2022 ANNUAL AND SUSTAINABILITY REPORT

INSIDE THE REPORT

ABOUT THE COVER

The Development Bank of the Philippines (DBP) celebrated 75 years of development banking in 2022.

This special anniversary issue features the precious diamond, a solid form of pure carbon, symbolizing the institution's fortitude and strength, having been transformed throughout its 75-year history.

At the same time, DBP, which started as the country's rehabilitation institution after World War II, continues to be an agent of transformation as the country's premiere infrastructure Bank. It continues to work hand-in-hand with the National Government in realizing the country's potentials into economic and social benefits that propel the country's growth and resiliency.

DBP

2022 ANNUAL AND SUSTAINABILITY REPORT

SUSTAINABILITY POLICY STATEMENTS

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 at 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, United Nations Environment Programme – Finance Initiatives (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 the marginalized groups; and

- Inform, encourage, influence, collaborate, and work responsibility 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 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.

Back to Table of Content

DBP At a Glance

METRO MANILA
BRANCHES 20
ATMs 102

LUZON
BRANCHES 48
BRANCH-LITE UNITS 8
ATMs 420
LENDING CENTERS 14

VISAYAS
BRANCHES 28
BRANCH-LITE UNITS 3
ATMs 224
LENDING CENTERS 7

MINDANAO
BRANCHES 36
BRANCH-LITE UNITS 3
ATMs 257
LENDING CENTERS 14

DEVELOPMENT LOAN PORTFOLIO

Php297 billion
INFRASTRUCTURE

Php106 billion
SOCIAL SERVICES

Php55 billion
ENVIRONMENT

Php32 billion
MSMEs

SUBSIDIARIES

100%

DBP LEASING CORPORATION
DBP DATA CENTER, INC.
DBP MANAGEMENT CORPORATION

99.93%

AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES

AFFILIATES

47.94%
LGU GUARANTEE CORPORATION

28.04%
DBP SERVICE CORPORATION

40.00%
DBP INSURANCE BROKERAGE, INC.

17.06%
DBP DAIWA CAPITAL MARKETS PHILIPPINES, INC.

146
BRANCHES AND BRANCH-LITE UNITS

61.33%
COUNTRYSIDE REACH

2,854
CUSTOMER TOUCH POINTS

35
LENDING CENTERS

1,003
ATMs

PURPOSE

Development financing institutions play a pivotal role in the quest for sustainable growth. At the helm of the country's march towards progress is the Development Bank of the Philippines (DBP). As the country's pre-eminent development financial institution, DBP has the important task of influencing and accelerating sustainable economic growth – through the provision of financial services – for the well-being of the Filipino people.

DBP is a 100% government-owned development bank and may perform all other functions of a universal bank. But its primary objective is to provide banking services to cater to the medium - and long-term needs of agricultural and industrial enterprises, with emphasis on small - and medium-scale industries.

The DBP Board of Directors directs the affairs and business of the Bank, manages and preserves its properties, and exercises its corporate powers. It is made up of nine (9) members appointed by the President of the Republic of the Philippines. The Chief Executive Officer of the Bank is also the President who is elected by the Board of Directors. The President is also 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 - Oriented)

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

Back to Table of Content

MESSAGE FROM THE PRESIDENT OF THE PHILIPPINES

My warmest greetings to the Development Bank of the Philippines (DBP) as you publish your 2022 Annual Report.

When the infrastructure for development plan was laid down by the national government in the time of the Commonwealth, the DBP has been at the helm of our country's march towards economic progress. Up to the present, you continue to provide banking services to cater to the medium - and long-term needs of agricultural and industrial enterprises, with emphasis on small businesses and other similar sectors of our society.

The content chronicles in this report narrates to us that, throughout your corporate existence, your institution has turned into an icon of strength, stability, and reliability. Your history is replete with so many examples that prove to us how your collaboration with key stakeholders and the good governance of your past and present leaders made this establishment a stalwart example in Philippine Banking and a true herald of public trust.

As this document invites us to revel in your impressive work, I hope that your excellent performance will inspire you to keep the same zeal and commitment you have shown in the past year, as well as blaze the trail in development financing for the greater benefit of our people. Guided by the principles that led you this far, let us ensure that the gains of our economy are equitable shared as we continue to build a progressive and prosperous future for our fellow Filipinos.

Congratulations on your feats and laurels. Mabuhay ang DBP!

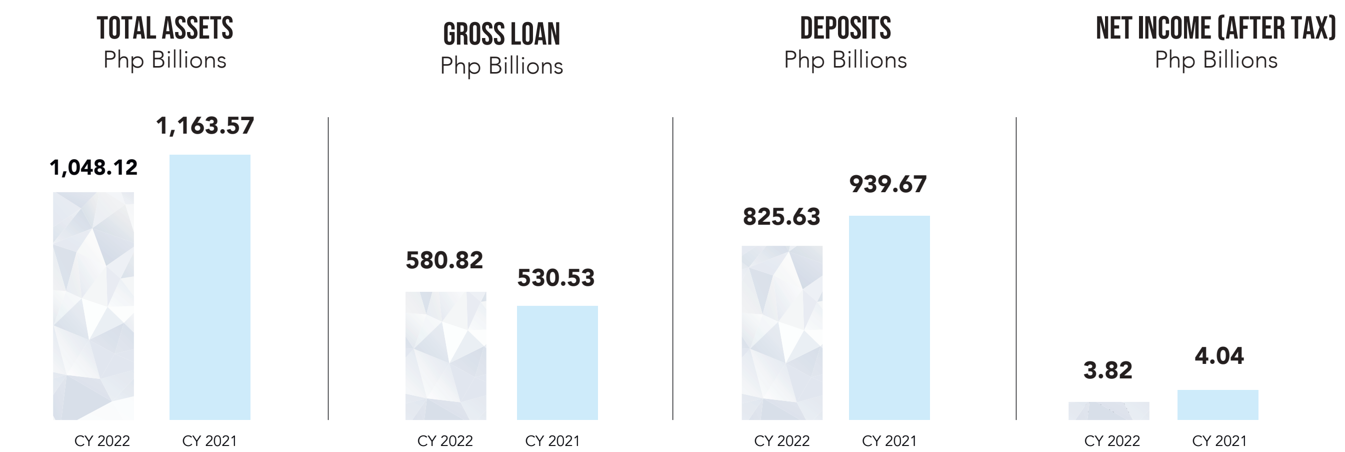
Ferdinand R. Marcos Jr.
PRESIDENT
REPUBLIC OF THE PHILIPPINES
MANILA
2023

FINANCIAL HIGHLIGHTS

Back to Table of Content

Php in thousands (unless otherwise stated)

	GROUP		PARENT	
	Audited 2022	Restated 2021	Audited 2022	Restated 2021
PROFITABILITY				
Total Net Interest Income	24,318,079	20,088,768	24,303,050	20,091,311
Total Non-Interest Income	4,286,625	5,017,354	3,987,808	4,804,058
Total Non-Interest Expenses	16,444,560	16,163,939	16,074,056	15,864,385
Pre-provision Profit	12,160,144	8,942,183	12,216,802	9,030,984
Provision for Impairment	7,815,931	4,624,312	7,803,850	4,514,912
Net Income (after tax)	3,822,938	4,043,210	3,893,927	4,222,201
SELECTED BALANCE SHEET DATA				
Liquid Assets	231,677,673	426,821,816	231,261,102	426,286,583
Gross Loans	580,820,937	530,525,044	577,445,352	527,273,788
Total Assets	1,048,118,548	1,163,571,726	1,046,261,174	1,161,662,490
Deposits	825,627,450	939,666,012	825,156,874	939,337,507
Total Equity	79,348,781	78,106,634	80,348,285	79,031,038
SELECTED RATIOS				
Return on Average Equity	4.86%	5.79%	4.89%	5.97%
Return on Average Assets	0.35%	0.37%	0.35%	0.38%
Net Interest Margin	2.46%	2.03%	2.46%	2.04%
Common Equity Tier 1 Ratio	11.68%	12.25%	11.67%	12.16%
Tier 1 Capital Ratio	11.68%	12.25%	11.67%	12.16%
Capital Adequacy Ratio	12.61%	13.53%	12.60%	13.44%
PER COMMON SHARE DATA (Absolute Amount)				
Net Income per Share: Basic	11.95	12.64	12.17	13.19
OTHERS				
Cash Dividends Paid	4,088	11,740		



	2022	2021
Direct Economic Value Generated (Gross Revenues)	40,952,288	37,648,453
Economic Value Distributed	30,799,537	30,854,648
Operating Costs	17,379,080	17,644,975
Employee Compensation and Fringe Benefits	6,289,698	5,130,293
Dividend Paid to National Government	Dividend relief covering CY 2018 to 2022 Net Earnings	
Taxes and Licenses paid to the Government	7,052,179	8,031,729
Donation/Contributions to Charitable Organizations (community investments)	78,580	47,651
Economic Value Retained	10,152,751	6,793,805

Back to Table of Content

REPORT TO OUR STAKEHOLDERS

The renewed focus of the new administration on infrastructure development through its "Build Better More" program and agriculture modernization through consolidation of the agri-value chain puts DBP in a strategic position to help steer the economy back to its high-growth trajectory.

DBP is proud to present the 2022 Annual and Sustainability Development Report with the theme Transformative Banking. This theme is apt as the Bank celebrates 75 years of contributing to the transformative growth of the economy through its development financing activities. These are anchored on the BSP Sustainable Finance Framework and the DBP Environmental, Social and Governance Framework, which are all aligned with the United Nation's Sustainable Development Goals, the Principles of Responsible Banking, and other international standards and commitments.

To support various developmental projects and initiatives in the Bank's priority sectors, we successfully raised Php12 billion in fresh funds through a bond issuance in 2022. True to its mandate as an infrastructure bank, DBP allocated 56% of its loan portfolio to infrastructure and logistics. These projects include the establishment of a new economic zone in Pilar, Bataan, through a loan to finance the first phase of the Bataan Harbor City project. We also extended a funding facility for the development of the Asin-Hungduan and Ibulao 1 Mini Hydropower Projects in Kiangan, Ifugao, which is expected to supply 17.5 MW of renewable energy to the Luzon grid. DBP also renewed its agreement with Infrastructure Asia, a Singapore-based international agency, to implement sustainable solutions in fields such as renewable energy, transportation, waste management, water supply, and sanitation.

As the well-being of Filipinos is critical to economic recovery, especially post-pandemic, we allocated 21% of the Bank's loan portfolio to social infrastructure and community development. Among the projects financed in 2022 is the first and only heart and brain center in Region IV-A. In Central Luzon, we supported the region's initiatives to boost access to quality health services. Funding support for medical facilities was also extended to the provinces of Bataan and Cavite.

The passage of the Agriculture, Fisheries, and Rural Development Financing Enhancement Act (RA 11901) further deepened our role in national development. The law strengthens the Bank's mandate to help build the institutional and organizational capacity of farmers and fisherfolks, their MSMEs, especially cooperatives and associations. It also paved the way for the Bank to promote financial inclusion of Islamic communities by allocating 2.5% of its 32.5% share of the Special Fund to our subsidiary, the Al-Amanah Islamic Investment Bank. This also allowed DBP to support projects and initiatives on poverty reduction and peacebuilding in the areas.

The renewed focus of the new administration on infrastructure development through its "Build Better More" program and on agriculture modernization through consolidation of the agri-value chain, puts DBP in a good position to help steer the economy back to a high-growth trajectory and effect economic and social transformation towards a "Matatag, Maginhawa at Panatag na Buhay." Toward this direction, the Bank inked a Memorandum of Understanding with the Department of Human Settlements and Urban Development (DHSUD) through its "Pambansang Pabahay Para sa Pilipino: Zero ISF Program for 2028," to provide financial and technical assistance to state housing agencies and local governments to address the country's mass housing requirements.

In pursuit of performance excellence and as a result of how responsive our projects are to the National Agenda, we are pleased to report that DBP was conferred the Global Performance Excellence Award (GPEA) 2022 – Quest for Excellence, and the Asia Pacific Quality Organization (APQO) International Best Practice (AIBP) – Gold Award. The DBP is the sole Philippine awardee among 14 model organizations in Asia and the Pacific. As such, DBP ended the year as the 8th largest bank in the country with an asset size of Php1.16 trillion.

As we look through the 75 years of DBP, from an investment and loans bank in its early years, as a rehabilitation finance bank after WWII, to an infrastructure bank we can only express our deep sense of gratitude to all our stakeholders for the many decades of fruitful partnership and collaboration in transforming the social and economic landscape of our country, one niche market at a time.

The milestone performance of DBP under our stewardship is indeed a fitting celebration of its Diamond year. We are privileged to have achieved this for our institution. With great expectations for our beloved DBP, we look forward to the Bank's celebration of 100 years.

Alberto G. Romulo
CHAIRMAN

Emmanuel G. Herbosa
PRESIDENT

Back to Table of Content

MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER

Now more than ever, the Bank is called to carry out its mandate to its full extent and empower its clients and other stakeholders to implement environmental and social interventions in a responsive, inclusive, and sustainable manner.

Carolyn I. Olfindo
SENIOR VICE PRESIDENT

In this era of strengthened stakeholder collaboration and engagement, DBP continues to carry out its pivotal role as a Development Financing Institution (DFI) – driving resiliency and empowerment for various industries and sectors of society through transformative banking that fosters inclusive growth and sustainability.

We continue to witness the global extent of climate change to economic, environmental and social systems as it hits vulnerabilities across the region. The repercussions have also taken its toll on the country's financial and social systems.

It is in this context that the role of DBP as a Development Financing Institution (DFI) and the country's infrastructure bank has become more relevant. Now more than ever, the Bank is called upon to carry out its mandate to its full extent, in order to engage with and empower its clients and other stakeholders to implement environmental and social interventions in a responsive, inclusive and sustainable manner.

This is what makes DBP's involvement in development financing truly auspicious and meaningful. I am honored to share with everyone through DBP's 2022 Annual and Sustainability Report the Bank's environmental and social governance thrusts and priorities, opportunities and milestone accomplishments for the past decades leading to our 75th anniversary. All these, as the Bank navigates the challenges brought on by climate change, and recently, the Covid-19 global health crisis.

Aligned with the National Government's sustainable growth agenda and United Nations' Sustainable Development Goals (SDGs), DBP's strategy roadmap for value creation is reinforced through the four pillars of 1) Expanded Reach, 2) Infrastructure Development, 3) Sustainable Growth, 4) World-Class Banking and supported by the foundational elements of Digital Banking and Manpower Competency.

Specifically, its sustainable growth pillar has been more thoughtfully communicated, concretized and operationalized in the Bank's sustainability plan. In the pursuit of strengthening our sustainability culture, the plan advocates for sustainability in four priority areas, namely: infrastructure, entrepreneurship, environment, and social services. Our projects promote a low-carbon and green economy as well as inclusive development, the design of which continues to evolve over time as part of our sustainability journey, which has led to a lot of firsts.

In 2002, DBP became the first Philippine bank to be ISO-certified for its Environmental Management System (EMS) under ISO 14001 standards. In 2019, the Bank became one of the 130 founding banks world-wide and the only Philippine Signatory Bank of UNEP FI's Principles for Responsible Banking (PRB). Correspondingly, the Bank maintained a firm stance to support and develop strategic initiatives towards the United Nations' Net Zero climate goal.

In 2022, DBP continued in its efforts to create socio-economic impact by funding priority development initiatives. DBP's environmental loan portfolio grew by 11% from its 2021 level, in spite of an industry-wide scale down in lending due to high credit risks resulting from the economic contraction brought about by the COVID-19 outbreak. With optimism hinged on this accomplishment, DBP aims to sustain its assistance to greening the industries. The Bank continues to implement projects on renewable energy, energy efficiency, sanitation, pollution prevention, resource conservation and waste management. Further, as its overarching sustainability platform, the Bank established an Environmental and Social Risk Management System (ESRMS) framework, as prescribed by Bangko Sentral ng Pilipinas (BSP).

In this era of strengthened stakeholder collaboration and engagement, DBP continues to carry out its pivotal role as a DFI – driving resiliency and empowerment for various industries and sectors of society through transformative banking that fosters inclusive growth and sustainability.

2022 YEAR IN REVIEW

Back to Table of Content

The year 2022 was a momentous period for DBP as it marked 75 years of development banking in the country through a series of high-impact programs and activities within its four priority thrusts.

DBP opens branch-lite unit at Bataan provincial government center

DBP inaugurated its 13th branch-lite unit (BLU) at The Bunker – the government center of Bataan Province. The opening of the Bank's newest BLU supports the Bataan Provincial Government's one-stop-shop business experience for the transacting public as other government agencies are housed in the same location.

In photo during the blessing and inauguration of DBP's BLU at The Bunker are (from left) DBP Senior Vice President George S. Inocencio, Bataan 2nd District Representative Jose Enrique S. Garcia III, Bataan Governor Albert Raymond S. Garcia, DBP President and Chief Executive Officer Emmanuel G. Herbosa, and Balanga City Mayor Francis Anthony S. Garcia.

DBP inks pact with CICC to bolster cyber resiliency

DBP signed a Memorandum of Agreement with the Cybercrime Investigation and Coordinating Center (CICC) to further strengthen the Bank's protection from potential cybersecurity threats and to boost its capacity to defend critical system infrastructure. CICC would be providing the necessary technical expertise and assistance to DBP in crafting the Bank's Cybersecurity Plan and ensure its alignment with globally accepted standards and protocols of the National Cybersecurity Plan.

Present during the signing of the memorandum of agreement between DBP and CICC were (left photo, from left) CICC Director IV Mary Rose E. Magsaysay; DBP President and Chief Executive Officer Emmanuel G. Herbosa; DBP Senior Vice President Emmanuel Z. Muniz III; and (right photo, from left) CICC Director IV Panfilo L. Salva, Jr.; CICC Undersecretary Cezar O. Mancao II; and CICC Director Marvin Manuel P. Pepino.

