifies its financial assets in the following categories: financial assets at FVTPL, financial assets at FVOCI, and financial assets at amortized cost.

a) Financial Assets at FVTPL (Debt and Equity)

This is the classification of instruments that are held for trading or for which the entity's business model is to manage the financial instrument on a fair value basis i.e. to realize the asset through sale. A held for trading security is a financial asset that:

- Is acquired principally for the purpose of selling it in the near term;
- On initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern or short-term profit-taking; or
- Is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying');
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors; and
- It is settled at a future date.

This category also represents the default or residual category if the requirements to be classified as amortized cost or FVOCI are not met. These are normally classified as current assets.

Financial assets at FVTPL are carried at fair value and realized and unrealized gains and losses on these instruments are recognized as 'Profit/(loss) from investment and securities trading' in the statement of profit or loss. Interest earned on these investments is reported as 'Interest income' in the statement of profit or loss.

b) Financial Assets at FVOCI (Debt and Equity)

A financial asset shall be measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, these are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in OCI and accumulated in 'Accumulated other comprehensive income' in the statement of financial position. When the financial asset is disposed of, the cumulative gain or loss previously recognized in 'Accumulated other comprehensive income' is never recycled to statement of profit or loss, but to 'Retained Earnings'.

c) Financial Assets at Amortized Cost (Includes Held to Collect and Loans and Receivables)

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. These are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, with the interest calculated recognized as 'Interest income' in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the financial assets are derecognized and impaired, as well as through the amortization process.

The Group classified 'Cash and other cash items', 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Loans and receivables', 'Investment securities at amortized cost' and certain assets under 'Other assets' as financial assets at amortized cost.

d) Financial Asset Reclassification

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets. The Group is required to reclassify as follows:

- From amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met. The fair value of the instrument shall be measured at the reclassification date.
- From FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows are solely payments of principal and interest on the principal outstanding. The fair value of the instrument at reclassification date becomes its new gross carrying amount.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted. A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next statement of financial position date following the change in the business model.

2.15 Impairment of Assetsa) Financial Assets

Under PFRS 9, the ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECLs), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12-month expected credit loss (12mECLs). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 5.1.4.

The Group classifies its financial instruments into three groups or stages based on their level of credit quality deterioration from initial recognition to properly designate 12mECL and LTECL. Each of the stages shall be composed of the following:

- Stage 1: When financial instruments are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instruments have been reclassified from Stage 2.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved, and the financial instrument has been reclassified from Stage 3.
- Stage 3: Financial instruments that have shown objective evidence of impairment (credit-impaired). The bank records an allowance for the LTECLs.

For financial instruments for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial instrument is reduced. This is considered a (partial) derecognition of the financial asset.

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- *Probability of Default* (PD) – an estimate of the likelihood that the counterparty will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- *Exposure at Default* (EAD) – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- *Loss Given Default* (LGD) – an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For financial instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100 per cent.
- Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on three probability-weighted scenarios. The expected cashshortfalls are discounted at an approximation to the expected EIR on the loan.

For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the allowance for credit losses, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for impairment.

#### 2.16 Classification and Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, either as financial liabilities at FVTPL or other financial liabilities at amortized cost.

##### a) Financial liabilities at amortized cost

These liabilities are classified as such when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

These financial liabilities are measured initially at fair value, net of directly attributable transaction costs. After initial measurement, these liabilities are subsequently measured at amortized cost using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

##### b) Financial liabilities at FVTPL

These are the liabilities that upon initial recognition are designated by the bank at fair value through profit or loss.

Financial liabilities at FVTPL are carried at fair value and realized and unrealized gains and losses on these instruments are recognized as 'Profit/(loss) from investment and securities trading' in the statement of profit or loss. Interest incurred on these liabilities is reported as 'Interest expense' in the statement of profit or loss.

#### 2.17 Derecognition of Financial Assets and Financial Liabilities

##### a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Group transfers the financial asset if, and only if, it either:

- Transfers its contractual rights to receive cash flows of the financial asset; or
- Retains the rights to the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients, called a pass-through arrangement.

When the Group enters a pass-through arrangement, it shall treat the transaction as a transfer of a financial assets when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset, excluding short-term advances by the Group with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group is prohibited by the terms of the transfer contract from selling or pledging the original asset other than a security to the eventual recipients for the obligation to pay them cash flows; and
- The Group has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

A transfer only qualifies for derecognition if either:

- The Group transfers substantially all the risks and rewards of ownership of the financial asset; or
- The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### b) Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability or part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

#### 2.18 Capitalized Interest and Other Charges (CIOC) on Restructured Loans

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan or it becomes a restructured loan based on the Bank's existing policy. Any increase in the face amount of the loans resulting from accrued interest and accumulated charges which have been capitalized or made part of the principal or restructured loans are booked under Other Deferred Credits - CIOC and shall be amortized/credited to income using the effective interest method in accordance with BSP's Financial Reporting Package (FRP).

According to BSP Circular No. 941 Series of 2017, Restructured Loans shall refer to loans and other credit accommodations the original contractual terms and conditions of which have been modified in accordance with a formal restructuring agreement that sets forth a revised schedule of payments for the purpose of lessening the financial difficulty of the borrower and maximizing collection and realizable economic value on an obligation within the reasonable period of time. The modification may include, but is not limited to, change in principal due, maturity, interest rate and other charges, collateral, or other terms and conditions.

As of December 31, 2023, the outstanding balance of Other Deferred Credits - CIOC is Php 1,730 million.

#### 2.19 Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### 2.20 Non-Financial Assets

In the case of Investment Property, Non-current Assets Held for Sale, bank premises, furniture, fixtures and equipment, and other assets, impairment loss is the difference between the carrying amount and the fair value less costs to sell in case carrying amount is higher. The loss is recognized in the statement of profit or loss and an allowance account is set up to reduce the carrying amount of the asset.

#### 2.21 Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment (including leasehold improvements) are stated at cost, less accumulated depreciation and amortization, and any impairment in value. When the assets are disposed/sold, the cost and accumulated depreciation and amortization shall be derecognized or taken out from the books and any gain or loss resulting from disposal is included in profit or loss from derecognition.

The initial cost of property comprises its purchase price (less any discounts), plus any and all taxes (on a net basis) and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Extraordinary repairs which benefits future accounting periods through greater productivity and/or longer useful life, and which increase the net book value of the asset or cost of repair exceeding 50 per cent of the original acquisition cost are capitalized to the cost of the property.

The computation of the depreciation expense starts on the following month after the delivery/issue date to end-users of the bank premises, furniture, fixtures and equipment, irrespective of the date within the month. Depreciation is computed based on a straight-line method, by dividing the cost (net of residual value) over the estimated useful lives of the related assets. Beginning January 1, 2018, residual value is at least five per cent of the acquisition cost in compliance with COA Circular No. 2017-004 which provides the guidelines on the implementation of PFRS on PPE. Useful lives of the related assets are as follows:

Building	20- 50 years
Transportation Equipment	7- 10 years
Furniture and Equipment	3- 10 years

Impairment is recognized when there is a substantial evidence of decline in the value of the bank premises, furniture, fixtures and equipment and recoverable amount falls below its carrying amount.

The cost of leasehold improvements shall be depreciated over the term of a lease or life of the improvements whichever is shorter. Minor expenditures for replacement, maintenance and repairs are expensed as incurred. Major renovations and betterments that will extend the life of the asset are capitalized.

Properties that are no longer used in the Group's operation for various reasons are classified at the remaining book value of the asset as Miscellaneous Assets – Others Unserviceable Properties. All non-serviceable properties or those no longer economical to maintain shall be disposed in accordance with COA rules and regulation particularly on publication and public bidding. Property Disposal Committees were created for this purpose. The cost and the related accumulated depreciation and amortization of the disposed asset are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

COA Circular No. 2022-004 was issued by the COA as an implementing guideline on the implementation of Section 23 of the FY 2022 General Appropriations Act. It states that, "Tangible items which meet the definition and recognition criteria of PPE (Property, Plant and Equipment) but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of accounts of the agencies as semi-expendable property". This shall be supported by the issuance of the Inventory Custodian Slip (ICS) to establish accountability of the end-user. ICS shall be issued to the end-user and shall be renewed every three years or every time there is a change in custodianship/user of the property. The threshold shall be applied on an individual asset or per item basis. Each item within the bulk of acquisition such as library books, small equipment, computer peripherals, work animals, and the like, will need to meet the amount of below P50,000.00 to be recognized as semi-expendable property.

### 2.22 Investment Property

Investment property (IP) includes land and buildings acquired upon foreclosure which are not immediately available for sale in the next 12 months. It shall be measured initially at its fair value following paragraph 27 of PAS 40. The difference between the outstanding loan balance and the fair value of the collateral shall be recognized as a gain or loss in accordance with PFRS 9. Transaction cost shall be included in the initial measurement.

After initial recognition, the investment property shall be measured using the cost model. Under this model, the investment property shall be carried at cost less any accumulated depreciation and any accumulated impairment loss.

Depreciation of IP shall be in the same manner as that for PPE and shall be computed on a straight-line method using the remaining useful life of the asset based on the carrying amount less five percent (5%) residual value.

### 2.23 Non-Current Assets Held for Sale (NCAHFS)

NCAHFS consist of real and other properties acquired (ROPA) through foreclosure of mortgaged properties, dacion-en-pago arrangements, or Sales Contract Receivables (SCR) rescissions, where foremost objective is disposal generally under cash or term sale transactions within one (1) year from classification as held of sale. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Bank and there is sufficient evidence that the Bank remains to be committed to its plan to sell the asset.

The initial measurement of assets classified as NCAHFS shall be at the lower of the carrying amount of the loan and fair value of the collateral less costs to sell. The difference between the outstanding loan balance and the fair value of the collateral shall be recognized as a gain or loss in accordance with PFRS 9.

However, if the asset is reclassified from Investment Property to NCAHFS, the carrying amount of NCAHFS shall be measured at the lower of the carrying amount of the investment property at the time of classification and fair value less costs to sell. If the fair value less cost to sell of the asset is lower than the carrying amount, an impairment loss shall be recognized.

Assets classified as NCAHFS shall not be depreciated or amortized.

### 2.24 Leases

#### a) The Group as a Lessee

The Group follows a single lessee accounting model which requires recognition of assets and liabilities, unless the lease term is 12 months or less or the underlying asset is of low value. The Group is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

At the commencement date, the Group recognizes a right-of-use asset and a lease liability as follows:

- Right-of-Use Asset (ROU)

It is measured at cost which comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Group; and (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date, the ROU is measured at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. The depreciation is computed based on the straight-line method. The details of right-of-use asset are presented in Note 17.

- Lease Liability

It is measured at the present value of the lease payments that are not paid at reporting date. The lease payments were discounted using the interest rate implicit in the lease if the rate can be readily determined. If the rate cannot be readily determined, the Group uses its incremental borrowing rate or the Php (Philippine Peso) BVAL (Bloomberg Valuation Service) reference rates as of the commencement date of the lease. Lease payments comprise (a) fixed payments less any lease incentives receivable; (b) variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable by the Group under residual value guarantees; (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group remeasures the lease liability to reflect changes to the lease payments. The amount of the remeasurement of the lease liability is recognized as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group shall recognize any remaining amount of the remeasurement in profit or loss.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group recognizes in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both interest on the lease liability; and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occur.

The details of finance lease liability as of December 31, 2023 are presented in Note 32.2.

- Lease modifications

The Group accounts for a lease modification as a separate lease if both:

- i. The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- ii. The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If a modification is a separate lease, a lessee applies the requirements of PFRS 16 to the newly added asset independently of the original lease. The accounting for the original lease continues unchanged.

If a modification is not a separate lease, the accounting reflects that there is a linkage between the original lease and the modified lease. The existing finance lease payable is remeasured with a corresponding adjustment to the ROU asset on the effective date of the modification.

- Short-term lease and lease of low value underlying asset

- a) Short-term lease

A lease contract with a term of twelve (12) months or less without a purchase option shall be accounted for as a short-term lease. The Group recognizes lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the Group's benefit.

The election for short-term leases was made by class of underlying asset to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations.

- b) Lease of low value underlying asset

The Group assess the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased. The assessment of whether an underlying asset is of low value is performed on an absolute basis. The assessment is not affected by the size, nature or circumstance of the Group.

An underlying asset can be of low value only if:

- i. The Group can benefit from the use of the underlying asset on its own or together with other resources that are readily available to the Group; and
- ii. The underlying asset is not highly dependent on, or highly interrelated with, other assets.

A lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically not of low value, e.g. cars. The Group considers the underlying assets to be low value if the asset has a value or selling price of Php250,000.00 or less when new, regardless of the age of the asset being leased. Low-value underlying assets can include table, personal computers, small items of office furniture, POS terminals and telephone.

If the Group subleases an underlying asset, or expects to sublease an asset, the head lease does not qualify as a lease of low value assets.

Short-term and low value lease contracts are booked under Rent Expense and presented as a separate line item under "Occupancy Expenses" in the Statement of Profit or Loss.

b) The Group as a Lessor

The Group substantially carries forward the lessor accounting requirements in PAS 17 where a lessor continues to classify its leases as operating leases or finance leases and to account for those types of leases differently, in reference to PFRS 16, paragraph IN14.

2.25 Intangible Assets

a) Computer Software

Computer software represents the cost of software licenses, application system software and technical upgrade. The amortization expense commences on the following month upon 100 per cent completion/delivery of the software/project. Computer software are measured at cost and amortized based on a straight-line method with an expected useful life as follows:

Application System Software	5 years
Technical Upgrade	5 years

Costs associated with developing or maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Parent Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

b) BSP License

The Parent Bank's license with the Bangko Sentral ng Pilipinas is measured at cost and amortized based on a straight-line method with an expected useful life of 10 years.

c) Non-Proprietary Club Shares

Non-proprietary club shares held by the Parent Bank are equity instruments in their legal form but not in the context of PAS 32. The Bank pays only for the privilege to enjoy the club facilities but not for the ownership. Hence, the non-proprietary club shares are classified as intangible assets under PAS 38.

The details of the intangible assets are presented in Note 23.

2.26 Employee Benefits

All Bank personnel who were employed after June 1, 1977, shall be paid directly by the Government Service Insurance System (GSIS) and are covered under Republic Act 8291.

In compliance with applicable laws, the Parent Bank established a Provident Fund for the benefit of its employees. Contributions made to the fund based on a predetermined rate are charged to operations.

2.27 Deferred Income Tax

Deferred income tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, including asset revaluations. Deferred income tax assets are the amounts of income taxes recoverable in future periods which are recognized for all deductible temporary differences, the carry forward of unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of and unused NOLCO, and unused tax credits can be utilized.

Taxable temporary differences are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled. Deductible temporary differences are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset is recovered or liability is settled.

The carrying amount of deferred income tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Any such reduction should be subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred Tax Assets is presented in Note 22.

2.28 Borrowing Costs

Borrowing costs represent interests and other pertinent financial charges and costs incurred in connection with the availments of domestic and foreign borrowings. In compliance with PAS 23 that prescribes the accounting treatment for borrowing costs, such costs are generally recognized and accrued as an expense in the period in which they are incurred.

2.29 Bills Payable with FX Risk Cover

Pursuant to Monetary Board (MB) Resolution No. 393, the Bank has granted regulatory relief from the applicability of MB Resolution No. 1063 dated August 14, 2008 to the Foreign Exchange Risk Cover Agreement between the DBP and the NG, without prejudice to the opinion of COA on the Bank's financial statements and to allow the Bank to reclassify its revaluation loss from foreign currency-denominated borrowings to Accounts Receivable in its prudential reports to BSP. Hence, the resulting FX revaluation losses are charged to "Accounts Receivable NG FX Differential" account, while FX revaluation gains are credited "FX Profit or Loss Revaluation" account, consistent with PAS 21 and BSP Circular No. 494. Upon settlement, the AR-NG FX Differential or FX revaluation gains are reversed and actual losses are recognized as claims to the National Government or Accounts Receivable-Bureau of Treasury and gains, on the other hand, as Foreign Exchange gains.

2.30 Grants

a) World Bank Grant

The availment period for the Global Environment Facility (GEF) Grant provided for the Rural Power Project (RPP) ended in 2012. Out of the US\$ 0.62 million availed from the grant proceeds, USD 0.17 million or equivalent to Php 7.6 million was established for the Project Preparation Fund (PPF). PPF was approved by World Bank as one of the components of the grant intended to assist financing project preparation activities for renewable energy (RE) technologies.

As of December 31, 2023, the outstanding balance of the grant is Php 7.72 million inclusive of interest earned from deposit.

b) Netherlands Government and Organization of the Petroleum Exporting Countries (OPEC) Grant

The Financing Energy Services for Small Scale End-Users (FINESSE) fund amounted to USD 0.18 million (USD 0.04 million coming from the Netherlands Government thru United Nations Development Programme (UNDP)/FINESSE and USD 0.14 million from the OPEC Fund). The Fund is meant to be self-sustaining, with the principal and interest from the loan repayment to flow back to the Fund. The Fund is intended to assist entrepreneurs, enterprises, and other organizations (e.g. rural electric cooperatives and Non-Government Organizations) in the identification, design and packaging of project for financing. The fund was placed in the DBP Trust under a Directional Trust Agreement between UNDP and DBP.

In order to encourage the development of effective renewable energy projects, the DBP established New and Renewable Energy Project Preparation Revolving Fund (NRE-PPRF) using the FINESSE fund. The purpose of technical assistance loan for project preparation activities is to ensure the generation of bankable proposals for DBP lending for renewable energy.

As of December 31, 2023, the outstanding balance of the grant is Php 5.87 million.

c) Swedish Government Grant

Training and Technical Assistance (TTA) is a form of grant from the Swedish government through the Beregningen for International Teknikst-ekonomiskt Samarbate of Sweden (the "BITS" Sweden") attached to DBP's loan obtained from WB for Industrial Restructuring in 1991.

With the approval of BITS of Sweden, the TTA fund was lent to one (1) eligible borrower to support the company's long-term strategic plan to produce high-grade bleached market pulp from its own plantation of falcate and bagras. The repayments of the loan made by the borrower were deposited in the Trust Account managed by the TTA Fund Board of Trustees (BOT). After the closure of loan, the TTA Fund Trust Account remained unutilized.

In 2021, the TTA Fund BOT approved the termination of the Trust Agreement with the DBP-Trust Banking Group and the transfer of the entire outstanding balance of the TTA Fund to a designated TTA Fund Savings/Special Savings Account in the DBP-Financial Center.

The purpose of the TTA Fund is to finance environment protection, conservation and preservation projects including but not limited to the following:

- o Acquisition of consultancy services,
- o Undertaking of feasibility studies
- o Acquisition of materials, tools and services for training/workshop/other capacity building activities and other incidental expenses related to environmental projects

As of December 31, 2023, the outstanding balance of the grant is Php 11.66 million.

In compliance with PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the grants were recorded as miscellaneous asset.

2.31 Interest and Other Income and Expense

Interest and other income and expenses are recognized on accrual basis, except for those loan accounts which are adversely classified consistent with the guidelines of the Bangko Sentral ng Pilipinas (BSP).

The Group recognizes interest on financial instruments based on the effective interest method of accounting. The effective interest rate (EIR) method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the EIR, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized thereafter using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.32 Segment Reporting

The Parent Bank's operating segments are reported in a manner consistent with the management reporting provided to the President and Chief Executive Officer who is responsible for allocating resources to the reportable segments and assessing their performance.

Intra-segment transactions are conducted on an arm's length basis, and each segment's income and expenses are included in the evaluation of the segment's performance. In accordance with PFRS 8, the Parent Bank identified the following operating segments: (a) Treasury and Corporate Finance, and (b) Development Lending. Note 41 discusses in length the operations and performance of these segments.

2.33 Dividend Policy

The Parent Bank consistently adheres to the provisions under the Revised Implementing Rules and Regulations to Republic Act (RA) No. 7656 (2016), "an act requiring Government-Owned or Controlled Corporations (GOCCs) to declare dividends under certain conditions to the National Government (NG), and for other purposes".

It shall be the policy of the State that in order for the NG to realize additional revenues, GOCCs, without impairing their viability and the purpose for which they have been established shall have a substantial amount of their Net Earnings remitted to the NG.

"Net Earnings" as defined in RA 7656 refers to income derived from whatever source, whether exempt or subject to tax, net of deductions allowed under Section 29 of the National Internal Revenue Code, as amended, and income tax and other taxes paid thereon, but in no case shall any reserve for whatever purpose be allowed as a deduction from Net Earnings. For the avoidance of doubt, "Net Earnings" shall include:

- i. Income subject to tax, as provided in the Annual Income Tax Return, net of tax;
- ii. Income subject to final tax, as provided in the Annual Income Tax Return Schedule on Supplemental Information, net of tax;
- iii. Income exempt from tax, as provided in the Annual Income Tax Return Schedule on Gross Income/ Receipts Exempt from Income Tax, net of tax.

Also, consistent with BSP Circular No. 888 dated October 9, 2015, the following provisions are strictly complied with:

- i. That the Parent Bank shall not declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts.
- ii. That the Parent Bank has complied with the requirements in the declaration of dividends as stated in the MORB Section X136.2 a to f.
- iii. That the Parent Bank shall ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividends distribution.

Declaration of dividends shall be reported by the Parent Bank to the appropriate department of BSP-SES within 10 banking days after the date of declaration as duly approved by the Board of Directors.

Note 3 – Significant Accounting Judgments and Estimates

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3.1 Impairment Losses on Financial Assets

The measurement of impairment losses both under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The details of impairment losses on financial assets are presented in Note 21.

3.2 Fair Value of Derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation methods. Where valuation methods are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practicable, valuation methods use only observable data. Changes in assumptions about these factors could affect reported fair values of financial instruments.

3.3 Financial Assets at Amortized Costs

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers the sales or derecognition of debt instrument under any of the circumstances spelled out under paragraph 7, section 2 of BSP Circular No. 708, Series of 2011. Details are presented in Note 14.

3.4 Financial Assets Not Quoted in an Active Market

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination if quoted prices are readily and regularly available, and if those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Group has investments in non-marketable equity securities (INMES) that are classified as fair value through other comprehensive income (FVOCI) upon adoption of PFRS 9. These INMES accounts are measured at fair values based on guidelines provided by PFRS. Judgement is involved in the selection and application of a valuation technique, which significantly relies on the available information unique to each INMES being valued. Methods considered based on PFRS are multiples valuation method, if sufficient comparable companies are known; discounted cash flow method, if cash flow is unique such as unequal growth rates; adjusted net asset method, in case information on specific facts and circumstances of the company such as history, nature of the investee's assets and liabilities, capital structure, etc. are available. Details are presented in Note 13.

Further, the selection of the valuation method to be used considers the possible results which will be most representative of the fair value of each INMES. Lastly, the technique to be used also considers the least subjective adjustments to the available inputs, maximizing the use of relevant observable inputs, and minimizing the use of unobservable inputs.

3.5 Classification of Non-Current Assets Held for Sale (NCAHFS)

The Group follows the principles in PFRS 5 in classifying foreclosed assets as assets held for sale when the carrying amount of the assets will be recovered principally through sale. The Group is committed to a plan to sell these foreclosed assets and the assets are actively marketed for sale at a price that is reasonable in relation to their current fair value. Subsequent write-down of the asset to fair value less cost to sell is recognized as impairment loss in the statement of profit or loss.

3.6 Realization of Deferred Income Tax Assets

The Group reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax losses will be applied. The Group believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized. Details are presented in Note 22.

**Note 4 – Fair Values of Financial Assets and Liabilities**

The table below summarizes the carrying amount and fair value of those significant financial assets and liabilities not presented on the statement of financial position at fair value at December 31, 2023:

	Carrying Amount		Fair Value	
	Group	Parent	Group	Parent
<b>Financial Assets</b>				
Cash and other cash items	5,999,317	5,980,293	5,999,317	5,980,293
Due from BSP	76,109,867	75,774,099	76,109,867	75,774,099
Due from other banks	10,231,396	10,227,868	10,231,396	10,227,868
Interbank loan receivables	10,246,972	10,246,972	10,246,972	10,246,972
Securities purchased under agreement to resell	42,907,022	42,807,134	42,907,022	42,807,134
Fair value through profit or loss	2,664,026	2,664,026	2,664,026	2,664,026
Fair value through other comprehensive income	42,207,510	42,172,324	42,207,510	42,172,324
Amortized cost (Held to collect investments)	262,892,553	262,771,117	382,459,878	382,338,442
Amortized cost (Loans and receivables, net)	486,237,941	483,305,972	486,237,941	483,305,972
Other assets, net	3,122,581	3,032,035	3,122,581	3,032,035
<b>Total</b>	<b>942,619,185</b>	<b>938,981,840</b>	<b>1,062,186,510</b>	<b>1,058,549,165</b>
<b>Financial liabilities:</b>				
Deposit liabilities	775,346,569	774,884,254	775,346,569	774,884,254
Bills payable	56,451,867	55,532,644	56,451,867	55,532,644
Bonds payable	32,376,486	32,376,486	32,376,486	32,376,486
Manager's checks and demand drafts outstanding	193,639	192,461	193,639	192,461
Accrued taxes, interests and expenses	10,955,349	10,547,174	10,955,349	10,547,174
<b>Total</b>	<b>875,323,910</b>	<b>873,533,019</b>	<b>875,323,910</b>	<b>873,533,019</b>

**4.1 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Philippine Stock Exchange, Inc., Philippine Dealing and Exchange Corp., etc.).

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over the counter ("OTC") derivative contracts. The primary source of input parameters like LIBOR yield curve or counterparty credit risk is Bloomberg.

**Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The appropriate level is determined based on the lowest level input that is significant to the fair value measurement.

**4.2 Fair Value Hierarchy**

The following table presents the fair value hierarchy of the Group's and Parent Bank's assets, exclusive of accrued interest receivables, at December 31, 2023:

	Group			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets:</b>				
<b>FVTPL</b>				
Debt securities	2,546,790	0	0	2,546,790
Equity Securities	113,545	0	0	113,545
	<b>2,660,335</b>	<b>0</b>	<b>0</b>	<b>2,660,335</b>
<b>FVOCI</b>				
Debt securities	41,132,812	0	0	41,132,812
Equity Securities	159,783	289,050	266,637	715,470
	<b>41,292,595</b>	<b>289,050</b>	<b>266,637</b>	<b>41,848,282</b>
<b>Held to Collect</b>				
Unquoted debt securities classified as loan	0	13,353,638	0	13,353,638
<b>TOTAL</b>	<b>43,952,930</b>	<b>13,642,688</b>	<b>266,637</b>	<b>57,862,255</b>
<b>Financial Assets:</b>				
<b>FVTPL</b>				
Debt securities	2,546,790	0	0	2,546,790
Equity Securities	113,545	0	0	113,545
	<b>2,660,335</b>	<b>0</b>	<b>0</b>	<b>2,660,335</b>
<b>FVOCI</b>				
Debt securities	41,132,812	0	0	41,132,812
Equity Securities	140,597	289,050	250,637	680,284
	<b>41,273,409</b>	<b>289,050</b>	<b>250,637</b>	<b>41,813,096</b>
<b>Held to Collect</b>				
Unquoted debt securities classified as loan	0	13,353,638	0	13,353,638
<b>TOTAL</b>	<b>43,933,744</b>	<b>13,642,688</b>	<b>250,637</b>	<b>57,827,069</b>

The Parent Bank used the "market approach" in the valuation of unquoted equity securities. Under this approach, the Bank estimated the fair value of the assets using the multiples (e.g., price-to-book) of publicly-traded comparable companies. Comparable companies include companies that are similar with the equity securities in terms of industry, market, product line or service type, growth, etc. These instruments are included in Level 3.

**Note 5 – Management of Risks**

The responsibility of risk management resides in all levels of the organization with the Board of Directors (BOD) being ultimately responsible for the overall risk management of the Parent Bank. The risk management processes of the subsidiaries and affiliates, on the other hand, are separate responsibilities of their respective BOD.

The Parent Bank has established an enterprise risk management framework that meets best-practice and various regulatory requirements relative to its size, scope, and complexity. It is continually enhanced to address current challenges including continuing Basel III implementations, striking a balance between risks and returns, and achieving a risk profile suitable to the Parent Bank's business plans. Risk and capital management are performed at all levels of the organization, instituting a culture of risk awareness and a risk-based approach to decision-making.

The BOD sets the tone and risk tolerance, draws up the risk strategy for the Parent Bank, and leads the promotion of a risk awareness culture throughout the institution. Strategic decisions in relation to risk management are made by the Risk Oversight Committee (ROC). The Senior Management then provides direction and visible management support in the implementation of risk management processes.

The Enterprise Risk Management Group (ERM), as part of the Bank's second line of defense, serves as the implementing unit of the ROC and is responsible for the development and implementation of the enterprise risk management framework. The management and mitigation of risks, specifically in credit, market, and operational risk areas, are carried out through policies approved by the BOD as endorsed by the ROC, the Credit Committee (CreCom), the Asset Liability Management Committee, and/or the Management Committee. The BOD-level Audit and Compliance Committee, assisted by the Internal Audit Group and Compliance Management Group, is responsible for monitoring compliance with the Parent Bank's policies, processes, and controls and regulatory requirements.

The Parent Bank continues to take various initiatives in response to the changing risk environment to further reinforce its risk management capabilities. This puts the Parent Bank in a stronger position to manage both its current activities and support further growth and expansion. Meanwhile, the Parent Bank's subsidiaries and affiliates manage their respective risks separately, each having their own risk management processes. These, however, have a similar structure to that of the Parent Bank. Policies and procedures adopted by the subsidiaries and affiliates are aligned with its Parent Bank, under regular monitoring by ERM.

**5.1 Credit Risk**

Credit risk is the risk of potential financial losses arising from failure of a borrower or counterparty to discharge its contractual payment obligations. Credit exposures arise from loans and advances to borrowers, commitments to counterparties, guarantees issued on clients'

paying performance, investments in debt instruments of issuers, market-traded or over-the-counter derivatives, and off-balance sheet financial arrangements. Credit risk comprises the biggest risk exposure of the Parent Bank as it is naturally exposed to credit risk in line with its core lending and money market activities with financial institutions, corporations, local government units, electric cooperatives, water districts, and micro, small and medium enterprises.

The ROC provides direction and guidance in formulating the policy framework to manage credit exposures, developing appropriate risk management infrastructure and systems, and implementing policies and procedures. Reports are regularly provided to the BOD, thus making relevant information available to them in their oversight of the Parent Bank's risk-taking activities. Abrupt changes in the country's macroeconomic condition or a shift in the business climate of a particular industry segment for which the Parent Bank's portfolio may be concentrated could alter the risk profile of its exposure. Senior Management, therefore, takes into account the change in economic environment as it affects a particular credit or group of borrowers.

Credit policies are formulated and implemented to manage the Parent Bank's credit risk exposure within acceptable levels while pursuing its developmental mandate. Risk exposures are monitored on a portfolio level to ensure all utilizations are within approved limits thereby avoiding undue risk concentration and provide warning signal should there be portfolio deterioration. Nonetheless, the lending units have the primary responsibility for detecting, preventing, and initiating early actions on potential account deterioration.

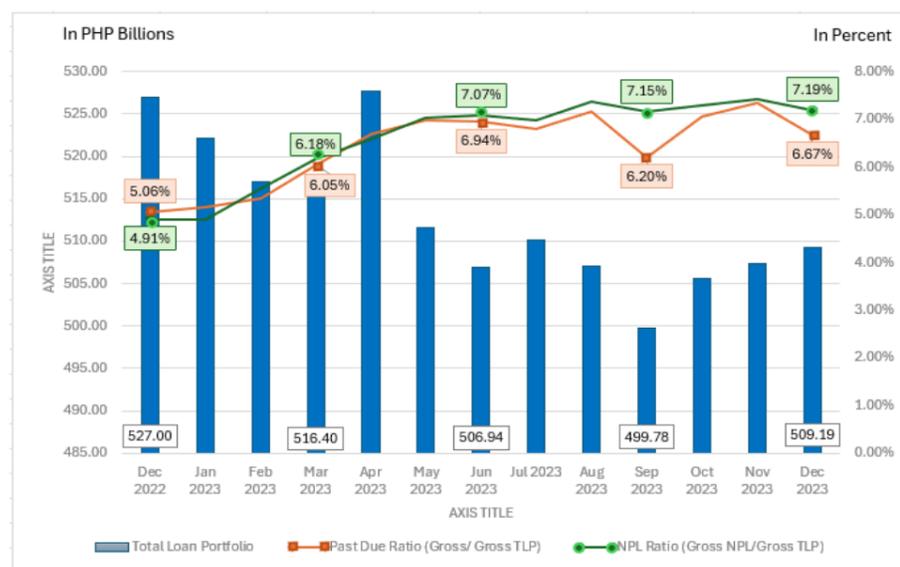
Comprehensive pre-approval credit risk review and internal credit risk rating review are being done on a borrower level. Likewise, credit reviews are being conducted on a portfolio level.

5.1.1 Credit Approval Process

A primary element of the Parent Bank's credit approval process is a detailed risk assessment of the credit exposure associated with a borrower or counterparty. The Parent Bank's risk assessment procedures entail an evaluation of the counterparty's creditworthiness and the risks associated with the specific credit accommodation or credit facility that will be granted. Borrowers are required to meet pre-defined risk acceptance criteria. An Internal Credit Risk Rating System (ICRRS) associated with specific borrower types is used in the evaluation of the credit strength, capturing the risks inherent to each type of business. These rating systems are used for making credit decisions, for assessing credit risk of existing and potential borrowers, for pricing purposes, and for determining the Expected Credit Loss (ECL).

All credit facilities are deliberated at different levels of approving authorities delegated by the BOD depending on the total amount of exposure and security of the loan. The Parent Bank implements a system of checks and balances such that no person can singly approve a credit facility. Furthermore, independent review of the credit risk and compliance with policies, rules, and regulations are conducted by the Credit Risk Management Department and the Internal Audit Group.

The Parent Bank has consistently maintained past due and non-performing loans (NPLs) at manageable single-digit levels in relation to the total loan portfolio even with last year's economic downturn due to the ensuing post-pandemic scenarios, and financial instability due to high inflation and monetary tightening. This reflects the Parent Bank's ability to identify, manage and control risks through credit policies and procedures that are aligned with regulations, the industry and responsive to the existing market and economic conditions.



5.1.2 Credit Portfolio Management

Movements in the Parent Bank's credit portfolio are closely monitored. Analysis is regularly performed to assess the Parent Bank's vulnerability to deteriorating credit environment and portfolio quality.

a) Loans and Advances

In determining credit risk of loans and advances at a counterparty level, taking into account both quantitative and qualitative measures, the Parent Bank endeavors to consider the following components, among others: (a) the probability of default by the client or counterparty on its contractual obligations; (b) current exposures to the counterparty and its likely future development; (c) the strength of financial capacity; (d) the likely recovery ratio in case of default; (e) equity contribution; and (f) quality and enforceability of collateral.

The Parent Bank assesses the probability of default of individual borrowers/counterparties using internal rating tools tailored to the various categories of counterparty. In the Parent Bank's rating scale, exposures migrate between classes as the assessment of their probabilities of default changes. The rating tools are reviewed and upgraded as necessary.

The Parent Bank has in place an ICRRS to assist in identifying, measuring, monitoring and pricing credit risks. The risk rating models were updated and aligned with the Philippine Financial Reporting Standards (PFRS) 9 (Financial Instruments). It is expected that with these risk rating systems, weaknesses in account management and internal controls could be addressed before the Parent Bank's portfolio deteriorates. The Parent Bank's ICRRS includes the scoring models for the following types of borrowers:

- Large Enterprises;
- Medium Enterprises;
- Small Enterprises;
- Micro Enterprises;
- Electric Cooperatives under supervision by the National Electrification Administration;
- Water Districts under supervision by the Local Water Utilities Administration;
- Local Government Units; and
- Financial Institutions.

Using the different rating models, the lending units are able to calculate the Borrower Risk Rating (BRR), which shall be the basis for the approval of any new or additional loan accommodation, whether for a prospective or an existing borrower and renewal of credit lines. Consistent with the risk-based lending practice in the Parent Bank, the BRR determines the basis for the loan pricing. The ICRRS is also tied up with existing policies on account classification and expected credit loss provisioning. Definition of each rating/tier is described as follows:

BRR	Qualitative Rating	Characteristics
1	Excellent	<ul style="list-style-type: none"> <li>• Very low probability of default and no history of payment delinquency</li> <li>• High debt servicing capacity; strong and stable financial position and performance</li> <li>• Structuring ensures remote possibility of default; generally considered non-risk counterparties</li> <li>• Belonging to industries with strong resilience to adverse economic and market conditions</li> <li>• Undisputed market leader; has ready access to immediate funding</li> </ul>
2	Strong	<ul style="list-style-type: none"> <li>• Low probability of default and no history of payment delinquency</li> <li>• More than sufficient debt servicing capacity; no sign of weakness in financial position and performance</li> <li>• Strong market position in the industry with favorable outlook</li> <li>• Reliable access to funding</li> <li>• Capable of withstanding external stresses and industry disruptions</li> </ul>
3	Good	<ul style="list-style-type: none"> <li>• Acceptable probability of default and no history of payment delinquency</li> <li>• Sound debt servicing capacity; conservative financial position; sustained good financial performance</li> <li>• May be susceptible to cyclicity; able to withstand changes in market condition</li> </ul>
4	Adequate	<ul style="list-style-type: none"> <li>• Risk indicators are present indicating reasonable probability of default</li> <li>• Comfortable debt servicing capacity; volatile financial performance with prospect of improvement</li> <li>• Limited access to funding</li> <li>• With capability to withstand adverse market condition</li> </ul>
5	Acceptable	<ul style="list-style-type: none"> <li>• Considerable level of risk indicators leading to relatively weak but acceptable creditworthiness</li> <li>• Adequate cash flow for debt service; volatile financial performance</li> <li>• Belonging to a vulnerable industry; may be able to traverse unfavorable market or operating environment</li> </ul>
6	Watchlisted	<ul style="list-style-type: none"> <li>• Well-defined risk indicators and strong impression of weakened credit worthiness</li> <li>• Evident financial difficulties and company-specific issues questions ability or willingness to service debt</li> <li>• Business under gestation period; outlook with uncertainty</li> <li>• Existing facility risks increase the risk of default</li> <li>• Challenges in operating environment threaten repayment capability</li> </ul>

<b>Especially Mentioned</b>	<ul style="list-style-type: none"> <li>Past due for 1-30 days or with other banks/creditors</li> <li>Below weaknesses, if uncorrected may affect borrower's overall repayment capacity and thus deserves management's close attention: <ul style="list-style-type: none"> <li>Facility risk (deficiencies in underwriting, structure, documentation and administration that can compromise the Bank's ability to control credit relationship if economic or other events adversely affect the borrower</li> <li>Documentation risk (adverse developments during releasing, non-compliance with loan covenants, terms and conditions)</li> <li>Capacity to pay cannot be established; cash generation insufficient for operations and debt repayment, declining trend in liquidity, consistently declining trend in profitability, weakened position in the industry, and weakened response to industry disruptions</li> </ul> </li> <li>With court case that has impact on operations and capacity to pay, tight liquidity, net loss for one year, weak industry conditions, and impaired ability to weather adverse economic conditions</li> </ul>
<b>Substandard</b>	<ul style="list-style-type: none"> <li>Past due for 31-180 days (365 days for secured)</li> <li>Well-defined weaknesses that may jeopardize repayment / full repayment as indicated below: <ul style="list-style-type: none"> <li>Adverse developments and trends that affect willingness or repayment ability</li> <li>Weak financial condition and results of operations</li> <li>Deficit capital, cashflow / liquidity problems, sustained losses, Adverse industry conditions, and Unable to weather adverse economic conditions</li> <li>Collateral have been found with defects as to ownership or other adverse information</li> <li>Breach of financial covenants affecting capacity to pay</li> <li>Classified "Especially Mentioned" in the previous review without adequate correction</li> </ul> </li> </ul>
<b>Doubtful</b>	<ul style="list-style-type: none"> <li>Past due for 121-180 days (over 1 year to 5 years for secured)</li> <li>More severe weakness based on known facts, conditions make collection highly improbable, non-operating or unable to operate, adverse industry conditions, and unable to weather adverse economic conditions</li> <li>Secured loans where properties offered as collateral are either subject to an adverse claim rendering settlement of the loan through foreclosure doubtful or whose value has materially declined without the borrower offering additional collateral to cover the deficiency</li> <li>Classification to "Loss" is imminent and is only being deferred based on specific factors which may strengthen the assets which include: merger, acquisition or liquidation procedures. Capital infusion, perfecting liens and refinancing plans which may work to the advantage of strengthening the asset.</li> </ul>
<b>Loss</b>	<ul style="list-style-type: none"> <li>Considered uncollectible or worthless</li> <li>Borrower's and co-makers / guarantor's whereabouts are unknown, or insolvent or their earning power is permanently impaired</li> <li>Collaterals securing the loans are without recoverable values</li> </ul>

b) *Debt Securities*

For debt securities issued by sovereigns or foreign corporate companies, external ratings, given by international rating agencies such as Standard & Poor's, Moody's, Fitch, or their equivalent, are used by the Parent Bank to assess credit risk exposures. Investments in these securities allow the Parent Bank to further diversify its credit portfolio while maintaining considerable liquid assets. The external ratings are made as benchmarks for the Parent Bank's own credit rating systems.

Creditworthiness of a counterparty-issuer is determined by employing a combination of quantitative and qualitative assessments alongside active Senior Management and Board-level deliberations. Limits, exit mechanisms, and implications on credit concentration and liquidity are some of the major areas being addressed before investments on debt instruments are approved.

5.1.3 *Risk Limit Control and Mitigation Policies*

The Parent Bank manages limits and controls concentrations of credit risk wherever they are identified. The levels of credit risk are structured by placing limits on the amount of risk accepted in relation to one borrower, or a group of borrowers, or an industry segment. The same is true for treasury-related activities. Such risks are monitored on a regular basis and are subject to an annual or more frequent review when considered necessary. Macroeconomic indicators, industry analyses, and individual borrower risk assessments are taken into consideration to determine adjustments in existing lending limits.

Limits on large exposures and credit concentration are approved by the Board of Directors. These credit limits set the maximum credit exposures the Parent Bank is willing to assume over specified periods. The Parent Bank's credit policies also establish procedures for exceptional cases when it may assume exposures beyond established limits. Actual exposures against established limits are monitored regularly to ensure that business units operate within the Parent Bank's defined risk tolerance. Industry concentration is quantified and regularly monitored against a Standard Concentration Index.

The Parent Bank employs a range of policies and practices to mitigate losses in case of default by a borrower. Some of these specific control and mitigation measures are outlined below:

a) *Collateral*

One of the most traditional and common practices in credit default loss mitigation is requiring security for loans and advances. The Parent Bank implements guidelines on the acceptability of specific classes of collateral. The principal collateral types for loans and advances are:

- Mortgages over real estate properties and chattels;
- Hold-out on financial instruments, such as debt securities, deposits, and equities;
- Assignment of receivables;
- Credit life insurance or mortgage redemption insurance; and
- Standby letters of credit or use of guarantees.

In order to minimize credit loss, the Parent Bank seeks additional collateral from the counterparty when impairment indicators are observed for the relevant individual loans and advances.

b) *Credit - Related Commitments*

Standby letters of credit carry the same credit risk as loans albeit on contingent basis. Documentary and commercial letters of credit are written undertakings by the Parent Bank on behalf of a customer authorizing a third party to draw drafts on the Parent Bank upto a stipulated amount under specific terms and conditions. These are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, or letters of credit. With respect to credit risk on commitments to extend credit, the Parent Bank manages its potential exposure to loss in an amount equal to the total unused commitments by a combination of effective fund management and imposition of commitment fees, and are contingent upon customers maintaining specific credit standards. The Parent Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.1.4 *Impairment and Provisioning Policies*

Estimation of the Expected Credit Loss (ECL) is done on a quarterly basis using PFRS 9-compliant models (i.e., Probability of Default, Loss Given Default, Exposure at Default, and Overlay) with consideration of the staging assessment criteria.

a) *Staging Assessment*

Stage is being assessed to determine whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. There is a significant increase in credit risk, even if there is no objective evidence of impairment yet when any of the following events occur on the financial instrument:

- PD increased by 200% at reporting date from origination;
- Risk rating deteriorated by 2 or more notches since origination;
- Risk rating of the treasury exposure fell below investment grade (below BBB-);
- BSP classified (especially mentioned, substandard or doubtful) with any other qualitative indicators of significant increase in credit risk; and
- Loan is past due for more than 30 days as of reporting date.

If a loan account has low credit risk, the Group assumed that there is no significant increase in credit risk as of reporting date.

A loan account shall be considered as low credit risk if:

- it has low risk of default;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For regulatory reporting in accordance with BSP Circular No. 1011, s. 2018, the Parent Bank treated Stage 1 ECL as General Provisions (GP), while Stage 2 and 3 ECLs were treated as Specific Provisions (SP). A minimum of 1.00% General Loan Loss Provision (GLLP) to all Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free.

ECLs for Stages 1, 2 and 3 accounts were recognized in the profit or loss statement. In cases when the computed ECL on Stage 1 accounts is less than the 1.00% GP required, the deficiency was recognized by appropriating the Retained Earnings (RE) account. GP recognized in profit or loss as allowance for credit losses for Stage 1 accounts and the amount appropriated in RE were considered as Tier 2 capital subject to the limit provided under the Revised Risk-Based Capital Adequacy Framework.

b) *Probability of Default (PD)*

PD is an estimate of the likelihood that the counterparty will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

The Group adopted the definition of default as defined by BSP. The Group considered a financial instrument as in default and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As part of the qualitative assessment of whether a customer is in default, the Group considered a variety of instances that indicated unlikelihood to pay. When such events occurred, the Group carefully considered whether the event resulted in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 was

appropriate. The Group generally classified a financial instrument as in default when the following cases occurred:

- If a credit obligation was considered non-performing under existing rules and regulations;
- If a borrower/obligor has sought or has been placed in bankruptcy, has been found insolvent, or has ceased operations in the case of businesses;
- If the Parent Bank sold a credit obligation at a material credit-related loss, i.e., excluding gains and losses due to interest rate movements. Parent Bank's board-approved internal policies that govern the use of their internal rating systems must specifically define when a material credit-related loss occurred; and
- If a credit obligation of a borrower/obligor was considered to be in default, all credit obligations of the borrower/obligor with the Group were also considered to be in default.

The table below summarizes the Parent Bank's PD estimation approach for each portfolio segmentation:

Portfolio	Estimation Approach
Corporate Loans	Calibrated PD based on Internal Credit Risk Rating (Quantitative and Qualitative factors)
Loans to Government Units	Qualitative and quantitative assessment with expert judgment
Electric Cooperatives	Qualitative assessment based on nature of instrument, financial performance and regulatory scorecard
Water Districts	Qualitative assessment based on nature of instrument, financial performance and regulatory scorecard
Salary Loans	Vintage analysis based on historical loss dataset
Universal and Commercial Banks	External rating-based approach
Rural Banks	Qualitative assessment with expert judgment
Cooperatives and Microfinance	Qualitative assessment with expert judgment
Others	Vintage analysis

c) *Forward-Looking Information (Overlay)*

The overlay is an adjustment to the ECL to incorporate future expectations of the economy by establishing a relationship between credit risk and macroeconomic factors over time. The Group recognized that the best available forward-looking information were included, along with current economic state and historical loss experience, in determining the appropriate level of ECL.

The Group incorporated the overlay in the portfolio PD through regression analysis. Multiple linear regression was utilized to quantify the historical relationship of macroeconomic factors with observed default rates. The observed default rate data served as the dependent variable of the linear regression model, while the macroeconomic factors were the independent variables.

Expert judgment and statistical metrics were used in determining the overlay models for each corporate portfolio. Forecasting for the relevant variables was likewise used to determine the forward-looking Point-in-Time PDs.

d) *Loss Given Default (LGD)*

The Group defines LGD as the amount of loss incurred from a defaulted account after considering all recoveries and costs. The Group's LGD was developed based on the historical workout data of recovery which is aligned with the concepts and methodology with Basel Internal Ratings-Based Approach for credit risk measurement. It was classified based on the sources of recoveries namely:

- Cured – Refers to those accounts that have defaulted but were able to pay the installment in arrears and revert to performing loans without any significant actions taken by the Group. An account was deemed cured when there was at least six consecutive months of zero default from the last default date. The month when an account reached the sixth month for the first time was the curing date.
- Restructured – Occurred when the payment schedule of the loan has changed or a new loan has been issued to replace the defaulted facility.
- Liquidated – Refers to those accounts whose loans were paid off through borrower payments, payment in kind (dacion en pago), or foreclosure, as well as accounts whose loans have been written-off or have been undergoing litigation.

e) *Exposure at Default (EAD)*

The Group defines EAD as the expected value of the exposure at the time of default. It takes into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. For uncommitted credit lines, EAD is equal to the outstanding balance as of reporting date. However, for committed lines, the EAD is considered as the expected portion of the loan commitment that was drawn as a customer approaches default.

In crafting the sample for EAD, the Group included all term loans which were availed in multiple instances. Term loans whose credit limit have been availed of partially – on multiple instances, were included in the sample for EAD. For term loans

falling under this type of scenario, cash conversion factor (CCF) was still calculated and EAD was imputed since its behavior was similar to that of a Revolving Credit Line. CCF is defined as the ratio of the currently undrawn amount of a commitment that was expected to be drawn while a customer approaches default.

Three probable scenarios were developed by the Group with corresponding weights for calculation of ECL. These were based on the different economic outlooks of the Group which were incorporated in the Overlay Model for ECL calculation.

Scenario	Probability	Description
Upside Case	10%	Positive economic outlook
Base Case	60%	Steady economic outlook
Downside Case	30%	Negative economic outlook

As required under PFRS 9, ECL reflects an unbiased and probability-weighted estimate of credit losses over the expected life of the financial instrument (i.e. the weighted average of credit losses with the respective risks of a default occurring as the weights). This probability weighted computation was applied to Stages 1, 2 and 3 of PFRS 9 ECL.

The table below shows the percentage of the Group and Parent Bank's loans and receivables and the related allowance for impairments as of December 31, 2023 and 2022.

	Group			
	2023		2022	
	Credit Exposure	Allowance for Impairment	Credit Exposure	Allowance for Impairment
Pass	80.00%	2.38%	80.20%	2.36%
Especially Mentioned	14.00%	10.43%	13.53%	5.94%
Substandard	3.25%	30.21%	3.82%	18.65%
Doubtful	1.95%	47.98%	1.74%	35.04%
Loss	0.80%	85.84%	0.71%	91.07%
	<u>100.00%</u>		<u>100.00%</u>	

	Parent			
	2023		2022	
	Credit Exposure	Allowance for Impairment	Credit Exposure	Allowance for Impairment
Pass	80.22%	2.39%	80.35%	2.36%
Especially Mentioned	14.07%	10.45%	13.62%	5.94%
Substandard	3.06%	31.00%	3.62%	19.16%
Doubtful	1.87%	48.20%	1.71%	34.79%
Loss	0.78%	85.48%	0.70%	92.16%
	<u>100.00%</u>		<u>100.00%</u>	

5.1.5 *Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements*

*Collateral and other credit enhancements*

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. The Parent Bank followed the guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained were as follows:

- Cash, guarantees, securities, and physical collaterals (e.g., real estate, chattels, inventory, etc.); as a general rule, for real estate mortgage, commercial, industrial, and residential lots are preferred.
- Assignment of receivables
- Credit life insurance and mortgage redemption insurance
- Personal surety of major stockholders and/or principal officers

Management monitors the market value of real property collateral every five years or as needed, and every year for chattels, and for marketable securities, to preserve collateral cover. The existing market value of collateral was considered on the review of the credit facilities and adequacy of the allowance for credit losses.

An analysis of the maximum exposure to credit risk as of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, is shown below based on net carrying amounts as presented in the statement of financial position.

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Due from BSP	76,109,867	125,147,543	75,774,099	124,853,077
Due from other banks	10,231,396	9,624,316	10,227,868	9,623,603
Interbank loans receivable	10,246,972	22,916,233	10,246,972	22,916,233
Securities purchased under agreements to resell	42,907,022	27,662,401	42,807,134	27,555,388
Financial asset at FVTPL - net	2,664,026	2,809,824	2,664,026	2,809,824
Financial assets at FVOCI - net	42,207,510	39,763,065	42,172,324	39,708,212
Financial asset at amortized cost - net (HTC)	262,892,553	282,774,597	262,771,117	282,741,699
Loans and receivables, net	486,237,941	509,642,705	483,305,972	506,325,969
Other assets, net	3,122,581	3,011,936	3,032,035	2,939,657
	<b>936,619,868</b>	<b>1,023,352,620</b>	<b>933,001,547</b>	<b>1,019,473,662</b>

Credit risk exposures relating to off-balance sheet items are as follows:

	Group		Parent	
	2023	2022	2023	2022
Undrawn loan commitments	17,452,858	22,837,340	17,452,858	22,837,340
Others	1,234,285	2,517,015	1,234,285	2,517,015
	<b>18,687,143</b>	<b>25,354,355</b>	<b>18,687,143</b>	<b>25,354,355</b>

5.1.6 Credit Quality

The following table shows the credit quality of financial assets as of December 31, 2023 and 2022:

	Group 2023				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	435,483,123	139,495,257	308,130,156	3,366,259	886,474,795
Past due but not impaired	4,546,681				4,546,681
Impaired	77,063,215				77,063,215
Allowance for impairment	517,093,019	139,495,257	308,130,156	3,366,259	968,084,691
	(30,855,078)		(366,067)	(243,678)	(31,464,823)
	<b>486,237,941</b>	<b>139,495,257</b>	<b>307,764,089</b>	<b>3,122,581</b>	<b>936,619,868</b>

	Group 2022 Restated				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	457,578,513	185,350,493	325,544,736	3,260,061	971,733,803
Past due but not impaired	3,489,728				3,489,728
Impaired	73,484,268				73,484,268
Allowance for impairment	534,552,509	185,350,493	325,544,736	3,260,061	1,048,707,799
	(24,909,804)		(197,250)	(248,125)	(25,355,179)
	<b>509,642,705</b>	<b>185,350,493</b>	<b>325,347,486</b>	<b>3,011,936</b>	<b>1,023,352,620</b>

	Parent 2023				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	433,804,741	139,056,073	307,973,534	3,268,205	884,102,553
Past due but not impaired	4,546,681	0	0	0	4,546,681
Impaired	75,255,538	0	0	0	75,255,538
Allowance for impairment	513,606,960	139,056,073	307,973,534	3,268,205	963,904,772
	(30,300,988)	0	(366,067)	(236,170)	(30,903,225)
	<b>483,305,972</b>	<b>139,056,073</b>	<b>307,607,467</b>	<b>3,032,035</b>	<b>933,001,547</b>

	Parent 2022 Restated				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	455,498,473	184,948,301	325,456,985	3,180,309	969,084,068
Past due but not impaired	3,489,228	0	0	0	3,489,228
Impaired	71,985,055	0	0	0	71,985,055
Allowance for impairment	530,972,756	184,948,301	325,456,985	3,180,309	1,044,558,351
	(24,646,787)	0	(197,250)	(240,652)	(25,084,689)
	<b>506,325,969</b>	<b>184,948,301</b>	<b>325,259,735</b>	<b>2,939,657</b>	<b>1,019,473,662</b>

\* Comprised of Due from BSP, Due from Other Banks, Interbank Loans Receivable and Securities Purchased Under Agreements to Resell

\*\* Comprised of FVTPL, FVOCI and Amortized Cost

\*\*\*Comprised of Accounts Receivable, Other Receivables and Other Assets

The tables below present the aging analysis of gross amount of loans and receivables that were past due but not impaired. Collateralized past due loans are not considered impaired when the cash flows that may result from foreclosure of the related collateral are higher than carrying amount of the loans.

	Group		Parent	
	2023	2022	2023	2022
Past due less than 31 days	262,795	2,449,970	262,795	2,449,970
Past due 31 - 60 days	2,056,711	214,868	2,056,711	214,868
Past due 61 - 90 days	1,244,497	124,997	1,244,497	124,497
Over 90 days	982,678	699,893	982,678	699,893
	<b>4,546,681</b>	<b>3,489,728</b>	<b>4,546,681</b>	<b>3,489,228</b>
Fair value of collateral	<b>130,341</b>	<b>585,757</b>	<b>130,341</b>	<b>585,757</b>

Credit quality of foreign currency-denominated investments are classified according to the following credit grades which are based on the below-enumerated range of Standard and Poor's (S&P) equivalent long-term issue ratings:

Credit Grades	S & P Credit Equivalent Ratings	
	From	To
High Grade	AAA	BBB-
Standard Grade	BB+	B
Substandard	B-	C
Default		D

Credit ratings used for exposures to the Philippine government and its instrumentalities are the S&P sovereign long-term rating of the Philippines for its foreign currency and local denominated debt which are both at BBB+ (investment grade).

The Parent Bank has maintained single-digit levels of NPL Ratios throughout the year. The graph below shows the NPL Ratio against the Parent Bank's Total Loan Portfolio and the movement in the NPL Ratio from December 2022 to December 2023. The average NPL ratio for 2023 was 6.59 per cent with an NPL Ratio high of 7.42 per cent in November 2023. The Bank managed to reduce it to 7.19 per cent by end of 2023.



### 5.1.7 Detailed Credit Quality Analysis on Investments

The following tables present the Parent Bank's detailed grade classification and staging analysis of financial investments in compliance with PFRS 7 and 9, respectively:

	Parent 2023			
	FVTPL*	FVOCI*	FA at Amortized Cost**	Total
High Grade	2,550,481	41,128,655	238,753,853	282,432,989
Standard Grade	0	363,385	24,383,331	24,746,716
Substandard Grade	0	0	0	0
Default	0	0	0	0
<b>Total</b>	<b>2,550,481</b>	<b>41,492,040</b>	<b>263,137,184</b>	<b>307,179,705</b>
Stage				
1	2,550,481	41,492,040	263,050,255	307,092,776
2	0	0	86,929	86,929
3	0	0	0	0
<b>Total</b>	<b>2,550,481</b>	<b>41,492,040</b>	<b>263,137,184</b>	<b>307,179,705</b>

\* Exclusive of P793.829 million Investment in Equity Securities (See Notes 12 and 13) as these are not credit exposures.

\*\*Inclusive of Accrued Interest Receivables but exclusive of Allowance for Credit Losses.