DBP raises fresh funds in latest bond issuance

DBP successfully raised Php12 billion in fresh funds through its latest bond issuance, which would be used to support various developmental projects and initiatives in its priority sectors. The Bank's 2.5 Year-Fixed Rate Series 3 Bonds or Primus 3 issuance was four times oversubscribed of its Php3 billion target.

DBP inks pact with PDIC to facilitate deposit insurance claims

DBP signed a memorandum of agreement with the Philippine Deposit Insurance Corporation (PDIC) to facilitate the payment of insurance claims to depositors of closed banks. The Bank's Multi-Channel Disbursement Facility (MCDF) provides additional claim payment options for depositors including intrabank credit services and payment through PESONet.

A new home in Bataan for DBP Balanga

DBP branch in Bataan Province moved to a more strategic location at Capitol Drive, Tenejero, Balanga City. The new location provides improved access to DBP's full range of product offerings.

Photo shows the building facade of the newly opened DBP Guimaras Branch

DBP opens branch in Guimaras Island

DBP opened its first branch in the island province of Guimaras to further increase the Bank's customer touchpoints in remote yet high-growth potential areas of the country. The newly opened branch provides enhanced banking convenience and improved access to the Bank's products and services including deposit and investment products, transfer and remittance services, and loan programs.

DBP opens branch-lite unit in Camarines Norte

DBP inaugurated its 14th branch-lite unit (BLU) located in the Municipality of Jose Panganiban in the province of Camarines Norte. The opening of DBP's newest BLU supports the National Government's efforts to promote greater financial inclusion, while increasing the Bank's customer touchpoints in high-growth areas of the country.

DBP celebrates 124th anniversary of Philippine Independence

DBP remains firm in serving as a beacon of patriotism and love of country as it joins the nation in commemorating the 124th anniversary of the country's independence. DBP's celebration of the Philippine Independence formally kicked off with the bank-wide commemoration of National Flag Day through a flag display at the DBP Head Office from May 28 to June 12.

MSMEs

Present during the signing of the loan agreement were (seated from left) DBP Senior Assistant Vice President Ma. Ofelia V. Tesorio; DBP Executive Vice President Paul D. Lazaro; BBMPC Board Chairman Bonifacio Bermoy; Bohol Governor Arthur C. Yap; and BCMPC Board Chairman Melchor Daniel.

Farmer cooperatives in Bohol receive ₱209.3 million loan

DBP approved a Php200 million loan to the Bohol Bayanihan Multi-Purpose Cooperative (BBMPC) and a Php9.3 million loan to the Bohol Community Multi-Purpose Cooperative (BCMPC), as part of the Bank's continuing support to the National Government's program to boost productivity and operational efficiency of growers of essential food staples. The funding assistance would be used primarily for working capital as well as processing, storage, and other logistical requirements. The partnership enables LGU Bohol to focus on other components of its Advanced Rice Technology (ART) program including the adoption of new rice technologies to further increase productivity and to enhance the global competitiveness of Bohol rice farmers.

Present during the signing of the loan agreement were (from left): DBP Senior Assistant Vice President Shirley Mae B. Serate; DBP Senior Vice President Sisinio S. Narisma; former DBP Executive Vice President Jose Gabino D. Dimayuga; Innov Block Development Corporation President Alfonso U. Lim; and Innov Block Development Corporation Executive Secretary to the President Maria Luisa C. Sarmiento.

DBP finances MSME-friendly mall in Caloocan

DBP approved a Php2.5 billion credit assistance to Innov Block Development Corporation (IBDC) to finance construction and completion of The Limketkai Podium, a lifestyle and commercial mall located in the northern part of Caloocan City. The mall is set to develop a "Tiangge" center within its premises that can accommodate over 1,300 stalls for micro, small and medium enterprises (MSMEs) that are looking for a viable site to cater to the needs of their target market.

DBP officials present during the loan signing with SPPI were (from left) Assistant Vice President Lemuel D. Imperial; First Vice President Francis Nicolas M. Chua; President and Chief Executive Officer Emmanuel G. Herbosa; Senior Assistant Vice President Raquel C. Atienza; and Senior Manager Angel P. Borlaza, Jr.

DBP lends to private industrial park developer

DBP extended a Php700 million seven-year syndicated term loan to Science Park of the Philippines, Inc. (SPPI) to finance the company's development projects and to meet rising demand amidst the steady recovery of the manufacturing sector. The loan was granted with Rizal Commercial Banking Corporation (RCBC) as co-lender and the Investment & Capital Corporation of the Philippines as financial adviser and lead arranger.

DBP OKs loan for Batangas modern jeeps

DBP granted a Php152.1 million credit assistance to Batangas Transport Cooperative (BATRASCO) for the acquisition of 85 modern Public Utility Jeepney (PUJs) units, to promote sustainable transport system in the province. Under the agreement, DBP will finance the cooperative's first batch of modernized public utility vehicles (PUVs) to be deployed in six towns of Batangas, which ranks as the 7th most populous province in the country. The modern PUVs shall address the travel needs of the riding public especially those in the cities of Lipa and Batangas and the municipalities of Mataas Na Kahoy, Rosario, San Juan, and Bauan.

Shown in photo during the signing of memorandum of agreement are (from left) CPF Philippines Vice President Phaisarn Rewriab; CPF Philippines Chief Finance Officer Supakitti Bunvet; CPF Philippines President Udomsak Aksornphakdee; DBP Senior Vice President Carolyn I. Olfindo; and DBP Assistant Vice President Rallen O. Verdadero.

DBP partners with top conglomerate for intensified support to poultry contract growers

DBP strengthened its lending support to poultry contract growers through its partnership with the local subsidiary of the Charoen Pokphand Foods Philippines Corporation (CPFPC). Under the Memorandum of Agreement (MOA), CPFPC will endorse its existing and potential contract growers to DBP for possible funding support while DBP will evaluate and approve loan applications of qualified poultry contract growers for farm acquisition, development, rehabilitation and other pre-operating expenses.

Infrastructure

DBP grants ₱5 billion syndicated term loan to Makati hospital

DBP led a syndicate of banks in providing Php5 billion funding support to partially finance the completion of the Makati Life Nurture Medical Center, formerly the Ospital ng Makati 2 project. The facility was arranged by GIV Capital and co-arranged by DBP and Land Bank of the Philippines. Union Bank of the Philippines also participated as co-lender.

Shown in photo are (front row, from left) Makati Life Nurture Medical Center, Inc. President and CEO Dr. Dennis L. Sta. Ana and Makati City Mayor Mar-len Abigail S. Binay. Standing, from left, are: Landbank Executive Vice President Carel D. Halog; DBP First Vice President Francis Nicolas M. Chua; DBP Executive Vice President Paul D. Lazaro; and UnionBank Executive Vice President Roberto F. Abastillas.

₱2.3 billion loan jumpstarts Bataan economic zone

DBP granted a Php2.3 billion loan to top real estate firm Diamond Land Resources, Inc. (DLRI) for the establishment of a new economic zone that will rise in the coastal town of Pilar in Bataan. The credit assistance to DLRI will partially finance the first phase of the Bataan Harbor City project.

Shown in photo during the loan signing are (from left) DLRI President Pedro R. De Leon; DBP Senior Vice President Catherine T. Camarao; DLRI Chairman and NSJBI President Cesar S. Sanqui, Jr.; DBP Chairman Alberto G. Romulo; New San Jose Builders, Inc. Chairman Jose Rizalino L. Acuzar; DBP President and CEO Emmanuel G. Herbosa; DBP Executive Vice President Paul D. Lazaro; and NSJBI Operations Head Ma. Isabel Jose O. Acuzar.

DBP lends ₱1.286 billion for first heart and brain center in CALABARZON

DBP granted Php1.286 billion in funding support to Global East Medical Center Lipa, Inc., under the Bank's Strategic Healthcare Investments for Enhanced Lending & Development (SHIELD) program. The loan will finance the construction of the first and only heart and brain center in Region IV-A. Under the agreement, Php1.136 billion will be utilized to partially finance the construction of a seven-story Level 2 hospital strategically located along the J. P. Laurel National Highway in Lipa City while the remaining Php150 million will cover the acquisition of medical equipment and machinery.

DBP lends ₱500 million for pioneering hospital in Cavite town

DBP granted Php500 million in funding support to Ridgeview Hospital and Medical Center, Inc. (RHMCI) for the construction of a hospital facility to meet the growing demand for healthcare services in Cavite and nearby towns. The credit assistance to RHMCI would be used to partially finance the construction of a five-story, Level 2 hospital, and will cover the acquisition of medical equipment and machinery.

DBP renews ties with Singapore firm to advance sustainable infrastructure solutions

DBP renewed its agreement with Infrastructure Asia (IA) as both agencies map out strategies to implement sustainable solutions aimed at improving the country's infrastructure landscape and fast-track economic growth and recovery. The Bank signed a memorandum of understanding with InfraAsia to expand the scope of its current collaboration to include key areas of the economy such as renewable energy, transportation, waste management, and water supply and sanitation.

Environment

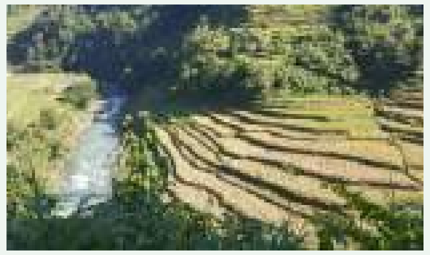
DBP to launch seedbank project for native tree species

DBP signed a memorandum of agreement with the Bureau of Plant Industry (BPI), an attached agency of the Department of Agriculture (DA) to launch the DBP Seedbank Project, which aims to preserve the genetic diversity of Philippine native trees and help restore upland watersheds and forest cover. In line with this, an indigenous seed source center in Mt. Apo Natural Park in Digos City, Davao del Sur, is to be established through the agreement between the Bank and the Department of Environment and Natural Resources (DENR). DBP shall also provide start-up funding to duly accredited organizations for the collection of native seeds with DA-BPI providing the sites for the DBP seedbank nursery and DENR for the handling of capacity building for project participants as well seed storage and accrediting partner-communities for collection and production.

DBP greenlights credit line for solar power firm

DBP granted a Php254 million credit assistance to Upgrade Energy Philippines, Inc. (UEP) under the bank's Energy Efficiency Savings (E2SAVE) Program and would be used to partially finance the capital expenditure, construction, and installation of a 1,500kW rooftop solar power plant project which will be under a Photovoltaic Installation Lease Agreement with the UEP.

Photo shows DBP Executive Vice President Paul D. Lazaro (second from right) and UEP President and Chief Executive Officer Ruth Yu-Owen (third from left) during the signing of loan agreement between the two institutions. Also present during the signing are (from left) DBP Assistant Vice President Christian Joseph D. Presa, DBP First Vice President Jeane Adamos and UEP Chairman Rufino Bomasang.



DBP bankrolls Kiangan Mini Hydro Project in Ifugao

DBP extended up to Php2.6 billion funding facility to Kiangan Mini Hydro Corporation (KMHC) for the development of the Asin-Hungduan and Ibulao Mini Hydropower Projects (the "Kiangan Project") located in Kiangan, Ifugao. The Kiangan Project is a portfolio of small-scale run-of-river hydropower projects that will harness the water from the Asin, Hungduan and Ibulao River systems to convert it into clean, renewable electricity. It is expected to supply 17.5 MW of renewable power supply to the Luzon grid to help meet the target of 30% renewable energy share in the country's energy mix by 2030.

Funding for Dupinga Mini Hydro Project in Nueva Ecija approved

DBP approved Php660 million in funding support for the development of the 4.6MW Dupinga Mini Hydropower project in Gabaldon, Nueva Ecija in line with its thrust to support new and renewable energy sources. The loan extended to Dupinga Mini Hydro Corporation (DMHC) is under DBP's Financing Utilities for Sustainable Energy Development (FUSED).

DBP backs green energy projects

DBP provided Php2.1 billion in funding support to Matuno River Development Corporation (MRDC) and Taft Hydroenergy Corporation (THEC) to help augment the power supply for the Luzon and Visayas Grids. The funding assistance was extended under the Financing Utilities for Sustainable Energy Development (FUSED).

DBP bags regional award for energy efficiency program

DBP's Energy Efficiency Savings Financing Program (E2SAVE) was awarded a Plaque of Merit under the Environmental Development category for its efforts to promote energy efficiency in the country during the annual Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Awards held in Pasay City.

Social Services

DBP President and Chief Executive Officer Emmanuel G. Herbosa (second from left) is shown during the signing of the Memorandum of Understanding with the DSHUD that formalizes the Bank's support to the latter's housing program. Also shown in photo (from left to right) are Secretary Jose Rizalino L. Acuzar, Quezon City Mayor Ma. Josefina G. Belmonte, and Vice Mayor Gian Carlo G. Sotto; and Quezon City District 2 Representative Ralph Wendell P. Tulfo.

Agreement signed with DHSUD for housing of informal settlers

DBP signed an agreement with the Department of Human Settlements and Urban Development (DHSUD) for the crafting of a financing scheme that would provide affordable and decent homes for informal settlers. Under the agreement, DBP will provide the necessary financial and technical assistance to the state housing agency to help address the country's mass housing requirements through the construction of one million units annually until 2028.

Financing pact signed with key shelter agency

DBP signed a memorandum of agreement with the Social Housing Finance Corporation (SHFC), to provide financing to qualified housing contractors and developers in order to expedite the completion of socialized housing projects. The bank's loan assistance will provide short-term loans to SHFC-accredited contractors and developers and advance payment for housing projects approved by SHFC for community associations participating under its Community Mortgage Program.

Present during the signing of the memorandum of agreement were (from left) SHFC Executive Vice President Atty. Junefe G. Payot; SHFC President Atty. Arnolfo Ricardo B. Cabling; DBP President and Chief Executive Officer Emmanuel G. Herbosa; DBP Senior Vice President Paul D. Lazaro; and DBP Vice President Rustico Noli D. Cruz.

Hospital firm receives ₱1.6 billion grant to boost healthcare in Central Luzon

DBP extended Php1.6 billion financing assistance to Luzon Alliance Medical Center, Inc. (LAMCI) to boost the accessibility and quality of healthcare in the Central Luzon region. The loan was granted under the DBP Strategic Healthcare Investment for Enhanced Lending (SHIELD) program and would be used to finance the construction of an eight-story hospital building and the purchase of various medical equipment. The new LAMCI facility would provide an additional 200 beds, a cancer treatment facility and is expected to be one of the largest hospital facilities in the town of Guiguinto in Bulacan province.

Present during the signing of the loan agreement were (sitting, from left) LAMCI Treasurer Dr. Jane Cleofe-Panaligan; DBP Senior Vice President Catherine T. Camarao; LAMCI President Dr. Oscar C. Evangelista; DBP President and Chief Executive Officer Emmanuel G. Herbosa; LAMCI Chairman Dr. Roberto M. De Leon; and DBP Senior Vice President Paul D. Lazaro. Joining them were (standing, from left) LAMCI Director Dr. John Jerlyn G. Cruz; LAMCI Founder Sheila E. Mendoza; DBP Regional Lawyer Atty. Jose Manuel J. Calderon; DBP Senior Manager Manuel B. Coronel; DBP Manager Joanna Lyn A. Luna; LAMCI Director Dr. Elvin O. Lim; LAMCI Director Dr. Paul Ruel C. Camina; LAMCI Hospital Architect and Founder Alexander R. Balce; and DBP Senior Assistant Vice President Regin C. Soliman.

Funding support worth ₱1.125-billion extended for new hospital in Pampanga

DBP extended Php1.125 billion in funding support to help build the Marquee Doctors Medical Center, Inc. (MDMCI) in Pampanga. The Bank's credit assistance will be used for the construction of MDMCI's eight-story hospital building as well as to acquire various hospital machineries and equipment.

DBP bankrolls pioneer hospital in Bataan town

DBP granted Php715 million in funding support to Mt. Samat Medical Center (MSMC), a start-up Level Two hospital of the Allied Care Experts (ACE) Group, for a new medical facility in the Municipality of Pilar, Bataan Province.

Present during the signing of the loan agreement were (seated, from left) ACE-MSMC President Rachieli T. Tesorio; DBP President and CEO Emmanuel G. Herbosa; ACE Group Chairman Amado Manuel C. Enriquez, Jr.; and DBP Senior Vice President Catherine T. Camarao. Joining them were (standing, from left) DBP Senior Assistant Vice President Regin Soliman; ACE-MSMC Director Rogaciano Mariano; ACE-MSMC Treasurer Carl Julius Tong; ACE-MSMC Vice Chairman Darwin Oandasan; ACE-MSMC Corporate Secretary Jefferson Alamani; and DBP Manager Joanna Lyn Luna.

DBP eyes added support to local inventors

DBP extended financial grants to three outstanding local inventors who won a national competition for the most promising solutions and technologies for critical sectors of the economy. The winners of the competition were Rodrigo Duque for his "Portable Unihoused Water Purification and Sterilization Apparatus," Justino Arboleda for his "Method of Producing Coco Board and Product thereof for Various Housing and Carpentry Works,"and William Chua for his "ManilaBlock: an interlocking building block."

Shown in photo during the The Inventor's Pitch Awarding Ceremony are (from left) DBP Executive Vice President Paul D. Lazaro; DBP Development Advocacy Committee Chair Director Dante V. Liban; DBP Director Maria Lourdes A. Arcenas; Inventor Justino Arboleda and DBP President and Chief Executive Officer Emmanuel G. Herbosa.

DBP inks pact with 10 Higher Educational Institutions for scholarship program

DBP launched its fourth batch of scholars under its flagship corporate social responsibility (CSR) initiative, the DBP Resources for Inclusive and Sustainable Education (RISE) scholarship program. Under the program, 510 deserving students from underprivileged Filipino families can pursue tertiary education in 10 DBP-accredited partner Higher Educational Institutions (HEI). The 10 partner schools for the fourth batch are: Asian Institute of Maritime Studies; Pamantasan ng Lungsod ng Maynila; St. Dominic College of Asia, Cavite; STI Colleges, Inc.; Technological University of the Philippines – Visayas; University of Cebu; West Visayas State University, Iloilo; Mindanao State University, Marawi City; Mindanao State University – General Santos City; and University of Science and Technology of Southern Philippines.

2022 AWARDS AND ACCOLADES

Back to Table of Content

OUR WINNING LEGACY

Global Performance Excellence Award (GPEA)

Quest for Excellence Award

Bureau of Treasury

BTr's Government Securities Eligible Dealers (GSED) – Market Maker

Social Security System

Best Disbursement Partner – Special Citation

APQO International Best Practice (AIBP)

Gold Award for DBP RESPONSE Program

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Awards

Merit Award for Environmental Development - E2SAVE Program

DBP RESPONSE Program

Public Relations Society of the Philippines (PRSP) 57th ANVIL Awards

Silver Award for "Kwento Ko, Kwento Mo?" for Public Relations Tools

Back to Table of Content

SEVEN DECADES OF DEVELOPMENT BANKING

1947

Post-War Rebuilder as RFC

DBP's predecessor, the Rehabilitation Finance Corporation (RFC), is created to fund rebuilding efforts after World War II. RFC lends substantial amounts to rebuild damaged homes and offices and to construct new housing projects.

1950s

RFC to DBP: Driving Agricultural to Industrialized Transition

RFC grants a total of Php300 million for industrial and agricultural loans. In 1958, R.A. 2081 converted RFC into the Development Bank of the Philippines, with the main goal of spurring change from an agricultural to an industrialized economy.

1960s

10x Borrowing Capacity then Debut as Investment Bank

The Congress broadens DBP's powers, increasing its capitalization to Php2 billion and borrowing capacity to 10 times its paid-in capital and surplus. Three years later, DBP marked its debut as an investment bank.

1970s

30th Year: Biggest Development Bank in Southeast Asia

DBP is recognized as Southeast Asia's largest development bank, with industrial loans taking up 65.9% of new loans.

1980s

Good Housekeeping; Begins Cash Dividends to National Government

The 1986 Revised Charter of DBP called for a clean-up of the Bank's books, staff organization, and banking operations leading to the suspension of lending activities. DBP was able to bounce back in 1989, having resumed operations the previous year and its net income grew to Php1.07 billion and loan volumes up to Php4.62 billion. For the first time, DBP paid out cash dividends to the National Government.

1990s

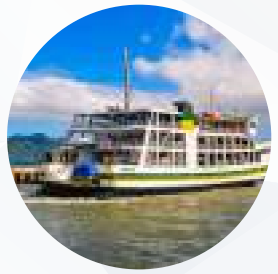
Ventures into Power Generation; Floats First Asian Yen Bond in 50th Year

DBP named as one of the World's Top Ten Banks by The Banker.

DBP extends financial assistance to power generating ventures.

DBP celebrates its 50th year with a Php20 billion Asian Yen Bond (USD169 million) floatation, the first of its kind in the region.

2000s



Launches Sustainable Logistics Development Program; Posts Highest Income in Six Decades

DBP launches the Sustainable Logistics Development Program in the early 2000s.

The Asian Banker ranks DBP as the Strongest Bank in the Philippines.

DBP net income reaches Php6 billion, highest in its 62 years history.

2010s

DBP as the Country's Infrastructure and SME Bank

DBP undertakes an overseas fund-raising initiative generating USD300 million for the government's Public-Private Partnership program.

DBP is hailed as the country's "Infrastructure Bank" with its loan portfolio beefing up with infrastructure and logistics projects.

DBP is also named "SME Bank of the year" by The Asian Banker-Philippine Country Awards

2020s

Php1 Trillion Bank for Sustainable and Resilient Philippines

DBP hits the Php1 trillion asset mark

Today, DBP continues to be the country's "Infrastructure Bank" and supports the government's efforts towards building a resilient economy through broader financial inclusion and sustainable infrastructure development. Focusing on sectors with the biggest and most immediate impact on every Filipino's well-being, DBP has put in place a comprehensive framework to spur progress in vital sectors of the economy – infrastructure and logistics; social services; micro, small and medium enterprises; and the environment.

HOW WE CREATE VALUE
STRATEGY ROADMAP

Back to Table of Content

OUR CAPITAL

Financial
Robust Financial Foundation

Php1.05 trillion
in total assets

Php80.35 billion
in total capital

Manufactured and Intellectual
Widespread access to Banking Services

146
branches and branch-lite units nationwide

1,003
ATMs nationwide

2,854
customer touchpoints

35
lending centers

Leader in sustainable finance

Human
Values-oriented workforce

3,248
employees

100%
of regular employees provided with training

46
average training hours per employee

Social and Relational
Collaborative partnerships with stakeholders

Support for National Government and LGUs

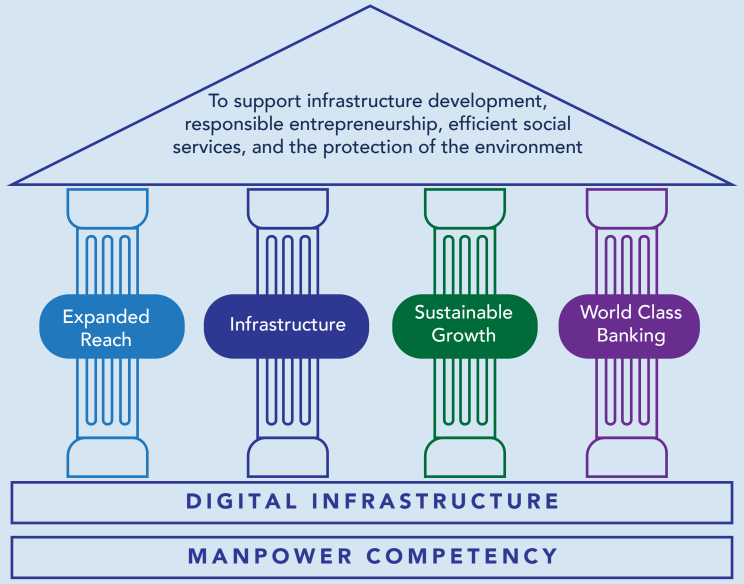
Partnership with fintechs

Natural
Bank for the Environment

21 years
certified Environmental Management System under ISO 14001

Sole Philippine bank signatory to UNEP FI Principles for Responsible Banking

VALUE CREATION STRATEGY



BROAD-BASED STRATEGIES

SUSTAINABILITY PLAN

THE VALUE WE CREATE

Development Impact
Supporting the Nation's goals and progress

Loan Portfolio Per Priority Area

Php297 billion
Infrastructure & Logistics

Php106 billion
Social Infrastructure

Php32 billion
MSMEs

Php54.6 billion
Environment

61.33%
Countryside Reach

Finance
Strengthening the Bank's financial structure

Php323.88 billion
CASA OPB

68.18%
Operating budget utilization

Php3.82 billion
Net Income

Constituency
Improving customer experience

94.07%
Customer Satisfaction %

Internal Process
Improving operational resources and process efficiency

Decreasing energy intensity per employee

67.98%
ATM Availability

Organization
Developing motivated, competent and values oriented

96.7%
of manpower meeting competency standard

Continued IMS Certification

ICT Projects:
1. iHRIS Enhancement
2. Cyber Threat Management (Shared Defense)
3. Electronic Requisition Procurement Inventory Control and Accounting System
4. Wifi Updating

Back to Table of Content

OPERATIONAL HIGHLIGHTS

DBP supports the National Government's "Ambisyon Natin 2040" agenda, with 77% of its total portfolio on infrastructure, providing economic and social value to stakeholders

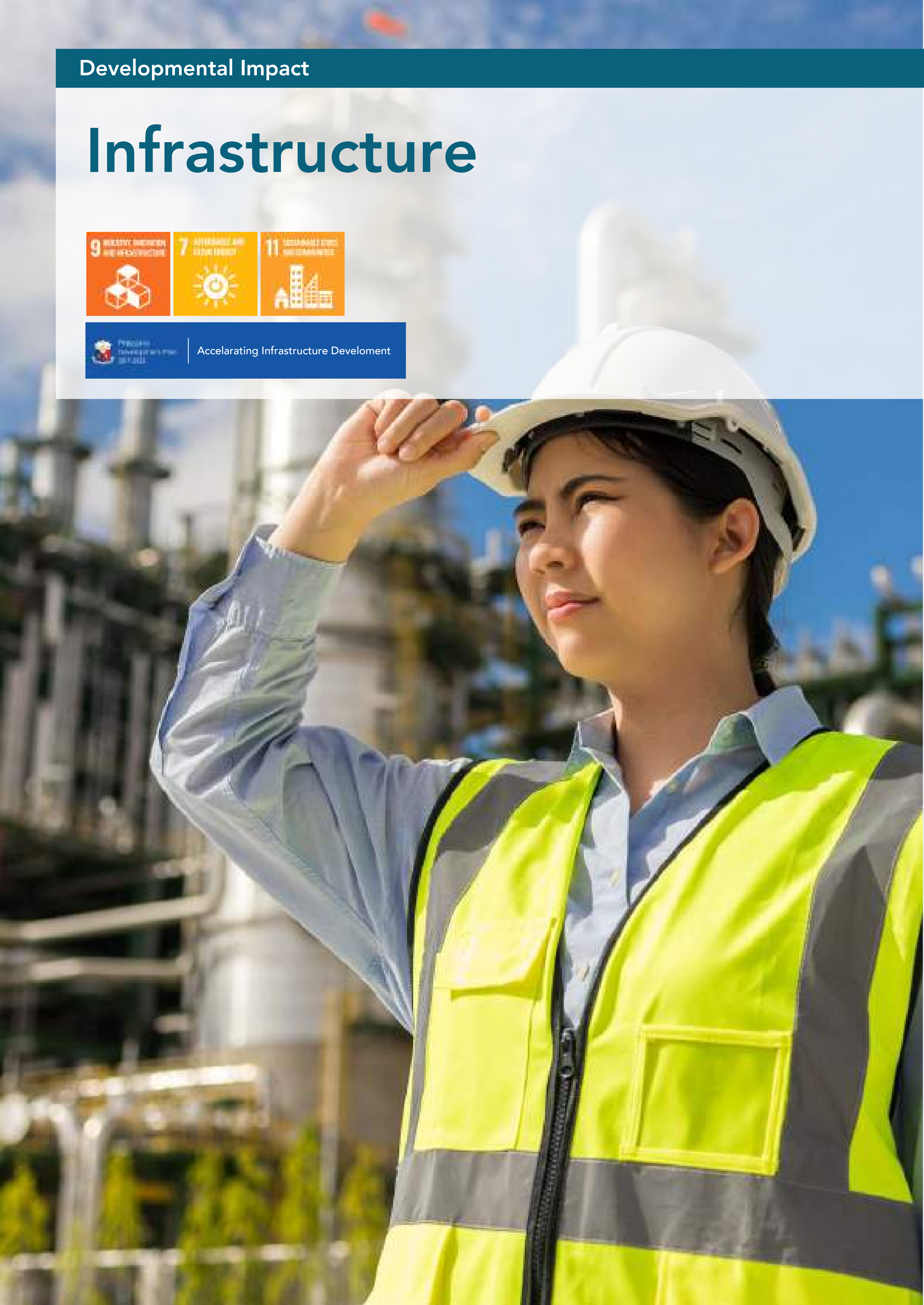
Developmental Impact

Back to Table of Content

Supporting Sustainable Economic Growth

DBP extends funding to initiatives that provide optimal development impact to its key clients while ensuring profitability and sustainability for the bank. Presently, DBP's loan programs cater to four strategic sectors – infrastructure and logistics; micro, small and medium enterprises; environment; social services and community development.

Infrastructure



Accelarating Infrastructure Develoment

Infrastructure development is a critical pillar of the Philippine Development Plan 2017-2022 and AmBisyon 2040, the country's long-term vision for inclusive and sustainable growth. As the foundation of a nation's socio-economic development, infrastructure enables mobility, trade, and communication and supports essential services such as energy, water, and sanitation. The country needs to invest in transformative infrastructure that is resilient to climate change and meets the needs of a growing population.

DBP is at the forefront of efforts to transform lives through infrastructure development. Collaborating with stakeholders across the public and private sectors, DBP supports projects that connect communities, generate economic opportunities, and protect the environment, helping to build a more connected, prosperous, and sustainable future for the Philippines.

Connecting Rural Urban Intermodal Systems Effectively (CRUISE) is DBP's umbrella initiative for connectivity infrastructure which supports investments in the transport, logistics and tourism sectors and related information technology and climate change adaptation/risk mitigation requirements of the public and private sectors. Projects financed under the CRUISE Program provides access to a broader market, facilitate transfer of goods and services, reduce transport cost, and increase accessibility of people in the area. The road infrastructure established connectivity among the different provinces and municipalities. Financed cold storage facilities ensured availability of commodities and improve quality.

Water Transport Infrastructure

60 vessels

- 20 RORO vessels with a total gross tonnage of 18,342
- 6 cargo vessels with a total gross tonnage of 15,868
- 3 cargo and passenger vessels with a total gross tonnage of 171
- 10 passenger/RORO vessels with a total gross tonnage of 14,531
- 2 tanker vessels with a total gross tonnage of 422,870

Logistics Infrastructure

6 cold storage facilities

with a capacity of 300,000 metric tons

41 public markets

with 3,442 stalls

Road Transport Infrastructure

61 public utility vehicles

- commuter vans and tracking
- public utility jeepneys (PUJs)
- 235 passengers total capacity

440.62 kms roads

- 24 farm-to-market roads (243.94 kms.)
- 8 barangay roads (50.24 kms.)
- 5 provincial roads (110.77 kms.)
- 8 municipal roads (27.17 kms.)
- 1 toll road (8.50 kms.)

144 linear meter bridge

Tourism Infrastructure

31 tourism facilities

- 16 hotels with 304 rooms
- 5 resorts with 203 rooms
- 6 restaurants
- 4 pension houses/apartelles

DBP PASADA (Program Assistance to Support Alternative Driving Approaches) is DBP's response to the government's call to modernize and replace old jeepneys with brand new and energy efficient public transport vehicles. It includes support facilities for the proper operation and maintenance of PUVs to achieve a well-managed, environmentally and sustainable transportation system. Through the Bank's PASADA, routes were improved by providing passengers with better service, comfort and safe travel with the availability of modernized PUJs. The program also helped reduce air pollution with the efficient and environment friendly Euro 4 and electric jeepneys.

3,891 vehicles replaced

- 3,693 Euro 4 compliant vehicles
- 198 e-vehicles
- 50 additional routes providing access to public transportation

103 transport service entities

- 92 transport cooperatives assisted
- 11 transport corporations assisted

DBP's push for infrastructure development is to support the adminstration's focus on the "Build Better More" program.

Infrastructure Contractors Support (ICONS) As the country's infrastructure bank, DBP extends direct financing to construction contractors as a complementary mode to the country's "Build, Build, Build" and "Public-Private Partnership" programs.

Php130.4 billion loan releases
to 530 PCAB-licensed contractors

- 5,667 Government Contracts amounting to Php1.25 trillion
- 282 Private Contracts amounting to Php14.93 billion

Financing Utilities for Sustainable Energy Development (FUSED) Program serves as DBP's platform for power generation and distribution sectors. It aims to increase access to electricity services through financing to achieve inclusive growth and poverty reduction.

By the end of 2022, the program achieved the following:

2,174.12 MW
Addtional installed capacity financed (potential)

- 1,.690 MW Conventional Energy
- 484 MW Renewable Energy
- 2,044 MW Operational

376.30 MW
Operational RE Capacity

153.19 km
Aggregate length of distribution lines constructed

104.06 kVA
Aggregate Substation Capacity for power distribution projects

DBP's Electric Cooperative Loan Take-Out Assistance from PSALM (DELTA-P) is a program that aims to standardize the procedures and loan packaging requirements of the Lending Units for target electric cooperatives' loan take out from PSALM Corp.

Php23.56 million
Savings of electric cooperatives from DELTA-P

DBP-Mindanao Development Assistance (DBP-MinDA) Financing Program aims to address the challenges faced by Mindanaoans. It seeks to attain Peace, Prosperity and Poverty Reduction, among others, for the geographically isolated and disadvantaged areas in Mindanao through the provision of potable water supply and irrigation.

Solar Merchant Power Plant (SMPP) Financing Program supports 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 power capacity from 2.16 GW in 2020 to 15.9 GW by 2030.

FEATURED PROJECTS

INFRASTRUCTURE | MEGASHIP BUILDERS, INC.

The DBP-funded spillway has significantly improved Megaship Builders' operations. Previously, they were only able to turn over two ships in a month, now, they can accommodate six to eight vessels within the same period.

At the Helm of the Maritime Industry

Established in 2012 by the father-son tandem of Engineer Manuel Chua and Engineer Francis Lloyd Chua, Megaship Builders, Inc. (MBI) has emerged as a key player in the Philippine maritime industry, focusing on shipbuilding and repair. As the first shipyard in Eastern Visayas, Megaship Builders offers two dry-docking methods: marine airbag technology and the traditional standard carriage-type method. Their comprehensive services include shipbuilding, repair, conversion, drafting and design, mechanical works, and propeller repair.

With offices in Makati City and a shipyard in Albuera, Leyte, Megaship Builders aims to expand its operations by constructing additional shipyards in Bataan and Davao. The company boasts an impressive clientele, including private companies and government agencies, with an ongoing project in partnership with the Philippine Navy. Local shipping companies such as Archipelago Philippine Ferries, Industry Movers Corporation (a sister company), Golden Star, and many others operating in Central and Western Visayas rely on Megaship Builders for their shipbuilding and repair needs.