	Parent 2022 Restated			
	FVTPL	FVOCI*	FA at Amortized Cost**	Total
High Grade	2,809,824	26,060,597	242,313,933	271,184,354
Standard Grade	0	11,329,608	40,625,016	51,954,624
Substandard Grade	0	0	0	0
Default	0	0	0	0
<b>Total</b>	<b>2,809,824</b>	<b>37,390,205</b>	<b>282,938,949</b>	<b>323,138,978</b>
Stage				
1	2,809,824	36,857,679	282,850,983	322,518,486
2	0	532,526	87,966	620,492
3	0	0	0	0
<b>Total</b>	<b>2,809,824</b>	<b>37,390,205</b>	<b>282,938,949</b>	<b>323,138,978</b>

\* Exclusive of P2,318.007 million Investment in Equity Securities (See Note 13) as these are not credit exposures.

\*\*Inclusive of Accrued Interest Receivables but exclusive of Allowance for Credit Losses.

### 5.1.8 Detailed Credit Quality Analysis on Amortized Cost – Loans and Receivables

In view of PFRS 9 compliance, presented below are the Parent Bank's credit exposure of receivables from borrowers and its corresponding staging analysis.

PFRS 9 disclosures pertaining to 2023:

	Parent 2023 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	282,714,689	54,767,185	28,167,706	365,649,580
Medium Enterprises (M)	6,955,391	3,756,612	5,344,187	16,056,190
Small Enterprises (S)	1,206,730	512,769	850,520	2,570,019
Micro Enterprises (Mi)	481,933	212,205	304,425	998,563
Local Government Units (LGU)	66,354,516	12,733,215	-	79,087,731
Financial Institutions (FI)	25,361,120	89,489	19,250	25,469,859
Electric Cooperatives (EC)	5,218,245	821,845	241,452	6,281,542
Water Districts (WD)	5,280,615	80,192	-	5,360,807
Salary Loans	7,097,393	123,630	497,290	7,718,313
<b>Gross Loans and Receivables</b>	<b>400,670,632</b>	<b>73,097,142</b>	<b>35,424,830</b>	<b>509,192,604</b>

	Parent 2023 Accrued Interest Receivables			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	2,761,223	491,957	268,268	3,521,448
Medium Enterprises (M)	64,487	38,458	22,881	125,826
Small Enterprises (S)	9,122	5,314	5,297	19,733
Local Government Units (LGU)	3,087	1,810	-	4,897
Micro Enterprises (Mi)	311,161	108,669	-	419,830
Financial Institutions (FI)	165,080	785	-	165,865
Electric Cooperatives (EC)	21,024	1,016	844	22,884
Water Districts (WD)	19,579	109	-	19,688
Salary Loans	48,590	663	3	49,256
<b>Accrued Interest Receivables</b>	<b>3,403,353</b>	<b>648,781</b>	<b>297,293</b>	<b>4,349,427</b>

	Parent 2023 Expected Credit Losses			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	6,071,669	5,222,657	14,565,432	25,859,758
Medium Enterprises (M)	287,780	351,174	2,683,282	3,322,236
Small Enterprises (S)	58,182	13,197	203,654	275,033
Local Government Units (LGU)	12,711	9,622	85,834	108,167
Micro Enterprises (Mi)	843,020	128,419	-	971,439
Financial Institutions (FI)	308,729	2,248	18,527	329,504
Electric Cooperatives (EC)	50,240	8,229	2,423	60,892
Water Districts (WD)	53,002	803	-	53,805
Salary Loans	179,685	(62,480)	471,471	588,676
Staggered Booking of Reserves (See Note 2.2.1)	-	-	(1,312,538)	(1,312,538)
<b>Expected Credit Loss</b>	<b>7,865,018</b>	<b>5,673,869</b>	<b>16,718,085</b>	<b>30,256,972</b>

PFRS 9 disclosures pertaining to 2022:

	Parent 2022 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	337,913,246	28,050,877	29,387,486	395,351,609
Medium Enterprises (M)	10,311,133	2,004,462	5,604,864	17,920,459
Small Enterprises (S)	1,822,149	213,447	736,214	2,771,810
Micro Enterprises (Mi)	845,283	125,621	493,947	1,464,851
Local Government Units (LGU)	68,533,373	110,410	-	68,643,783
Financial Institutions (FI)	20,111,657	30,942	100,075	20,242,674
Electric Cooperatives (EC)	5,495,026	1,023,329	353,681	6,872,036
Water Districts (WD)	5,305,414	92,906	1,587	5,399,907
Salary Loans	7,636,709	151,750	542,899	8,331,358
<b>Gross Loans and Receivables</b>	<b>457,973,990</b>	<b>31,803,744</b>	<b>37,220,753</b>	<b>526,998,487</b>

	Parent 2022 Accrued Interest Receivables			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	2,657,788	202,285	438,537	3,298,610
Medium Enterprises (M)	84,538	20,396	16,325	121,259
Small Enterprises (S)	12,678	3,382	2,870	18,930
Local Government Units (LGU)	4,840	557	197	5,594
Micro Enterprises (Mi)	236,040	395	-	236,435
Financial Institutions (FI)	114,684	132	-	114,816
Electric Cooperatives (EC)	20,780	397	952	22,129
Water Districts (WD)	19,175	128	-	19,303
Salary Loans	45,479	932	49	46,460
<b>Accrued Interest Receivables</b>	<b>3,196,002</b>	<b>228,604</b>	<b>458,930</b>	<b>3,883,536</b>

	Parent 2022 Expected Credit Losses			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	4,135,458	882,981	15,116,780	20,135,219
Medium Enterprises (M)	720,864	235,386	2,533,702	3,489,952
Small Enterprises (S)	28,754	5,561	382,546	416,861
Local Government Units (LGU)	17,795	3,242	147,632	168,669
Micro Enterprises (Mi)	687,701	1,108	-	688,809
Financial Institutions (FI)	475,082	2,769	70,341	548,192
Electric Cooperatives (EC)	55,158	10,137	354,634	419,929
Water Districts (WD)	53,246	930	905	55,081
Salary Loans	15,757	3,259	611,834	630,850
Staggered Booking of Reserves (See Note 2.2.1)	-	-	(1,968,807)	(1,968,807)
<b>Expected Credit Loss</b>	<b>6,189,815</b>	<b>1,145,373</b>	<b>17,249,567</b>	<b>24,584,755</b>

Movements in the Gross Carrying Amounts and Allowance for Expected Credit Losses in 2023:

	Parent 2023 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2023	457,973,990	31,803,744	37,220,753	526,998,487
New assets originated or purchased	14,167,370	741,475	4,351	14,913,196
Assets derecognized or repaid	(12,961,073)	(2,667,322)	(683,914)	(16,312,309)
Transfers to Stage 1	(12,408,379)	(7,549,522)	(1,601,853)	(21,559,754)
Transfers to Stage 2	(43,733,326)	55,734,836	(6,468,478)	5,533,032
Transfers to Stage 3	(2,367,950)	(4,966,069)	6,953,971	(380,048)
<b>At 31 December 2023</b>	<b>400,670,632</b>	<b>73,097,142</b>	<b>35,424,830</b>	<b>509,192,604</b>

	Parent 2023 Expected Credit Loss			
	Stage 1	Stage 2	Stage 3	Total
ECL amount at 1 January 2023	6,189,815	1,145,373	17,249,567	24,584,755
New assets originated or purchased	276,552	61,655	4,133	342,340
Assets derecognized or repaid	(218,526)	(93,338)	(457,866)	(769,730)
Transfers to Stage 1	2,545,949	(264,583)	(346,044)	1,935,322
Transfers to Stage 2	(947,333)	5,147,353	(2,525,781)	1,674,239
Transfers to Stage 3	18,561	(322,591)	4,106,614	3,802,584
Staggered Booking of Reserves (See Note 2.2.1)	-	-	(1,312,538)	(1,312,538)
<b>At 31 December 2023</b>	<b>7,865,018</b>	<b>5,673,869</b>	<b>16,718,085</b>	<b>30,256,972</b>

Movements in the Gross Carrying Amounts and Allowance for Expected Credit Losses in 2022:

	Parent 2022 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	387,892,561	51,885,420	29,622,452	469,400,433
New assets originated or purchased	42,746,388	2,427,558	728,776	45,902,722
Assets derecognized or repaid	(22,627,621)	(6,483,189)	(960,417)	(30,071,227)
Transfers to Stage 1	61,084,190	(16,749,577)	(870,066)	43,464,547
Transfers to Stage 2	(7,755,361)	11,335,873	(4,584,809)	(1,004,297)
Transfers to Stage 3	(3,366,167)	(10,612,341)	13,284,817	(693,691)
<b>At 31 December 2022</b>	<b>457,973,990</b>	<b>31,803,744</b>	<b>37,220,753</b>	<b>526,998,487</b>

	Parent 2022 Expected Credit Loss			
	Stage 1	Stage 2	Stage 3	Total
ECL amount at 1 January 2022	6,294,369	2,203,207	7,937,979	16,435,555
New assets originated or purchased	751,220	112,795	154,125	1,018,140
Assets derecognized or repaid	(480,632)	(209,762)	(506,822)	(1,197,216)
Transfers to Stage 1	(18,826)	(689,782)	(223,808)	(932,416)
Transfers to Stage 2	(225,183)	263,994	(844,843)	(806,032)
Transfers to Stage 3	(131,133)	(535,079)	12,701,743	12,035,531
Staggered Booking of Reserves (See Note 2.2.1)	-	-	(1,968,807)	(1,968,807)
<b>At 31 December 2022</b>	<b>6,189,815</b>	<b>1,145,373</b>	<b>17,249,567</b>	<b>24,584,755</b>

### 5.1.9 Collateral Held as Security and Other Credit Enhancements

The Parent Bank holds collateral against loans and receivables from customers, the types of which are discussed in Note 5.1.3 (a). Estimates of fair value are based on the latest appraisal value of collaterals.

A summary of the appraised/fair value of collaterals held against loans and receivables is as follows:

	2023	2022
A. Against neither past due nor impaired		
Real Estate Mortgage	96,404,717	105,739,353
Chattel Mortgage	14,695,094	10,541,440
Deposits on Hold	3,772,824	3,605,094
IRA/Others	265,289,795	195,138,310
	<b>380,162,430</b>	<b>315,024,197</b>
B. Against past due but not impaired		
Real Estate Mortgage	68,341	283,555
Deposits on Hold	0	0
IRA/Others	62,000	302,202
	<b>130,341</b>	<b>585,757</b>
C. Against impaired loans		
Real Estate Mortgage	11,127,286	11,341,175
Chattel Mortgage	6,302,298	1,896,423
Deposits on Hold	47,140	10,000
IRA/Others	4,174,523	2,885,204
	<b>21,651,247</b>	<b>16,132,802</b>
	<b>401,944,018</b>	<b>331,742,756</b>

The Parent Bank seeks to spread the risk exposure and prevent excessive exposures to individual counterparties, groups of related counterparties, and groups of counterparties with similar characteristics. Prudent limits have been placed on exposures to single customer/customer groups.

An analysis of concentrations of credit risk as of December 31, 2023 and 2022 based on the carrying amount is shown below:

	Group 2023				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	36,490,992	139,495,257	277,217,929	0	453,204,178
Electricity, gas and water	129,647,588	0	13,243,877	0	142,891,465
Manufacturing	34,802,334	0	326,569	0	35,128,903
Real estate, renting and business administration	55,879,565	0	3,553,628	0	59,433,193
Wholesale and retail trade	20,867,458	0	2,935,136	0	23,802,594
Transportation and storage	24,978,373	0	10,412,603	0	35,390,976
Information and communication	21,586,075	0	320,754	0	21,906,829
Public administration	79,619,831	0	1,740	0	79,621,571
Education	5,517,058	0	0	0	5,517,058
Human health and social work	24,862,499	0	0	0	24,862,499
Activities of household	7,767,667	0	0	0	7,767,667
Construction	50,339,459	0	0	0	50,339,459
Agriculture, forestry and fishing	19,928,256	0	0	0	19,928,256
Others	4,805,864	0	117,920	3,366,259	8,290,043
	517,093,019	139,495,257	308,130,156	3,366,259	968,084,691
Allowance for impairment	(30,855,078)	0	(366,067)	(243,678)	(31,464,823)
	<b>486,237,941</b>	<b>139,495,257</b>	<b>307,764,089</b>	<b>3,122,581</b>	<b>936,619,868</b>

	Group 2022 Restated				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	35,006,942	185,350,493	285,722,686	0	506,080,121
Electricity, gas and water	132,517,913	0	14,875,379	0	147,393,292
Manufacturing	36,533,727	0	427,051	0	36,960,778
Real estate, renting and business administration	56,543,172	0	6,112,137	0	62,655,309
Wholesale and retail trade	35,075,615	0	2,940,327	0	38,015,942
Transportation and storage	26,916,522	0	15,077,199	0	41,993,721
Information and communication	28,276,395	0	301,901	0	28,578,296
Public administration	69,087,652	0	1,636	0	69,089,288
Education	6,368,235	0	0	0	6,368,235
Human health and social work	21,098,696	0	0	0	21,098,696
Activities of household	8,461,262	0	0	0	8,461,262
Construction	52,616,177	0	0	0	52,616,177
Agriculture, forestry and fishing	20,393,585	0	0	0	20,393,585
Others	5,656,616	0	86,420	3,260,061	9,003,097
	534,552,509	185,350,493	325,544,736	3,260,061	1,048,707,799
Allowance for impairment	(24,909,804)	0	(197,250)	(248,125)	(25,355,179)
	<b>509,642,705</b>	<b>185,350,493</b>	<b>325,347,486</b>	<b>3,011,936</b>	<b>1,023,352,620</b>

	Parent 2023				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	36,490,992	139,056,073	277,061,307	0	452,608,372
Electricity, gas and water	129,647,588	0	13,243,877	0	142,891,465
Manufacturing	34,137,719	0	326,569	0	34,464,288
Real estate, renting and business administration	55,879,565	0	3,553,628	0	59,433,193
Wholesale and retail trade	20,474,084	0	2,935,136	0	23,409,220
Transportation and storage	23,679,489	0	10,412,603	0	34,092,092
Information and communication	21,235,553	0	320,754	0	21,556,307
Public administration	79,506,262	0	1,740	0	79,508,002
Education	5,464,822	0	0	0	5,464,822
Human health and social work	24,862,499	0	0	0	24,862,499
Activities of household	7,767,667	0	0	0	7,767,667
Construction	49,921,449	0	0	0	49,921,449
Agriculture, forestry and fishing	19,923,749	0	0	0	19,923,749
Others	4,615,522	0	117,920	3,268,205	8,001,647
	513,606,960	139,056,073	307,973,534	3,268,205	963,904,772
Allowance for impairment	(30,300,988)	0	(366,067)	(236,170)	(30,903,225)
	<b>483,305,972</b>	<b>139,056,073</b>	<b>307,607,467</b>	<b>3,032,035</b>	<b>933,001,547</b>

	Parent 2022 Restated				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	35,006,942	184,948,301	285,634,935	0	505,590,178
Electricity, gas and water	132,516,804	0	14,875,379	0	147,392,183
Manufacturing	35,774,077	0	427,051	0	36,201,128
Real estate, renting and business administration	56,543,172	0	6,112,137	0	62,655,309
Wholesale and retail trade	34,695,036	0	2,940,327	0	37,635,363
Transportation and storage	25,658,744	0	15,077,199	0	40,735,943
Information and communication	27,974,150	0	301,901	0	28,276,051
Public administration	68,879,758	0	1,636	0	68,881,394
Education	6,299,488	0	0	0	6,299,488
Human health and social work	21,098,696	0	0	0	21,098,696
Activities of household	8,378,344	0	0	0	8,378,344
Construction	52,182,926	0	0	0	52,182,926
Agriculture, forestry and fishing	20,388,627	0	0	0	20,388,627
Others	5,575,992	0	86,420	3,180,309	8,842,721
	530,972,756	184,948,301	325,456,985	3,180,309	1,044,558,351
Allowance for impairment	(24,646,787)	0	(197,250)	(240,652)	(25,084,689)
	<b>506,325,969</b>	<b>184,948,301</b>	<b>325,259,735</b>	<b>2,939,657</b>	<b>1,019,473,662</b>

The Group's largest industry concentration is the financial and insurance activities sector given the Parent Bank's treasury investing operations, deposits with BSP and securities purchased under agreement to resell.

This includes the Parent Bank's investments in Metro Rail Transit Corporation (MRTC) pursuant to DBP Board Resolution No. 371 dated 24 September 2008, No. 26 dated 11 February 2009, No. 48 dated 4 March 2009, No. 53 dated 11 March 2009, No. 82 dated 15 April 2009, and No. 86 dated 22 April 2009. The purchase by the Parent Bank and Land Bank of the Philippines (LBP) of MRTC investments aimed to give the Government control in the MRTC Board to resolve outstanding issues between then Department of Transportation and Communications (now Department of Transportation) and MRTC. The Government Financial Institutions' (GFIs') entry also came at an opportune time because the sellers were willing to sell their MRTC holdings at a price based on the consensual unwind formula given the effect of the 2008 financial crisis.

The entry of the Parent Bank and LBP paved the way for the dropping of the Washington Arbitration Case, while the Singapore Case was kept outstanding based on mutual consent from both parties.

The Parent Bank's equity investment in MRTC is below the maximum ceiling set by BSP for single entities of 25 per cent of the net worth of the Parent Bank. Likewise, it is also below the maximum ceiling set for aggregate investment for allied/ non-allied equity investments of 50 per cent of the net worth of the Parent Bank. BSP approval was sought in compliance to BSP Regulations on investments on non-allied equity investments through BSP Manual of Regulations for Banks (MORB) Sections 375 and 376-A and as required under Republic Act No. 8791 dated May 23, 2000.

Outstanding investments in MRTC bonds have a book value of USD67.25 million booked under Financial Assets at Amortized Cost - Held to Collect (AC-HTC) under Note 14, while investment in common and preference shares are shown in Note 13 under private equity securities.

The Parent Bank and LBP continue to work closely with the Department of Finance, Department of Transportation, and Office of the Solicitor General on exploring the possibility of a buyout by the Department of Transportation.

The BSP under MB Resolution No. 267 dated 18 February 2015 allowed the Parent Bank and LBP to hold MRTC Equity investments as non-allied undertakings pursuant to Section 376-A of the BSP MORB, subject to the 35 per cent ceiling.

#### 5.1.10 Credit Information Systems

The Parent Bank currently maintains various systems that are used to measure credit risk exposures both on and off-balance sheet. Different units, including lending officers, back-office personnel, and middle managers make use of these systems for monitoring, analysis, and reporting of exposures particularly limits and concentration. Access to this information is limited to authorized users only.

##### a) Customer Information System (CIS)

The CIS is an integrated customer management system that provides users in the Parent Bank with better client service tools. It captures a broad set of customer and financial information that helps the Parent Bank analyze client profiles.

##### b) Central Liability System (CLS)

The CLS houses the database which includes information of specific borrowers as well as other data pertaining to client account/s.

It provides greater visibility into customers' data and consolidated financial reporting that will enhance operations and increase productivity through easy access to information. It enables monitoring of loan exposures to specific groups, geographical, or industry sectors.

*c) Credit Information Builder (CrIB)*

The Online CrIB was developed to capture all information related to individual and corporate borrowers and corresponding credit facilities extended by the Parent Bank. The system was designed to serve as the loan origination system where data stored will be used for the Parent Bank's CLS and Management Information System.

*d) Integrated Treasury Management System (ITMS)*

In monitoring the different credit-related exposures in the Parent Bank's Treasury Group, the Parent Bank uses an Integrated Treasury Management System (ITMS) to consolidate financial institutions' credit limits information and to enable the management of DBP's Treasury portfolio in real time. It provides credit managers with real-time control and monitoring of credit exposures, enabling efficient limit utilization across the enterprise with sophisticated credit mitigation techniques. Traders can make limit inquiries and receive limit updates in real time.

**5.2 Market Risk**

Market risk arises from movements in interest rates and foreign exchange rates, as well as their corresponding correlations and implied volatilities. Market Risk Management Department (MRMD) handles risk management for market risk exposures. The ultimate objective of MRMD is to measure and control the Parent Bank's risk-taking activities in the financial markets and ensure limits are established based on the level of risk tolerance defined by the BOD and the ability of the Parent Bank to absorb market shocks. The department is also responsible for monitoring the liquidity and interest rate risk profile of the Parent Bank.

The operations of MRMD are governed by the market risk policies which include the approval process and specific authorities on exposure limits. A system of market risk limits is strictly implemented which are set based on industry-accepted methodologies. Market risks are primarily controlled by restricting trading operations to a list of permissible instruments within authorized limits set by the BOD. Market risks are controlled by ensuring trading activities operate within authorized limits set by the BOD. These limits are monitored on a regular basis. And, the monitoring of market risk is enabled by an integrated, multi-platform treasury and risk management system that streamlines control and monitoring processes.

The Parent Bank engages in foreign exchange activities to generate incremental trading income from proprietary trading, hedge currency mismatches on its statement of financial position, and to service client requirements. The Parent Bank's foreign exchange exposure is managed conservatively within the Net Open Position limits allowed by the BSP. The Parent Bank's foreign exchange exposures arising from its Official Development Assistance (ODA) funding are mostly covered by the National Government.

**5.2.1 The Value-at-Risk**

The Value-at-Risk ("VaR") methodology is the primary market risk measure for the Parent Bank's trading activities. The Parent estimates VaR using the parametric approach at 99% confidence interval. To complement the VaR calculation, stress testing and scenario analysis are performed on both individual portfolios and on the consolidated positions to examine the Parent Bank's vulnerability to plausible extreme losses due to market shocks. Daily VaR is calculated mainly for risk measurement and it is not used in determining market risk capital requirement. The Parent Bank currently adopts the Standardized Approach under the Basel II framework to compute for market risk capital requirement.

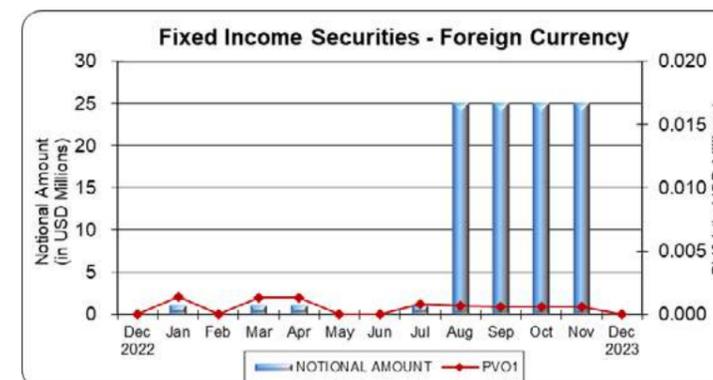
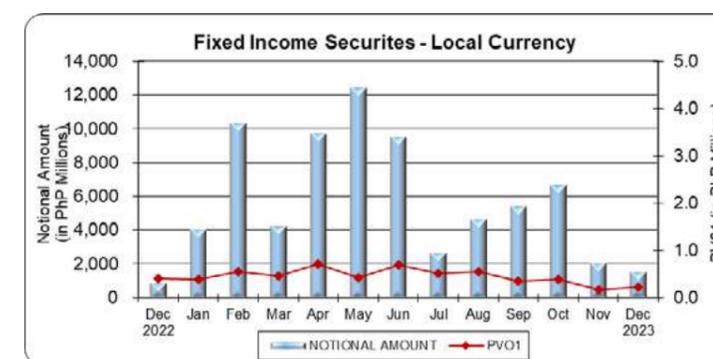
The table below provides a summary of Parent Bank's VaR profile, by risk class for 2023 and 2022:

	2023	December 2022 - December 2023			2022
	Year end	Avg	Min	Max	Year end
In Php millions					
Fixed Income Trading	16.59	115.53	16.59	260.35	67.04
Equities Trading	4.88	5.90	0.00	9.40	0.00
Foreign Exchange Trading	4.88	8.99	0.34	46.57	3.43

The Parent Bank's VaR for Fixed Income Trading by year-end of 2023 is lower by 75.25% than the previous year-end. The lower VaR recorded is due to a less volatile market in the local currency fixed income portfolio during the year. Moreover, a PHP4.88 Million VaR is noted for the Parent Bank's Foreign Exchange Trading position as of end-2023. Equities Trading, which commenced only in March 2023, likewise ended the year with a VaR amounting to PHP4.88 Million.

**5.2.2 Sensitivity Analysis**

Interest rate sensitive positions in the trading book are measured using a single rate-duration based calculation of interest rate risk. The graph below shows the movement in Present Value (PV01) terms of the Parent Bank's debt securities portfolio from December 2022 to December 2023.



**5.3 Liquidity Risk**

The Parent Bank, as a special purpose domestic bank focused on development lending, remains to have a relatively stable liquidity position. In its development lending, the Parent Bank's funding sources are largely from core deposits of various government and non-government entities together with ODA from foreign governments and supranational development banks and agencies, which it lends to domestic development projects in the countryside.

The Parent Bank has implemented a comprehensive liquidity risk management framework to better manage its liquidity risk. This includes a set of liquidity risk metrics such as Maximum Cumulative Outflow, Liquidity Coverage Ratio, Net Stable Funding Ratio and Other Liquidity Ratios. Liquidity Risk Limits, Large Fund Providers, and Early Warning Signals to the Contingency Funding Plan are monitored on a regular basis. Breaches against Board-approved limits, if any, are reported to Treasury Group - Asset and Liability Management Department and other concerned business units for justifications and /or corrective actions for approval of the Senior Management and BOD.

**5.3.1 Maximum Cumulative Outflow (MCO)**

The liquidity risk tolerance from mismatch of assets and liabilities is reflected and monitored through the Maximum Cumulative Outflow (MCO) model, which computes for varied level of gaps per tenor bucket on a per book and currency basis. As of December 2023, liquidity gap for the first five (5) months posted net positive PHP12.30 Billion.

**5.3.2 Liquidity Coverage Ratio (LCR)**

In compliance with Basel III standards, the LCR is monitored to determine if there is a sufficient stock of high-quality liquid assets (HQLA) to cover for the next 30-day's net outflows. This ratio is maintained at more than 100 per cent which is the prescribed level by the BSP. Below are details of the LCR in Single Currency, both in consolidated basis (for the Group) and solo basis (for the Parent Bank), presented in average of the four quarterly observations for the year 2023:

<b>Group</b>		
<b>2023 LCR DISCLOSURE</b>		
<b>(In Single Currency, Absolute Amount)</b>		
	<b>TOTAL UNWEIGHTED VALUE (AVERAGE)1/</b>	<b>TOTAL WEIGHTED VALUE (AVERAGE)2/</b>
<b>STOCK OF HQLA</b>		
Total Stock of HQLA		330,380,357,725.30
<b>EXPECTED CASH OUTFLOWS</b>		
Deposits, of which:	763,666,511,975.22	284,669,772,654.77
Retail Funding	37,831,823,750.63	3,428,155,860.61
Wholesale Funding, of which:	725,834,688,224.59	281,241,616,794.16
Operational Deposits	306,350,832,221.82	91,905,249,666.54
Non-operational deposits (all counterparties)	419,483,856,002.77	189,336,367,127.62
Unsecured Wholesale Funding (all counterparties)	497,989,550.61	495,262,687.12
Secured Funding	1,013,620,346.31	317,529,375.00
Derivatives contracts, of which:	6,560,233,795.96	6,560,233,795.96
Outflows Related to Derivatives Exposures (net)	6,560,233,795.96	6,560,233,795.96
Outflows Related to Collateral Requirements	-	-
Structured Financing Instruments	-	-
Committed Business Facilities (all counterparties)	67,641,471,537.99	7,861,284,551.91
Other Contractual Obligations within a 30-day period	9,368,005,655.78	9,368,005,655.78
Other Contingent Funding Obligations	3,756,195,985.68	961,866,764.91
<b>TOTAL EXPECTED CASH OUTFLOWS</b>		<b>310,233,955,485.45</b>
<b>EXPECTED CASH INFLOWS</b>		
Secured Lending	906,701.58	-
Fully Performing Exposures (all counterparties)	35,319,180,149.92	26,371,552,443.00
Other Cash Inflows	17,358,557,152.68	17,358,557,152.68
<b>TOTAL EXPECTED CASH INFLOWS</b>	<b>52,678,644,004.18</b>	<b>43,730,109,595.68</b>
<b>TOTAL STOCK OF HQLA</b>		<b>330,380,357,725.30</b>
<b>TOTAL EXPECTED NET CASH OUTFLOWS</b>		<b>266,503,845,889.77</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>128.61%</b>

1/ Average of quarterly outstanding balances for the year 2023

2/ Average of quarterly weighted balances (applied with haircut or inflow/outflow rates) for the year 2023

<b>Parent</b>		
<b>2023 LCR DISCLOSURE</b>		
<b>(In Single Currency, Absolute Amount)</b>		
	<b>TOTAL UNWEIGHTED VALUE (AVERAGE)1/</b>	<b>TOTAL WEIGHTED VALUE (AVERAGE)2/</b>
<b>STOCK OF HQLA</b>		
Total Stock of HQLA		329,888,946,463.69
<b>EXPECTED CASH OUTFLOWS</b>		
Deposits, of which:	763,207,024,028.72	284,611,139,536.21
Retail Funding	37,371,957,410.22	3,387,478,881.30
Wholesale Funding, of which:	725,835,066,618.50	281,223,660,654.91
Operational Deposits	306,377,024,412.20	91,913,107,323.66
Non-operational deposits (all counterparties)	419,458,042,206.30	189,310,553,331.25
Unsecured Wholesale Funding (all counterparties)	441,105.51	176,442.20
Secured Funding	1,013,285,544.02	317,529,375.00
Derivatives contracts, of which:	6,560,233,795.96	6,560,233,795.96
Outflows Related to Derivatives Exposures (net)	6,560,233,795.96	6,560,233,795.96
Outflows Related to Collateral Requirements	-	-
Structured Financing Instruments	-	-
Committed Business Facilities (all counterparties)	67,641,471,537.99	7,861,284,551.91
Other Contractual Obligations within a 30-day period	9,277,877,562.84	9,277,877,562.84
Other Contingent Funding Obligations	3,756,195,985.68	961,866,764.91
<b>TOTAL EXPECTED CASH OUTFLOWS</b>		<b>309,590,108,029.03</b>
<b>EXPECTED CASH INFLOWS</b>		
Secured Lending	-	-
Fully Performing Exposures (all counterparties)	34,913,830,954.15	26,168,877,845.11
Other Cash Inflows	17,191,673,537.31	17,191,673,537.31
<b>TOTAL EXPECTED CASH INFLOWS</b>	<b>52,105,504,491.46</b>	<b>43,360,551,382.42</b>
<b>TOTAL STOCK OF HQLA</b>		<b>329,888,946,463.69</b>
<b>TOTAL EXPECTED NET CASH OUTFLOWS</b>		<b>266,229,556,646.61</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>128.57%</b>

1/ Average of quarterly outstanding balances for the year 2023

2/ Average of quarterly weighted balances (applied with haircut or inflow/outflow rates) for the year 2023

In addition, below is the actual LCR as of December 31, 2023:

<b>LCR as of December 31, 2023</b>		
<b>(In Single Currency, Absolute Amount)</b>		
	<b>Group</b>	<b>Parent</b>
Total Stock of HQLA	338,208,364,361.34	337,632,998,035.84
Total Net Cash Outflows	273,709,763,169.20	273,692,265,445.63
<b>LCR (HQLA/Net Cash Outflows)</b>	<b>123.56%</b>	<b>123.36%</b>

The Group has maintained favorable levels of LCR since 2018. There have been changes in the statements of financial position components over time but the Group remains prudent in managing liquidity particularly its LCR levels. In fact, internal thresholds are in place to serve as early warning indicator of potential breach in the regulatory level. Both PHP and USD ratios are monitored but day-to-day fluctuations in the Single Currency ratio are brought about mainly by Peso-denominated accounts, thus, currency mismatch can be managed.