As the Philippine Shipyard Modernization Program presents new opportunities in the maritime industry, Megaship Builders seeks to enhance local capabilities, upgrade facilities, and foster domestic and international partnerships. It aims to attract local and foreign investors, stimulate employment, and create a lasting legacy within the local community.

Megaship Builders' decision to become a client of the DBP was influenced by the Bank's sterling reputation in the Philippine financial industry and its track record of offering customized solutions for businesses. Positive recommendations from trusted partners further solidified MBI's confidence in choosing DBP as their banking partner. DBP's fees, financial products, and terms have significantly benefited the company, increasing its revenue and growing its client base. The financial support extended by DBP has not only fueled MBI's business growth but has also profoundly impacted the socioeconomic development of the community it serves.

An exemplary project facilitated by DBP is the slipway, which has revolutionized the country's maritime industry. This state-of-the-art facility for building and repairing large ships has created numerous job opportunities and stimulated economic activity. Moreover, the slipway's contribution to the country's infrastructure has improved the transportation of goods by sea, potentially boosting revenue by up to 50%.

Thanks to DBP's financial support, MBI has significantly increased its operational capacity. Previously limited to handling two ships per month, MBI can now deliver an impressive six (6) to eight (8) vessels within the same timeframe. This enhanced productivity has undoubtedly strengthened MBI's position in the market. Furthermore, MBI actively collaborates with vital maritime associations such as the Shipbuilding Association of the Philippines, demonstrating a commitment to fostering partnerships and further advancing the industry's growth.

Megaship continues the modernization of their facilities by building more infrastructures to efficiently handle their operations.

Megaship Builders has implemented various sustainable practices to promote environmental conservation in the company and industry. These practices include using solar LED street lights to replace conventional metal street lights, solar panel lights for material facility storage and illumination, and LED bulbs in offices. Additionally, the company has established a lights-off policy during noon breaks in all offices to save energy. Solid waste is also segregated, sealed, and stored for scrap buyers, while used oil is recovered and disposed through a DENR-accredited transporter or storage facility. In addition, discarded metal plate scrap is sold to metal processing or melting facilities. An oil spill boom has been provided for rapid response in preparation for potential oil spills. The company also plans to install a rainwater harvesting tank on a proposed shipyard building.

During the construction of the slipway, Megaship Builders took measures to protect water and marine life by implementing breakwaters in areas with ongoing earth-moving activities to control the turbidity of seawater along the shoreline. These structures near waterways are common sources of pollution. In day-to-day operations, the company adheres to the DENR environmental compliance certificate requirements, which include conducting water sampling for oil and grease within acceptable limits. MBI also ensures the recovery of potential pollution items from generation to disposal. To handle environmental responsibilities competently, they have established an oil spill response team, obtained DENR-EMB accreditation, and appointed an accredited pollution control officer. Moreover, Megaship Builders presently holds three ISO certifications.

On the socioeconomic impacts brought about by the company to the community, Megaship Builders prefers to hire locals from Albuera, Leyte, where the shipyard is located. In turn, this will be able to provide jobs for members of the community as well as other nearby places. The majority of the company's employees hail from Leyte. It also looks to local institutions such as schools and the LGUs for help finding suitable employees.

As for CSR activities, MBI's initiatives include community feeding programs, clean-up drives, and sponsorship of events like town and barangay fiestas. Cooperation with the Albuera Municipal Government ensure the smooth operation of these initiatives.

In the future, Megaship Builders intends to develop and diversify the business, but is currently focused on shipyard expansion. Although MBI is proceeding cautiously, given the changing economic climate, it has high hopes for the company's future growth and diversification. Based on experience, Megaship Builders has developed a strong sense of confidence and loyalty with DBP in providing financial assistance for its business ventures since it is strengthening its collaboration with DBP with continuing initiatives. The company has expressed its eagerness to work with DBP on such initiatives in the future.

The collaboration between DBP and Megaship Builders has proven to be a winning formula, fueling business growth, socioeconomic development, and industry advancement. As Megaship Builders continues to thrive, it remains dedicated to its partnership with DBP, leveraging its expertise and support for a prosperous future.

FEATURED PROJECTS

INFRASTRUCTURE | ILOCOS NORTE PROVINCIAL GOVERNMENT

As Ilocos Norte marches forward, DBP's collaboration with the Provincial Government exemplifies the Bank's commitment to empowering communities and fostering economic progress. Through the execution of these vital projects, DBP and Ilocos Norte are charting a path and making remarkable strides that will shape Ilocos Norte and uplift the lives of its people.

Charting a Path to a Sustainable Future

In an endeavor that promises to reshape the landscape of Ilocos Norte, the DBP has formed a dynamic alliance with the Provincial Government to spearhead transformative projects. With a focus on infrastructure and economic growth, DBP's partnership with the Provincial Government of Ilocos Norte highlights the Bank's commitment to fostering progress and investment in local communities.

As a trusted financial institution, DBP has been the depository bank for Ilocos Norte since 1990. In 2006, the Provincial Government availed a loan from DBP to finance vital construction projects, including the Plaza del Norte. This initial collaboration marked the beginning of a beneficial alliance between DBP and Ilocos Norte.

Ilocos Norte is an emerging industrial and economic hub in the north and it is also the hometown province of President Ferdinand "Bongbong" Marcos, Jr.

The Provincial Capitol building's extension is intended to support improved governance and the provision of public services.

DBP established a collaborative partnership with the Provincial Government of Ilocos Norte to lead a series of significant initiatives referred to as the "Big 3," which are anticipated to impact the region's environment significantly. These initiatives, which prioritize improving infrastructure and empowering local communities, are expected to generate economic expansion and improve the overall standard of living in the province.

The "Big 3" initiatives constitute a comprehensive master plan designed to establish Ilocos Norte as a prominent hub for investors and businesses. The Provincial Capitol building's extension is the first project, and it is intended to support improved governance and the provision of public services.

The project seeks to optimize administrative capabilities and use the province's capacity to address the changing requirements of its constituents by establishing a contemporary and effective workplace for local officials.

Simultaneously, the revitalization of the Dap-ayan Commerical Building is poised to invigorate the regional economy and enhance the livelihoods of farmers and entrepreneurs in the province of Ilocos

The Dap-ayan commercial building will be housing food hubs and will help empower the local farmers, cooperatives and entrepreneurs.

INFRASTRUCTURE I PROVINCIAL GOVERNMENT OF ILOCOS NORTE

The word "Dap-ayan" means a place of gathering in Ilocano. This project will serve as a central hub for the Ilocano community, bringing together government and private offices, as well as local stores to support entrepreneurs in the region.

Norte. The renovated commercial building will create a bustling marketplace, giving regional producers a space to market their goods and grow. Through the cultivation and development of a resilient agricultural sector, this initiative will significantly contribute to the economic advancement and sustenance of food security within the region.

As part of the "Big 3," the complete rehabilitation of the Ferdinand E. Marcos Memorial Stadium is intended to increase the sports tourism potential of Ilocos Norte. The stadium's improved facilities and modern infrastructure will serve as a magnet for domestic and international athletic events, enticing a significant influx of tourists and generating lucrative prospects for local businesses and tourism-related sectors. This program is in accordance with DBP's dedication to promoting sustainable tourism and improving local livelihoods. The Provincial Government plans to use the stadium's modern facilities in time for the Palarong Pambansa in 2025.

The outcomes of DBP's collaboration with Ilocos Norte transcend the scope of these initiatives. The support DBP provides includes various activities, such as financial aid, technical guidance, and initiatives related to corporate social responsibility. These efforts are aimed at promoting sustainable growth and fostering equitable development across the entire province.

One of the cornerstones of Ilocos Norte's sustainability efforts is the integration of green engineering principles throughout the construction of their buildings. Recognizing the

Nearing completion in time for the 2025 Palarong Pambansa, the Ferdinand E. Marcos Memorial Stadium will be an asset to the province.

importance of environmentally friendly infrastructure, the province consulted with experts in the field to ensure that their structures align with sustainable practices. Notably, installing solar panels at the stadium has partially shifted the power source towards renewable energy, reducing carbon footprint and reinforcing the province's dedication to sustainability. On the other hand, to conserve water resources, Ilocos Norte has implemented rainwater catchment systems, allowing them to harness and utilize rainwater for various purposes. Another critical aspect of Ilocos' sustainability practices is using Sewage Treatment Plants (STPs) to process and treat wastewater effectively. These STPs play a vital role in minimizing pollution and protecting the surrounding ecosystems, ensuring a cleaner and healthier environment for both residents and visitors.

In relation to sustainable practices, it is important to mention Barangay Poblacion in Burgos, Ilocos Norte, as a community where sustainability is practiced and valued.

The barangay was recognized as a Top 5 Grand Winner in the Bayanivation 2.0: Barangay Innovation Challenge Competition 2022. The barangay officials led the effort to create an incentive system where residents could trade their plastic trash for food, clothing, and other essentials. This initiative was chosen to address the problem category they were assigned under the Environment and Sustainability Area. Organized by the Department of Interior and Local Government (DILG), Bayanivation is a countrywide initiative that seeks to promote Local Government digital transformation and civic innovation.

As Ilocos Norte marches forward, DBP's collaboration with the Provincial Government exemplifies the Bank's commitment to empowering communities and fostering economic progress. Through the execution of these vital projects, DBP and Ilocos Norte are charting a path and making remarkable strides that will shape Ilocos Norte and uplift the lives of its people.

FEATURED PROJECTS

INFRASTRUCTURE | CAMOTES FERRY SERVICES

Smooth Sailing Partnerships

Spouses Mario and Patrocinia Pagalan, recognized the transportation challenges in Ormoc City, Leyte, prompting them to provide a small vessel for commuting between the city and Camotes Islands. It started as a motor bangka (narrow wooden boat) operator in 1984. However, their fleet expanded over-time to accommodate more passengers, striving to offer reliable transportation services. Since then, Camotes Ferry Services has continued its invaluable service to the local communities of Camotes Islands and Leyte.

In 2017, during the transport modernization program initiated by the national government, Camotes Ferry Services sought a financing partner. The transportation service was introduced to the DBP through its collaboration with Megaship Builders (a DBP client responsible for constructing their vessel). DBP's Connecting Rural Urban Intermodal Systems Efficiently (CRUISE) Program provides credit assistance to the maritime sector in support of the Maritime Industry Development Plan (MIDP) and Philippine Development Plan (PDP) and thus, funds the loan extended to borrowers such as Camotes Ferry Services. This program also aids in achieving Sustainable Development Goal 11 (SDG 11).

Financing this project means that people traveling between the Camotes islands, Cebu and mainland Leyte may count on fast, efficient, and secure boat transportation. Additionally, it supports MARINA's Vessel Retirement/Replacement Program, which seeks to foster robust local shipbuilding industries, specifically for replacing wooden-hulled vessels. The program aims to cultivate a modern, regionally competitive fleet meeting established safety standard. In addition, DBP proved to be an accommodating and flexible partner for Camotes Ferry Services, offering crucial support during the pandemic through the Bayanihan program.

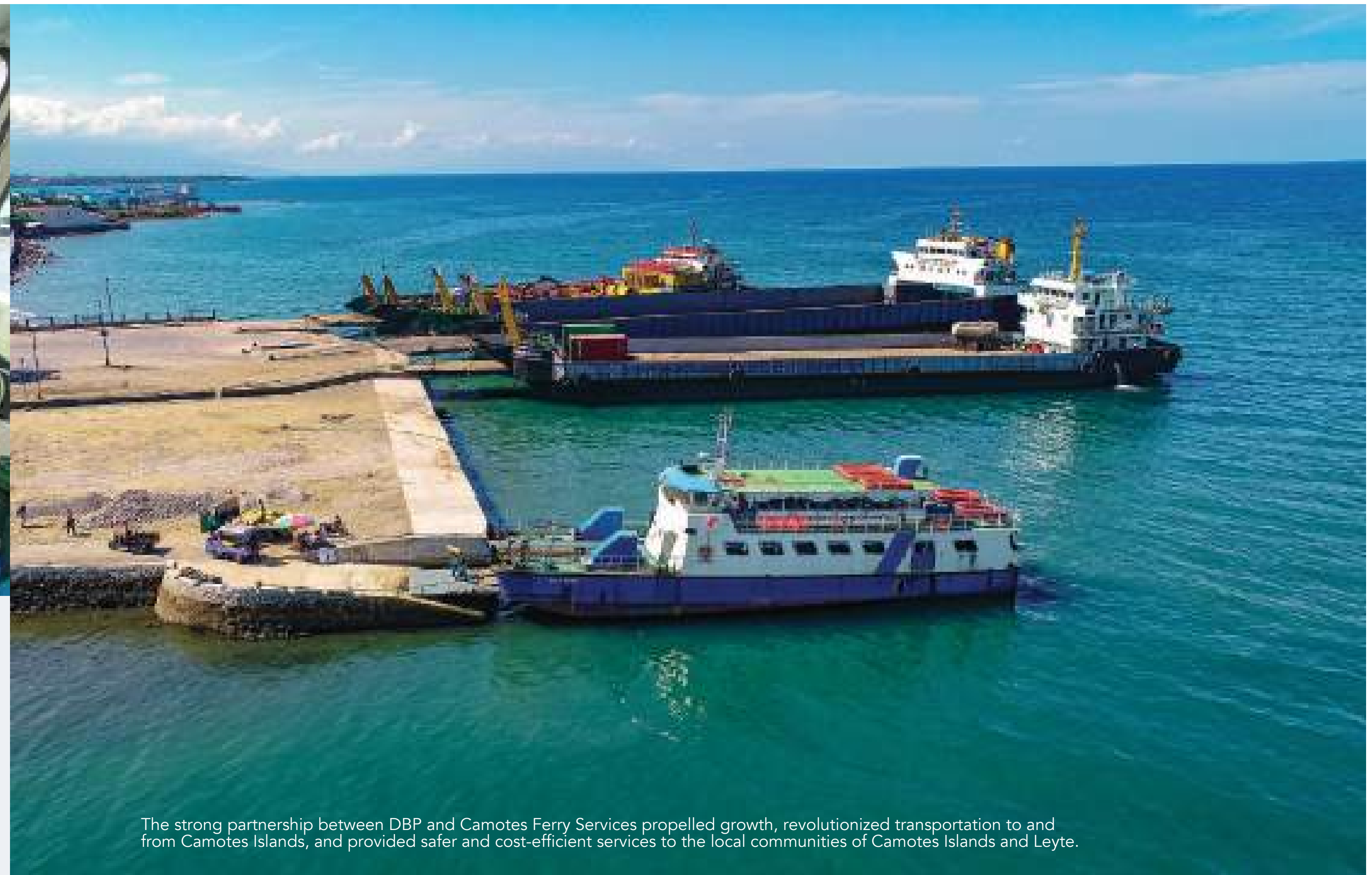
This strong partnership with DBP propelled Camotes Ferry Services' growth, upgrading their operations from motor bankas to modern, hybrid passenger and cargo vessels. As a result, they revolutionized transportation to and from Camotes Islands, providing safer and more cost-efficient services. The reduced transportation costs

Marjun Pagalan (right), who oversees the daily operations of Camotes Ferry Services alongside the Captain (left) of their ro-ro vessel, MV Junmar 8.

have positively impacted vendors, enabling them to transport goods in bulk, promoting efficiency, and fostering market growth. The socioeconomic development on the island has been uplifted as a result.

Apart from their partnerships with DBP and Megaship Builders, Camotes Ferry Services collaborates with the Eastern Visayas Maritime Transport Cooperative (EVMTC) to support the local marine transport system and encourage modernization in the industry. It also undergoes annual inspections by MARINA, with mandatory dry-docking every two years to inspect vessels' hulls and resolve any issues. In addition, it implements its inspections and maintenance through the Safety Management System (SMS), conducting quarterly checks to ensure proper handling of cargo and machinery. Despite being a small company, Camotes Ferry Services prioritizes safety and rules compliance to uphold their business operations effectively.

Implementing sustainable practices is vital in Camotes Ferry Services' daily operations. They have a safe disposal system for port garbage, fully implement garbage segregation on their vessels, and manage wastewater through proper sewage disposal. With a responsible approach, they ensure



The strong partnership between DBP and Camotes Ferry Services propelled growth, revolutionized transportation to and from Camotes Islands, and provided safer and cost-efficient services to the local communities of Camotes Islands and Leyte.

Camotes Ferry Services employs local members of the community, with most of their staff, including the captain, being residents of Camotes Islands

minimal impact on the ocean's pollution, utilizing dispersants for potential oil spills and appropriate disposal of used oil. They also actively collect and sell used oil to third-party companies for recycling, preventing environmental harm. As for employment, they prioritize hiring from the local area, with most of their staff, including the captain, being residents of Camotes Island. By embracing sustainability and responsible practices, Camotes Ferry Services aims to protect the environment and contribute to the well-being of its local community.

FEATURED PROJECTS

INFRASTRUCTURE | CARWILL CONSTRUCTION, INC.

Upholding Sustainable Development through Innovative Practices

Founded in 1994 in Davao City, Carwill Construction is a reputable construction company that delivers exceptional projects. With a primary focus on Mindanao-based projects, the construction company rapidly became a go-to construction firm for diverse regional ventures.

Carwill Construction's successful track record began with the construction of Plaza de Luisa in Davao City. Soon after, the company's portfolio expanded to encompass a range of commercial ventures, including the construction of banks, gasoline stations, and other notable structures. The period between 1994 and 1998 was particularly pivotal for the company, as it marked a significant boom in the construction industry.

The building expertise of Carwill Construction also extended to critical infrastructure projects, such as the construction of the runway at Tawi-Tawi Airport. Its growing reputation earned the company prestigious projects, including the parking area of Festival Mall, the BSP building in Roxas City, and the Del Monte Fresh Produce Philippines facility.