Daily LCR level is driven mainly by changes in the Parent Bank's stock of HQLA and net outflows. MRMD regularly monitors the Group's compliance with the internal and regulatory thresholds while the Treasury Group ensures said compliance by maintaining sufficient stock of HQLA and managing short-term inflows and outflows. The said stock of HQLA is composed of cash and placements with the BSP, including excess reserves, to cover immediate liquidity needs. Large portion of the stock also includes investments with the National Government to cover for potential outflows from large fund providers and other funding obligations arising from FX Swaps, loan commitments, and trade-related transactions. On the other hand, the Parent Bank's net outflows remain driven by its main source of funding, government deposits.

5.3.3 Net Stable Funding Ratio (NSFR)

NSFR as of December 31, 2023 (In Single Currency, Absolute Amount)		
	Group	Parent
Available Stable Funding (ASF)	541,470,077,662.22	541,110,030,885.09
Required Stable Funding (RSF)	512,864,475,540.11	511,346,137,968.07
NSFR (ASF/RSF)	105.58%	105.82%

Complementing the LCR as Basel III ratio is the NSFR which addresses the long-term resilience of banks against liquidity risk. It calculates the ratio of Available Stable Funding (ASF) which profiles liabilities and other funding sources as against Required Stable Funding (RSF) which rundowns assets. This ratio is likewise maintained within the BSP-prescribed level of 100 per cent.

5.3.4 Other Liquidity Ratios

	DBP Ratios1/	Industry Ratio2/
Stable Funding vs. Non-Liquid Assets	12%	11%
Liquid Assets vs. Volatile Funding	21%	29%
Liquid & Less Liquid Assets vs. Volatile Funding	28%	30%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	6%	3%
Liquid Assets Ratio	17%	23%

1/ DBP ratios as of December 31, 2023

2/ Top 10 universal banks in terms of assets excluding DBP as of September 30, 2023

The Parent Bank's liquidity ratios reflect its ability to secure and preserve long-term funding and conservative approach in maintaining a significant level of liquid assets. Liquid assets are redeployed to loans and investments to take advantage of increasing interest rates mindful of other risks. The Parent Bank has also continued to strengthen its ties with government agencies and corporations to generate deposits, making it less dependent on inter-bank borrowings. In most cases, the Parent Bank has been a net lender to the interbank market.

5.3.5 Liquidity Risk Limits

The Parent Bank currently monitors a set of liquidity risk limits for prudent liquidity risk management and in compliance with BSP Circular 981. These limits reflect the liquidity risk tolerance of the BOD and Senior Management. These include limits or thresholds for the MCO, LCR, NSFR, Large Fund Provider and Funding Concentration, and other liquidity risk exposures.

5.3.6 Early Warning Signals

The Parent Bank monitors the Early Warning Signals to the Contingency Funding Plan (CFP) to detect and mitigate liquidity risks either due to external or internal factors. As such, the Parent Bank's CFP contains a well-constructed senior level action plan with clear delegation of actions and responsibilities. The CFP mainly highlights the resources or facilities that can be considered by the Parent Bank and decision points necessary to guide management systematically address a liquidity crisis event.

5.4 Foreign Currency Risk

The Parent Bank maintains its foreign currency exposure by implementing internal limits and strict adherence to existing regulations. Proprietary trading is fairly moderate with exposures restricted to major currencies and limits are set based on historical performance and risk tolerance defined by the BOD. Management of foreign currency risk is also part of market risk management handled by MRMD.

BSP caps the Parent Bank's consolidated net open foreign exchange (FX) position (either overbought or oversold) at 25% of its Qualifying Capital or USD150 Million, whichever is lower. The consolidated net open FX position is the higher of the absolute value of the sum of the net long positions ("positive" or "overbought") or the sum of the net short positions ("negative" or "oversold") in individual currencies.

The Group's consolidated net open FX position as of December 31, 2023 reported a net short position of USD12.52 Million or 0.88% of its Qualifying Capital. Also, the Group is required to fully cover foreign currency liabilities with foreign currency assets held in the FCDU books.

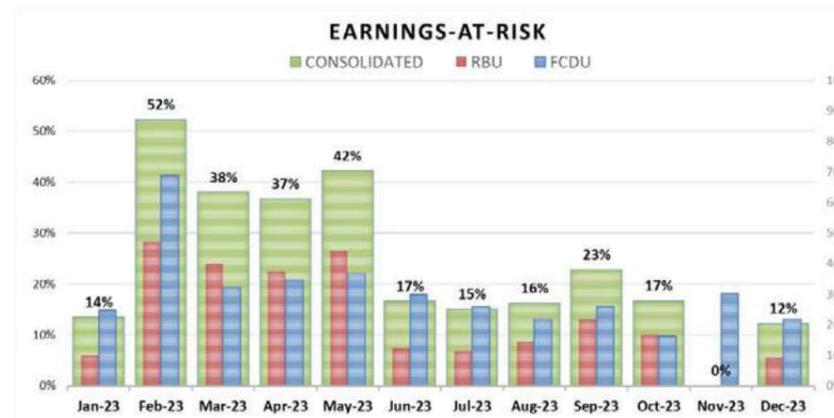
The table summarizes the Parent Bank's exposure to foreign exchange risk as of December 31, 2023. Included in the table are the Parent Bank's assets and liabilities at carrying amounts, categorized by currency:

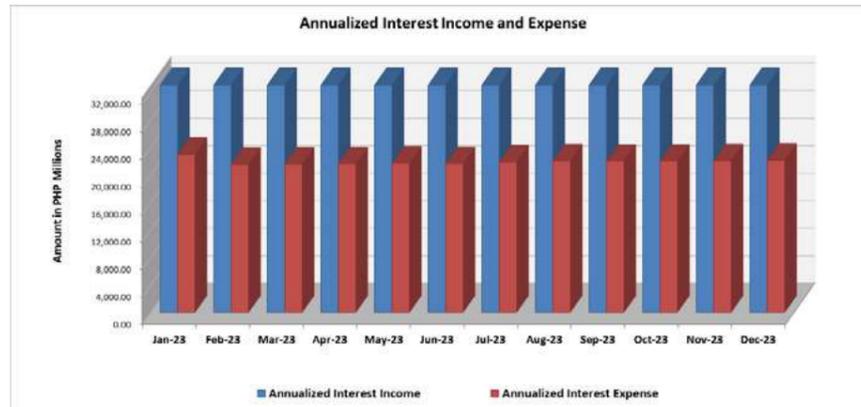
	Foreign Currency	Regular Foreign	Total
<b>Assets</b>			
Due from other banks	5,579,452	3,587,947	9,167,399
Interbank loans receivable	6,921,250	3,322,200	10,243,450
Financial assets at fair value through profit and loss	0	1,110,474	1,110,474
Financial assets at fair value through other comprehensive income (FVOCI)	16,110,951	6,810,282	22,921,233
Financial assets at amortized cost	54,454,240	17,313,363	71,767,603
Loans and advances (net)	14,103,759	69,526	14,173,285
Other resources	1,212,642	5,451,413	6,664,055
<b>Total Assets</b>	<b>98,382,294</b>	<b>37,665,205</b>	<b>136,047,499</b>
<b>Liabilities</b>			
Deposit liabilities	64,642,977	0	64,642,977
Bills payable	14,838,266	10,088,051	24,926,317
Bonds payable, net	16,559,476	0	16,559,476
Accrued taxes, interest and other expenses	738,387	168,051	906,438
Other liabilities	2,524,419	18,321,456	20,845,875
<b>Total Liabilities</b>	<b>99,303,525</b>	<b>28,577,558</b>	<b>127,881,083</b>
<b>Net Exposure</b>	<b>(921,231)</b>	<b>9,087,647</b>	<b>8,166,416</b>
<b>Total contingent accounts</b>			<b>(277,189)</b>
<b>Consolidated Net Open FX Position in USD (million)</b>			<b>(12,520)</b>

5.5 Interest Rate Risk in the Banking Book

The Parent Bank currently adopts both the Earnings-at-Risk (EaR) and Economic Value of Equity (EVE) methodology in measuring interest rate risk exposure in the banking book (IRRBB). Extensive analysis, which includes scenario simulations on the Parent Bank's Interest Rate Gap (IRG) and EaR and its corresponding effects to Net Interest Income (NII) and Net Interest Margin (NIM) are done on a regular basis. Depending on the Parent Bank's forecast or view on short-term and long-term interest rate movements, both domestic and foreign, appropriate responses are made to mitigate the vulnerability of the Parent Bank to adverse interest rate shifts and changes in the shape of the yield curve. These tools for interest rate risk management are implemented by MRMD.

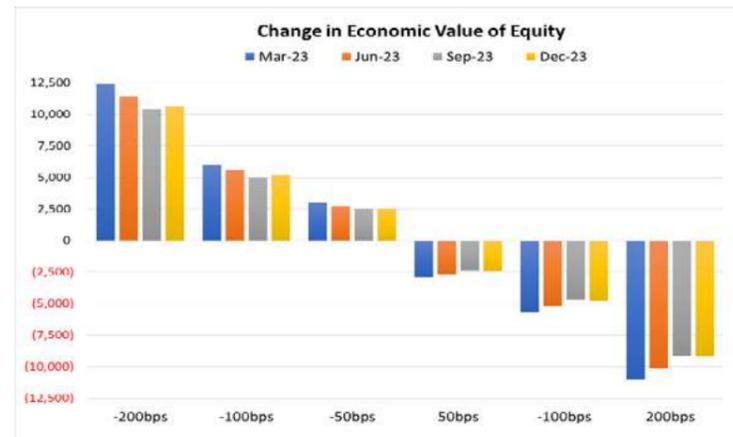
The following graphs show the monthly movement of the Parent Bank's EaR vis-à-vis limits in 2023 for both the RBU and FCDU books.





The Parent Bank also manages IRRBB through the EVE methodology. This approach focuses on the economic value of accounts sensitive to interest rate change covering short-, medium-, and long-term vulnerabilities. Applying various interest rate shocks from the computed EVE, the Change in EVE is then determined, translated to potential long-term impact in the economic value of the Parent Bank's capital.

Provided below are the potential impact in the economic value of the Parent Bank's capital with respect to interest rate-sensitive accounts employing basis points shift in interest rates.



**5.6 Operational Risk Management**

The Parent Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Parent Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing additional procedures required to comply with regulatory requirements. All units are responsible for managing operational risk by implementing clear and defined processes, delineation of responsibilities, and business

continuity plan, among others.

Operational Risk Management Department (ORMD) is primarily responsible for the establishment and implementation of a reliable and proactive operational risk management programs, policies and processes consistent with regulatory requirements, industry best practices and globally accepted frameworks. The department provides ROC with quantitative and qualitative analyses on the Parent Bank's operational risk-taking activities. Also, the department assists the ROC in defining the Parent Bank's level of operational risk-tolerance and formulation of operational risk parameters with the objective of effectively managing operational risk and efficient utilization of capital. Lastly, part of the department's task is to institutionalize a culture of operational risk awareness.

ORMD is composed of Business Continuity Management Unit (BCMU) and Operational Risk Monitoring Unit (ORMU). BCMU improves and strengthens the Parent Bank's business continuity management system and ORMU improves and strengthens the Parent Bank's operational risk management system.

**5.6.1 Operational Risk Assessment**

The Parent Bank conducts regular Risk Assessment exercise, which serves to identify risk areas and vulnerabilities. Assessment of risks is conducted by the members of the Operational Risk Working Group, integrated in the annual ICAAP activities. This serves to identify risks relating to people, processes, systems and structures.

**5.6.2 Business Continuity Management**

Recognizing the Parent Bank's vulnerability to losses resulting from operational disruptions due to internal factors such as power outage, system downtime and external factors such as natural disasters, terrorist attacks, cyber attacks and pandemic illness, among others, the Parent Bank continually exerts efforts to improve its business continuity management including disaster preparedness.

The Parent Bank regularly reviews and enhances its Business Continuity Management Program Manual to adopt industry best-practices and ensure that the Parent Bank's core business operations continue to function in the event of business disruption or disaster. Regular testing is scheduled and performed to ensure the ability of all Parent Bank units to recover their business operations.

Complementing the detailed contingency measures, the Parent Bank's recovery facilities are regularly assessed and maintained with a view towards the Parent Bank's recovery requirements, including application systems, equipment and supplies.

**5.6.3 Business Impact Analysis (BIA)**

The Parent Bank adopts and implements the Business Impact Analysis process which aims to enable the business units to identify business functions that have the most impact in the Bank and to determine the effect or impact of an interruption of services resulting from business disruption/disaster on each business unit and on the organization as a whole. The output of the BIA serves as a major input to come up with the business functions prioritization for Business Continuity Management (BCM).

**5.6.4 Risk and Control Self-Assessment (RCSA)**

The Parent Bank adopts and implements the Risk and Control Self-Assessment (RCSA) which aims to identify, assess, control and mitigate operational risk and to champion effective reporting of operational risk and emerging issues. RCSA forms an integral element of the overall operational risk framework, as it provides an excellent opportunity for a firm to integrate and coordinate its risk identification and risk management efforts and generally to improve the understanding, control and oversight of its operational risks. RCSA provides a systematic means of identifying control gaps that threaten the achievement of defined business or process objectives and monitoring what management is actually doing to close these gaps. In addition, the RCSA activities promote risk awareness and ownership.

**5.6.5 Operational Risk Information System**

The Operational Risk Information System (ORIS) is a risk management tool being utilized by Parent Bank that automates various risk assessment processes, namely, the Business Impact Analysis (BIA), the Risk and Control Self-Assessment (RCSA) and the Information Security Risk Assessment (ISRA). It aims to provide relevant information to assist the business units and the top management in its risk-based decision making.

**5.6.6 Enhanced Operational Loss Monitoring Module (eOLMM) System**

The enhanced Operational Loss Monitoring Module is a web-based information system which facilitates the Parent Bank's operational loss data collection, analysis and resolution. The eOLMM system is primarily designed to establish a databank on operational losses of each business unit of the Parent Bank.

**5.6.7 Operational Loss Incident Reporting**

The Parent Bank implements the policy on Integrated Incident Management Framework, to establish a standard procedure in incident management through synergized identification, assessment, response, mitigation and monitoring of operational risk incidents. The policy provides for clear shared responsibilities, chain of command and communications between top management and business units in the management of risks brought about operational incidents. It likewise establishes appropriate guidelines which allow risks to be addressed by generating metrics, prioritizing and developing responses.

5.6.8 Operational Risk Awareness

The Parent Bank integrates Operational Risk Awareness through the issuance of infographics on Business Continuity Management, operational risk-related trainings, and close coordination with business units regarding their operational risk concerns.

5.6.9 Operational Risk Coordinators

To ensure continuity in the implementation of the various regulatory requirements in incident reporting, operational loss monitoring, business continuity management, and operational risk management, the Parent Bank identifies and designates an Operational Risk Coordinator from each business unit. The roles and responsibilities of the coordinator cover Business Continuity Management and Operational Risk Monitoring.

Operational risk issues are likewise identified in the course of audit engagements, business process reviews and analysis of operational loss reports and data. Identification of risks in new product lines and businesses is likewise performed with the review of product manuals and new product proposals.

5.6.10 Operational Risk and Capital Efficiency

The current methodology of the Parent Bank in computing for the Operational Risk Weighted Asset (ORWA) is the Basic Indicator Approach (BIA). Under the BIA, ORWA is obtained by multiplying 15 per cent of the previous positive three-year average gross income to a specified factor.

5.7 Information Security Risk Management

The management of information security (IS), information technology (IT) and cyber-related risks forms part of the Parent Bank's overall enterprise risk management initiative, adhering to the risk management lifecycle process established and implemented. The standard processes identified in the Parent Bank's enterprise risk management on risk criteria identification, risk assessment evaluation and rating are the baseline processes adopted for information security risk management.

5.7.1 Information Security Governance

The Board and Senior Management of the Parent Bank exercise oversight on IS and IT risks, providing strategic direction and plans for the effective implementation of a robust information security strategy. By establishing tone at the top, direction is cascaded to all business units to operationalize controls to ensure continued protection of the various information assets of the Parent Bank.

The IS Risk Management (ISRM) Framework enshrines the Parent Bank's organizational collaboration to strengthen its management of risks to information assets, by protection of its confidentiality, integrity, and availability, and of risks from the use of technology amid the evolving complexity of the threat landscape and dynamic changes in information technology-related regulations and the business climate. The ISRM Framework is complemented with the Information Security Policy, Cybersecurity Policy, and other allied policies that tackle management of control domains on information security and technology.

To continuously guide the Parent Bank in enhancing its governance mechanisms defined in the ISRM Framework, the Information Security Strategy is crafted and maintained to serve as a roadmap for the entire organization in improving its capabilities and state in managing IS/IT risks. The Strategy, in turn, is supported and is set in motion by the Information Security Program, that provides detailed guidance and processes in operationalizing the assessment and monitoring of IS/IT risks, to be able to achieve the desired state of information security.

5.7.2 Information Security Risk Management at the Business Unit Level

As the respective owners of business processes and as part of first line of defense against risks, business units of the Parent Bank manage information security and technology risks at the operational level through compliance to mandated security controls while achieving their corresponding business goals. Moreover, each business unit head concurrently serves as the Associate Information Security Officer (AISO) of the same business unit, who, by virtue of their function, ensures that IS/IT risks and/or operational losses against their business processes and assets are periodically assessed and that controls and mechanisms that reduce such risks are in place, maintained, and reviewed on a regular basis.

5.7.3 Information Security Risk Assessment and Oversight

Forming part of the second line of defense, the Information Security Risk Management Department (ISRMD) oversees and advocates on control implementation on the overall management of IS, IT, and cyber-related risks, supporting the enterprise-wide risk management endeavors of the Parent Bank. The department ensures that policies and standards in managing IS/IT risks are adequate and timely, capturing the Parent Bank's risk appetite and addressing substantial threats that may obstruct attainment of business objectives.

The ISRMD serves as business units' partner and internal resource persons in guiding and facilitating business line managers and personnel in adopting risk management in their respective processes. ISRMD also provides a constructive revalidation or challenge on business units' assessment of risks and retention of controls, as part of its oversight function.

Various risk assessment and monitoring activities are performed all throughout the fiscal year to measure various domains or sub-areas of IS and IT risks. This includes conduct of the annual enterprise-wide IS Risk Assessment (ISRA), whereby consolidated assessments of business units identify security gaps and mitigating measures (the latter being documented through an IS Risk

Mitigation Plan), permitting Management to make well-informed decisions on security-related initiatives and mitigations. Lastly, ISRMD also oversees and is part of the process for detecting, analyzing, and responding to any information security incidents.

5.8 Capital Management5.8.1 Approach to Capital Management

Decisions and strategies undertaken by the Parent Bank are geared towards achieving capital adequacy and efficiency. Under the Internal Capital Adequacy Assessment Process (ICAAP), the Parent Bank has instituted an enterprise-wide process ensures that all inherent risks in the loan and investment portfolio are properly identified, and risk-taking activities are consistent with the risk appetite set by the BOD and Senior Management. Furthermore, various tools and methodologies, both quantitative and qualitative, are conducted on a regular basis to measure and assess risks, set up a comprehensive limit structure, and determine sufficiency of existing capital levels in absorbing market shocks.

In lending, accounts undergo thorough risk assessment to identify and reflect the actual risk profile of the counterparty. From the results of the risk assessment, Senior Management determines the Parent Bank's strategies for these transactions, such as stipulating stricter operating guidelines that will further secure its position and/or requiring compensating businesses that will enhance returns from these transactions. Furthermore, while the Parent Bank's lending is geared towards public sector project financing for sustainable development, it also extends credit facilities to private companies, financial institutions, and micro, small and medium enterprises (MSMEs). Risk profiles of these clients range from low to high risk. As such, the Parent Bank aims for an optimal use of capital through a diversified portfolio of risk exposures. Meanwhile, through instituted risk management processes, various simulations and regular stress testing are conducted on proposed major business and investment considerations to determine impact on the Parent Bank's capital, monitor its varying degrees of vulnerability, and approximate the effect of such to the Parent Bank's financial condition.

5.8.2 Capital Adequacy Framework

The Parent Bank adheres to the capital standards outlined in the Basel II Capital Adequacy Framework. The Basel II Framework was implemented in the Philippine Banking System under the guidance of the BSP in July 2007. The framework aims to promote safety and soundness in the financial system and maintain at least the current overall level of capital in the system; to enhance competitive equality; and to constitute a more comprehensive approach in addressing risks. The Parent Bank has adopted the Standardized Approach for market and credit risk capital charging while the calculation of the operational risk capital charge is based on the Basic Indicator Approach.

5.8.3 Basel II to Basel III

As an offshoot of the 1988 Capital Accord or Basel I and building on the "International Convergence of Capital Measurement and Capital Standards" document called Basel II, the Basel Committee on Banking Supervision (BCBS) created Basel III in the aftermath of the Global Financial Crisis to strengthen regulation, supervision, and risk management of the banking sector. The new Basel rules are structured around several regulatory objectives to promote capital resilience, among others, of the banking sector. It contains a new regulatory capital framework aimed at improving the quality of capital and increasing the level of capital held by universal and commercial banks (U/KBs).

Full implementation of Basel III began in January 2014 as contained in BSP Circular No. 781, s. 2013 or the Implementing Guidelines on Basel III Capital Requirements approved by the Monetary Board on December 14, 2012.

5.8.4 Enterprise Risk Management and Internal Capital Adequacy Assessment Process

Using a risk-based approach in managing the institution, the Parent Bank continues to strengthen its Enterprise Risk Management (ERM) framework, integrating the concepts of strategic planning, operations management, and internal controls. The four integral components of the ERM framework – Measurement, Infrastructure, Strategy, and Organization – are regularly assessed and reviewed.

As part of the ERM framework and as mandated by the BSP, the Parent Bank has fully implemented the Pillar II framework under the Basel III Capital Accord. The Parent Bank has institutionalized the ICAAP, aimed at assessing the institution's overall capital adequacy in relation to its risk profile and defining a strategy to maintain sufficient capital levels.

5.8.5 Capital Management

The Parent Bank and its subsidiaries continuously complies with BSP Circular No. 781 s.2013, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for U/KBs, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. Said circular sets out the minimum requirements for Common Equity Tier 1 (CET1) Ratio of 6.00% and for Tier 1 Ratio of 7.50%. It also introduced a Capital Conservation Buffer (CCB) of at least 2.50% comprised of CET1 Capital. The existing requirement for Capital Adequacy Ratio (CAR) remains unchanged at 10.00%. The circular requires that banks maintain these ratios at all times. With the issuance of BSP Circular No. 1024, s. 2018, banks must comply with both the CCB and Countercyclical Capital Buffer (CCyB), which are applied in addition to the minimum CET1 requirement. Upon issuance of said circular, the CCyB is set at 0.00%, subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant such but not to exceed 2.50%.

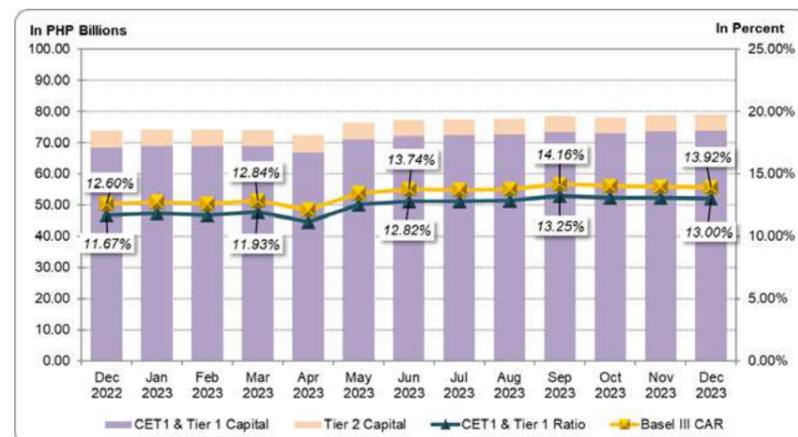
In addition to the Minimum Capital Requirements, the Parent Bank and its subsidiaries comply with BSP Circular No. 881 s.2015 or the Implementing Guidelines on the Basel III Leverage Ratio Framework. Said circular provides the implementing guidelines on the Leverage Ratio Framework in accordance with the Basel III standards. Similar with BSP Circular No. 781, the guidelines shall apply to U/KBs and their subsidiary banks and quasi-banks. It also sets out a Leverage Ratio (LR) requirement of not less than

5.00% computed on both solo and consolidated bases.

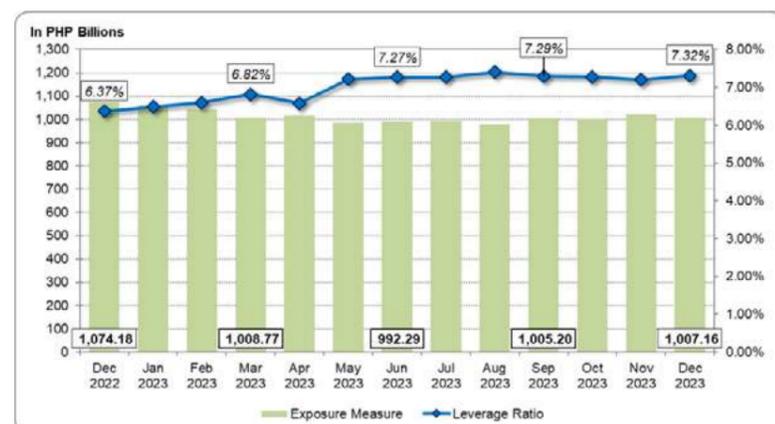
Qualifying Capital (QC), Risk-Weighted Assets (RWA), and Exposure Measure (EM) are all computed based on BSP regulations.

The Parent Bank maintains a sufficient capital base to support its risk-taking and fund-raising activities resulting in a CAR of 13.92% and a LR of 7.32% as of December 2023. These above-minimum ratios reflect the Parent Bank's ability to absorb significant market shocks, its low vulnerability to external disruptions, and its sufficient capital buffer to support business growth and expansion. It is also in the Parent Bank's interest to consistently maintain a healthy capital position whilst the fulfillment of its development mandate, more so in conditions where banks, in general, tend to be risk averse.

The Parent Bank's CAR from December 2022 to December 2023 is illustrated as follows:



The Parent Bank's Leverage Ratio from December 2022 to December 2023 is illustrated as follows:



Under Basel III, the CET1 Capital of the Parent Bank is composed of paid-up capital, retained earnings, current year profit, other comprehensive income (consisting of net unrealized gains or losses on FVOCI securities and cumulative foreign currency translation) and non-controlling interest, less required deductions such as unsecured credit accommodations to directors, officers, stockholders and related interests (DOSRI), deferred income tax, other intangible assets, defined benefit pension fund assets, goodwill, and equity investments.

CET1 Capital is calculated as follows:

COMMON EQUITY TIER 1 (CET1) CAPITAL In PHP Millions	Group	Parent
Gross CET 1 Capital		
Paid-up common stock	32,000	32,000
Retained earnings	47,715	48,028
Undivided profits	5,638	5,679
Net unrealized gains / (losses) on FVOCI securities	(1,549)	(1,561)
Cumulative foreign currency translation	203	203
Minority interest in subsidiary banks which are less than wholly owned	(0)	-
Gross CET1 Capital	<b>84,007</b>	<b>84,349</b>
Regulatory adjustments to CET1 Capital increase / (decrease)		

COMMON EQUITY TIER 1 (CET1) CAPITAL In PHP Millions	Group	Parent
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	(46)	(46)
Deferred tax assets	(9,026)	(8,959)
Other intangible assets	(190)	(188)
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any	-	(887)
Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any	-	-
Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases)	(83)	(83)
Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for both solo and consolidated bases)	(251)	(251)
Other equity investments in non-financial allied undertakings and non-allied undertakings	(256)	(256)
Total Regulatory adjustments to CET1 Capital	<b>(9,852)</b>	<b>(10,670)</b>
<b>TOTAL CET1 CAPITAL</b>	<b>74,155</b>	<b>73,679</b>
CET 1 Capital Requirements (6.00% of RWA)		
Credit Risk	31,146	30,994
Market Risk	143	143
Operational Risk	2,869	2,858
CAPITAL CONSERVATION BUFFER (2.50% of RWA)	<b>14,232</b>	<b>14,164</b>
COUNTERCYCLICAL CAPITAL BUFFER (0.00% of RWA)	-	-
<b>TOTAL CET 1 CAPITAL REQUIREMENT</b>	<b>48,390</b>	<b>48,159</b>
<b>SURPLUS/(SHORTFALL) CET1 CAPITAL (Total CET1 Capital less Total CET1 Capital Requirement)</b>	<b>25,765</b>	<b>25,520</b>

Under Executive Order No. 81, s. 1986, as revised by Republic Act (RA) No. 8523 series of 1998, DBP's authorized share capital is PHP35 Billion divided into 350 million common shares with a par value of PHP100 per share, of which 320 million shares are fully paid-up and subscribed by the Government as of December 2023. This qualifies as CET1 Capital pursuant to BSP Circular No. 781. Common shares represent the most subordinated claim in liquidation and are entitled to an unlimited and variable claim on the residual assets after all senior claims have been repaid in liquidation. Common stock takes the first and proportionately greatest share of any losses as they occur. Principal of the common shares is perpetual and is never repaid outside of liquidation, with no expectation the instrument will be bought back, redeemed or cancelled nor do the statutory or contractual terms provide any feature which might give rise to such an expectation. Distributions are paid out of distributable items (retained earnings included). The level of distributions is not in any way tied or linked to the amount paid in at issuance and is not subject to a contractual cap, but not beyond the level of distributable items. Distributions are obligatory pursuant to the provisions of RA No. 7656, with the Parent Bank mandated to remit at least 50 percent of their annual net earnings (plus provisions less write-offs and other deductions/additions stated in the National Internal Revenue Code of 1997, as amended), as cash, stock, or property dividends to the Government. RA No. 7656 provides a flexibility clause, whereby in the interest of national economy and general welfare, the percentage of annual net earnings that shall be declared may be adjusted by the President of the Philippines upon the recommendation of the Secretary of Finance. Any adjustment in the percentage of annual net earnings that shall be declared by the Parent Bank as dividends to the National Government may take into account, among other financial and fiscal considerations, the need for revenues by the National Government, the level of the Parent Bank's liquidity and implementation of critical capital projects and statutory obligations.

Under the Basel III regulatory capital regime, the Parent Bank has no instrument issued that is eligible as Additional Tier 1 (AT1) Capital, hence, Total Tier 1 Capital consists solely of and is equivalent to the level of CET1 Capital. Total Tier 1 Capital is calculated as follows:

TOTAL TIER 1 CAPITAL In PHP Millions	Group	Parent
Gross Tier 1 Capital		
Gross CET1 Capital	84,007	84,349
Instruments issued by the bank that are eligible as Additional Tier 1 (AT1) capital	-	-
Gross Tier 1 Capital	<b>84,007</b>	<b>84,349</b>
Regulatory adjustments to Tier 1 Capital increase / (decrease)		
Total Regulatory adjustments to CET1 Capital	(9,852)	(10,670)
Regulatory adjustments to AT1 Capital	-	-
Total Regulatory adjustments to Tier 1 Capital	<b>(9,852)</b>	<b>(10,670)</b>

TOTAL TIER 1 CAPITAL In PHP Millions	Group	Parent
<b>TOTAL TIER 1 CAPITAL</b>	<b>74,155</b>	<b>73,679</b>
Tier 1 Capital Requirements (7.50% of RWA)		
Credit Risk	38,932	38,742
Market Risk	179	179
Operational Risk	3,586	3,572
<b>TOTAL TIER 1 CAPITAL REQUIREMENT</b>	<b>42,697</b>	<b>42,493</b>

The other component of regulatory capital is Tier 2 (supplementary) Capital, which includes unsecured subordinated debt and general loan loss provision.

Tier 2 Capital is calculated as follows:

TIER 2 CAPITAL (In PHP Millions)	Group	Parent
Gross Tier 2 Capital		
Instruments issued by the Bank that are eligible as Tier 2 capital	-	-
General loan loss provision, limited to a maximum of 1.00% of credit risk-weighted assets, and any amount in excess thereof shall be deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio	5,220	5,190
Gross Tier 2 Capital	<b>5,220</b>	<b>5,190</b>
Regulatory adjustments to Tier 2 Capital increase / (decrease)	-	-
Total Regulatory adjustments to Tier 2 Capital	-	-
<b>TOTAL TIER 2 CAPITAL</b>	<b>5,220</b>	<b>5,190</b>

The Parent Bank used to have unsecured subordinated notes eligible as Tier 2 Capital worth PHP 10 Billion. Said issuance matured in November 2023, hence, the remaining Tier 2 Capital is composed of general loan loss provisions equivalent of up to 1% of Credit RWA. Total RWA is derived from the sum of Credit RWA, Market RWA, and Operational RWA. It is calculated as follows:

RISK-WEIGHTED ASSETS In PHP Millions	2023		2022	
	Group	Parent	Group	Parent
Credit Risk-Weighted Assets	519,098	516,561	542,734	540,173
Market Risk-Weighted Assets	2,385	2,385	3,119	3,119
Operational Risk-Weighted Assets	47,812	47,633	42,875	42,654
<b>TOTAL RISK-WEIGHTED ASSETS</b>	<b>569,295</b>	<b>566,579</b>	<b>588,728</b>	<b>585,946</b>

Under Basel III, the exposure measure of the Parent Bank consists of On-Balance Sheet Exposures, Derivative Exposures, Securities Financing Transactions (SFT) Exposures, and Off-Balance Sheet Items. Exposure measure is calculated as follows:

EXPOSURE MEASURE In PHP Millions	Group	Parent
On-Balance Sheet Exposures		
On-Balance Sheet Items	951,263	948,782
(Asset amounts deducted in determining Basel III Tier 1 Capital)	(9,852)	(10,670)
Total On-Balance Sheet Exposures (excluding Derivatives and SFTs)	941,411	938,112
Derivative Exposures		
Replacement Cost associated with all derivatives transactions	-	-
Add-on amounts for potential future exposure associated with all derivative transactions	-	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
(Exempted CCP leg of client-cleared trade exposures)	-	-
Adjusted effective notional amount of written credit derivatives	-	-
(Adjusted effective offsets and add-on deductions for written credit derivatives)	-	-
Total Derivative Exposures	-	-
SFT Exposures		

EXPOSURE MEASURE In PHP Millions	Group	Parent
Gross SFT assets (with no recognition of netting)	42,599	42,499
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
CCR Exposures for SFT Assets	-	-
Agent Transaction Exposures	-	-
Total SFT Exposures	42,599	42,499
Off-Balance Sheet Exposures		
Off-Balance Sheet Exposure at Gross Notional Amount	88,106	88,100
(Adjustments for conversion to Credit Equivalent Amounts)	(61,558)	(61,552)
Total Off-Balance Sheet Exposures	26,548	26,548
<b>TOTAL EXPOSURE MEASURE</b>	<b>1,010,558</b>	<b>1,007,159</b>

The following tables provide summary comparisons of the total accounting assets amounts and leverage ratio exposures and of the total balance sheet assets and on-balance sheet exposures:

ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURES In PHP Millions	Group	Parent
Total Consolidated Assets as per published financial statements	985,693	983,650
Adjustment for Investments in Banking, Financial, Insurance or Commercial Entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
Adjustment for Fiduciary Assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
Adjustments for Derivative Financial Instruments	-	-
Adjustments for Securities Financial Transactions (i.e. Repos and similar secured lending)	-	-
Adjustments for Off-Balance Sheet Items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	26,548	26,548
Other adjustments	(1,683)	(3,039)
<b>LEVERAGE RATIO EXPOSURE</b>	<b>1,010,558</b>	<b>1,007,159</b>

BALANCE SHEET ASSETS VS ON-BALANCE SHEET EXPOSURES In PHP Millions	Group	Parent
Total Assets (per Published Financial Statements)	985,693	983,650
Add: General Loan Loss Provision	8,169	7,631
Less: Derivatives Exposure (Replacement Cost)	-	-
Less: Loans and Receivables arising from RRP	42,599	42,499
On-Balance Sheet Items	951,263	948,782
Regulatory Adjustments	(9,852)	(10,670)
<b>ON-BALANCE SHEET EXPOSURES</b>	<b>941,411</b>	<b>938,112</b>

#### 5.8.6 Risk Limit Structure

The Parent Bank's risk limit structures on loans, investments, and trading activities are based on its risk appetite translated as Senior Management's perspective of the tolerable reduction in its capital adequacy. Risk factors and corresponding capital requirements are taken into consideration in evaluating new products and investment structures.

#### 5.9 Stress Testing

Stress Testing is a key component of the risk management process which allows the institution to be able to identify its vulnerabilities to exceptional but plausible events or scenarios. Stress tests have served the purpose of providing the BOD and Senior Management with potential adverse outcomes that may impact the Parent Bank's performance and attainment of certain business objectives given a variety of risks to which it is exposed to. As such, the Parent Bank may position itself to address and mitigate these risks and provide the necessary capital cushion to ensure higher loss absorptive capacity given possible large shocks and have the ability to endure deteriorating economic conditions.

The Parent Bank's Stress Testing Framework is composed of (i) Integrated Stress Testing (IST) and (ii) Reverse Stress Testing (RST).

The IST aims to provide a comprehensive enterprise-wide assessment of Parent Bank's vulnerabilities in quantitative terms under various scenarios. Identification and assessment of stress scenarios and their impact involve both qualitative judgement and empirical analysis of past crisis events. Further, the IST assists the Parent Bank in the following efforts:

- Manage concentration risk, both systemic and bank-specific;

- Define parameters for limit-setting;
- Determine the ideal level of capital for each business undertaking or risk exposure that is sufficient to absorb market shocks on every conceptualized stress scenario;
- Identify threat to the Bank's liquidity position in a timely manner; and
- Determine relationship of stress events with specific risk factors based on observable data within an appropriately defined time frame.

The RST aims to provide an analysis of scenarios that render the business model unviable. While both IST and RST involve scenarios and scenario-related impacts, they differ in two key aspects:

- Direction: In IST, banks start with defining a scenario and then assess its impact on their business, typically, in terms of earnings, capital and liquidity. RST starts with defining the outcome followed by reverse-engineering scenarios that, should they unfold, lead to the specified result.
- Severity: RST goes further into highly improbable scenarios compared to other risk measures since RST scenarios are particularly designed to be so severe that they "break the bank".

#### Note 6 – Maturity Analysis of Assets and Liabilities

The tables below show the assets and liabilities analyzed according to when they are expected to be recovered or settled:

	Group 2023					
	Up to 3 months	Over 3 - 6 months	Over 6 months - 1 year	Over 1 - 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and other cash items	5,999,317	0	0	0	0	5,999,317
Due from BSP	76,109,867	0	0	0	0	76,109,867
Due from other banks	10,021,869	57,591	151,936	0	0	10,231,396
Loans - net	75,288,035	72,607,969	16,771,724	161,284,586	213,439,621	539,391,935
Investment securities	17,485,850	25,755,733	29,561,064	146,664,939	88,296,503	307,764,089
Other assets	5,958,532	67,142	496	171,485	41,419,163	47,616,818
<b>Total assets</b>	<b>190,863,470</b>	<b>98,488,435</b>	<b>46,485,220</b>	<b>308,121,010</b>	<b>343,155,287</b>	<b>987,113,422</b>
<b>Liabilities</b>						
Deposits	583,047,809	158,444,999	33,823,424	30,337	0	775,346,569
Borrowings	1,914,380	9,899,194	26,384,547	4,701,475	45,928,757	88,828,353
Other liabilities	18,670,274	6,025,384	4,881,704	6,716,331	1,535,119	37,828,812
<b>Total liabilities</b>	<b>603,632,463</b>	<b>174,369,577</b>	<b>65,089,675</b>	<b>11,448,143</b>	<b>47,463,876</b>	<b>902,003,734</b>
<b>Asset-liability gap</b>	<b>(412,768,993)</b>	<b>(75,881,142)</b>	<b>(18,604,455)</b>	<b>296,672,867</b>	<b>295,691,411</b>	<b>85,109,688</b>

	Group 2022					
	Up to 3 months	Over 3 - 6 months	Over 6 months - 1 year	Over 1 - 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and other cash items	6,412,239	0	0	0	0	6,412,239
Due from BSP	125,147,543	0	0	0	0	125,147,543
Due from other banks	9,467,409	156,907	0	0	0	9,624,316
Loans - net	82,039,118	91,532,860	9,715,483	163,494,640	213,439,238	560,221,339
Investment securities	33,953,523	10,438,184	11,840,921	185,721,448	83,393,410	325,347,486
Other assets	218,687	69,044	208	111,971	19,620,929	20,020,839
<b>Total assets</b>	<b>257,238,519</b>	<b>102,196,995</b>	<b>21,556,612</b>	<b>349,328,059</b>	<b>316,453,577</b>	<b>1,046,773,762</b>
<b>Liabilities</b>						
Deposits	620,256,612	155,257,446	50,094,285	19,107	0	825,627,450
Borrowings	623,914	21,115,759	13,132,757	14,412,451	50,555,154	99,840,035
Other liabilities	10,740,143	6,031,431	19,577,590	5,547,000	1,193,064	43,089,228
<b>Total liabilities</b>	<b>631,620,669</b>	<b>182,404,636</b>	<b>82,804,632</b>	<b>19,978,558</b>	<b>51,748,218</b>	<b>968,556,713</b>
<b>Asset-liability gap</b>	<b>(374,382,150)</b>	<b>(80,207,641)</b>	<b>(61,248,020)</b>	<b>329,349,501</b>	<b>264,705,359</b>	<b>78,217,049</b>

	Parent 2023					
	Up to 3 months	Over 3 - 6 months	Over 6 months - 1 year	Over 1 - 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and other cash items	5,980,293	0	0	0	0	5,980,293
Due from BSP	75,774,099	0	0	0	0	75,774,099
Due from other banks	10,075,932	0	151,936	0	0	10,227,868
Loans - net	74,435,852	72,503,304	16,569,682	159,536,897	213,314,343	536,360,078
Investment securities	17,397,178	25,755,733	29,561,064	146,611,215	88,282,277	307,607,467
Other assets	6,643,171	65,106	80	5,640	41,360,239	48,074,236
<b>Total assets</b>	<b>190,306,525</b>	<b>98,324,143</b>	<b>46,282,762</b>	<b>306,153,752</b>	<b>342,956,859</b>	<b>984,024,041</b>
<b>Liabilities</b>						
Deposits	582,637,968	158,392,525	33,823,424	30,337	0	774,884,254
Borrowings	1,513,907	9,724,194	26,334,547	4,407,725	45,928,757	87,909,130
Other liabilities	18,138,734	6,024,843	4,874,712	5,986,664	1,484,496	36,509,449
<b>Total liabilities</b>	<b>602,290,609</b>	<b>174,141,562</b>	<b>65,032,683</b>	<b>10,424,726</b>	<b>47,413,253</b>	<b>899,302,833</b>
<b>Asset-liability gap</b>	<b>(411,984,084)</b>	<b>(75,817,419)</b>	<b>(18,749,921)</b>	<b>295,729,026</b>	<b>295,543,606</b>	<b>84,721,208</b>

	Parent 2022					
	Up to 3 months	Over 3 - 6 months	Over 6 months - 1 year	Over 1 - 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and other cash items	6,397,601	0	0	0	0	6,397,601
Due from BSP	124,853,077	0	0	0	0	124,853,077
Due from other banks	9,522,686	100,917	0	0	0	9,623,603
Loans - net	80,572,545	91,377,005	9,372,908	162,050,731	213,424,402	556,797,591
Investment securities	33,943,369	10,438,184	11,840,921	185,698,704	83,338,557	325,259,735
Other assets	1,777,199	67,051	200	1,275	19,566,825	21,412,550
<b>Total assets</b>	<b>257,066,477</b>	<b>101,983,157</b>	<b>21,214,029</b>	<b>347,750,710</b>	<b>316,329,784</b>	<b>1,044,344,157</b>
<b>Liabilities</b>						
Deposits	619,839,723	155,203,759	50,094,285	19,107	0	825,156,874
Borrowings	0	20,907,953	13,043,824	14,172,338	50,555,155	98,679,270
Other liabilities	10,252,645	6,026,087	19,531,452	4,921,949	1,150,191	41,882,324
<b>Total liabilities</b>	<b>630,092,368</b>	<b>182,137,799</b>	<b>82,669,561</b>	<b>19,113,394</b>	<b>51,705,346</b>	<b>965,718,468</b>
<b>Asset-liability gap</b>	<b>(373,025,891)</b>	<b>(80,154,642)</b>	<b>(61,455,532)</b>	<b>328,637,316</b>	<b>264,624,438</b>	<b>78,625,689</b>

**Note 7 – Cash and Cash Equivalents**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Cash and other cash items	5,999,317	6,412,239	5,980,293	6,397,601
Due from Bangko Sentral ng Pilipinas* (Note 8)	76,107,671	125,134,822	75,771,993	124,840,505
Due from other banks (Note 9)	10,229,460	9,623,400	10,225,932	9,622,687
Interbank loans receivable* (Note 10)	10,243,450	22,899,150	10,243,450	22,899,150
Securities purchased under agreement to resell*(Note 11)	42,894,832	27,654,618	42,794,980	27,547,715
	<b>145,474,730</b>	<b>191,724,229</b>	<b>145,016,648</b>	<b>191,307,658</b>

\*Exclusive of accrued interest receivable as follows:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Due from Bangko Sentral ng Pilipinas	2,196	12,721	2,106	12,572
Due from other banks	1,936	916	1,936	916
Interbank loans receivable	3,522	17,083	3,522	17,083
Securities purchased under agreement to resell	12,190	7,783	12,154	7,673
	<b>19,844</b>	<b>38,503</b>	<b>19,718</b>	<b>38,244</b>

Cash and other cash items include cash on hand and checks and other cash items.

Cash on hand refers to the total amount of cash in the bank's vault in the form of notes and coins under the custody of the cashier/cash custodian or treasurer, including notes in the possession of tellers and those kept in automated teller machines (ATM) and the like. This also includes cash under the custody of Service Provider as this remains the accountability of the Parent Bank.

Checks and other cash items refers to the total amount of checks and other cash items received after the selected clearing cut-off time until the close of the regular banking hours.

Due from other banks includes short-term investments/placements of subsidiaries in the Parent Bank's Trust Services with maturity of three months or less from the date of acquisition.

The undrawn borrowing facilities of the Parent that may be available for future operating activities and to settle capital commitments as of December 31, 2023 amounted to Php6.49 billion.

Interbank Loans Receivable (IBLR) represents the Group's placements with the BSP and various counterparty banks with maturities of three months or less from the date of acquisition.

The outstanding balance of Securities Purchased Under Agreement to Resell (SPUAR) under the Regular Banking Unit represents the Group's overnight placements with the BSP and various counterparty banks where the underlying securities cannot be sold or re-pledged.

**Note 8 - Due from Bangko Sentral ng Pilipinas**

This account represents the Group's demand and time deposits in local and foreign currencies maintained with BSP to meet reserve requirements and to serve as clearing account for interbank claims consistent with BSP guidelines. DBP, as a government financial institution (GFI), maintains BSP as its major depository.

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Demand Deposit	67,940,671	75,392,822	67,874,993	75,313,505
Overnight Deposit	8,167,000	41,742,000	7,897,000	41,527,000
Term Deposit	0	8,000,000	0	8,000,000
	76,107,671	125,134,822	75,771,993	124,840,505
Accrued interest receivable	2,196	12,721	2,106	12,572
	<b>76,109,867</b>	<b>125,147,543</b>	<b>75,774,099</b>	<b>124,853,077</b>

**Note 9 - Due from Other Banks**

This account consists of the Group's balances of funds on deposit with the following banks:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Deposit with Foreign Banks	5,924,748	6,608,431	5,924,748	6,608,431
Deposit with Local Banks	4,304,712	3,014,969	4,301,184	3,014,256
	10,229,460	9,623,400	10,225,932	9,622,687
Accrued interest receivable	1,936	916	1,936	916
	<b>10,231,396</b>	<b>9,624,316</b>	<b>10,227,868</b>	<b>9,623,603</b>

As of December 31, 2023, the Parent Bank maintained 25 NOSTRO accounts, 19 in RBU books and 6 in FCDU books. NOSTRO accounts are used to settle transactions in currencies other than the Parent Bank's local currency for the purpose of clearing and settling payments.

**Note 10 – Interbank Loans Receivable**

This account consists of loans and placements granted to the following banks:

	Group		Parent	
	2023	2022	2023	2022
Domestic	0	4,500,000	0	4,500,000
Foreign	10,243,450	18,399,150	10,243,450	18,399,150
	10,243,450	22,899,150	10,243,450	22,899,150
Accrued interest receivable	3,522	17,083	3,522	17,083
	<b>10,246,972</b>	<b>22,916,233</b>	<b>10,246,972</b>	<b>22,916,233</b>

Interbank loans receivable of the Group carry interest rates at December 31 as follows:

	2023	2022
Domestic	0.0000%	5.5000%
Foreign	5.1800% to 5.7000%	3.2000% to 4.4100%

**Note 11 – Securities Purchased Under Agreement to Resell (SPUAR)**

This account consists of transactions with:

	Group		Parent	
	2023	2022	2023	2022
BSP	42,598,834	26,191,324	42,498,982	26,084,421
Other banks	295,998	1,463,294	295,998	1,463,294
	42,894,832	27,654,618	42,794,980	27,547,715
Accrued interest receivable	12,190	7,783	12,154	7,673
	<b>42,907,022</b>	<b>27,662,401</b>	<b>42,807,134</b>	<b>27,555,388</b>

The SPUAR of the Group carry interest rates at December 31 as follows:

	2023	2022
BSP	6.3880%	5.5000%
Other banks	5.3900%	4.3000% to 6.5000%

**Note 12 – Financial Assets at Fair Value Through Profit or Loss (FVTPL)**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Debt Securities Purchased				
Government	1,436,316	789,440	1,436,316	789,440
Private	1,110,474	2,002,829	1,110,474	2,002,829
	2,546,790	2,792,269	2,546,790	2,792,269
Equity Securities Purchased				
Private	113,545	0	113,545	0
	2,660,335	2,792,269	2,660,335	2,792,269
Accrued interest receivable	3,691	17,555	3,691	17,555
	<b>2,664,026</b>	<b>2,809,824</b>	<b>2,664,026</b>	<b>2,809,824</b>

The movement of this account is summarized as follows:

	Group	Parent
At December 31, 2022, as restated	2,809,824	2,809,824
Additions	382,089,065	382,089,065
Disposals	(375,116,373)	(375,116,373)
Fair value adjustments	(7,139,269)	(7,139,269)
Exchange differences	34,642	34,642
Net change in accrued interest receivable	(13,863)	(13,863)
At December 31, 2023	<b>2,664,026</b>	<b>2,664,026</b>

The FVTPL of the Group carry interest rates at December 31 as follows:

	2023	2022
Peso denominated	2.6250% to 6.2500%	3.3750% to 8.1250%
Foreign currency denominated	0.0000%	4.3750%

**Note 13 – Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Debt securities:				
Government				
Treasury notes	8,352,586	5,625,885	8,352,586	5,625,885
Retail treasury bonds	10,412,668	9,281,134	10,412,668	9,281,134
Treasury bonds - ROP	4,803,965	5,115,768	4,803,965	5,115,768
Treasury bonds - US	9,781,171	9,193,455	9,781,171	9,193,455
Other Gov't Guaranteed Securities	3,960,291	4,181,756	3,960,291	4,181,756
	37,310,681	33,397,998	37,310,681	33,397,998
Private-Quoted	3,822,131	3,681,080	3,822,131	3,681,080
	<b>41,132,812</b>	<b>37,079,078</b>	<b>41,132,812</b>	<b>37,079,078</b>
Equity securities:				
Government	180,576	224,311	180,576	224,311
Private- Quoted	175,755	166,783	140,597	111,959
Private- Unquoted	359,139	1,981,766	359,111	1,981,737
	<b>715,470</b>	<b>2,372,860</b>	<b>680,284</b>	<b>2,318,007</b>
Accrued interest receivable	359,228	311,127	359,228	311,127
	<b>42,207,510</b>	<b>39,763,065</b>	<b>42,172,324</b>	<b>39,708,212</b>

The movement in FVOCI is summarized as follows:

	Group	Parent
At December 31, 2022, as restated	39,763,065	39,708,212
Additions	14,446,986	14,446,986
Disposals	(6,555,021)	(6,555,021)
Fair value adjustments	(5,623,657)	(5,603,990)
Translation adjustments	(8,791)	(8,791)
Exchange differences	136,827	136,827
Net change in accrued interest receivable	48,101	48,101
At December 31, 2023	<b>42,207,510</b>	<b>42,172,324</b>

The financial assets at FVOCI of the Group carry interest rates at December 31 as follows:

	2023	2022
Peso denominated	2.3750% to 13.7500%	2.3750% to 13.7500%
Foreign currency denominated	0.5000% to 10.6250%	0.5000% to 10.6250%

The Group's financial assets at FVOCI are carried at inclusive/net of accumulated unrealized loss of P1,484 million and P1,652 million as of December 31, 2023 and 2022, respectively.

In CY 2022, the COA recommended the change in the booking procedure of recognizing ERPs of MRTC unsecuritized shares, from recording entirely as Dividend Income to recording a portion of ERPs as return of investment. Hence, the Parent Bank booked the reversal of FVOCI amounting to P2,886 million and P2,328 million in CYs 2022 and 2021, respectively. The ERP accrued as return of investment, but not yet received, was booked Accounts Receivable-MRTC. Accordingly, the corresponding Accumulated Market Gain/(Loss) was also reversed amounting to P3,307 million and P2,440 million in CYs 2022 and 2021, respectively.

As of December 31, 2023, the net fair value of unquoted MRTC securities is P289.05 million, net of accumulated market losses of P631.07 million.

As of December 31, 2023, the outstanding number of PAL Holdings Inc. (PHI) shares remain at 4.473 million at Php 0.45 par value per share with fair value of Php 22.677 million or Php 5.07 per share.

**13.1 Fair Value Measurement of Proprietary Golf Shares**

The FVOCI equity securities were inclusive of proprietary shares held by the Bank in eight (8) Golf and Country Club companies which were reclassified from Miscellaneous Assets-Other Investments to FVOCI in CY 2022. As of December 31, 2023, the net fair value of FVOCI Golf Shares is P117.920 million net of accumulated market gain of P72.255 million.

A proprietary club share entitles the shareholder to a residual interest in the net assets upon liquidation which justifies that such instrument is an equity instrument.

The following are the breakdown of proprietary golf shares as of December 31, 2023:

	Amount	Accumulated Market Gains/(Losses)	Fair Value
Baguio Country Club Corp	1,400	4,600	6,000
Canlubang Golf & Country Club (2 shares)	7,000	3,000	10,000
The Manila Southwoods Golf & Country Club, Inc. (Class A)	3,100	900	4,000
The Manila Southwoods Golf & Country Club, Inc. (Class B)	744	4,256	5,000
Mount Malarayat Golf and Country Club, Inc. (Class C)	2,401	(901)	1,500
Pueblo de Oro Golf & Country Club (2 shares)	800	500	1,300
Iloilo Golf & Country Club, Inc. (2 shares)	220	(100)	120
Sta Elena Golf Club, Inc. (Class A)	5,000	10,000	15,000
Wack wack Golf and Country Club, Inc.	25,000	50,000	75,000
	<b>45,665</b>	<b>72,255</b>	<b>117,920</b>

### 13.2 Fair Value Measurement of Investment in Non-Marketable Equity Securities (INMES)

The Group has designated its equity investments as investment in non-marketable equity securities (INMES), as FVOCI on the basis that these are not held for trading and are held only for strategic purposes.