Carwill Construction formed a beneficial partnership with the DBP to continue its rapid expansion and positively impact the local economy. The company chairman and president, Willy Ho, saw the value in forming partnerships with state banks like DBP and reached out to the Bank on his initiative. Describing the relationship with DBP, Ho highlighted the Bank's proficiency in handling and supporting businesses. This synergy played a crucial role in their successful collaboration.

For strategic financing, Carwill Construction availed of DBP's ICONS program. The Infrastructure Contractors Support (ICONs) Program of DBP bolsters the National Government's infrastructure initiative, particularly its Public-Private Partnership program, by directly funding construction contractors as a supplementary way to fund various infrastructure investments. This program funded the construction company's major projects.

One notable initiative funded through DBP's revolving promissory note line is the development of projects in the Davao Global Township. The collaboration with

Innovative partnerships, like those that made Carwill Construction's DBP-funded projects a success, are the engine that drives social and economic progress. Carwill and DBP have amplified their impact on the regional economy by pooling their expertise, resources, and shared goals.

Carwill Construction, Inc. has been involved in a wide array of projects such as commercial buildings, irrigation/structures for flood control, parking areas of Festival Mall and BSP Roxas City and notably, the runway of Tawi-Tawi airport.

DBP empowered Carwill to take on ambitious projects and allowed them to positively impact the economy by generating employment opportunities. It facilitated the construction of a tennis ball manufacturing plant for Head Sport, Philippines a prominent global producer and distributor of high-quality sports equipment and one of the biggest tennis ball manufacturer in the world. This project alone is expected to create 1,000 jobs, resulting in a surge in demand for rubber in the region.

In the construction of the HEAD Sport, Philippines facility, Carwill Construction incorporates processed ash; a byproduct from coal plants. This ash is blended into the concrete and is used for soil stabilisation, concreting of roadways, flooring, and paved surfaces, effectively lowering the environmental impact by decreasing the amount of conventional concrete needed. Furthermore, the installation of solar panels is planned as an eco-friendly feature, utilizing renewable energy and diminishing the dependence on conventional electricity sources.

Another sustainable feature is the Diamond Tower, a building constructed by Carwill Construction in partnership with Damosa Land. The structure incorporates low emissivity glass, which significantly reduces energy consumption. Additionally, exterior fins are strategically placed to block excess sun rays, enhancing energy efficiency and minimizing reliance on air conditioning systems.

In addition, Carwill Construction carefully considers environmental impact, by utilizing machines equipped with Euro 5 engines to ensure smoke-free operations. By prioritizing environmentally friendly technologies, Carwill minimizes pollution and safeguards local ecosystems.

For this socially responsible company, giving back to the community is integral to its corporate philosophy. Carwill Construction actively engages with the religious community to initiate impactful programs, such as feeding programs for 200 children, medical missions, and scholarships. Also, the company chairman and president donated a building to the Archdiocesan Nourishment Center, Inc. (ANC) in Davao. These initiatives exemplify the company's dedication to making a lasting and positive impact in its community.

Innovative partnerships, like those that made Carwill Construction's DBP-funded projects a success, are the engine that drives social and economic progress. Carwill and DBP have amplified their impact on the regional economy by pooling their expertise, resources, and shared goals.

Carwill uses euro 5 engine machines, which doesn't emit smoke. Thus, leading the way towards sustainability through the use of environment-friendly equipment.

FEATURED PROJECTS

INFRASTRUCTURE | DAMOSA LAND, INC.

The building has over 20,000 sqm of leasable space and is geared to becoming the premiere business address in Davao City.

Building Sustainable Structures for Regional Development

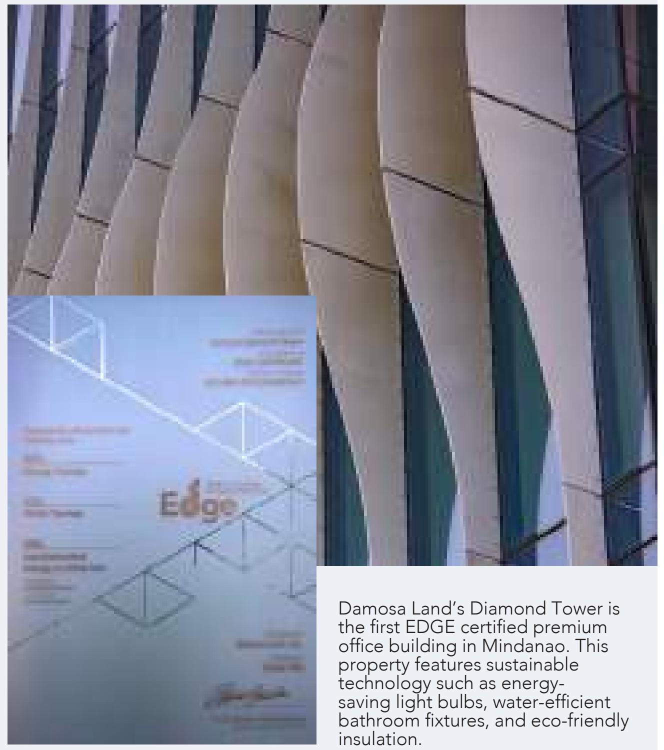
In recent years, sustainability has become a global concern in the real estate sector. As the demand for real estate and infrastructure development intensifies, the real estate sector must adopt sustainable practices that prioritize preserving the environment. Local real estate developers have emerged as pioneers, leading the way in sustainable development through their commitment to eco-friendly practices.

Damosa Land, Inc. (DLI) is a prominent builder of environmentally friendly real estate in Mindanao. Damosa Land is revolutionizing the Business Process Outsourcing (BPO) landscape in the country's Southern region with the support of the DBP. The real estate company and the Bank are both actively contributing to the government's Balik Probinsya Bagong Pag-asa (BP2) Program by contributing to local jobs and businesses through construction projects that encourage people to return to their home provinces and decongest urban areas, particularly Metro Manila. One key sector aligning with this program is the Business Process Outsourcing (BPO) industry, which offers opportunities for the English-speaking and digitally literate workforce in remote locations where BPO facilities and reliable internet connectivity are more crucial than a central address.

"For Damosa Diamond Tower, when our BPO tenants came in, they were able to collectively provide thousands of new job opportunities across three different companies. So, definitely that's something that adds to the local economy in Davao," shared Damosa Land President Ricardo F. Lagdameo.

In the Philippines, most BPOs are concentrated in Metro Manila, with most of the 1.3 million BPO workers reporting to their offices in the capital city. However, Damosa Land's IT Park in Davao City provides an attractive alternative. Currently hosting 40 locators, the park's latest addition is the Damosa Diamond Tower, a 15-story office building dedicated to BPO operations. Completed in 2022 with financing from DBP, the tower offers 20,000 square meters of leasable space, accommodating up to 4,000 employees from approximately 10 companies.

Indeed, DBP and Damosa Land remain committed to promoting economic growth in Davao and the rest of Mindanao by prioritizing the development of real estate sites that facilitate expansion while maintaining a sustainable approach.



Damosa Land's Diamond Tower is the first EDGE certified premium office building in Mindanao. This property features sustainable technology such as energy-saving light bulbs, water-efficient bathroom fixtures, and eco-friendly insulation.

Damosa Diamond Tower, a 15-story Grade A structure promoting "green architecture," debuted in 2022. Using less energy, water, and building materials than comparable buildings, this premium office complex in Mindanao has been awarded the prestigious Excellence in Design for Greater Efficiencies (EDGE) certification. Energy-efficient light bulbs, water-saving bathroom fixtures, and eco-friendly insulation are just a few examples of the sustainable technology included in the property, which makes it a forward-thinking development. Connected to the primary grid and offering access to alternative power sources, Damosa Diamond Tower is also dedicated to renewable energy generation. When compared to other Davao office buildings, Damosa Diamond Tower stands out due to its thoughtful design, cutting-edge amenities, and potential as an investment location.

In addition, the Philippine Green Building Council also awarded Damosa Diamond Tower with the Berde Certification, further validating the building's commitment to sustainability. The structure is also the recipient of several accolades from the Philippines Property Awards, including Best Office Architectural Design in 2019 and Best Office Development in 2020.

Likewise, DBP extended its funding to Damosa Land's industrial project called Anflo Industrial Estate (AIE), which allowed the company to continue its development even during the pandemic and close transactions for new investors to come in.

"Because we were able to bring in new investors in AIE, several of which were foreign, they were able to start putting up their factories, which also created a lot of job opportunities in the thousands. So, definitely, it's something that creates a multiplier effect because you create jobs right away," Lagdameo added.

The young executive bared that the company already has plans in place for projects that are related to tourism, office and innovation, continued expansion of its industrial park as well as its residential component, which is expected to rise across the Davao region and other parts of Mindanao such as Cagayan de Oro and General Santos City.

"So, hopefully, that's something that DBP will be interested in partnering with us again," Lagdameo said.

Indeed, DBP and Damosa Land remain committed to promoting economic growth in Davao and the rest of Mindanao by prioritizing the development of real estate sites that facilitate expansion while maintaining a sustainable approach. Their partnership not only aims to showcase the culture and potential of Mindanao but also to position the region on both local and global platforms.

MSMEs and Agriculture

Expanding Economic Opportunities in Industry and Services through *Trabaho at Negosyo*

Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries

DBP recognizes the prime role of agriculture and MSMEs in the Philippine economy, especially during these challenging times. The Bank is committed to helping secure the agricultural sector as well as MSMEs that will make a positive impact on our people and our country.

Sustainable Enterprises for Economic Development (SEED) is the DBP's umbrella program for micro small and medium enterprises (MSMEs). The SEED Program aims to spur the contribution of MSMEs to sustainable economic development. The program also aims to enhance access of MSMEs to credit facilities and fast-track the credit process; bring MSMEs in the mainstream of banking by implementing alternative ways to securing MSME loans; and maximize the Bank's lending reach and to help create employment opportunities.

- The **Rediscounting Line Facility** is a credit facility to supplement or augment funds needed by domestic financial institutions that serve as a conduit of funds with the primary purpose of financing start-ups or MSMEs. Availments of the rediscounting line are made against promissory notes of sub-borrowers. It includes those project/business-based enterprises and those for eligible salary-based general purpose consumption loans.

5,683
MSMEs sub borrowers

2,766
Agricultural Loan Borrowers

Php2.5 billion
provided to eligible financial institutions for re-lending to micro, small and medium enterprises and small-scale investors in the agriculture sector.

Php933.7 million
loans to agri-related projects

- **DBP-Credit Surety Fund (DBP-CSF)** is a special lending window in support of the Credit Surety Fund (CSF) Program of the Bangko Sentral ng Pilipinas, which aims to support growth of MSMEs which are short of acceptable collateral.

Php309 million
loan releases to
34 cooperatives

- The **Broiler Contract Growing Program (BCGP)** facilitates the expansion of poultry broiler contract growing projects, which can lead to increased poultry production. This, in turn, can meet the growing demand for poultry products in the market.

  The program serves as an income source for poultry farmers who participate in contract growing. It allows them to tap into a structured and potentially more profitable poultry production model, contributing to local economic development by creating jobs and supporting related industries, such as feed production and transportation.

  As of the end of 2022, the program handled 133 accounts with an approved amount of Php8.56 billion.

12.84%
Permanent and temporary jobs generated

296
Poultry Buidlings constructed

42.57%
Increase in Gross Income

- The **DBP RESPONSE** to accelerate **MSME Recovery (DBP RESPONSE-MSME RECOVERY)** is a program offering concessional interest rates and flexible terms to MSMEs affected by the COVID-19 pandemic particularly those engaged in agri-fishery and non-essential businesses, including start-ups and cooperatives. The program aims to contribute to the broader economic recovery by preserving jobs, sustaining supply chains, and fostering entrepreneurship.

  As of December 2022, the initiative has disbursed a cumulative amount of Php4.4 billion, directly benefiting 77 MSMEs and 46 financial institutions. These financial institutions, in turn, extended loans to a total of 252 MSMEs and 184 Agri-preneur sub-borrowers..

Php4.4 billion
loan assistance to

77
MSME
direct borrowers

46
Financial Instutions

252
MSME
sub-borrowers

184
agri-preneur
sub-borrowers

- **Swine Repopulation, Rehabilitation and Recovery (Swine R3) Credit Program** is a comprehensive initiative of DBP designed to support the national government's efforts in the recovery and repopulation of the local swine industry. Its provides financial support to medium and large-scale swine projects and backyard hog raisers, enabling them to adopt modern technologies, robust biosecurity measures and transition to sustainable swine farming methods.

151,546
Increase in Swine Production

Php836.8 million
Increase in Gross Income

- The **DA-ACPC-DBP BuyANihan Credit Program** is part of the Department of Agriculture's bid to further boost procurement of local palay to help farmers reeling from meager prices of their produce under the new rice regime. The 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.

2,642
farmers beneficiaries

- The **Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF** is a credit facility designed to provide support to rice farmers and their cooperatives. Its primary objectives are to enhance the productivity of local rice farmers and increase their income, particularly in the context of rice market liberalization, importation, and exportation in the Philippines. This program exemplifies DBP's innovative and comprehensive approach to agricultural lending, utilizing value chain financing to enhance the overall efficiency of the entire rice value chain. This approach acknowledges the diverse participants in the value chain and offers customized financing models tailored to meet their specific financial needs. Furthermore, it seeks to foster collaboration among key stakeholders, including farmers, LGUs, and other government agencies, with the goal of strengthening the market position of small-scale farmers.

  As of December 2022, the program had a total of 53 accounts with an approved amount of Php1.76 billion which benefitted a total of 26,664 individual farmers.

26,664
farmer beneficiaries

- 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.

Php10 million
loan releases as of December 2022

545
hectares of Plantation covered

FEATURED PROJECTS

MSMEs AND AGRI | ALL STAR AGRIVENTURES AND TRADING, INC. (ASATI)

All-Star Support for Poultry

All Star Agriventures and Trading, Inc. (ASATI) —the first poultry farm in Southern Tagalog and second in the Philippines to have continuous brood-grow-lay facility—was granted a term loan to partially finance the construction of additional poultry buildings. These include three units of Poultry Grower/Breeder Building for female chicks with a total capacity of 63,000 birds, one unit of Poultry Grower/ Breeder Building for male chicks with a total capacity of 9,500 birds, and 12 units of Poultry Layer Buildings with a total capacity of 126,000 birds.

ASATI is one of the largest poultry breeder farms in the country operating under the Parent Stock Breeding Agreement with San Miguel Corporation (SMC). It is the prime producer of high-quality fertilized hatching eggs, complying with internationally prescribed biosecurity standards. ASATI products are brought to SMC's hatcheries and later become the day-old chicks distributed to broiler farms all over the Philippines. Poultry meat, which is the end product produced by ASATI hatching eggs is now the cheapest source of meat protein served on the table of every household in the country.

In 2020, a new challenge hit the poultry sector and all businesses as the deadly COVID-19 virus severely affected every economic activity worldwide. ASATI suffered like the rest as business became paltry and was forced to prematurely cull all its flocks. Sadly, this was inevitable since the demand for chicken meat had fallen all over the world.

Consequently, the savings and projected income of ASATI were all wiped out. Once again, DBP came to ASATI's rescue with a moratorium on its quarterly loan amortization under the Bayanihan Acts by the then President Duterte. ASATI is grateful to have survived the consequences of COVID-19 and shares, "Today, all hopes of recovery have dawned and prospects are set on a gradual normalization of business operations. ASATI is hopeful and focused to grow and sustain margins of financial stability despite odds as long as DBP is on its side."

MSMEs AND AGRI | CABALLERO GROUP

Ensuring Food Security in the Community

Loans from the DBP enabled the Caballero Group to continue operating as a leading supplier of premium fresh and frozen tuna to the local market despite the pandemic challenges. With DBP providing financing for working capital, the Caballero Group was able to help its subsidiaries, Rell and Renn Fishing Corporation and Nutrihogs Corporation, work toward the same goals of assuring community food security and maintaining economic vitality.

Rell and Renn Fishing Corporation (RRFC) required working capital for its deep-sea fishing business. It operates a total of 90 vessels in the Philippine Exclusive Economic Zone (EEZ) and the West Central Pacific Ocean (WCPO) Pocket #1 (comprising Palau, Micronesia, Papua New Guinea, and Indonesia). About 4% of the population, an estimated 1,150 people, of the Tuna Capital relies on this booming business for their income. In 2020, USAID Oceans and Fisheries Partnership (USAID Oceans) recognized RRFC for its invaluable contribution to USAID Oceans' work in the Philippines.

On the other hand, Nutrihogs Corporation utilized the funds to partially finance the construction of a modern swine breeder facility that can accommodate up to 2,400 sows. DBP's term loan facilitated Caballero Group's introduction into the swine business by financing its first breeder farm project. Nutrihogs second breeder farm is also being constructed with DBP support.

FEATURED PROJECTS

MSMEs AND AGRI | ADA MANUFACTURING CORPORATION

The proceeds from the loan were mainly used for their working capital requirements for the Rice Competitiveness Enhancement Fund Mechanization Program.

Expanding the Network of Rice Farms in the Philippines

Ada Manufacturing Corporation (ADAMCo) is one of the largest dealers of farm machineries and rice combine harvesters in the Philippines and has over 30 branches scattered across the country, making farming easier and more profitable for farmers. GIV Capital Holdings Corp. arranged the Php1 billion Corporate Notes Facility for ADAMCo, and one of the participants is DBP.

The proceeds were mainly used for their working capital requirements of the ongoing Rice Competitiveness Enhancement Fund (RCEF) Mechanization Program, and the expansion of their nationwide branch network and product lines.

Additionally, ADAMCo was also awarded by the Department of Agriculture as the main supplier of ADAMCo rice farm machineries under the RCEF program, which will provide the farmers access to more modern and sophisticated machineries for the improvement of their farming technologies.

They were also granted the exclusive rights of distributing the agricultural equipment of Yanmar Corp., a Japanese brand that focuses on the development, production, and export of various agricultural machineries. DBP and ADAMCo share the same goal of uplifting the lives of Filipino farmers and empowering the agricultural sector, as well as furthering their advocacy of a resilient and inclusive economy for the benefit of all.