The following are the breakdown of INMES accounts as of December 31, 2023:

	Amount	Accumulated Market Gains/(Losses)	Fair Value	Dividends
Government				
Small Business Guarantee Fund Corp	200,000	(21,163)	178,837	
Philippine Int'l Trading Corp	1,000	740	1,740	
Private				
Philippine Dealings System Holding Corp	19,278	2,496	21,774	10,795
Philippine Clearing House	7,200	20,751	27,951	
BancNet Incorporated	16,073	12,199	28,272	
La Union Devt Bank	900	573	1,473	
Lipa City Devt Bank	2,038	2,098	4,136	
Luzon Devt Bank	55	12	67	
Marawi Resort Hotel Inc.	550	0	550	
	<b>247,094</b>	<b>17,706</b>	<b>264,800</b>	<b>10,795</b>

The fair value of the nine (9) INMES accounts of the Group is P264.800 million net of accumulated market gain of P17.706 million.

### Note 14 – Financial Assets at Amortized Cost – Held to Collect (AC-HTC)

This account consists of debt securities at amortized cost:

	Group		Parent	
	2023	2022	2023	2022
Domestic				
Government				
Treasury bills and notes	108,711,583	99,884,075	108,590,382	99,856,341
BSP bills	13,660,058	33,049,653	13,660,058	33,049,653
Retail treasury bonds	49,490,126	52,875,258	49,490,126	52,875,258
Treasury Bonds- ROP	17,145,830	19,537,091	17,145,830	19,537,091
ROP-GPN	316,835	319,457	316,835	319,457
PSALM	1,001,746	6,139,115	1,001,746	6,139,115
Land Bank bonds	11,295	14,350	11,295	14,350
Private	32,198,569	35,232,641	32,198,569	35,232,641
	222,536,042	247,051,640	222,414,841	247,023,906
Foreign	38,255,806	33,583,224	38,255,806	33,583,224
	260,791,848	280,634,864	260,670,647	280,607,130
Accrued interest receivable	2,466,772	2,336,983	2,466,537	2,331,819
Allowance for Impairment Losses	(366,067)	(197,250)	(366,067)	(197,250)
	<b>262,892,553</b>	<b>282,774,597</b>	<b>262,771,117</b>	<b>282,741,699</b>

Government securities amounting to Php500 million are deposited with BSP as security for trust duties (see Note 43).

The movement of this account is summarized as follows:

	Group	Parent
At December 31, 2022	282,774,597	282,741,699
Additions	358,285,902	358,192,434
Disposals	(231,672,500)	(231,672,500)
(Amort./)accretion of prem/disc	(147,028,385)	(147,028,385)
Exchange differences	571,967	571,967
Net change in accrued interest	129,789	134,719
receivable Net change in allowance for credit losses	(168,817)	(168,817)
<b>At December 31, 2023</b>	<b>262,892,553</b>	<b>262,771,117</b>

The Group's financial assets at amortized cost carry interest rates at December 31 as follows:

	2023	2022
Peso denominated	2.3750% to 13.7500%	2.3750% to 13.7500%
Foreign currency denominated	0.2500% to 10.6250%	0.1250% to 10.6250%

### Note 15 – Amortized Cost – Loans and Receivables

This account consists of:

	Group		Parent	
	2023	2022	2023	2022
Loans and discounts	512,322,253	530,267,169	509,192,604	526,998,487
Accounts receivable (AR) - advances on loans	55,192	78,519	55,192	78,519
Sales contract receivables (SCR)	360,423	314,058	9,901	12,377
	512,737,868	530,659,746	509,257,697	527,089,383
Accrued interest receivable	4,355,314	3,892,926	4,349,427	3,883,536
	517,093,182	534,552,672	513,607,124	530,972,919
Discount (SCR)	(163)	(163)	(163)	(163)
Allowance for impairment and credit losses (Note 21)	(30,855,078)	(24,909,804)	(30,300,989)	(24,646,787)
	<b>486,237,941</b>	<b>509,642,705</b>	<b>483,305,972</b>	<b>506,325,969</b>

The Parent Bank's total loans (excluding UDSCS now categorized as Amortized Cost - HTC) classified as to type of interest rate as of December 31, 2023 and 2022 are Php315,357 Million and Php286,372 Million (variable interest rates) and Php193,836 Million and Php240,626 Million (fixed interest rates), respectively. Majority of loans and other receivables bear annual interest rates of 0 per cent to 10 per cent per annum both in 2022 and 2023 in the Parent Bank's financial statements.

The movement in amortized cost - loans and receivables is summarized as follows:

	Group	Parent
At December 31, 2022	509,642,705	506,325,969
Releases	880,844,324	880,643,886
Collections	(899,803,189)	(899,125,080)
Adjustments	1,013,950	675,311
Net change in Sales Contract Receivable	46,365	(2,476)
Net change in Advances on Loans & Investments	(23,327)	(23,327)
Net change in Accrued Interest Receivable	462,387	465,891
Net change in Allowance for Impairment Losses	(5,945,274)	(5,654,202)
<b>At December 31, 2023</b>	<b>486,237,941</b>	<b>483,305,972</b>

#### 15.1 Finance Lease Receivable (Subsidiary only)

The Group's Loans and Discounts include finance lease receivable. The details of the Group's finance lease receivable as of December 31, 2023 are as follows:

Total future minimum lease payments	943,204
Unearned finance income	(105,731)
<b>Present value of future minimum lease payments</b>	<b>837,473</b>

Maturity of future minimum lease payments as of December 31, 2023 follows:

	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Finance lease receivable	481,402	446,943	14,859	943,204
Unearned finance income	(50,867)	(53,556)	(1,308)	(105,731)
<b>Total</b>	<b>430,535</b>	<b>393,387</b>	<b>13,551</b>	<b>837,473</b>

#### 15.2 Non-Performing Loans

Non-performing loans included in the total loan portfolio of the Group and the Parent Bank as of December 31, 2023 and 2022 are presented below as net of specific allowance for impairment in compliance with BSP Circular 772:

	Group		Parent	
	2023	2022	2023	2022
Non-Performing Loans (NPL) 1/				
Gross NPL	41,526,379	29,423,586	40,299,373	28,276,890
Less: Allowance for impairment loss	(20,428,574)	(12,910,168)	(19,958,784)	(12,717,932)
<b>Net NPL</b>	<b>21,097,805</b>	<b>16,513,418</b>	<b>20,340,589</b>	<b>15,558,958</b>
NPL Rates				
<b>Gross NPL</b>	<b>7.37%</b>	<b>5.08%</b>	<b>7.19%</b>	<b>4.91%</b>
<b>Net NPL</b>	<b>3.74%</b>	<b>2.85%</b>	<b>3.63%</b>	<b>2.70%</b>

1/ The above NPL is net of capitalized interest and other charges (CIOC).

#### 15.3 Wholesale Lending Portfolio

The wholesale lending portfolio the parent Bank represents 3 per cent and 2 per cent of its total loan portfolio as of December 31, 2023 and 2022, respectively. These loans pertain to the conduit lending granted to various accredited financial institutions as funding for MSME enterprises, salary-based consumption, Agri-Agra and developmental projects. The risks associated to the loans are mostly secured by Surety Agreement and Deed of Assignment of sub-borrowers' PNs and underlying collaterals.

#### 15.4 Loans as to Industry/Economic Sector

	Group	Parent
Electricity, Gas and Water	25.07%	25.24%
Wholesale & Retail Trade	4.04%	3.99%
Construction	9.73%	9.72%
Real Estate Activities	10.81%	10.88%
Public Administration	15.40%	15.48%
Financial and Insurance Activities	7.06%	7.10%
Information and Communication	4.17%	4.14%
Manufacturing	6.73%	6.65%
Transportation and Storage	4.83%	4.61%
Human Health and Social Work	4.81%	4.84%
Agriculture, Forestry and Fishing	3.85%	3.88%
Activities of Household as Employers	1.50%	1.51%
Education	1.07%	1.06%
Others	0.93%	0.90%
	<b>100.00%</b>	<b>100.00%</b>

No single industry partakes a significant credit exposure amounting to at least 30 per cent of the total loan portfolio.

#### 15.5 BSP Circular 1074 – Loans as to Security

The Parent Bank's classification of loans as to security exclusive of AR - advances on loans, SCR and AIR is as follows:

Collateral Type	2023		2022	
<b>Secured Loans:</b>				
Secured by Specified Rights	7,330,663		73,703,567	
Real Estate	70,314,421		66,041,639	
Machinery & Equipment	15,745,005		10,213,820	
Deposit/Deposit Substitutes	5,640,000		5,660,079	
Inventories	27,730		55,711	
Banks or Non-Bank Fin. Inst. Guarantee/Stand-by	29,593,354		23,858,350	
Government Bonds	50,843,700		5,327,559	
Unclassified Collateral	2,855,269		2,213,942	
<b>Total Secured Loans</b>	<b>182,350,142</b>	<b>36%</b>	<b>187,074,667</b>	<b>35%</b>
<b>Unsecured Loans</b>				
Deposit/Deposit Substitutes	36,000		0	
Unclassified Collateral	326,806,462		339,923,820	
<b>Total Unsecured Loans</b>	<b>326,842,462</b>	<b>64%</b>	<b>339,923,820</b>	<b>65%</b>
<b>Total Gross Loan Portfolio</b>	<b>509,192,604</b>	<b>100%</b>	<b>526,998,487</b>	<b>100%</b>

#### 15.6 BSP Circular 1074 – Loans as to Status Per Product Line

The Parent Bank's classification of 2023 gross loan portfolio, before capitalized interest and other charges, as to general product line is presented below:

	Performing	Non-Performing	Total
<b>Retail</b>			
Loans to GOCC	80,717,114	881	80,717,995
Loans to Individuals	7,126,408	593,132	7,719,540
Loans to LGU/NG	79,135,812	0	79,135,812
Loans to Private Corporation	247,567,897	30,715,455	278,283,352
Agrarian Reform & Other Agri Loans	16,435,240	2,032,830	18,468,070
Interbank Loans Receivable	8,000,000	0	8,000,000
Microfinance Loans	741,950	409,125	1,151,075
SME Loans - Medium Scale Enterprise	11,296,944	5,876,061	17,173,005
SME Loans - Small Scale Enterprise	2,822,893	2,022,999	4,845,892
<b>Total</b>	<b>453,844,258</b>	<b>41,650,483</b>	<b>495,494,741</b>
<b>Wholesale</b>			
Interbank Term Loan Receivable	6,784,121	0	6,784,121
Loans to Private Corporation	6,911,492	2,250	6,913,742
<b>Total</b>	<b>13,695,613</b>	<b>2,250</b>	<b>13,697,863</b>
<b>Total Gross Loan Portfolio</b>	<b>467,539,871</b>	<b>41,652,733</b>	<b>509,192,604</b>

#### Note 16 – Bank Premises, Furniture, Fixtures and Equipment

This account represents the book value of the following assets:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Land	728,749	728,749	728,749	728,749
Construction in progress	110,554	190,363	110,554	190,363
Buildings	688,464	628,931	686,897	627,296
Leasehold improvements	146,654	154,932	145,283	152,957
Computer equipment	297,684	341,615	295,726	338,786
Office equipment, furniture and fixtures	271,064	258,801	267,378	254,659
Transportation equipment	151,034	185,280	150,327	184,350
<b>Total</b>	<b>2,394,203</b>	<b>2,488,671</b>	<b>2,384,914</b>	<b>2,477,160</b>

The appraised value of the Parent Bank's Bank Premises, Furniture, Fixtures and Equipment amounted to Php14.72 billion in 2023.

Details as follows:

	Group							Total
	Land	Construction in Progress	Building	Leasehold Improvements	Computer Equipment	Office Equipment, Furniture and Fixtures	Transportation Equipment	
At January 1, 2023								
Cost	728,749	190,363	1,480,563	553,723	1,328,167	916,303	518,570	5,716,438
Accumulated depreciation	0	0	(845,278)	(398,791)	(986,552)	(657,502)	(333,290)	(3,221,413)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
<b>Net book value</b>	<b>728,749</b>	<b>190,363</b>	<b>628,931</b>	<b>154,932</b>	<b>341,615</b>	<b>258,801</b>	<b>185,280</b>	<b>2,488,671</b>
<b>CY 2023 transactions</b>								
Additions	0	53,594	12,723	19,327	53,290	74,073	0	213,007
Disposals	0	0	0	0	(3,971)	(5,987)	(17,304)	(27,262)
Depreciation /Amortization	0	0	(31,287)	(38,718)	(99,062)	(63,652)	(34,195)	(266,914)
Adjustments - cost	0	(133,403)	68,881	12,090	(34,369)	(12,032)	(15,882)	(114,715)
Adjustments - accumulated depreciation	0	0	9,216	(977)	40,181	19,861	33,135	101,416
<b>Total</b>	<b>0</b>	<b>(79,809)</b>	<b>59,533</b>	<b>(8,278)</b>	<b>(43,931)</b>	<b>12,263</b>	<b>(34,246)</b>	<b>(94,468)</b>
At December 31, 2023								
Cost	728,749	110,554	1,562,167	585,140	1,343,117	972,357	485,384	5,787,468
Accumulated depreciation/amortization	0	0	(867,349)	(438,486)	(1,045,433)	(701,293)	(334,350)	(3,386,911)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
<b>Net book amount</b>	<b>728,749</b>	<b>110,554</b>	<b>688,464</b>	<b>146,654</b>	<b>297,684</b>	<b>271,064</b>	<b>151,034</b>	<b>2,394,203</b>
	Parent							Total
	Land	Construction in Progress	Building	Leasehold Improvements	Computer Equipment	Office Equipment, Furniture and Fixtures	Transportation Equipment	
At January 1, 2023								
Cost	728,749	190,363	1,478,463	535,398	1,321,701	897,578	514,149	5,666,401
Accumulated depreciation	0	0	(844,813)	(382,441)	(982,915)	(642,919)	(329,799)	(3,182,887)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
<b>Net book value</b>	<b>728,749</b>	<b>190,363</b>	<b>627,296</b>	<b>152,957</b>	<b>338,786</b>	<b>254,659</b>	<b>184,350</b>	<b>2,477,160</b>
<b>CY 2023 transactions</b>								
Additions	0	53,594	12,723	19,272	53,290	73,055	0	211,934
Disposals	0	0	0	0	(3,971)	(5,765)	(17,304)	(27,040)
Depreciation /Amortization	0	0	(31,219)	(38,059)	(98,202)	(62,257)	(34,008)	(263,745)
Adjustments - cost	0	(133,403)	68,881	12,090	(34,248)	(12,032)	(15,882)	(114,594)
Adjustments - accumulated depreciation	0	0	9,216	(977)	40,071	19,718	33,171	101,199
<b>Total</b>	<b>0</b>	<b>(79,809)</b>	<b>59,601</b>	<b>(7,674)</b>	<b>(43,060)</b>	<b>12,719</b>	<b>(34,023)</b>	<b>(92,246)</b>
At December 31, 2023								
Cost	728,749	110,554	1,560,067	566,760	1,336,772	952,836	480,963	5,736,701
Accumulated depreciation/amortization	0	0	(866,816)	(421,477)	(1,041,046)	(685,458)	(330,636)	(3,345,433)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
<b>Net book amount</b>	<b>728,749</b>	<b>110,554</b>	<b>686,897</b>	<b>145,283</b>	<b>295,726</b>	<b>267,378</b>	<b>150,327</b>	<b>2,384,914</b>

The allowance for impairment recognized by the Parent Bank was from the previous reclassification of ROPA to Bank Premises, Furniture, Fixture and Equipment account and is in accordance to the conditions prescribed by BSP Circular No. 701 series of 2010.

**Note 17 – Right-of-Use Assets**

This account represents the book value of the following right-of-use assets:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Buildings	416,286	334,609	405,923	315,509
Transportation equipment	226,939	136,952	226,939	136,952
<b>Total</b>	<b>643,225</b>	<b>471,561</b>	<b>632,862</b>	<b>452,461</b>

Details are as follow:

	Group		
	Buildings	Transportation Equipment	Total
At January 1, 2023			
Cost	621,747	514,084	1,135,831
Accumulated Depreciation	(287,138)	(377,132)	(664,270)
Net Book Amount	334,609	136,952	471,561
Additions	135,136	231,740	366,876
Adjustments - Cost	41,563	38,440	80,003
Contract Expiration	(95,977)	(196,887)	(292,864)
Depreciation/Amortization	(128,705)	(176,596)	(305,301)
Adjustments - Depreciation	129,660	193,290	322,950
	81,677	89,987	171,664
<b>Total</b>	<b>416,286</b>	<b>226,939</b>	<b>643,225</b>

	Parent		
	Buildings	Transportation Equipment	Total
At January 1, 2023			
Cost	583,181	514,084	1,097,265
Accumulated Depreciation	(267,672)	(377,132)	(644,804)
Net Book Amount	315,509	136,952	452,461
Additions	134,410	231,740	366,150
Adjustment - Cost	43,854	38,440	82,294
Disposals/Contract Expiration	(95,977)	(196,887)	(292,864)
Depreciation/Amortization	(119,303)	(176,596)	(295,899)
Adjustment - Depreciation	127,430	193,290	320,720
	90,414	89,987	180,401
<b>Total</b>	<b>405,923</b>	<b>226,939</b>	<b>632,862</b>

The table below shows the summary of the Group's leasing activities by type of the right-of-use asset recognized in the statement of financial position:

Right-of-Use Asset	No. of Right-of-Used Leased (Per Contract)	Range of Remaining Terms (Years)	Average of Remaining Terms (Years)
Buildings	98	3 to 15	7
Transportation Equipment	10	2 to 4	3

**Note 18 – Investment Property**

The movement is summarized as follows:

	Group		Parent	
	2023	2022	2023	2022
Beginning Balance				
Cost	1,867,584	1,431,369	1,833,281	1,431,369
Accumulated Depreciation	(173,741)	(145,208)	(173,741)	(145,208)
Allowance for Impairment	(109,294)	(108,577)	(109,294)	(108,577)
<b>Net book amount</b>	<b>1,584,549</b>	<b>1,177,584</b>	<b>1,550,246</b>	<b>1,177,584</b>
Acquisition	328,216	434,184	314,552	399,881
Disposal				
Cost	(214,971)	(11,049)	(214,971)	(11,049)
Accumulated Depreciation	5,786	3,084	5,786	3,084
Allowance for Impairment	7,006	395	7,006	395
Reclassification				
Cost	(22,267)	(67,883)	(22,267)	(67,883)
Accumulated Depreciation	5,727	26,892	5,727	26,892
Allowance for Impairment	57	5,149	57	5,149
Adjustments - Cost	42,515	80,963	42,515	80,963
Reversal/Set-up				
Accumulated Depreciation	(53,444)	(58,509)	(53,444)	(58,509)
Allowance for Impairment	(31,169)	(6,261)	(31,169)	(6,261)
<b>Total</b>	<b>1,652,005</b>	<b>1,584,549</b>	<b>1,604,038</b>	<b>1,550,246</b>
Ending Balance				
Cost	2,001,077	1,867,584	1,953,110	1,833,281
Accumulated Depreciation	(215,671)	(173,741)	(215,671)	(173,741)
Allowance for Impairment	(133,401)	(109,294)	(133,401)	(109,294)
<b>Net book amount</b>	<b>1,652,005</b>	<b>1,584,549</b>	<b>1,604,038</b>	<b>1,550,246</b>

Fair value of the account is estimated at Php3.76 billion for the Parent Bank.

**Note 19 – Equity Investment in Subsidiaries**

This account consists of:

	Parent	
	2023	2022
Investments in subsidiaries		
Acquisition cost:		
Al-Amanah Islamic Investment Bank of the Philippines	1,267,000	1,190,000
DBP Leasing Corporation	1,132,000	1,132,000
DBP Management Corporation	37,500	37,500
DBP Data Center, Inc.	1,530	1,530
	2,438,030	2,361,030
Allowance for impairment (Note 21)	(1,488,099)	(550,177)
	<b>949,931</b>	<b>1,810,853</b>

In 2023, as result of impairment testing, an additional set-up of P937.922 million Allowance for Impairment, which is equivalent to its outstanding value, was booked for Al-Amanah Islamic Investment Bank of the Philippines.

**Note 20 – Equity Investment in Associates and Joint Venture**

This account consists of investments in share of stocks as follows:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Associates:				
DBP Service Corporation (28.04% owned)	107,358	95,292	856	856
Joint Venture:				
DBP Insurance Brokerage, Inc. (40% owned)	12,407	17,070	4,000	4,000
DBP Daiwa Securities (17.06% owned)	95,668	118,714	45,675	45,675
	108,075	135,784	49,675	49,675
	215,433	231,076	50,531	50,531
Allowance for impairment loss (Note 21)	0	0	0	0
	<b>215,433</b>	<b>231,706</b>	<b>50,531</b>	<b>50,531</b>

The investment of the Parent Bank's subsidiary, DBP Management Corporation (DBPMC), in DBP Daiwa Securities is accounted under the cost method in the Group's financial statements.

The following tables present financial information of associates and joint venture as of and for the years ended:

	2023			
	Statement of Financial Position		Statement of Profit/Loss	
	Total Assets	Total Liabilities	Gross Income	Net Income/Loss
DBP Daiwa Securities	329,798	20,771	140,793	(71,597)
DBP Service Corporation	1,715,724	1,273,914	3,800,407	58,700
DBP Insurance Brokerage, Inc.	156,702	112,334	55,943	13,702
	2022			
	Statement of Financial Position		Statement of Profit/Loss	
	Total Assets	Total Liabilities	Gross Income	Net Income/Loss
DBP Daiwa Securities	935,259	432,186	175,122	(15,093)
DBP Service Corporation	1,618,263	1,192,124	3,797,276	52,581
DBP Insurance Brokerage, Inc.	157,456	99,291	87,175	36,311

On September 20, 2023, the DBP Board approved the Proposed Dissolution and Liquidation Plan of DBP-Daiwa and the authority of DBP President Michael O. de Jesus to represent DBP and DBPMC.

**Note 21 - Allowance for Impairment and Credit Losses**

Changes in the allowance for impairment and credit losses follow:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Beginning balance	25,552,433	17,981,856	25,804,662	18,228,317
Provision for/reversal of impairment and credit losses	6,237,523	7,815,931	6,882,593	7,803,850
Charges against reserves:				
Write-off	(33,098)	(82,263)	(33,099)	(82,262)
Sale of acquired assets	(223)	(4,495)	(223)	(4,495)
Revaluation	(1,908)	20,268	(1,908)	20,268
Other transactions	(61,040)	(178,864)	(61,040)	(161,016)
Ending balance	<b>31,693,687</b>	<b>25,552,433</b>	<b>32,590,985</b>	<b>25,804,662</b>

The provision for impairment and credit losses as of December 31, 2023 was exclusive of the P 3.56 million set-up of Expected Credit Losses (ECL) for Contingent Accounts and P 180.22 million provision for lawsuit booked under Miscellaneous Liabilities - Others.

Details per account follow:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
<b>Financial assets at amortized cost (Held to collect)</b>				
Beginning balance	197,250	319,656	197,250	319,656
Provisions	0	28,760	0	28,760
Revaluation	(1,518)	12,610	(1,518)	12,610
Other transactions	170,335	(163,776)	170,335	(163,776)
Ending balance (Note 14)	366,067	197,250	366,067	197,250
<b>Financial assets at amortized cost (Loans and receivable)</b>				
Beginning balance	24,909,804	17,238,466	24,646,787	16,968,422
Provision for/reversal of impairment and credit losses	6,206,091	7,718,429	5,914,427	7,707,372
Charges against reserves:				
Write-off	(24,944)	(81,081)	(24,944)	(81,080)
Revaluation	(390)	7,657	(390)	7,657
Other transactions	(235,483)	26,333	(234,891)	44,416
Ending balance (Note 15)	30,855,078	24,909,804	30,300,989	24,646,787
<b>Equity investments in subsidiary</b>				
Beginning balance	0	0	550,177	528,869
Provision for/reversal of impairment and credit losses	0	0	937,922	0
Other transactions	0	0	0	21,308
Ending balance (Note 19)	0	0	1,488,099	550,177
<b>Equity investments in associates and joint venture</b>				
Beginning balance	0	9,414	0	9,414
Provision for/reversal of impairment and credit losses	0	0	0	0
Other transactions	0	(9,414)	0	(9,414)
Ending balance (Note 20)	0	0	0	0
<b>Non-current assets held for sale</b>				
Beginning balance	48,392	50,800	48,392	50,800
Provision for/reversal of impairment and credit losses	21,224	2,667	21,225	2,667
Charges against reserves:				
Write-Off	(11)	0	(11)	0
Sale of acquired assets	0	(3,833)	0	(3,833)
Other transactions	(14,807)	(1,242)	(14,807)	(1,242)
Ending balance	54,798	48,392	54,799	48,392
<b>Investment property</b>				
Beginning balance	109,294	108,577	109,294	108,577
Provision for/reversal of impairment and credit losses	8,494	63,673	8,494	63,673
Charges against reserves:				
Write-off	(5,012)	0	(5,012)	0
Sale of acquired assets	0	(662)	0	(662)
Other transactions	20,625	(62,294)	20,625	(62,294)
Ending balance (Note 18)	133,401	109,294	133,401	109,294
<b>Bank premises, furniture, fixtures and equipment</b>				
Beginning balance	6,354	6,354	6,354	6,354
Ending balance (Note 16)	6,354	6,354	6,354	6,354
<b>Intangible Assets</b>				
Beginning balance	4,000	0	4,000	0
Other transactions	0	4,000	0	4,000
Ending balance (Note 23)	4,000	4,000	4,000	4,000
<b>Other assets</b>				
Beginning balance	277,339	248,589	242,408	236,225
Provision for/reversal of impairment and credit losses	1,714	2,402	525	1,378
Charges against reserves:				
Write-off	(3,131)	(1,182)	(3,132)	(1,182)
Sale of Acquired Assets	(223)	0	(223)	0
Revaluation	0	1	0	1
Other transactions	(1,710)	27,529	(2,302)	5,986
Ending balance (Note 24)	273,989	277,339	237,276	242,408
<b>Total Allowance</b>	<b>31,693,687</b>	<b>25,552,433</b>	<b>32,590,985</b>	<b>25,804,662</b>

**Note 22 – Deferred Tax Assets**

Components of the deferred tax assets are as follows:

Deferred tax assets on:

Allowance for impairment	8,102,513	5,503,155	7,965,972	5,450,882
Gratuity pay	25,657	25,657	25,657	25,657
Provision for lawsuit	87,474	42,475	87,474	42,475
Trading loss/(gain) revaluation	(6,315)	2,436	(6,315)	2,436
Unrealized foreign exchange loss/(gain) - net	(570,049)	(213,040)	(570,049)	(213,040)
<b>Net deferred tax assets</b>	<b>7,639,280</b>	<b>5,360,683</b>	<b>7,502,739</b>	<b>5,308,410</b>

**Note 23 – Intangible Assets**

It represents the book value of the following intangible assets:

Software	67,934	113,448	66,008	111,461
BSP License	122,000	125,200	122,000	125,200
Non-Proprietary shares	500	500	500	500
<b>Total</b>	<b>190,434</b>	<b>239,148</b>	<b>188,508</b>	<b>237,161</b>

Details are as follows:

At January 1, 2023

Cost	998,075	160,000	4,500	1,162,575
Accumulated Amortization	(884,627)	(34,800)	0	(919,427)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>113,448</b>	<b>125,200</b>	<b>500</b>	<b>239,148</b>

Additions/Disposal	(60)	0	0	(60)
Amortization	(45,454)	(3,200)	0	(48,654)
Adjustments: Cost	(304,437)	0	0	(304,437)
Adjustments: Amortization	304,437	0	0	304,437
	(45,514)	(3,200)	0	(48,714)
<b>Total</b>	<b>67,934</b>	<b>122,000</b>	<b>500</b>	<b>190,434</b>

At December 31, 2023

Cost	693,579	160,000	4,500	858,079
Accumulated Amortization	(625,645)	(38,000)	0	(663,645)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>67,934</b>	<b>122,000</b>	<b>500</b>	<b>190,434</b>

At January 1, 2023

Cost	991,144	160,000	4,500	1,155,644
Accumulated Amortization	(879,683)	(34,800)	0	(914,483)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>111,461</b>	<b>125,200</b>	<b>500</b>	<b>237,161</b>

Additions/Disposal	(710)	0	0	(710)
Amortization	(44,743)	(3,200)	0	(47,943)
Adjustments: Cost	(304,437)	0	0	(304,437)
Accumulated Amortization	304,437	0	0	304,437
	(45,453)	(3,200)	0	(48,653)
<b>Total</b>	<b>66,008</b>	<b>122,000</b>	<b>500</b>	<b>188,508</b>

At December 31, 2023

Cost	685,997	160,000	4,500	850,497
Accumulated Amortization	(619,989)	(38,000)	0	(657,989)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>66,008</b>	<b>122,000</b>	<b>500</b>	<b>188,508</b>

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Deferred tax assets on:				
Allowance for impairment	8,102,513	5,503,155	7,965,972	5,450,882
Gratuity pay	25,657	25,657	25,657	25,657
Provision for lawsuit	87,474	42,475	87,474	42,475
Trading loss/(gain) revaluation	(6,315)	2,436	(6,315)	2,436
Unrealized foreign exchange loss/(gain) - net	(570,049)	(213,040)	(570,049)	(213,040)
<b>Net deferred tax assets</b>	<b>7,639,280</b>	<b>5,360,683</b>	<b>7,502,739</b>	<b>5,308,410</b>

	Group		Parent	
	2023	2022	2023	2022
Software	67,934	113,448	66,008	111,461
BSP License	122,000	125,200	122,000	125,200
Non-Proprietary shares	500	500	500	500
<b>Total</b>	<b>190,434</b>	<b>239,148</b>	<b>188,508</b>	<b>237,161</b>

	Group			
	Software	BSP License	Non-Proprietary Shares	Total
At January 1, 2023				
Cost	998,075	160,000	4,500	1,162,575
Accumulated Amortization	(884,627)	(34,800)	0	(919,427)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>113,448</b>	<b>125,200</b>	<b>500</b>	<b>239,148</b>

Additions/Disposal	(60)	0	0	(60)
Amortization	(45,454)	(3,200)	0	(48,654)
Adjustments: Cost	(304,437)	0	0	(304,437)
Adjustments: Amortization	304,437	0	0	304,437
	(45,514)	(3,200)	0	(48,714)
<b>Total</b>	<b>67,934</b>	<b>122,000</b>	<b>500</b>	<b>190,434</b>

	Parent			
	Software	BSP License	Non-Proprietary Shares	Total
At January 1, 2023				
Cost	991,144	160,000	4,500	1,155,644
Accumulated Amortization	(879,683)	(34,800)	0	(914,483)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>111,461</b>	<b>125,200</b>	<b>500</b>	<b>237,161</b>

Additions/Disposal	(710)	0	0	(710)
Amortization	(44,743)	(3,200)	0	(47,943)
Adjustments: Cost	(304,437)	0	0	(304,437)
Accumulated Amortization	304,437	0	0	304,437
	(45,453)	(3,200)	0	(48,653)
<b>Total</b>	<b>66,008</b>	<b>122,000</b>	<b>500</b>	<b>188,508</b>

At December 31, 2023				
Cost	685,997	160,000	4,500	850,497
Accumulated Amortization	(619,989)	(38,000)	0	(657,989)
Allowance for Impairment	0	0	(4,000)	(4,000)
<b>Net Book Amount</b>	<b>66,008</b>	<b>122,000</b>	<b>500</b>	<b>188,508</b>

The Non-Proprietary Shares represent shares held by the Bank in three (3) Golf & Country Club companies which were reclassified from Miscellaneous Assets - Other Investments to Intangible Assets in CY 2022.