ADAMCo aims to uplift the lives of Filipino farmers and empower the agricultural sector.

Environment

Ensuring Ecological Integrity, Clean and Healthy Environment

DBP has always championed environmental sustainability, offering products and services that sow the seeds of a greener future. We recognize that environmental stewardship is essential for the long term prosperity of the Philippines and all its people.

Green Financing Program (GFP) is DBP's umbrella program for environmental and climate change mitigation and adaptation projects, including disaster risk reduction initiatives.

Solid waste management equipment financed

3
Garbage Granulators

8
Garbage Compactors

3
Backhoe/Hydraulic Excavators

12
Dump/ Garbage truck

Water for Every Resident (WATER) Program is the umbrella program for the financing of water supply projects. It aims to contribute to the provision of safe and affordable water supply to help achieve growth and poverty reduction.

114
Number of Ground Water Source facilities constructed

29
Number of Surface Water Sources facilities constructed

335,026
M³/DAY
Aggregate capacity for ground water source facilities constructed

200,033
M³/DAY
Aggregate capacity for surface water source facilities constructed

Lending Initiative for Sanitation (LINIS) The LINIS Program is crafted to contribute to solutions in addressing challenges in specific market segments of the sanitation sector. It 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 to address compliance to Clean Water Act of 2014.

As of December 2022, the program has helped to install or construct septage treatment facilities and sewage treatment facilities.

2
M³/DAY
Septage Treatment facilities constructed

64
M³/DAY
sewage treatment facilities constructed

Energy Efficiency Savings (E2SAVE) Financing Program was designed in support of Republic Act (R.A.)11285 or Energy Efficiency and Conservation Act that aimed to institutionalize energy efficiency and conservation as a national way of life. By harnessing new technologies, E2SAVE aims to improve productivity of public and private institutions to promote the efficient and judicious utilization of energy. The program extends credit assistance to both public and private entities including energy service companies and providers, further promoting the progress of energy efficiency and renewable energy projects.

126,029,195
KWH
electricity consumption from RE

102,307
KW
solar PV capacity installed

3
SOLAR POWERED
irrigation systems financed

FEATURED PROJECTS

ENVIRONMENT | PROVINCIAL GOVERNMENT OF ISABELA

Isabela is home to the Sierra Madre mountains, where the Northern Sierra Madre Natural Park; the country's biggest preserved jungle, is located.

Taking Steps Towards Environmental Protection for a Greener Future

In a significant show of commitment to environmental conservation and sustainability, the DBP has extended vital loan assistance to the Provincial Government of Isabela for its ambitious road network and reforestation project in the Northern Sierra Madre Natural Park (NSMNP). Spanning a vast 888,310 acres on the east side of Luzon's province of Isabela, the NSMNP is the largest protected area of the Philippines. This is owing to the park's rich biodiversity, which consists of a variety of endangered animal species, such as the Philippine eagle, and a myriad of endemic flora and fauna. Bordered by rivers and the Philippine Sea at the east, the park is abundant with pristine beaches, mangroves, and lush expanses of rainforest.

To generate local economic growth while preserving the purity of this natural treasure, the Provincial Government of Isabela initiated a two-component project; to build an 82 kilometer road connecting the coastal towns of the NSMNP to the mainland, and to develop a 3-year reforestation plan for the park throughout the constructed road. The road project will hopefully not only bolster tourism, but economically transform the region, facilitating the transportation of goods by local farmers, and providing residents with improved access to essential social services. Meanwhile, the reforestation plan will protect the park's verdant woodland, through the regular planting of seedlings within the identified maintenance area. Additionally, there will be a series of massive tree planting activities, monitored by the ENRO Forestry Unit. The reforestation plan is on its second year of development and covers a total of 1,200 hectares.

As DBP and the Provincial Government of Isabela continue this collaborative project to preserve the Northern Sierra Madre Natural Park, these efforts are an inspiring example of how financing and partnerships can drive meaningful transformation and create a greener, more resilient future.

In addition to the loan assistance, which facilitated the acquisition of seedlings and maintenance of the identified areas, Isabela organized numerous massive treeplanting activities, encouraging active participation from various groups. This collective effort reflects the commitment to environmental sustainability and community engagement.

The provincial government aims to promote the province's economic and experiential tourism through establishing major road linkage between inland Isabela and coastal areas.

As part of the provincial government of Isabela's thrust to maintain and conserve the environment, tree-planting activities and reforestation projects are being conducted.

FEATURED PROJECTS

ENVIRONMENT | SOUTHERN LEYTE PROVINCIAL GOVERNMENT

Fostering Recovery and Growth

The solar-powered street lights is an example of Southern Leyte's commitment to fostering sustainable development by tapping natural resources as an energy source.

Nestled amidst the complexities of a sea-enveloped territory with rugged mountainous landscapes, Southern Leyte's geographical constraints pose challenges to business and economic activities. Undeterred by these hurdles, the Provincial Government has pioneered various initiatives to propel Southern Leyte forward.

Southern Leyte's journey toward progress has been made possible through a longstanding and fruitful partnership with the DBP. The relationship between Southern Leyte and DBP spans several years, rooted in trust, mutual understanding, and a shared vision of growth. The province describes its association with DBP as highly satisfactory, highlighting the seamless collaboration and effective communication that has characterized its partnership. This strategic alliance has enabled the province to achieve sustainable development and uplift the lives of its people.

Governor Damian Gaviola Mercado has been a public servant for decades and his vision for the province of Southern Leyte is to become an economic hub in the south by establishing an economic zone to cater to the maritime needs of the region and neighboring provinces.

The Provincial Government of Southern Leyte has embarked on transformative initiatives by utilizing DBP's Assistance for Economic and Social Development (ASENSO) for Local Government Units (LGUs) Financing Program. The purpose of the DBP ASENSO for LGUs Financing Program is to aid all tiers of local government in completing projects that will speed up infrastructure and socio-economic development in line with the aims of the Philippine Development Plan and help achieve the Sustainable Development Goals. With the support of DBP's financing programs, the Southern Leyte Provincial Government has undertaken significant projects that have had a profound impact on the province's landscape and the well-being of its people.

Despite this push for progress, Southern Leyte is committed to reducing its carbon footprint. The province has implemented solar-powered street lights, showcasing its dedication to sustainable development and reducing reliance on traditional energy sources. A joint effort with the Department of Internal and Local Government (DILG), these modern lights illuminate the streets, fostering a safer and greener community. In addition, the revitalized provincial coliseum now shines with LED lights, reducing energy consumption and promoting sustainability. Moreover, the province has embraced climate change mitigation efforts. Embankments along the seaside prevent flooding, safeguarding the livelihoods of constituents. A rain catchment basin in Barangay Buenavista demonstrates their commitment to sustainability, preserving precious water resources.

In times of natural calamities, the multi-purpose buildings have seamlessly transformed into evacuation centers, safeguarding the residents and demonstrating the province's commitment to resilience. In recognition of the province's unwavering resolve and swift recovery from the devastating Typhoon Odette, the National Government awarded Southern Leyte with the prestigious "Gawad Kalasag" for outstanding resilience during natural calamities.

Aside from coping with natural calamities, the Provincial Government has embarked on a series of projects aimed at sustainable development and recovery from the impact of the COVID-19 pandemic. These initiatives, part of the LGU's Stimulus Package, not only address the province's immediate needs but also consider long-term objectives for economic growth, environmental safety, and social well-being. Plans underscoring economic growth goals are laid to expand the reclamation areas, envisioning a government and commercial complex that will offer leasable spaces, generating additional income streams for the province.

The Combado Reclamation Causeway will soon be home to a government and commercial complex.

One significant project is the proposed reclamation in Barangay Combado and Barangay Lib-og. The primary goals are to provide more space for businesses and commercial establishments, alleviate congestion in the city's central business district, relocate existing establishments for environmental safety, generate employment opportunities, and increase revenues for the city government. Moreover, the project aims to maintain green buffer areas considering the vast agricultural lands in the northeast direction.

One of the vital sustainable practices embraced by the province is its approach to reclamation projects. The Provincial Government ensures that the reclamation projects have minimal impact on these critical ecosystems recognizing the importance of preserving the water system and aquaculture industry. For instance, they have implemented measures such as constructing a bridge to allow uninterrupted access to the mangrove areas, maintaining existing mangroves, and conducting regular tree-planting activities. These efforts ensure the ecology's viability and enable fishing activities to continue around the reclaimed areas.

Another crucial aspect of Southern Leyte's sustainable development projects is the rehabilitation and improvement of roads and bridges. Recognizing that the lack of proper road networks hinders access to essential services and perpetuates poverty, the province has prioritized each municipality's far-flung barangays in its proposed projects. The rehabilitation and improvement efforts aim to provide ease of movement, better access to education, faster travel time, business opportunities, and improved safety for the residents.

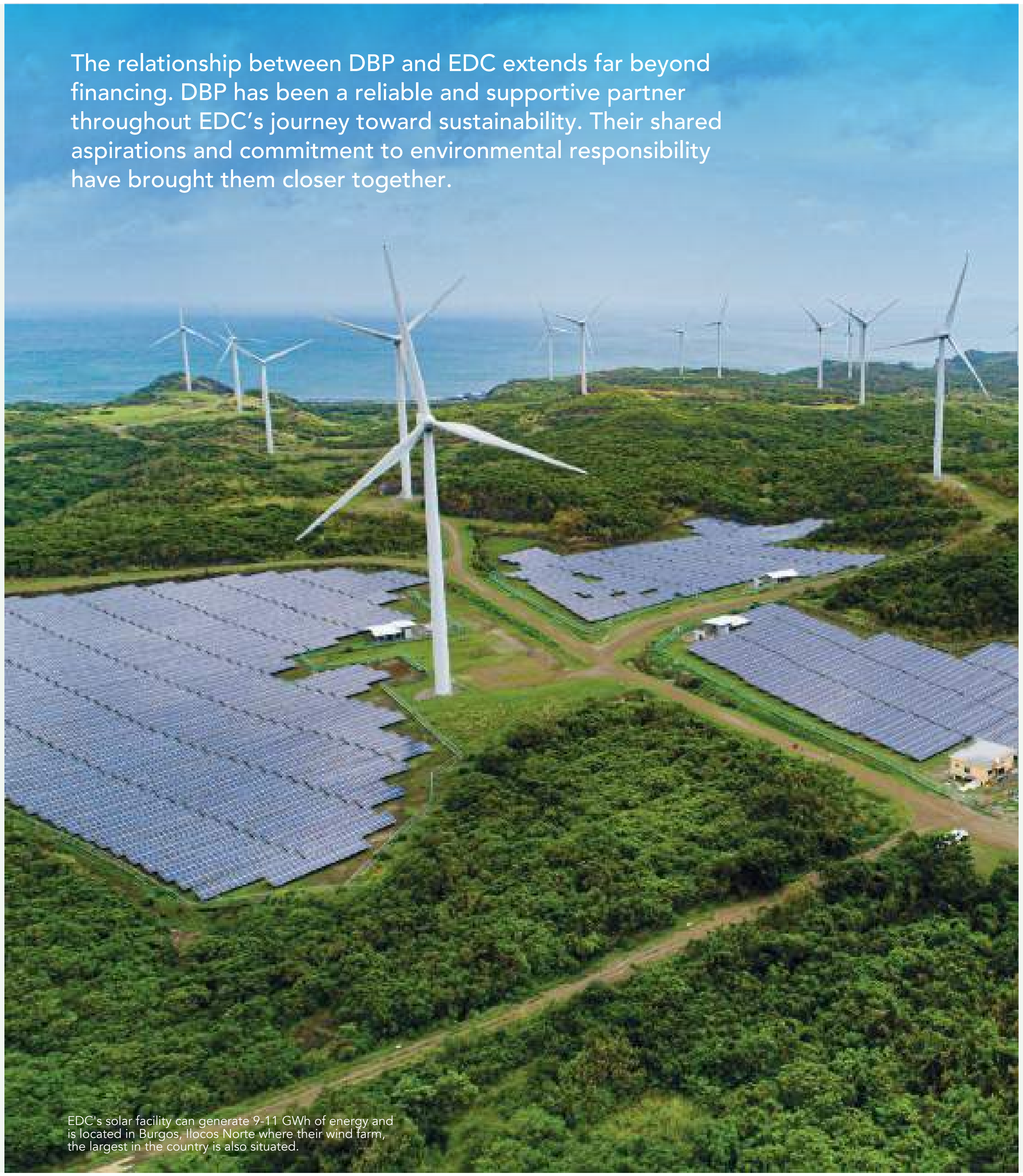
In line with the national government's overarching goal of inclusive growth, Southern Leyte also focuses on constructing and improving government buildings in Maasin City and the Municipality of Padre Burgos. These buildings will serve as venues for social interaction among residents, provide a much-needed evacuation center during calamities, and facilitate government services closer to the people. Motivated by the province's unique circumstances, these development projects seek to overcome challenges and create an enabling environment for business while demonstrating resilience in the face of natural disasters.

The Provincial Government of Southern Leyte's productive partnership with DBP is a testament to the transformative power of strategic alliances as they work together to build a sustainable future for the province and its people.

FEATURED PROJECTS

ENVIRONMENT | ENERGY DEVELOPMENT CORPORATION

The relationship between DBP and EDC extends far beyond financing. DBP has been a reliable and supportive partner throughout EDC's journey toward sustainability. Their shared aspirations and commitment to environmental responsibility have brought them closer together.



EDC's solar facility can generate 9-11 GWh of energy and is located in Burgos, Ilocos Norte where their wind farm, the largest in the country is also situated.

Empowering the Future through Renewable Energy

Energy Development Corporation (EDC), the largest vertically integrated geothermal energy company in the world, also holds the spot of being the biggest 100% renewable energy company in the Philippines in terms of generated power. Its impressive geothermal capacity of approximately 1,200 megawatts (MW) makes it a key driver of sustainable energy solutions. EDC has shared ownership of a cascading hydroelectric plant with a capacity of 132 MW, and through its subsidiary, EDC Burgos Wind Power Corporation, owns the largest wind farm in the country, located in Burgos, Ilocos Norte. Additionally, the company operates two utility-scale solar facilities with a total installed capacity of approximately 7 MW, strategically co-located at the Burgos Wind Farm site to optimize the spare parcels of land in the vicinity. It also has several solar rooftop installations in the Visayas with a total capacity of around 5 MW. EDC serves as a supplier of clean energy to large electric cooperatives, distribution utilities, and industrial customers. Its wind and solar projects provide additional power to the grid through the feed-in tariff mechanism. With EDC's unwavering commitment to renewable energy and extensive client base, it maintains a remarkable position as a prominent leader in the industry.

The solid and fruitful business partnership between the DBP and EDC has contributed to its success in the renewable energy industry. This longstanding collaboration dates back to EDC's transition from a government-owned and controlled corporation to a private entity.

DBP's role in financing EDC's projects has significantly contributed to advancing the company's sustainable and regenerative advocacy and endeavors. Under Green Core Geothermal, Inc., EDC's wholly-owned subsidiary, DBP helped fund two key projects: the Palinpinon and Tongonan Geothermal Power Plants in Leyte and Negros Oriental, respectively, with a combined capacity of 300 MW. These projects were acquired by EDC from the government and required substantial capital expenditure (capex) for rehabilitation. Along with a few other local banks, DBP provided the necessary funding to enable EDC to realize its vision of clean energy production.

In addition to these impressive geothermal projects, DBP supported EDC's venture into solar energy. The funding for EDC's first solar facility, a 4 MW project in Burgos, Ilocos Norte, was arranged by DBP. This solar project was eligible and entitled to avail of the feed-in tariff mechanism. Notably, the funding for the solar project was facilitated by the Japan International Cooperation Agency (JICA), with DBP serving as the administrator. Through this DBP financing, it has empowered EDC to further grow and diversify its renewable energy portfolio, enabling the company to explore other sources of renewable energy. By connecting its solar project directly to Ilocos Norte Electric Cooperative (INEC), EDC has expanded its customer reach and boosted revenues.

EDC serves as a supplier of clean energy to large electric cooperatives, distribution utilities and industrial customers.

The relationship between DBP and EDC extends far beyond financing. DBP has been a reliable and supportive partner throughout EDC's journey toward sustainability. Their shared aspirations and commitment to environmental responsibility have brought them closer together. DBP's understanding of EDC's needs, competitive lending rates, and appropriate procedures for due diligence have strengthened the bond between the two organizations. DBP not only provided financial assistance but has also explored other avenues to aid EDC. Through the Environmental Development Facility of JICA, DBP offered competitive rates and longer tenor financing, demonstrating its commitment to EDC's growth and success.

ENVIRONMENT | ENERGY DEVELOPMENT CORPORATION

The positive impact of DBP-financed projects on the socioeconomic development of local communities cannot be overstated. Beyond generating employment opportunities during the construction phase, these projects have attracted tourists due to their hybrid nature and proximity to a natural attraction. This influx of tourists has spurred the growth of local businesses, with shops and restaurants flourishing. Additionally, EDC's participation in the ER 1-94 program, with fees paid to the DOE and the host communities, has further enhanced the well-being of the local communities.

In the spirit of making a difference in the communities it serves, EDC has been steadfast in its commitment to forge collaborative pathways for a decarbonized and regenerative future. With a focus on employment generation, healthcare, education, and environmental stewardship, EDC has consistently worked to make a positive impact in the areas where it operates.

During the construction and operating phases of their projects, EDC ensures that employment opportunities are given to qualified individuals from the local communities. By partnering with large contractors who then collaborate with smaller local contractors, EDC generates employment and supports local businesses, fostering economic growth.

In terms of healthcare, EDC is dedicated to improving access for employees and the wider community. As part of their corporate social responsibility (CSR) efforts, EDC has constructed a rural health unit in one of its project areas, providing quality healthcare services and contributing to the overall well-being of residents.