A non-proprietary club share, though an equity instrument in its legal form, is not an equity instrument in the context of PAS 32. Furthermore, it does not entitle the holder to a contractual right to receive cash or another financial asset from the issuing corporation. The holder of the share, in substance, only paid for the privilege to enjoy the club facilities and services but not for ownership of the club. Hence, the holder must account for the share as an intangible asset under PAS 38.

In CY 2023, the Parent Bank's adjustment on software cost and accumulated amortization pertains to the derecognition of fully amortized intangible assets which are already not in use and has been replaced with an upgraded/newer version. As of December 31, 2023, The Parent Bank has 54 fully amortized intangible assets (software) which are still in use.

#### Note 24 - Other Assets

This account consists of:

	Group		Parent	
	2023	2022	2023	2022
Other Investments - Maharlika Investment Fund	25,000,000	0	25,000,000	0
CWT/EWT/GRT	4,170,607	3,442,228	4,170,607	3,442,228
Accounts receivable	3,120,449	2,857,619	3,023,733	2,781,123
Prepaid expenses	346,726	1,122,185	345,410	1,118,928
Dividends and interest receivable	768,967	581,427	768,967	581,427
Employee benefits	356,875	338,959	356,875	338,959
ROPA	326,517	259,025	299,255	219,128
Inter-office float items	2,750	(28,381)	2,203	(27,529)
Miscellaneous assets	927,626	1,207,475	883,019	1,163,097
	35,020,517	9,780,537	34,850,069	9,617,361
Accumulated depreciation	(69,465)	(76,303)	(57,255)	(67,480)
Allowance for impairment	(273,989)	(277,339)	(237,276)	(242,408)
	<b>34,677,063</b>	<b>9,426,895</b>	<b>34,555,538</b>	<b>9,307,473</b>

#### 24.1 Maharlika Investment Fund (MIF)

The Republic Act No. 11954, known as the "Maharlika Investment Fund Act of 2023", which was signed into law last July 18, 2023, established the Philippine first sovereign wealth fund intended to stimulate the country's economic growth and social development.

Under the law, the National Government, the Development Bank of the Philippines (DBP), and Landbank of the Philippines are mandated to provide the initial capital of the Maharlika Investment Corporation. DBP's share of P25 billion in the initial capital in the Corporation equivalent to 250 million common shares, was remitted to the Bureau of Treasury last September 2023 and booked under Miscellaneous Assets - Others (Maharlika Investment Fund).

#### 24.2 MRTC - Equity Rental Payments (ERPs)

In CY 2009, the National Government desired to take control of the MRT 3, hence, LBP and DBP were directed to acquire the economic interest in MRTC by way of buy out of the shares of Belsky Limited, a company organized in the British Virgin Islands and the registered owner of some of the MRT III Bonds, preference shares and unsecuritized shares of MRTC. Of the acquired unsecuritized shares, DBP holds indirectly 11.117 per cent interest of the equity of MRTC. From the documentation of the buy-out, the monthly rental fees being paid by DOTr to MRTC was called as Equity Rental Payments (ERPs).

In CY 2022, the COA recommended the change in the booking procedure of recognizing the ERPs from recording entirely as Dividend Income to recording a portion of ERPs as return of investment. The affected accounts are as follows:

- Dividends Receivable - MRTC

This represents a portion of monthly ERP as dividend income earned but not yet received. Dividend Receivable from FVOCI equity securities as of December 31, 2022 and 2023 amounted to P581.11 million and P768.65 million, respectively.

- Accounts Receivable - MRTC

This represents a portion of monthly ERP accrued as return of investment, but not yet received. Accounts Receivable from FVOCI equity securities as of December 31, 2022 and 2023 amounted to P1,084.81 million and P1,809.08 million, respectively.

The Parent Bank's MRTC Portfolio as of December 31 consists of: (In millions)

	2023		2022 Restated	
	USD	Php	USD	Php
Bonds - HTC	72.03	3,988.18	133.77	7,458.13
Shares - FVTPL/FVOCI				
Securitized	20.05	1,110.47	19.59	1,092.20
Unsecuritized	16.62	920.13	29.83	1,663.38
	36.67	2,030.60	49.42	2,755.58
	<b>108.70</b>	<b>6,018.78</b>	<b>183.19</b>	<b>10,213.71</b>

- Bonds - MRTC

As of December 31, 2023, the Parent Bank's total outstanding investment in MRTC bonds amounted to USD72.03 million or Php3,988.18 million with face value of USD632.86 million, as reflected in custodian bank, Clearstream (Cedel) and the total amounts received for the monthly payment of Tranche 3 Notes amounted to USD560.83 million equivalent to Php31,053.16 million.

#### Note 25 - Deposit Liabilities

This account consists of:

	Group		Parent	
	2023	2022	2023	2022
Demand	279,035,691	266,728,717	278,889,312	266,575,182
Savings	372,408,993	374,299,438	372,088,058	373,980,174
Time	123,901,885	184,599,295	123,906,884	184,601,518
	<b>775,346,569</b>	<b>825,627,450</b>	<b>774,884,254</b>	<b>825,156,874</b>

The total liquidity and statutory reserves as reported to BSP of the Parent Bank as of December 31, 2023 and 2022 are as follows:

	Parent			
	2023		2022	
	Rate	Amount	Rate	Amount
A. Statutory/Legal Reserves on:				
Available Reserves		67,701,073		86,473,676
Required Reserves				
Deposit Liabilities	9.5%	67,061,897	12%	86,018,952
Bonds Payable	3%	476,250	3%	360,000
		67,538,147		86,378,952
<b>Excess/(Deficiency)</b>		<b>162,926</b>		<b>94,724</b>
B. MSME Loans used as Alternative Compliance		<b>0</b>		<b>11,160,170</b>

The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks were reduced to 9.5% from 12% effective reserve week June 30, 2023 per BSP Circular No. 1175 s. 2023.

Per BSP Circular No. 1155 s. 2022, the use of micro, small, and medium enterprises (MSME) loans as allowable alternative compliance with the reserve requirement for banks expired on June 30, 2023.

#### Note 26 - Bills Payable

The Group and Parent Bank's bills payable consists of the following:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Official Development Assistance (ODA)	30,276,018	35,661,650	30,276,018	35,661,650
Non-ODA	26,175,849	35,585,125	25,256,626	34,424,360
	<b>56,451,867</b>	<b>71,246,775</b>	<b>55,532,644</b>	<b>70,086,010</b>

As to remaining maturity:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Domestic				
Within 1 year	631,963	936,855	6,491	11,952
Beyond 1 year	617,569	751,746	323,818	515,884
	1,249,532	1,688,601	330,309	527,836
Foreign				
- With FX risk cover				
Within 1 year	674,927	43,301	674,927	43,301
Beyond 1 year	29,601,091	35,618,349	29,601,091	35,618,349
	30,276,018	35,661,650	30,276,018	35,661,650
- Without FX risk cover				
Within 1 year	24,926,317	33,896,524	24,926,317	33,896,524
	<b>55,202,335</b>	<b>69,558,174</b>	<b>55,202,335</b>	<b>69,558,174</b>
	<b>56,451,867</b>	<b>71,246,775</b>	<b>55,532,644</b>	<b>70,086,010</b>

As to original term:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Domestic				
1 Year or Less	484,610	703,177	0	0
More than 1 Year to 5 Years	434,613	463,737	0	6,149
More than 5 Years	330,309	521,687	330,309	521,687
	1,249,532	1,688,601	330,309	527,836
Foreign				
- With FX risk cover				
More than 5 Years	30,276,018	35,661,650	30,276,018	35,661,650
- Without FX risk cover				
1 Year or Less	22,479,810	33,896,524	22,479,810	33,896,524
More than 5 Years	2,446,507	0	2,446,507	0
	24,926,317	33,896,524	24,926,317	33,896,524
	<b>55,202,335</b>	<b>69,558,174</b>	<b>55,202,335</b>	<b>69,558,174</b>
	<b>56,451,867</b>	<b>71,246,775</b>	<b>55,532,644</b>	<b>70,086,010</b>

The 2023 year-end balances of foreign borrowings were revalued using the month-end PDS rate in accordance with the PAS 21. The total amount of Bills Payable resulting from Repurchase Agreement amounted to P26.94 billion with collateral securities under the Fair Value through Other Comprehensive Income and Other Held to Collect which amounted to P9.37 billion and P17.57 billion, respectively.

The foreign currency denominated Bills Payable amounting to P30.28 billion and P35.66 in 2023 and 2022, respectively, were all subject to FX risk cover and guaranteed by the National Government. The foreign exchange revaluation gains for CY 2023 and 2022 amounted to P2,206 million and P1,065 million, respectively. The AR-NG FX Differential as of December 31, 2023 and 2022, totaled P399.90 million and P760.15 million, respectively.

Other information about bills payable as of December 31, 2023, are as follows:

	Bills Payable	
	Wholesale	Retail
a. Maturities		
Maximum		
Domestic		12 years
Foreign	40 years	40 years
Average		
Domestic		8.54 years
Foreign	30.42 years	36.18 years
b. Average Rate (Interest Rate to Funders)		
Domestic	0.00%	2.42%
Foreign	2.91%	1.01%
c. Balance		
Maximum month-end Balance	1,306,205	34,440,973
Average Monthly Balance	1,074,315	31,187,763

**Note 27 – Bonds Payable**

The Group and Parent Bank's bonds payable consists of the following:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Senior Notes	16,559,476	16,668,268	16,559,476	16,668,268
ASEAN Sustainability Bonds	15,817,010	11,924,992	15,817,010	11,924,992
	<b>32,376,486</b>	<b>28,593,260</b>	<b>32,376,486</b>	<b>28,593,260</b>

The statutory/legal reserves on bonds payable amounts to P476.25M as of December 31, 2023 (see Note 25).

**27.1 Senior Notes**

On 11 March 2021, the Parent Bank issued USD300.00 million notes (the "Notes") with an annual coupon rate of 2.375 per cent due on 11 March 2031 as approved by the Monetary Board of the Bangko Sentral ng Pilipinas. The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Parent Bank and are ranked pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Parent Bank, save for such as may be preferred by mandatory provisions of applicable law. Interest is payable semi - annual every March 11 and September 11. The Parent Bank may, at its option, redeem the Notes in whole, but not in part, at their principal amount together with accrued but unpaid interest, in the event of certain tax changes. Further, upon the occurrence of a Change in Control of the Parent Bank (as defined in the Terms and Conditions of the Notes), each noteholder shall have the right, at its option, to require DBP to repurchase all (but not only some) of its notes at a redemption price equal to 101 per cent of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

**27.2 ASEAN Sustainability Bonds and other issuances under the DBP Peso Bond Programme**

The Parent Bank issued its fixed rate series 4 bonds on 27 July 2023 (the "Series 4 Bonds") via private placement in the amount of P3.875 billion with a coupon rate of 6.4126 per cent per annum payable quarterly, with a one and half tenor to mature on 27 January 2025. This completed the issuance of the Parent Bank's original P55.0 billion bond program that was approved by the Monetary Board in 2019.

On 13 April 2022, the Parent Bank issued P12.0 billion fixed-rate series 3 bonds (the "Series 3 Bonds") via private placement with coupon rate of 4.05 per cent per annum payable quarterly. The Bond has a two and a half year tenor to mature on 4 November 2024.

On 11 December 2020, the Parent Bank issued P21.0 billion fixed-rate series 2 bonds (the "Series 2 Bonds") offered to retail investors with coupon rate of 2.5 per cent per annum payable quarterly. The Bond has a two-year tenor and matured on 11 December 2022.

All bond issuances under of the Parent Bank's constitute, unconditional, unsecured, and unsubordinated obligations of the Parent Bank. Subsequently, it will at all times rank pari passu and without any preference among themselves and at least equally with all other direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Parent Bank other than obligations mandatorily preferred by law.

The Parent Bank may, at its option, redeem the bonds in whole, but not in part, (having given not more than 60 nor less than 15 days' prior written notice to the Trustee) at par or 100 per cent face value plus accrued interest, in the event of certain tax changes."

**Note 28 – Due to Bangko Sentral ng Pilipinas (BSP)/Other Banks**

This refers to the estimated liability for the Parent Bank's share in the cost of maintaining the appropriate supervision and examination department of the BSP monthly set-up against current operations. Also included are items/transactions which cannot be appropriately classified under any of the foregoing "Due to BSP" accounts. There is no outstanding balance as of year-end 2023 and 2022.

**Note 29 – Manager's Checks and Demand Drafts Outstanding**

This refers to the total amount of checks drawn by the Group upon itself payable to the payees named in the check.

**Note 30 – Accrued Taxes, Interests and Expenses**

These refer to the following estimated liabilities:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Interest	4,421,086	1,865,777	4,420,845	1,865,557
Income Tax	57,862	0	4,773	0
Other Taxes/Licenses	516,512	494,589	512,206	490,320
Salaries and Other Administrative Expense	5,959,889	5,688,117	5,609,350	5,397,594
	<b>10,955,349</b>	<b>8,048,483</b>	<b>10,547,174</b>	<b>7,753,471</b>

**Note 31 – Unsecured Subordinated Debt**

The following capital note issuance is in line with DBP's objective of strengthening its capital base as it supports its various developmental lending activities.

The Parent Bank was able to successfully raise a total of P10 billion from the sale of the Basel III Compliant Unsecured Subordinated Debt eligible as Tier 2 Capital last 20 November 2013. The capital note has a 10-year tenor with a call option on the fifth year and was priced at a coupon rate of 4.875 per cent per annum, payable quarterly." The note was redeemed on 20 November 2023.

**Note 32 - Deferred Credits and Other Liabilities**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Cash letters of credit	18,334,909	17,224,912	18,334,909	17,224,912
Accounts payable	3,527,845	3,138,678	3,496,306	3,109,580
Unearned income/deferred credits	2,092,969	2,410,360	1,798,844	2,228,151
Finance lease liability	652,833	481,468	642,071	461,596
Withholding taxes payable	283,859	259,818	280,776	249,752
Miscellaneous liability - Lawsuits	349,898	169,898	349,898	169,898
Due to Treasury of the Philippines	135,799	88,424	133,439	86,403
Other miscellaneous liabilities	1,301,712	1,046,062	733,571	380,948
<b>Total</b>	<b>26,679,824</b>	<b>24,819,620</b>	<b>25,769,814</b>	<b>23,911,240</b>

**32.1 Cash Letters of Credit**

This refers to import letters of credit issued by the Parent Bank, at the request of the applicant (importer client) in favor of the beneficiary. The 100 per cent of the LC amount is paid by the importer client in foreign currency or in Philippine Peso to the Parent Bank based on LC opening/issuance date based on the foreign exchange rate purchased from the Parent Bank during LC opening/issuance and fixed/locked in until negotiation.

The fixed exchange rate to be used at the time of LC opening/issuance is negotiated and agreed by both the respective Lending Center/Branch Head and the FX Trading Department's duly authorized trader/officer and is evidenced by the duly approved Cash LC Transaction Slip.

From December 31, 2022, the total amount of P17.22 billion increased to P18.33 billion as of December 31, 2023. The bulk pertains to LC issued by the Parent Bank for the account of various local government units and government agencies.

**32.2 Details on Finance Lease Liability Account**

The maturity details of the Parent Bank's Finance Lease Liability as of December 31, 2023 and its corresponding future interest expense follow:

	Parent			Total
	Not Later than one year	Later than one year but not Later than five years	Later than five years	
Lease Payments	40,989	406,330	194,752	642,071
Interest Expense	309	37,213	55,989	93,511
<b>Total</b>	<b>41,298</b>	<b>443,543</b>	<b>250,741</b>	<b>735,582</b>

**32.3 Miscellaneous Liability – Lawsuits**

The Parent Bank recognized provisions for lawsuits with court decisions that are final and executory and those with probability that the Parent Bank will be finally held liable for the claim of the plaintiff within one or two years from reporting date.

**32.4 Other Miscellaneous Liabilities**

Other miscellaneous liabilities include mainly special funds, GSIS / Medicare / Employee Compensation Premium / Pag-ibig and stale manager's checks / demand drafts.

**Note 33 – Capital Stock**

Capital stock consists of the following:

	Parent	
	2023	2022
Common shares, Php100 par value Authorized, 350,000,000 shares		
Issued, paid and outstanding, Number of shares	320,000,000	320,000,000
Amount	<b>P32,000,000</b>	<b>P32,000,000</b>

**Note 34 – Retained Earnings Reserves**

This account consists of:

	Group		Parent	
	2023	2022	2023	2022
Reserve for trust business	140,289	139,173	140,289	139,173
Reserve for contingencies	35,199	35,199	35,199	35,199
Other surplus reserves				
Loans - Japan Exim Special Facility	4,938	4,938	4,938	4,938
Fund - Japan Training & Technical Assistance	66,026	66,026	66,026	66,026
Expense - Japan Exim Special Facility	46	46	46	46
Appropriated General Reserves Fund for the proposed increase in capitalization - DBP MC	20,000	20,000	-	-
	91,010	91,010	71,010	71,010
<b>Total</b>	<b>266,498</b>	<b>265,382</b>	<b>246,498</b>	<b>245,382</b>

In accordance with BSP regulations, reserves for trust business represents accumulated appropriation of surplus computed based on 10 per cent of the yearly net income realized by the Parent Bank from its trust operations.

Reserves for contingencies includes Php35.2 million set aside for possible losses on defalcation by and other unlawful acts of the Parent Bank's personnel or third parties.

**34.1 Other Surplus Reserves**

The Loans - Japan Eximbank Special Facility (JESF) fund is used for relending to private enterprises utilizing proceeds for the EXIM-Asean Japan Development Fund and trade and industry associations for eligible projects. The Expense - JESF refers to the administrative fee of ¼ per cent that is used to pay for all the expenses related to the implementation of the project.

Japan Training & Technical Assistance is used to fund for the training and technical assistance component under the Overseas Economic Cooperation Fund. The appropriated general reserves fund is set aside by the Parent Bank's subsidiary, DBPMC, for winding up of the business operation. In June 2022, the Parent Bank resolved to resume active operations of DBPMC. With this development, the appropriation may be reverted to the unappropriated retained earnings, subject to the approval of the DBPMC board.

**Note 35 – Accumulated Other Comprehensive Income (Loss)**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Net unrealized gain/(loss) on securities at FVOCI	(1,486,978)	(1,637,630)	(1,503,180)	(1,673,497)
Cumulative Foreign Currency Translation	203,287	212,078	203,287	212,078
Remeasurement of Net Defined Benefit Liability/(Asset)	1,750	2,124	0	0
<b>Total</b>	<b>(1,281,941)</b>	<b>(1,423,428)</b>	<b>(1,299,893)</b>	<b>(1,461,419)</b>

The movement of this account is summarized as follows:

	Group	Parent
Net unrealized gain/(loss) on securities at FVOCI		
At December 31, 2022	(1,637,630)	(1,673,497)
Net change in fair value of debt instrument at FVOCI		
	1,064,784	1,064,784
Net change in fair value of equity instrument at FVOCI	(914,132)	(894,467)
Net change in fair value during the year	150,652	170,317
At December 31, 2023	(1,486,978)	(1,503,180)

Cumulative Foreign Currency Translation		
At December 31, 2022	212,078	212,078
Translation adjustments	(8,791)	(8,791)
At December 31, 2023	203,287	203,287
Remeasurement of Net Defined Benefit Liability/(Asset)		
At December 31, 2022	2,124	0
Remeasurements	(374)	0
At December 31, 2023	1,750	0
	<b>(1,281,941)</b>	<b>(1,299,893)</b>

**Note 36 – Service Charges, Fees and Commission Income**

The following table presents the service charges, fees and commission income details per reporting segment of the Parent Bank in compliance with PFRS 15 Revenue from Contracts with Customers:

Fees and Commission Income	Parent 2023 Reportable Segments			
	Treasury and Corporate Finance	Development Lending	Total Non-Reportable Segments	Bankwide Financial Statements
Fees income earned from services that are provided over time:				
Payment Services	0	99	0	99
Various Service Charges	0	1,306,311	0	1,306,311
	0	1,306,410	0	1,306,410
Fees income earned from services that are provided at a point in time:				
Underwriting	17,535	0	0	17,535
Brokerage	25,190	0	0	25,190
Various Service Charges	13,288	227,656	14,834	255,778
	56,013	227,656	14,834	298,503
Total revenue from contracts with customers	<b>56,013</b>	<b>1,534,066</b>	<b>14,834</b>	<b>1,604,913</b>

Fees and Commission Income	Parent 2022 Reportable Segments			
	Treasury and Corporate Finance	Development Lending	Total Non-Reportable Segments	Bankwide Financial Statements
Fees income earned from services that are provided over time:				
Payment Services	0	155	0	155
Various Service Charges	0	1,083,442	0	1,083,442
	0	1,083,597	0	1,083,597
Fees income earned from services that are provided at a point in time:				
Underwriting	50,113	0	0	50,113
Brokerage	8,563	0	0	8,563
Various Service Charges	1,045	237,773	15,533	254,351
	59,721	237,773	15,533	313,027
Total revenue from contracts with customers	<b>59,721</b>	<b>1,321,370</b>	<b>15,533</b>	<b>1,396,624</b>

The various service charges account is comprised of transaction fees, commitment fees, service fees, front-end fees, letters of credit fees, telegraphic transfer fees, and income on pass-on GRT.

**Note 37 – Miscellaneous Income**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Gain from sale/derecognition of non-financial assets	839,260	313,862	839,238	312,490
Additional interest and penalty charges (AIPC)	215,575	226,391	215,575	226,391
Rental/lease income	133,528	104,863	41,614	40,528
Income - Trust	87,800	24,321	87,800	24,321
Recovery on charged-off assets	32,080	41,115	31,214	36,928
Share in net income - equity investment	26,672	18,844	0	0
Miscellaneous income	271,256	59,593	40,693	50,425
	<b>1,606,171</b>	<b>788,989</b>	<b>1,256,134</b>	<b>691,083</b>

**Note 38 – Other Operating Expenses**

This account consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Insurance	1,663,279	1,656,682	1,658,602	1,652,203
Depreciation and amortization	681,848	633,044	665,179	613,937
Fees and commission/Supervision	505,936	467,831	505,635	467,596
Security, clerical, messengerial and janitorial	399,674	393,949	387,451	381,777
Utilities	366,834	332,124	360,089	325,150
Information technology	353,313	341,728	372,017	361,838
Management and other professional fees	89,251	110,424	87,581	108,527
Repairs and maintenance	86,364	142,328	85,261	141,505
Fuel and lubricants/Traveling	79,378	77,545	74,674	74,473
Stationery and supplies used	62,562	101,973	60,708	99,725
Interest Expense - Finance Lease Payment Payable	30,013	17,398	29,759	16,703
Representation and entertainment	12,479	10,995	10,021	9,461
Miscellaneous expense	391,513	410,432	389,187	402,982
	<b>4,722,444</b>	<b>4,696,453</b>	<b>4,686,164</b>	<b>4,655,877</b>

**Note 39 – Income and Other Taxes**

Under Philippine tax laws, the Group is subject to percentage and other taxes (presented as Taxes and Licenses in the statements of profit or loss) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax or GRT and documentary stamp taxes.

Income taxes include corporate income tax and final taxes paid at the rate of 20 per cent, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as Provision for income tax in the statements of profit or loss.

On March 26, 2021, President Rodrigo R. Duterte signed the Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or CREATE Act, which seeks to reform income tax and rationalize fiscal incentives. The relevant provisions in the said Act include a) Reduced Regular Corporate Income Tax (RCIT) rate of 25 per cent starting July 01, 2020; and b) Minimum Corporate Income Tax (MCIT) rate shall be 1 per cent, instead of 2 per cent for the period beginning July 01, 2020 until June 30, 2023. Due to the reduction in RCIT rate, the interest arbitrage shall likewise be reduced to 20 per cent of interest income subject to final tax. Under National Internal Revenue Code (NIRC), final income tax of 20 per cent is imposed on certain passive income of the bank such as interest or yield from bank deposits or deposit substitutes. Effective July 1, 2023, the MCIT rate reverted to its previous rate of two percent (2%) based on the gross income of the corporation.

The Group has applied the necessary amendments relevant to the provisions contained in the Act. Provision for income tax consists of:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Current				
Final Taxes	2,434,853	1,970,933	2,434,425	1,970,695
RCIT - FCDO	14,368	26,487	14,368	26,487
RCIT - RBU	407,433	62,234	347,552	61,645
MCIT - RBU	0	66,869	0	66,869
	2,856,654	2,126,523	2,796,345	2,125,696
Deferred Tax Benefit	(2,278,723)	(1,325,750)	(2,194,329)	(1,326,588)
	<b>577,931</b>	<b>800,773</b>	<b>602,016</b>	<b>799,108</b>

In 2023, the Parent Bank (RBU Books) was subjected to RCIT totaling Php525 million for all quarters. The balance of NOLCO from 2020 and 2021 was utilized and applied to the Bank's taxable income for 2022. Meanwhile, the excess MCIT from 2020 until 2022 was used as tax credit in the filing of the amended Income Tax Return (ITR) for 2023. The total amount reflected as excess credit was based on the computed MCIT of the amended ITR.

The details of the Parent Bank's NOLCO and MCIT (RBU Books) are as follows:

Inception Year	Amount	Used	Balance	Expiry Year
NOLCO				
2020	87,673	87,673	0	2025
2021	3,066,434	3,066,434	0	2026
	<b>3,154,107</b>	<b>3,154,107</b>	<b>0</b>	
Excess MCIT				
2020	63,670	63,670	0	2023
2021	21,139	21,139	0	2024
2022	77,966	77,966	0	2025
	<b>162,775</b>	<b>162,775</b>	<b>0</b>	

A reconciliation between the provision for corporate income tax at statutory tax rate and the actual provision for corporate income tax as of December 31 of the Parent Bank is as follows:

	2023		2022 Restated	
	Amount	Rate	Amount	Rate
Statutory income tax	1,634,002	25.00	1,201,520	25.00
Effect of items not subject to statutory tax rate:				
Income subjected to lower tax rates	(2,430,604)	(37.19)	(1,970,464)	(41.00)
Tax-exempt income	(973,988)	(14.90)	(878,247)	(18.27)
Non-deductible expenses	2,291,696	35.06	2,586,065	53.81
Others	80,910	1.24	(139,766)	(2.91)
<b>Tax expense</b>	<b>602,016</b>	<b>9.21</b>	<b>799,108</b>	<b>16.63</b>

#### Note 40 – Related Party Transactions

In the normal course of business, the Parent Bank transacts with related parties consisting of its subsidiaries and associates. Likewise, the Parent Bank has transactions with the National Government or the Republic of the Philippines, the Parent Bank's stockholder, and other government instrumentalities on an arm's length basis.

The Parent Bank has a Related Party Transaction (RPT) Committee that vets and endorses all material related party transactions, including those involving directors, officers, stockholders and their related interests (DOSRI). The Committee shall be composed of at least three members of the Board of Directors, two of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising the majority of the members. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Chief Risk Officer, Chief Legal Counsel, Chief Compliance Officer and the Corporate Secretary or their authorized representatives shall sit as resource persons in the RPT Committee.

##### 40.1 DOSRI

In the ordinary course of business, the Parent Bank has loans, deposits and other transactions with its Directors, Offices, Stakeholders and other Related Interests (DOSRI).