Recognizing the transformative power of education, EDC established the KEITECH Educational Foundation, Inc. (KEITECH) in Kananga, Leyte in 2009. This institution offers technical and vocational courses, equipping students with the right values and practical skills for sustainable livelihoods that will enable them to be among our country's greatest nation builders. KEITECH prides itself for having a 100% passing rate for its trainees' certification exams from the Technical Educational Skills Development Authority (TESDA) for the past 14 years. In some cases, local contractors hire the trainee graduates of KEITECH. As early as 1993, EDC began funding educational initiatives. In 2011, it has formed its own banner education program called SIKAT. The Filipino word SIKAT means "sunshine" or "ray," it aptly conveys the idea that education is a source of illumination that may help any community overcome the cycle of poverty. SIKAT is EDC's way of expressing its hopes and dreams for its students all around the country. SIKAT also emphasizes how the company's BINHI environmental initiative complements the education program. Students learn how to be environmental champions as well as academic achievers through the curriculum's emphasis on renewable energy and environmental sustainability.

EDC's commitment to environmental stewardship is another crucial aspect of its CSR initiatives. Alongside its renewable energy projects, EDC actively engages in initiatives that protect and preserve the environment such as its BINHI greening legacy program. Established in 2008, BINHI bridges forest gaps in EDC's areas of operation and brings back to abundance over a hundred threatened Philippine native tree species. This dedication reinforces its commitment to reducing its ecological footprint and contributing to carbon reduction efforts.

Looking ahead, EDC plans to further expand its portfolio of renewable energy projects. The company is currently exploring new wind facilities and has multiple geothermal and battery projects in the pipeline. To support these endeavors, EDC seeks to partner with like-minded lenders and investors such as DBP, that are keen to collaborate and leave a positive impact on the environment, society, and the planet.

This successful collaboration extends beyond DBP and EDC. EDC has forged valuable partnerships with other government agencies and local associations, including the local governments where it operates, DOE, and ERC. Through these alliances, EDC and DBP have worked together to drive sustainable development and propel the growth of the renewable energy industry in the Philippines.

FEATURED PROJECTS

ENVIRONMENT | DAVAO CITY WATER DISTRICT

Developments through Innovative Financing

The Davao City Water District (DCWD) has successfully implemented two major initiatives with the crucial support of the DBP. In 2014, the DCWD secured a loan to construct its primary administrative facility, which provided a centralized space for its personnel and improved working conditions, resulting in increased productivity. Subsequently, in 2015, an additional loan was obtained to enhance water infrastructure and strengthen the distribution network. Fast forward to 2022, DCWD is set to upgrade its water services with its Surface Water Development Plan (SWDP), thanks to the financial support from DBP. The project aims to tap into the abundant resources of the Tamugan River to meet the present and future water demands of DCWD over the next two decades.

The DBP-financed project focuses on constructing pipelines, pipe bridges, and reservoirs, allowing DCWD to utilize the Tamugan River as a supplemental water source. The project involves developing the water source, including the construction of necessary structures and facilities from the Tamugan River to the off-take points or reservoirs. The joint venture between Aboitiz Equity Ventures (AEV) and J.V. Angeles Construction Group (JVACC) will handle the financing, design, construction, and operations of the bulk water supply project (Part A). To fully benefit from the additional water volume supplied by the bulk water supplier, DCWD is preparing the reservoirs and receiving pipelines from the off-take points (Part B). The completion of these structures is essential before the start of bulk water operations.

By 2035, the Tamugan Project is expected to extend improved water services to 99 out of 120 served barangays in Davao City, covering 78 existing systems, ten partly served barangays, and 11 new barangays. The SWDP also aims to reduce the district's reliance on groundwater resources as the primary water source. With fewer production wells needed, DCWD can significantly decrease power consumption and associated costs for pumping water from the ground.

DBP's financial support has been instrumental in driving DCWD's important project, enabling the water district to enhance water services, reduce costs, and establish a sustainable water supply system for the growing needs of Davao City.

Fast forward to 2022, DCWD is set to upgrade its water services with its Surface Water Development Plan (SWDP), thanks to the financial support from DBP. The project aims to tap into the abundant resources of the Tamugan River to meet the present and future water demands of DCWD over the next two decades.

DCWD is looking to improve their services and expand their reach through the enhancement of their facilities and proper utilization of resources.

Social Services

Building Safe and Secure Communities | Accelerating Human Capital Development

DBP takes a holistic approach to project selection, carefully considering both environmental and social impacts on the communities served. The Bank supports the social facet of development by investing in education, housing, and healthcare infrastructure.

DBP is committed to using its projects to transform communities, enhance the quality of life, and uplift Filipinos. Beyond economic growth, DBP recognizes that community development is essential for a progressive and poverty-free Philippines.

Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD) is a program that provides assistance to hospital and medical service providers, including those that are targeted at marginalized patients whose choices for basic health and medical services are limited to lying-in clinics and cooperative medical centers.

148
borrowers supported (private and government)

2,528
actual beds financed vs target 5,000 beds by 2030

57
healthcare facilities financed

20
level I hospitals

27
level II hospitals

3
level III hospitals

7
other facilities

Education Sector Support for Knowledge, Wisdom and Empowerment through Lending Assistance (ESKWELA Program) is DBP's lending program for schools covering basic education, higher education, technical-vocational education and alternative learning. ESKWELA intends to support the Bank's strategic thrust of contributing to the improvement of the lives of Filipinos across the nation by supporting the availability of quality education.

At the end of 2022, the ESKWELA Program achieved the following:

1,680
classrooms constructed

116
school laboratories constructed

Php10.05 billion
Loan releases

166
Number of schools financed

DBP Assistance for Economic and Social Development (ASENSO) for Local Government Units (LGUs) Financing Program aims to provide financial assistance to all levels of local government units in the accomplishment of its projects to accelerate infrastructure development as one of the goals in the Philippine Development Plan.

Php65.7 billion
loan assistance to 254 LGUs

12
Barangay

184
Municipality

42
City

16
Province

The Contract-to-Sell Financing Facility for Real Estate Developers (CTS Program) is a credit assistance program that provides liquidity to real estate developers by purchasing receivables from individual home buyers covered with Contract-to-Sell on residential housing projects.

6,387
housing units financed

Building Affordable Homes Accessible to Every FIlipino (BAHAY) Program focuses on mass and mid-cost housing in order to help address the country's housing backlog of over 6 million units.

Php18.47 billion
loan releases

39,687
mass housing units constructed

FEATURED PROJECTS

SOCIAL SERVICES | LOCAL GOVERNMENT OF ANTIPOLO

The Antipolo Institute of Technology (AiTech) is the first local college in the city of Antipolo and is the first ever in the Philippines to offer a Bachelor's degree in Construction and Engineering Technology.

AiTech offers 100% scholarship to all its students as long as they retain their GPA throughout college.

Empowering the Future through Strategic Partnerships

The DBP has played a vital role in empowering Antipolo City through its unwavering support for the city's crucial projects. It has generously funded the establishment of the Antipolo Institute of Technology (AiTech), the Antipolo City Hospital System Annex III and IV, and the Emergency Operations Center. These initiatives signify DBP's commitment to fostering sustainable development and transforming local government units (LGUs), such as Antipolo City into a thriving and resilient communities.

Prior to the emergence of AiTech, Antipolo already had a public tertiary educational institution in its area, the University of Rizal System, to cater to its residents. However, Antipolo always strives for continuous improvement in the well-being of its citizens, with a particular focus on enhancing the educational opportunities for its students. Recognizing this need, the City Government of Antipolo, facilitated the creation of the Antipolo Institute of Technology (AiTech), with the assistance of DBP, marking a significant milestone as the first of its kind in the Philippines to provide a Bachelor's degree program in Construction Engineering Technology and Management (BCETM). Unlike other colleges and universities that focus on technical courses such as engineering, architecture, and others, AiTech offers innovative Bachelor degree programs in Construction and Engineering Technology (CET) that focus on both technical and general management of construction projects that provides skills necessary for leadership roles in the construction industry. Aside from unique courses, the AiTech provides up-to-date facilities for its students. All AiTech students are also considered full scholars receiving free tuition, books, school supplies and other educational assistance. Scholars are in turn expected to pass through the rigorous application process and retain their GPA throughout college.

Aside from unique courses the AiTech provides up-to-date facilities for its students like this dormitory.

Antipolo always strives for continuous improvement in the well-being of its citizens, with a particular focus on enhancing the educational opportunities for its students.

The impact of this DBP-funded project in Antipolo City has been remarkable. AiTech, in just a few years since its inception in 2016, it has attracted hundreds of students and its graduates are gainfully employed. The City Government also partnered with TESDA to offer technical courses to its constituents in the AiTech campus to provide opportunities to those who cannot pass the scholarship programs and to maximize the use of the school's facilities.

By providing accessible education opportunities and promoting skills development at the community level, the partnership between DBP and the City of Antipolo aims to empower local students and stimulate the city's growth.

Healthy citizenry is a core undertaking of the City Government of Antipolo. DBP, in support of this,extended its loan facilities to the Antipolo City Hospital System Annex III and IV to address the critical need for accessible healthcare. These strategically placed healthcare facilities have pushed

Antipolo City residents no longer have to travel far to avail healthcare services.

SOCIAL SERVICES | LOCAL GOVERNMENT OF ANTIPOLO

The Annex III and IV of Antipolo City Hospital System reduces the gap in access to healthcare for the constituents of Antipolo City.

healthcare in the underserved communities and those near the watershed areas. Antipolo City residents no longer need to endure arduous journeys of up to 15 kilometers for medical treatment. The DBP partnership with the city has brought healthcare closer to homes and enabled communities to lead healthier lives.

In its unwavering commitment to safeguarding Antipolo City's residents, DBP's loan program has also contributed significantly to the construction of the Emergency Operations Center. This state-of-the-art facility serves as a centralized hub for vital protective services, fostering seamless coordination and swift responses in times of emergencies. Through this important project, the City Government consolidated the Office of Public Safety and Security and the Bureau of Fire Protection, ensuring the city's security and preparedness.

The central tenet of the DBP's support for Antipolo City's projects is empowering and protecting its residents. By investing in education, healthcare, and disaster resiliency, DBP fosters community engagement and active participation in good governance and local development. Through these initiatives, the DBP envisions a future where every individual plays an integral role in the city's development, contributing to its long-term sustainable growth.

The DBP has funded the establishment of the Antipolo Institute of Technology (AiTech), the Antipolo City Hospital System Annex III and IV, and the Emergency Operations Center. These initiatives signify DBP's commitment to fostering sustainable development and transforming Antipolo City into a thriving and resilient community.

The Emergency Operations Center houses the Bureau of Fire Protection and the Office of Public Safety and Security, where they can monitor the streets of the city 24/7.

FEATURED PROJECTS

SOCIAL SERVICES | LOCAL GOVERNMENT OF CALOOCAN

The New City Hall of Caloocan, strategically located on 8th street in Grace Park, serves the residents of South Caloocan. This modern building houses all government offices and a multi-purpose hall named Bulwagang Katipunan.

Transformative Strategies to Push Urban Progress

The DBP's partnership with the Local Government of Caloocan City has helped the latter to realize its vision of progress and inclusive development. Since their collaboration began in 2016, DBP has been instrumental in financing and supporting an impressive array of projects that have elevated the city's infrastructure, services, and overall quality of life.

This partnership started with financing school buildings, an initiative that demonstrated their shared commitment to improving educational facilities and access to education for Caloocan's residents. Over time, DBP's involvement expanded to embrace various small-scale projects, including installing street lights, constructing covered courts, and implementing critical drainage systems to alleviate flooding concerns in different areas of the city.

Sensing the need to better serve residents in both the northern and southern parts of Caloocan, the decision was made to establish two government centers, given the city's geographical division with Quezon City in between. The New City Hall of Caloocan, strategically located on 8th Street in Grace Park, stands as a testament to DBP's support for the city's ambitious plans. DBP provided the loans for this significant project, enabling the city to establish a modern and centralized administrative hub. Adjacent to the city hall, a commercial complex enriched with various dining and retail establishments has infused vitality into the area while generating income through leasing arrangements.

Near the New City Hall, a gated people's park with exercise facilities offers residents a secure and conducive environment for physical activities. Moreover, Caloocan's Local Government has taken admirable steps to ensure the welfare of its citizens by providing free medicines, contingent on prescriptions, at the park. This initiative enhances accessibility to healthcare services and underscores the city's commitment to improving public well-being.

Caloocan City's growth trajectory remains steadfast as they look to construct a judiciary building near the City Hall, on the lot financed by DBP. This upcoming development will serve as a centralized location for all judiciary offices, enhancing

Caloocan City Commercial Complex

The Caloocan People's Park is situated near the New City Hall in Grace Park. It has exercise facilities to encourage residents to adopt a healthy lifestyle.

Building has begun on the New Caloocan Justice Hall.

operational efficiency and easing access to justice for the city's residents.

Taking it a step further, the Local Government plans to accommodate legislative office spaces by adding floors to another commercial building that leases from the city. Simultaneously, a government center is in the works, aiming to house key government agencies, providing citizens with a convenient "one-stop shop" for their governmental transactions. This comprehensive initiative will ensure seamless and expedient services for Caloocan's residents.

Caloocan City has also integrated nature-centric features into its urban landscape to instill a sense of environmental appreciation among residents. The People's Park, Sports Complex, and Amparo Nature Park offer serene green spaces where citizens can reconnect with nature. The Amparo Nature Park boasts a pool and serves as a venue for gatherings, creating a unique opportunity for families and friends to enjoy the beauty of nature while fostering a greater sense of community. Similarly, the Sports Complex features a swimming pool for rent, catering to citizens' recreational needs and encouraging an active lifestyle.

The Caloocan Nature Park can be used for friends and family gatherings and has heritage trees such as Tangisang-Bayawak (Ficus variegate Blume), which is a tall, fast-growing evergreen tree reaching up to approximately 30 meters.

The Caloocan Sports Complex is multi-purpose. It holds different events such as graduation rites, volleyball leagues, and games for the Maharlika Pilipinas Basketball League (MPBL).

The Caloocan's drainage systems showcase the Local Government's commitment to implementing efficient and cost-effective solutions without compromising effectiveness. The drainage strategy is designed to integrate with surrounding rivers and creeks, ensuring optimal water flow and minimizing flooding risks. To maximize efficiency and reduce costs, the Local Government came up with drainage designs that are adjusted based on the elevation of the land. In sloping areas, smaller drainage systems are used, taking advantage of the natural flow of water. In lower-lying areas, larger-scale drainage systems are installed to handle increased volumes of water. By employing such thoughtful planning, Caloocan City optimizes the effectiveness of its drainage infrastructure while minimizing expenses.

By prioritizing sustainability in its project planning and execution, Caloocan City sets a positive example for other Local Governments, paving the way for a greener and more sustainable future. Through their efforts, the city enhances the quality of life for its residents and fosters a greater sense of community and environmental consciousness.

Caloocan City's partnership with DBP has created a strong foundation for sustainable growth and improved living conditions. From essential infrastructure projects to comprehensive government centers, DBP's unwavering support has become an instrument in transforming Caloocan into a more progressive and citizen-centric city. As the city continues to implement its development plans, Caloocan's residents can look forward to a brighter future defined by enhanced services and streamlined transactions.

FEATURED PROJECTS

SOCIAL SERVICES | DRK REALTY AND DEVELOPMENT

Building Success Amidst Challenges

DRK Realty and Development's project with the National Kidney and Transplant Institute (NKTI) is the design and construction of the Medical Arts Building, which is designed to provide top-notch healthcare services to kidney patients.

DRK Realty's successful venture with the National Kidney and Transplant Institute (NKTI) has been driven by a strong partnership with the state-owned Development Bank of the Philippines (DBP). This partnership began in 2018 during the bidding process when DBP extended its support to DRK Realty for the NKTI project.

DRK Realty chose DBP over other banks due to the exceptional responsiveness and assistance provided. DBP streamlined financial processes and provided consistent support, enhancing compliance and ensuring effective communication. DBP's commitment to helping DRK Realty from project inception has been vital, particularly in overcoming challenges brought about by the pandemic and inflation.

In addition to DBP, DRK Realty established a significant partnership with R2 Builders, a triple-A contractor, to ensure project success. After two failed bidding attempts, the collaboration between DRK Realty and R2 Builders proved to be the perfect match. R2 Builders took charge of the construction, while DRK Realty focused on funding and management. The project covers four key areas, called the "C4," including commercial spaces, car parks, clinics, and condotel/dormitories. DRK Realty's vision for the project centers on quality, innovation, and sustainability.

Indeed, the solid partnership between DBP and DRK Realty demonstrates the power of resilience and collaboration in the face of industry challenges. Together, they are creating a future defined by sustainable success.

The ongoing Medical Arts Building (MAB) project for NKTI, supported by DBP, aims to revolutionize healthcare services. DRK Realty envisions the MAB as a future-proof and COVID-resistant facility, integrating modern technologies and a connected record management system. This forward-thinking approach ensures equal and consistent treatment for patients.

The project will significantly expand physician services and accommodate more patients, with plans to employ at least 600 doctors. Each room in the MAB can house up to four practitioners, providing 163 clinics. NKTI is actively recruiting doctors to fulfill this vision and meet growing healthcare needs. Progress-wise, DRK Realty is approximately 45% into the NKTI project, with construction already reaching the 7th floor. Weather conditions have presented some challenges, causing slight delays. However, the company remains ahead of schedule and anticipates completing the topping-off ceremony by December 2023. The target completion date for the entire building is set for May 2024.

Sustainability practices are of paramount importance to the realty company's success. It recognized the need to comply with DENR regulations, given that the site was previously covered with trees. DRK Realty ensured adherence to these guidelines by replanting or reforesting the same number of trees that were cut down. Additionally, the company is actively exploring using solar power for the building, leading it to retool the deck area. DRK Realty's commitment to sustainability is further integrated into the building code, reflecting water connection and treatment practices. Surely, sustainability is ingrained in DRK Realty's NKTI project, as demonstrated through compliance with environmental regulations, exploration of solar power, and the replanting of trees.