Under existing policies of the Parent Bank, these loans are made substantially on the same terms as loans granted to other individuals and businesses of comparable risks.

BSP regulations limit the amount of the loans granted by a Parent Bank to a single borrower to 25 per cent of the unimpaired capital for retail and 35 per cent for wholesale. The amount of individual loans to DOSRI, of which at least 70 per cent must be secured, should not exceed the amount of the unencumbered deposits and book value of their paid in capital in the Parent Bank. In the aggregate, loans to DOSRI should not exceed the total capital funds or 15 per cent of the total loan portfolio of the Parent Bank, whichever is lower.

The following additional information relates to the DOSRI loans of the Parent Bank:

	2023	2022
Total DOSRI loans	75,405,269	91,573,175
Unsecured DOSRI loans	45,948	57,133
Total RPT Loans	161,658,466	102,630,481
Total RPT Loans (inclusive of DOSRI)	560,501,766	194,203,656
Per cent of DOSRI Loans to Loan Portfolio	13.45%	15.89%
Per cent of Unsecured DOSRI Loans to Total DOSRI Loans	0.06%	0.06%
Per cent of RPT loans to total loan portfolio	15.39%	17.81%
Per cent of DOSRI and RPT loans to total loan portfolio	28.84%	33.69%
Per cent of Past Due DOSRI Loans to Total DOSRI Loans	0.00%	0.00%
Per cent of non-performing DOSRI Loans to Total DOSRI Loans	0.00%	0.00%

##### 40.2 Key Management Remuneration

The remuneration of directors and members of key management are estimated as follows: (In millions)

	Group		Parent	
	2023	2022	2023	2022
a) Short-term employee benefits	118.10	156.11	99.17	135.07
b) Post-employment benefits	55.88	68.62	50.53	63.96
	<b>173.98</b>	<b>224.73</b>	<b>149.70</b>	<b>199.03</b>

The Director's fees of members of directors are as follows: (In millions)

	Group		Parent	
	2023	2022	2023	2022
a) Per diem/honorarium	20.71	22.15	17.40	18.97

##### 40.3 Material Related Party Transactions

RPTs falling within the materiality threshold, set at the level where omission or misstatement of the transaction could pose a significant risk to the Parent Bank and could influence the economic decisions of the Parent Bank's Board of Directors.

Transaction Type	Old Threshold	New Threshold
For Credit Related Transactions	Above Php2 billion	Above Php300 million
For Non-Credit Related Transactions	Above Php30 million	Above Php30 million
For Investment Management, Trust and Fiduciary Activities	Above Php2 billion	Above Php300 million

Presented below are the Material Related Party Transactions reported by the Parent Bank to the BSP on a quarterly basis for calendar year 2023:

Quarter	Type	Related Counterparty	Relationship Between the Parties	Type of Transaction	Amount/Contract Price
1Q	DOSRI	National Food Authority (NFA)	Agency of the National Government (ANG)	Revolving Promissory Note Line	Php5,562 million
		Department of National Defense/ Armed Forces of the Philippines	ANG	Self-Funded Cash Import LC Negotiation	Php312 million
				Self-Funded Cash Import LC Amendment	Php5,646 million
	OTHERS	Al-Amanah Islamic Bank	Subsidiary of DBP	Additional equity infusion	Php65 million
		DBP Service Corporation (DBPSC)	Two (2) of the DBP Board of Directors are current members of the Board of DBPSC. Associate Company, 20% ownership of DBPSC by DBP	Extension contract of the General Support and Allied Services to the DBPSC (Non-credit related)	Php45 million
2Q	DOSRI	National Food Authority (NFA)	ANG	Revolving Promissory Note Line	Php3,265 million
		Department of National Defense/ Armed Forces of the Philippines	ANG	Self-Funded Cash Import LC Negotiation	Php677 million
				Self-Funded Cash Import Opening	Php376 million
	Power Sector Assets and Liabilities Management Corporation (PSALM)	Government-Owned and Controlled Corporation (GOCC)	Term Loan	Php6,070 million	
	OTHERS	Power Sector Assets and Liabilities Management Corporation (PSALM)	GOCC	New Participation in ROP-Guaranteed Syndicated Loan Facility	Php14,500 million
			Renewal of PSR Line - Securities Trading	Php39 million	
			Renewal of PSR Line - Foreign Exchange and Derivatives Line	USD 6.5 million	
		Government Service Insurance System (GSIS)	GOCC / Government Financial Institution (GFI)	Renewal of Pre-Settlement Risk (PSR) Line - Securities Trading	Php387.5 million

	OTHERS	Home Development Mutual Fund (HDMF)	GOCC / GFI	Renewal of PSR Line - Securities Trading	Php387.5 million
		Philippine Health Insurance Corporation (PhilHealth)	GOCC / GFI	Renewal of PSR Line - Securities Trading	Php387.5 million
		Social Security System (SSS)	GOCC / GFI	Renewal of PSR Line - Securities Trading	Php387.5 million
		Philippine Deposit Insurance Corporation (PDIC)	GOCC / GFI	Renewal of PSR Line - Securities Trading	Php387.5 million
3Q	DOSRI	National Food Authority (NFA)	ANG	Revolving Promissory Note Line	Php3,265 million
		Department of National Defense/ Armed Forces of the Philippines	ANG	Self-Funded Cash Import Amendment	Php470 million
		Power Sector Assets and Liabilities Management Corporation (PSALM)	GOCC	Term Loan	Php1,686 million
	OTHERS	National Government	Stockholder	Miscellaneous Asset - Deposit for future subscription	Php25,000 million
4Q	DOSRI	National Food Authority (NFA)	ANG	Revolving Promissory Note line	Php1,500 million
		Power Sector Assets and Liabilities Management Corporation (PSALM)	GOCC	Term Loan	Php2,698 million
		Philippine Air force	ANG	Self-Funded Cash Import Opening	Php307 million
		Department of National Defense/ AFP	ANG	Self-Funded Cash Import Amendment	Php14,810 million
					Self-Funded Cash Import Negotiation
	OTHERS	DBP Service Corporation (DBPSC)	Two (2) of the DBP Board of Directors are current members of the Board of DBPSC. Associate Company, 20% ownership of DBPSC by DBP	Procurement of Service Provider for One (1) Lot of Bank-wide General Support and Allied Services for DBP (Non-credit related)	Php422 million

40.4 Subsidiaries and Affiliates

Presented below are the Related Party Transactions of Subsidiaries and Affiliates reported by the Parent Bank for calendar year 2023:

Parent Bank/QB and Subsidiary/Affiliate	Related Counterparty	Type of Transaction	Amount/Contract Price
<b>DEVELOPMENT BANK OF THE PHILIPPINES</b>			
a. Subsidiaries and Affiliates	Al-Amanah Islamic Investment Bank of the Philippines	Additional equity infusion	Php77 million
	DBP Service Corporation (DBPSC)	Extension contract of the General Support and Allied Services to the DBPSC (Non-credit related)	Php45 million
		Procurement of Service Provider for One (1) Lot of Bank-wide General Support and Allied Services for DBP (Non-credit related)	Php422 million
b. Others	Bancnet, Inc. DBP Provident Fund	Transaction fees	Php13 million
		Auction	Php40 million
		GS Secondary Market	Php20 million

<b>LIPA BANK</b>			
a. Subsidiaries and Affiliates	Nassau Holdings, Inc. Vimland Realty Development Corporation	Lease	PhP0.74 million
		Credit Transaction	PhP10 million
<b>DBP DAIWA CAPITAL MARKETS PHILIPPINES, INC. Capital</b>			
a. Subsidiaries and Affiliates	Development Bank of the Philippines (DBP)	Equities Buy/Sell	PhP36 million
		Buy/Sell	PhP70 million
		Cash Dividend	PhP20 million
	DBP Management Corporation	Cash Dividend	PhP7.5 million
<b>PHILIPPINE INTERNATIONAL TRADING CORPORATION</b>			
b. DOSRI	National Development Company	Lease Contract	PhP17 million

Note 41 – Operating Segments

Operating segments are reported in accordance with the internal reporting provided to the President and Chief Executive Officer. All operating segments meet the definition of a reportable segment under PFRS 8 – Operating Segments.

The Parent Bank has determined and grouped the operating segments based on the nature of the services provided as follows:

- Treasury and Corporate Finance

Treasury and Corporate Finance Segment is engaged in proactive management of the Parent Bank's investment portfolio, trading of securities, and pricing of peso and FCDU deposit products. It also provides transaction and financial advisory services, project finance, loan syndications and securities issuance management and underwriting.

- Development Lending

Development Lending segment provides banking services addressing the short, medium, and long-term needs of agricultural and industrial enterprises, particularly in the countryside and preferably for small and medium enterprises. This segment consists of the entire lending (corporate, consumer, MSMEs, agri-agra), trade finance (letters of credit, guarantees and loan commitments) and cash management services (ATMs and POS terminals, e-Gov services) available to top corporations and institutional clients down to middle market clients, retail enterprises and individuals. The subdivision refers to business activities and services by the head office and provincial lending.

Each operating segment has two or more segment managers who are directly accountable for the performance of the segments and coordinates with the President and Chief Executive Officer its financial performance and condition.

Gross Segment Revenues are mainly derived from net interest income after provision for impairment, plus other income. On the other hand, Direct Operating Expenses are computed based on total compensation and fringe benefits and other operating expenses directly related in the generation of revenue for each segment.

Segment Assets and Liabilities mainly consist of resources and obligations directly used in the segment's operations and are measured in a manner consistent with that shown in the statement of financial position after allocation of resources.

The segment assets, liabilities and results of operations of the reportable segments of as of December 31, 2023 and 2022 are as follows:

As of December 31, 2023	Reportable Segments				
	Treasury and Corporate Finance	Development Lending	Total Reporting Segments	Total Non-Reportable Segments	Bankwide Financial Statements
Interest Income	16,079,928	30,643,416	46,723,344	(33)	46,723,311
Interest Expense	(2,739,262)	(20,553,560)	(23,292,822)	(48,529)	(23,341,351)
Net Interest Income	13,340,666	10,089,856	23,430,522	(48,562)	23,381,960
Provision for Impairment	0	(224,601)	(224,601)	(6,841,779)	(7,066,380)
Net Interest Income After Provision for Impairment	13,340,666	9,865,255	23,205,921	(6,890,341)	16,315,580
Other Income	3,329,744	2,601,500	5,931,244	313,125	6,244,369
Gross Segment Revenue	16,670,410	12,466,755	29,137,165	(6,577,216)	22,559,949
Compensation and Fringe Benefits	(137,893)	(2,967,372)	(3,105,265)	(3,334,969)	(6,440,234)
Depreciation and Amortization	(167)	(221,555)	(221,722)	(443,457)	(665,179)
Other Operating Expenses	(1,006,096)	(6,795,345)	(7,801,441)	(1,117,086)	(8,918,527)
Total Direct Operating Expenses	(1,144,156)	(9,984,272)	(11,128,428)	(4,895,512)	(16,023,940)
Operating Profit Before Tax	15,526,254	2,482,483	18,008,737	(11,472,728)	6,536,009
Provision for Income Tax	(2,434,178)	(37)	(2,434,215)	1,832,199	(602,016)
<b>Segment Net Profit for the Year</b>	<b>13,092,076</b>	<b>2,482,446</b>	<b>15,574,522</b>	<b>(9,640,529)</b>	<b>5,933,993</b>
<b>Segment Assets</b>	<b>361,880,542</b>	<b>580,435,876</b>	<b>942,316,418</b>	<b>41,707,623</b>	<b>984,024,041</b>
<b>Segment Liabilities</b>	<b>74,576,120</b>	<b>801,433,455</b>	<b>876,009,575</b>	<b>23,293,258</b>	<b>899,302,833</b>
<b>Equity</b>					<b>84,721,208</b>

As of December 31, 2022 Restated	Reportable Segments				
	Treasury and Corporate Finance	Development Lending	Total Reporting Segments	Total Non-Reportable Segments	Bankwide Financial Statements
Interest Income	13,630,888	23,255,979	36,886,867	72,841	36,959,708
Interest Expense	(2,758,899)	(9,901,223)	(12,660,122)	(26,557)	(12,686,679)
Net Interest Income	10,871,989	13,354,756	24,226,745	46,284	24,273,029
Provision for Impairment	0	(70,041)	(70,041)	(7,733,809)	(7,803,850)
Net Interest Income After Provision for Impairment	10,871,989	13,284,715	24,156,704	(7,687,525)	16,469,179
Other Income	2,003,287	1,571,258	3,574,545	473,871	4,048,416
Gross Segment Revenue	12,875,276	14,855,973	27,731,249	(7,213,654)	20,517,595
Compensation and Fringe Benefits	(131,904)	(2,676,682)	(2,808,586)	(3,215,806)	(6,024,392)
Depreciation and Amortization	(146)	(187,396)	(187,542)	(426,395)	(613,937)
Other Operating Expenses	(1,228,482)	(6,734,495)	(7,962,977)	(1,110,208)	(9,073,185)
Total Direct Operating Expenses	(1,360,532)	(9,598,573)	(10,959,105)	(4,752,409)	(15,711,514)
Operating Profit Before Tax	11,514,744	5,257,400	16,772,144	(11,966,063)	4,806,081
Provision for Income Tax	(1,970,389)	(28)	(1,970,417)	1,171,309	(799,108)
<b>Segment Net Profit for the Year</b>	<b>9,544,355</b>	<b>5,257,372</b>	<b>14,801,727</b>	<b>(10,794,754)</b>	<b>4,006,973</b>
<b>Segment Assets</b>	<b>371,699,277</b>	<b>654,831,936</b>	<b>1,026,531,213</b>	<b>17,812,944</b>	<b>1,044,344,157</b>
<b>Segment Liabilities</b>	<b>89,980,430</b>	<b>852,379,042</b>	<b>942,359,472</b>	<b>23,358,996</b>	<b>965,718,468</b>
<b>Equity</b>					<b>78,625,689</b>

**Note 42 – Commitments and Contingent Liabilities**

In the normal course of the Parent Banks's operations, there are outstanding commitments and contingent liabilities, such as guarantees, commitments to extend credit, forward exchange contracts and similar arrangements which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions.

The Parent Bank's aggregate contingent liabilities are as follows:

	2023	2022
Loan Commitments	34,905,717	45,761,918
Credit Lines Available	30,717,648	41,988,736
Letters of Credit	21,609,079	20,666,749
Spot exchange bought/sold	783,803	0
Inward bills for collection	37,693	207,286
Outward bills for collection	277	0
Outstanding guarantees issued	0	8,362
Others	45,711	17,959
	<b>88,099,928</b>	<b>108,651,010</b>

The Others item includes late deposits/payments received, deficiency claims receivable, written off accounts, and items held for safekeeping/collaterals.

In 2023, the Bank provided P3.56 million provision for losses on contingent accounts booked under Miscellaneous Liability - Others.

**Note 43 – Trust Funds**

The Parent Bank is authorized under its charter to perform trust and fiduciary activities thru the Trust Banking Group. Trust Funds are managed, accounted and reported individually in accordance with regulatory policies and agreements with Trustors. Trust assets as of December 31, 2023 reached Php47.64 billion which is 35 per cent higher than the Php35.17 billion portfolio reported same period last year. These are off-books transactions and therefore not included in the Parent Bank's financial statements.

Fee-based income for the year ended December 31, 2023 reached Php88.02 million, while operating expenses and gross receipts tax aggregated Php77.08 million. Trust operations for the year resulted in a net income of Php10.94 million, which is included in the Parent Bank's financial statements.

Government securities with fair value of Php500 million as of December 31, 2023 were deposited with the BSP in compliance with the Basic Security Deposit requirements of the General Banking Law.

**Note 44 – Foreign Currency Deposit Unit**

The Parent Bank has been authorized by BSP to operate an Expanded Foreign Currency Deposit Unit (EFCDU) since August 1995.

Income derived under the expanded foreign currency deposit system is exempted from all taxes. Covered under this are foreign currency transactions with non-residents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the BSP to transact business with foreign currency deposit units and other depository banks under the expanded foreign currency deposit system.

Interest income from foreign currency loans granted to residents is subject to a final tax of ten per cent, pursuant to Republic Act No. 9294 (approved by President Gloria M. Arroyo on April 28, 2004).

**Note 45 – Other Information**

The following are the key financial indicators:

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Return on Average Equity	8.27%	5.04%	7.27%	5.08%
Return on Average Asset	0.66%	0.36%	0.59%	0.36%
Net Interest Margin	2.61%	2.45%	2.62%	2.46%
CET 1 Ratio	13.03%	11.68%	13.00%	11.67%
Tier 1 Ratio	13.03%	11.68%	13.00%	11.67%
Capital Adequacy Ratio	13.94%	12.61%	13.92%	12.60%

**Note 46 – Reconciliation of Operating Cash Flow with Reported Net Income/(Loss)**

	Group		Parent	
	2023	2022 Restated	2023	2022 Restated
Reported Operating Income	7,333,111	4,737,409	6,536,009	4,806,081
Operating cash flows from changes in asset and liability balances	(30,422,495)	(176,095,284)	(30,555,901)	(176,251,917)
Add/(deduct) non-cash items:				
Depreciation	332,118	360,703	321,411	342,894
Amortization	48,654	67,284	47,943	66,551
Provision for impairment losses	6,241,087	7,815,931	6,886,156	7,803,850
Provision for lawsuits	180,224	0	180,224	0
Provision for pensions and other post-retirement benefits	400,000	0	400,000	0
(Gain)/Loss from HFT FVTPL to Market	(25,259)	9,744	(25,259)	9,744
FX (Gain)/Loss on revaluation	(2,242,362)	(1,415,406)	(2,242,362)	(1,415,407)
Other income/expenses	3,733,416	2,062,714	3,665,224	2,036,624
	8,667,878	8,900,970	9,233,337	8,844,256
Income taxes paid	(3,559,606)	(2,255,939)	(3,500,477)	(2,253,930)
<b>Net Cash used in operating activities</b>	<b>(17,981,112)</b>	<b>(164,712,844)</b>	<b>(18,287,032)</b>	<b>(164,855,510)</b>

**Note 47 – Supplementary Information Required by BIR Revenue Regulation (RR) Nos. 15-2010 and Revenue Memorandum Circular (RMC) No. 17-2011**

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the notes to financial statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

On April 04, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 17-2011 which proposes the use of basic standard format in complying with the requirements of the of RR No. 15-2010 on the additional notes to financial statements relative to taxpayer's tax compliance.

Below is the additional information required by RR No. 15-2010 and RMC No. 17-2011 that is relevant to the Parent Bank. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements as of December 31, 2023.

**47.1 Parent Bank as Non-VAT Registered Corporation**

Being a non-VAT registered corporation engaged in the business of specialized government banking, the Parent Bank paid the amount of Php1.75 billion as percentage tax pursuant to RA 9238 law/regulations and based on the amount reflected in the Sales/Gross Income Received account of Php44.93 billion.

**47.2 Documentary Stamp Taxes (DST)**

Summary transactions for documentary stamp tax purchased/utilized:

	Tax Base	Tax Due
DST on Loan Instruments	13,180,031	73,335
DST on Deposits and Other Cash Transactions	4,734,963,681	2,699,475
Other Transactions subject thereto and other adjustments	189,991	4,531
<b>Total</b>	<b>4,748,333,703</b>	<b>2,777,341</b>

**47.3 Withholding Taxes**

Withholding taxes paid/accrued:

	Paid	Accrued	Total
Tax on compensation and benefits	481,471	57,497	538,968
Creditable withholding taxes	125,516	22,641	148,157
Final withholding taxes	2,004,772	200,632	2,205,404
<b>Total</b>	<b>2,611,759</b>	<b>280,770</b>	<b>2,892,529</b>

**47.4 All Other Local and National Taxes**

Local and national taxes paid/accrued:

	Paid	Accrued	Total
Gross receipts tax:			
National	1,314,828	511,972	1,826,800
Local	80,180	0	80,180
Sub-total	1,395,008	511,972	1,906,980
Real property tax	13,460	0	13,460
Municipal tax	7,498	0	7,498
Others	231,958	4,773	236,731
<b>Total</b>	<b>1,647,924</b>	<b>516,745</b>	<b>2,164,669</b>

**47.5 Deficiency Tax Assessments**

The Parent Bank has received a final assessment notice from the Bureau of Internal Revenue (BIR) covering the taxable year 2019 amounting to Php220 million, inclusive of penalties for deficiency income, VAT, percentage and withholding taxes which has been agreed upon and settled last October 16, 2023.

**47.6 Revenue and Expenses per Income Tax Return**

In relation to the required supplementary information under RR No. 15-2010, the BIR issued on April 12, 2022 the Revenue Memorandum Circular (RMC) No. 44-2022, which prescribes the guidelines in the filing of Annual Income Tax Returns (AITRs) and informs Electronic Filing and Payment System (eFPS) users that BIR Form 1702-RT January 2018 is now available. The Parent Bank started using the updated electronic form for filing its Income Tax Return in 2022.

Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2023, the Parent Bank reported the following audited revenues and expenses for income tax purposes:

<b>Revenues</b>	
Services/operations:	14,219,986
Non-operating and taxable other income:	839,237
Gain/(loss) from sale/derecognition of non-financial assets	
Recovery from charged-off assets	31,214
	870,451
<b>Total revenues</b>	<b>15,090,437</b>

**Expenses**

Cost of Services:	
Compensation & fringe benefits	5,074,679
Others	3,431,147
	8,505,826

Itemized deductions:

Compensation & fringe benefits	1,935,241
Taxes & licenses	1,298,222
Depreciation/amortization	160,388
Securities, messengerial & janitorial services	110,803
Communication, light & water	148,014
Management and other professional fees	35,241
Fees and commission	76,249
Bad debts	33,321
Actual lawsuits	224
Rentals	144,518
Repairs & maintenance	34,162
Travelling/fuel lubricants	26,695
Stationery and Supplies	23,196
Others	517,030
<b>Total itemized deduction</b>	<b>4,543,304</b>
<b>Total expenses</b>	<b>13,049,130</b>
<b>Net taxable income</b>	<b>2,041,307</b>

**Note 48 – Prior Period Adjustments**

The Parent Bank has identified significant prior period adjustments that require re-presentation of certain balances in the statements of financial position, statements of comprehensive income, and statements of changes in equity of CY 2021 and CY 2022. These significant prior period errors have been corrected in the financial statements in accordance with PAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

The impact of these changes has required the restatement of the following financial line items as at December 31, 2022:

Account Title	As Previously Reported	Restatement	As Restated
Due from other banks	9,628,374	(4,771)	9,623,603
Financial assets at fair value through profit or loss	2,887,150	(77,326)	2,809,824
Financial assets at fair value through other comprehensive income (FVOCI) - Equity Securities	39,705,012	3,200	39,708,212
Equity investments in joint ventures (net)	38,484	12,047	50,531
Bank premises, furniture, fixtures and equipment (net)	2,516,526	(39,366)	2,477,160
Right of Use Assets (net)	455,603	(3,142)	452,461
Deferred tax assets	7,194,794	(1,886,384)	5,308,410
Other assets	9,228,748	78,725	9,307,473
Bills payable	70,084,565	1,444	70,086,009
Bonds payable	28,668,268	(75,008)	28,593,260
Accrued taxes, interests and expenses	8,107,348	(353,877)	7,753,471
Deferred credits and other liabilities	23,678,221	233,020	23,911,241
Retained earnings	49,566,778	(1,725,052)	47,841,726
Accumulated other comprehensive income/(loss)	(1,463,875)	2,456	(1,461,419)
Interest income on financial assets - debt and equity securities	11,562,170	(4,772)	11,557,398
Interest expense on other borrowings	2,289,670	25,249	2,314,919
Profits from investments and securities trading	(112,841)	(77,326)	(190,167)
Foreign exchange profit/(loss)	1,853,610	(1,458)	1,852,152
Miscellaneous income	551,691	139,392	691,083
Compensation and fringe benefits	6,289,698	(265,306)	6,024,392
Taxes and licenses	4,988,128	(90,000)	4,898,128
Other operating expenses	4,663,113	(7,236)	4,655,877
Provision for income tax	519,025	280,083	799,108

Changes on the balance of Retained Earnings as at January 1, 2022 are as follows:

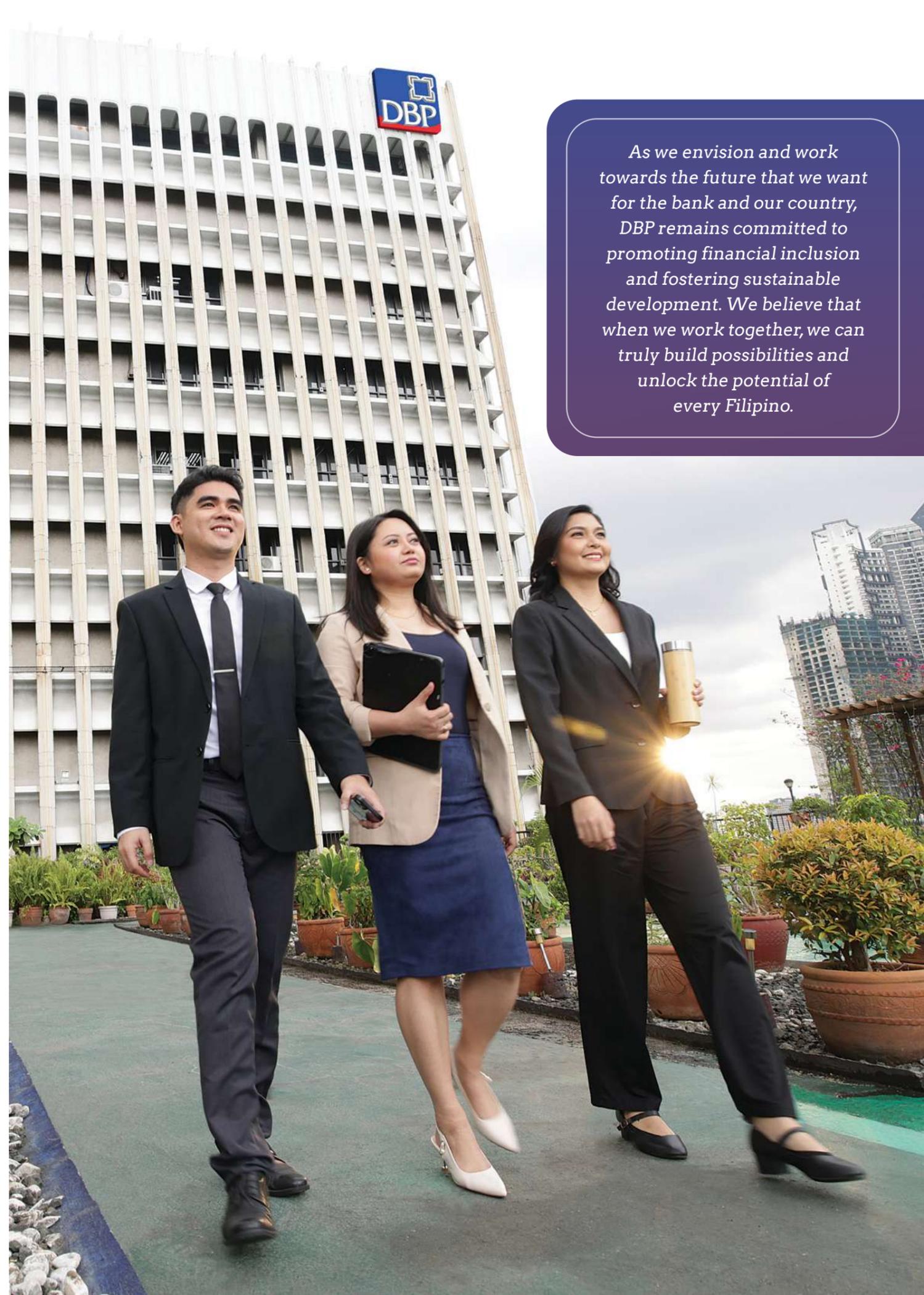
Balance as at January 1, 2022	45,675,283
Restatements/Adjustments:	
Recalculation of deferred tax assets	(1,328,594)
Adjustments on deferred income tax	(339,156)
Documentary stamp tax on interbank loans receivable FTY 2020 to 2021	(233,020)
Reversal of bank premises, furniture, fixtures & equipment to semi-expendable items	(5,522)
Reversal of depreciation expense	(9,613)
Reversal of litigation expense	736
Reversal of accrual of NHCPF	293
Depreciation expense on the rebranding/renovation of bank premises	(24,231)
Reversal of accrual of director's fees	5,946
Reversal of accrual of merit increase	82,347
Adjustment on depreciation of ROPA	669
Reversal of impairment losses - investment in joint venture (DAIWA/DIBI)	12,047
	<u>(1,838,098)</u>
Balance as at January 1, 2022 - Restated	<u><b>43,837,185</b></u>

**Note 49 – Events After the Reporting Period**

*49.1 Request for Dividend Relief*

On April 17, 2024, the Parent Bank requested for dividend relief covering CY 2023 Net Earnings from the National Government through the Department of Finance (DOF). The grant of the dividend relief will afford the Bank the necessary cushion to withstand capital and liquidity disruption as it further accelerates its lending interventions in support of priority projects in the Administration's 8-point economic agenda.

Currently, such request is under evaluation by DOF.



*As we envision and work towards the future that we want for the bank and our country, DBP remains committed to promoting financial inclusion and fostering sustainable development. We believe that when we work together, we can truly build possibilities and unlock the potential of every Filipino.*



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