On the other hand, as part of its Corporate Social Responsibility, DRK Realty collaborates closely with NKTI to provide free healthcare services. Additionally, in times of natural calamities, the company engages in relief efforts, distributing necessary supplies to those affected.

As for its future endeavors, DRK Realty is growing and diversifying by introducing new solutions. Its recently established subsidiary, SugarTech, operates as a consulting and solutions company primarily focusing on offering digitalization solutions to local government units. It is expanding its services to the North Luzon, Visayas, and Mindanao regions.

Indeed, the solid partnership between DBP and DRK Realty demonstrates the power of resilience and collaboration in the face of industry challenges. Together, they are creating a future defined by sustainable success.

The team behind DRK Realty and Development, Inc. and NKTI all share the same desire of providing quality healthcare to the Filipino people through strengthening partnerships and revolutionizing healthcare infrastructure.

Branch Banking Services

Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo

Through the deposits, the Bank generates funding for its various development projects.

Php825.57 billion

Total Deposit

Php323.88 billion

Current and Savings Account Deposit

Php501.69 billion

Term Deposit

BRANCH BANKING

Number of Branches by location

The Bank's deposit generation activities in 2022 yielded a total of Php323.88 billion in Current & Savings Account (CASA) OPB, an increase of 8.61% year-on-year, driven by the significant growth coming from Local Government Units (LGU) and National Government Agencies (NGAs) CASA by 20% and 15.70%, respectively. The bank's CASA-TD ratio also improved at 39:61 versus 32:68 in 2021, resulting in total deposit OPB for the year at Php825.57 billion.

With the easing of pandemic restrictions in 2022, the bank resumed expansion activities by opening new banking offices in four (4) different locations in Bicol and North Luzon.

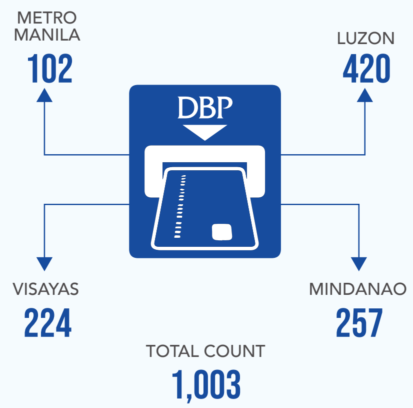
The bank opened two (2) Branch-lite Units (BLUs) in Jose Panganiban, Camarines Norte and Aroroy, Masbate in response to the LGUs' needs for DBP's services.

The opening of DBP Aroroy was undertaken as a strategy to establish a permanent presence in the locality to improve and maintain the relationship with the Municipality and the Province. Being the first bank in the area, DBP Aroroy was able to form partnerships with 18 out of the 22 LGUs and 461 out of the 550 Barangays.

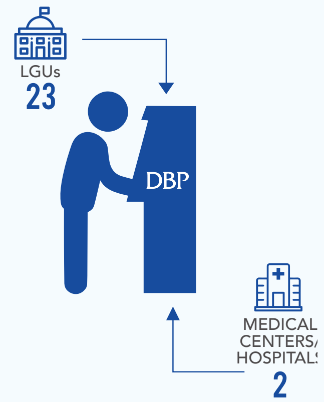
Network build-up further continued with the opening of Urdaneta Branch in Pangasinan and the transfer of Tuguegarao-RGC's operating license to Cauayan, Isabela. The opening of Urdaneta broadened the bank's foothold in the Province of Pangasinan.

With the opening of Aroroy and Jose Panganiban BLUs, the total number of bank BLUs reached 14 while the opening of DBP Urdaneta Branch paved the way for the bank's 132nd branch. Total banking offices by year-end 2022 reached the 146 mark.

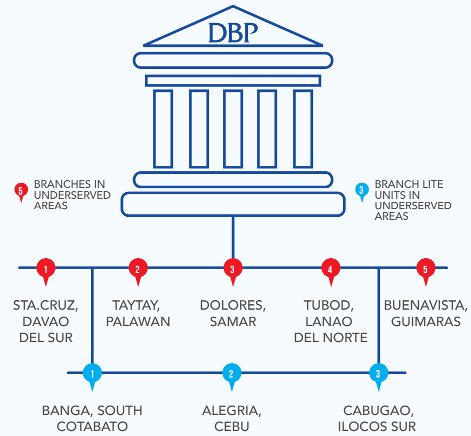
Number of ATMs by location



Number of New ATMs installed in key areas



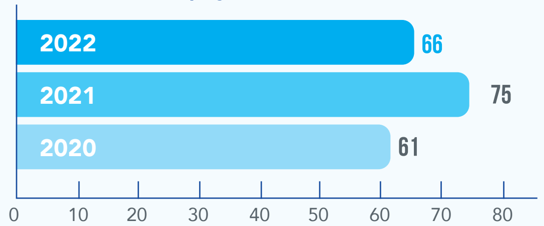
For 2022, new branches in underserved areas



ATM deployment in remote areas

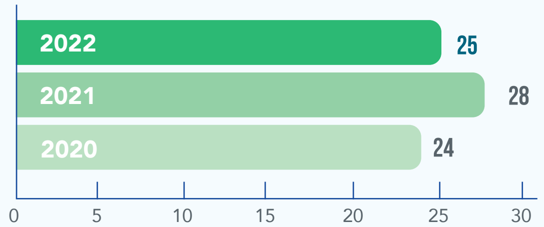
(classification for remote area is any of the following: required ferry/boat service to be accessed, 1 hr or more travel time to reach ATM unit, or no other ATM within 10 KM radius.)

Number of ATMs deployed in remote areas

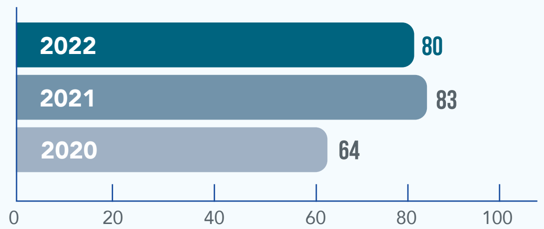


ATM Piggybacking Partner with ATMs deployed

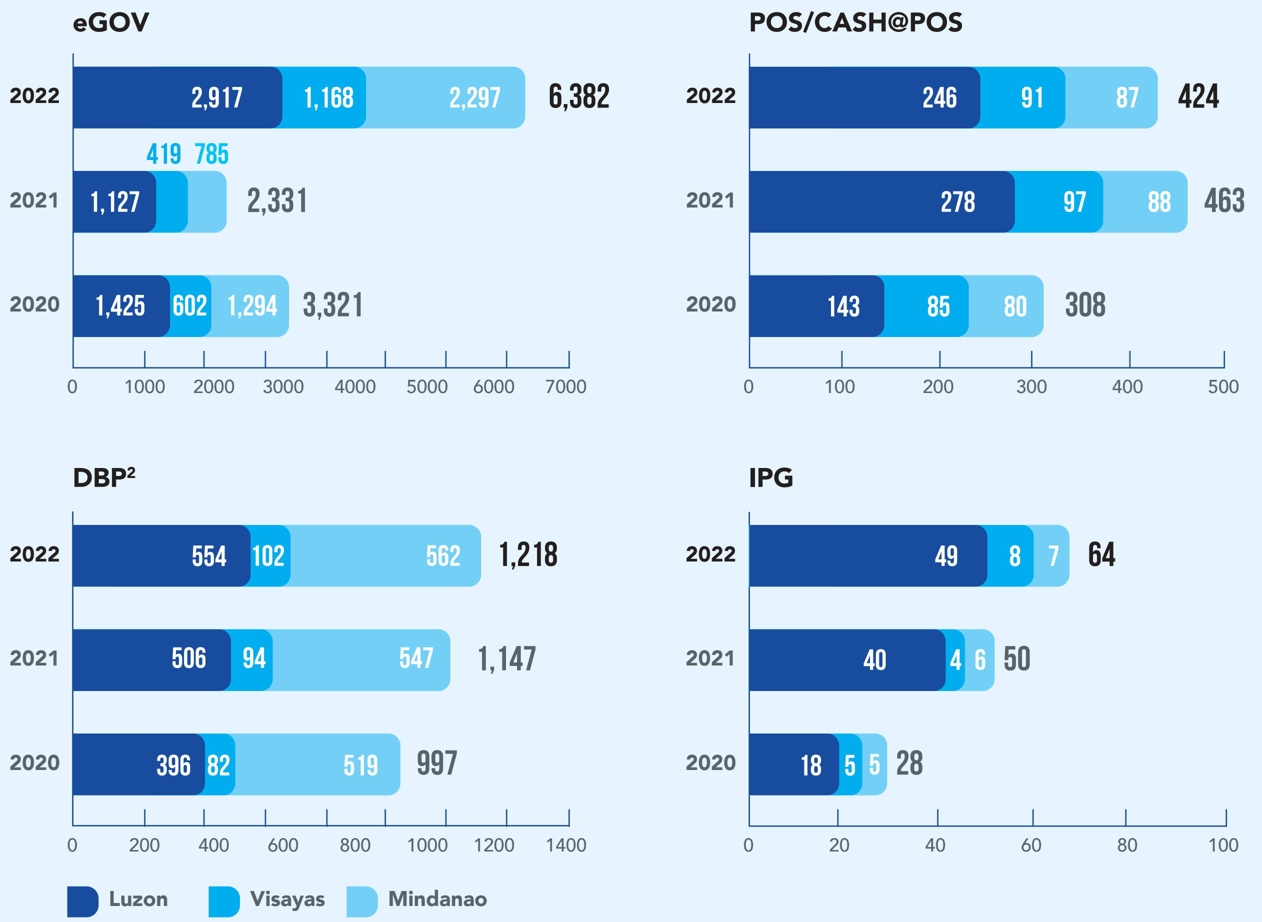
Number of Piggybacking Partnerships



Number of ATMs deployed in Piggybacking Partners



Number of customers by location



Salary Loan Portfolio

Luzon	Visayas	Mindanao
3.84 billion	2.35 billion	2.14 billion

8.33 billion

Total Salary Loans Accounts

Luzon	Visayas	Mindanao
22,298	12,912	11,177

Multi-channel approach to fund disbursement of various NGA and LGU payments (including social amelioration, cash subsidies or ayuda) during COVID-19 lockdown, and other purposes)

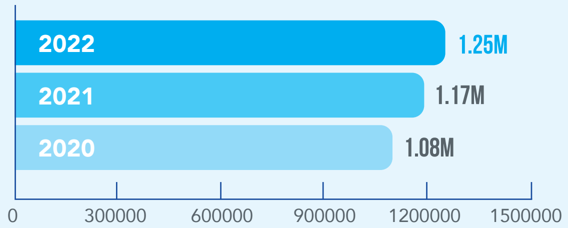
38.91 million
No. of transactions/
No. of recipients

Php264.50 billion
Value of payments

Major Multi-channel partners

1. OWWA Rebate Program
2. SSS Pension and regular payments
3. DA National Rice Program (Fertilizer Discount Vouchers to Rice Farmers), DA National Rice Program and National Corn Program (Fertilizer Discount Voucher), and DA National Corn and Cassava Program (Inorganic Fertilizer Discount Voucher in Support to Corn and Cassava Farmers)
4. Philippine Crop Insurance Corporation
5. Provincial Government Office of Catanduanes amelioration program
6. Philippine Deposit Insurance Corporation

Number of Deposit Customers



Partnership with foreign Money Transfer Operators and Banks with digital platforms to enable cheap, real-time, and secured fund transfer services to the Philippines

18
No. of tie ups

145,006
Remittance volume
(Number of transactions)

14
No. of source countries covered

191,016,151
Remittance volume
(USD amount)

Finance

Back to Table of Content

Actively supporting the Bank in navigating the challenging road to economic recovery






Finance

Under the finance perspective, key financial measures such as budget utilization, asset level and quality, and net interest margin are managed in order to pursue the Bank's objective of building a robust asset base and a strengthened capital structure.

As a development bank operating with a commercial banking license, the financing interventions are expected to yield viable returns to the institution for sustained development operations.

While the Bank is expected to operate at a higher level of risk given its mandate and the nature of its target market, it endeavors to do so through a conscientious approach that will ensure the continuity of its developmental undertakings. In addition to its contributions to the country's economy, it also operates at a financial level that is deemed sustainable and viable. Aside from the strategic changes aimed to increase the efficiency in its operations and use of resources, the Bank actively conducts sourcing of sustainable funds meant to mainstream environmental and social undertakings in the business and government space, furthering its sustainable finance agenda.

Treasury & Corporate Finance Sector

Sustainability implies continuity and viability. In this pursuit, the Treasury and Corporate Finance Sector (TCFS) directly supports the Bank's operations so that its resources are well allocated and optimum results are reaped through its loans and investments.

Through a suite of treasury, investment and corporate finance products and services, the TCFS provides funding options for corporate clients and institutional partners who 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 implications as provided in the Bank's negative list.

With the maturity of its maiden sustainability bonds issued in 2019, the Bank is again looking into similar issuances that will target environmentally and socially-aware investors and institutions who wish to support the mandate of financing sustainable development in the country. Similar to the maiden sustainability bonds amounting to Php18.125 billion which was fully utilized for sustainable projects within one year, the TCFS again played a key role in expanding the Bank's bond program from Php55 billion to Php150 billion. Now called Bayani Bond Program, this expanded bond program provides the Bank with more options for funding development loans in the coming years. To further increase viability of the Bank's subsequent bond issuances, under the Bayani Bond program, the Bank may issue Agri-Agra bonds which shall comply with the revised Agri-Agra Law (RA 11901). Under the new IRR (Circular No. 1159) issued by the BSP, investments in sustainable finance instruments, including those issued by DBP, such as green and blue bonds, social bonds, sustainability bonds, sustainability-linked bonds, transition bonds and green equity, among others, are now considered as compliance to the mandatory credit allocation to Agriculture, Fisheries, and Rural Development (AFRD).

While funding the Bank's development loans remains top priority in the deployment of resources, the TCFS continues to balance this need by enhancing the Bank's income earning potential through innovation of its product lines and increasing the resiliency and efficiency of its operations amidst volatile markets and operational challenges. Among other initiatives to hurdle said challenges in 2022, the TCFS operationalized its Equities Trading desk and launched night trading activities for fixed income and foreign currencies in line with efforts to seek more opportunities for income capture.

Operations Sector

The Operations Sector is the administrator of the Bank's financial information and resources. It ensures the Bank's optimal financial health so that it operates at a level in the delivery of its expected development outputs through its lending and other bank operations.

Apart from back-office support services, the Sector ensures that vital financial information is available and reported in a timely manner so that key decisions that will have financial implications are made correctly.

In 2022, the Operations Sector launched the development of the responsibility accounting system initiative, a system designed to ensure that business unit level performance is closely monitored, and projects as well as programs are implemented through effective budget control measures. This system also supports risk-based planning and implementation, which is aligned with the Bank's efforts to improve its financial and operational resiliency.

Constituency

Back to Table of Content

Collaborative solutions for a sustainable future

Committed to delivering efficient and timely services to bank customers, DBP has put in place policies and procedures to address inquiries, requests, feedback, and complaints.

Strengthening its role as a catalyst for economic growth, the bank continues to support initiatives that promote the welfare of the underprivileged. Outreach activities and programs are implemented all year round as to benefit vulnerable groups and other target beneficiaries.

Customer Experience Management

The customer, as the most important stakeholder, remains to be the top priority of DBP. As DBP expands its reach, the Bank strives for service excellence in the delivery of 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 customer journey.

DBP 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.

DBP provides varied customer touchpoints as part of the Bank's efforts to ensure the continued delivery of banking services. DBP Branches and Lending Centers are made available to personally attend to customers' needs during regular business hours. 24/7 operational support for ATM-related issues, on the other hand, is provided by E-Channels Operations Department.

CEMD, as a second-level of customer support, similarly operates the Bank's customer service mechanism through the Customer Care Unit (CCU), which also acts as a central point of contact for customer concerns from regulatory government agencies.

COMPLAINTS MANAGEMENT	
2022	97% Resolutions Rate
2021	97% Resolutions Rate

In DBP, customer experience becomes a shared responsibility. All regional offices and business units in the Head Office are tasked to handle customer concerns and report the same to the CEMD's Customer Concerns Analytics Unit (CCAU) for consolidation, analysis and reporting to the DBP Management Committee and the Board of Directors thru the Customer Experience (CX) Circle and Risk Oversight Committee, respectively, and ultimately, to the BSP.

The Bank acquires valuable insights for the improvements of its business operations from the voice of its financial consumers gathered thru the 40,670 and 46, 538 customer concerns received in 2021 and 2022, respectively, with resolution rates steadily high at 97% for both years.

Moreover, DBP proactively measures customer satisfaction levels thru the conduct of Customer Satisfaction (CSat) Surveys administered proprietarily by the Bank and thru the engagement of a third-party service provider. The latter complies with the requirements of the Governance Commission for GOCC (GCG). The collected data forms the cornerstone for implementing improvements aimed at elevating the customer experience, ensuring continued industry relevance.

EXTERNAL CUSTOMER SATISFACTION SURVEY	
2022 1,551 Number of Respondents	91.4% Overall Satisfaction Percentile Equivalent 4.57 Ave. Client Rating
2021 1,080 Number of Respondents	90% Overall Satisfaction PercentileEquivalent 4.50 Ave. Client Rating

IN-HOUSE CUSTOMER SATISFACTION SURVEY	
2022 8,862 Number of Respondents	94.8% Overall Satisfaction PercentileEquivalent 4.74 Ave. Client Rating
2021 6,308 Number of Respondents	94% Overall Satisfaction PercentileEquivalent 4.70 Ave. Client Rating

Financial Literacy

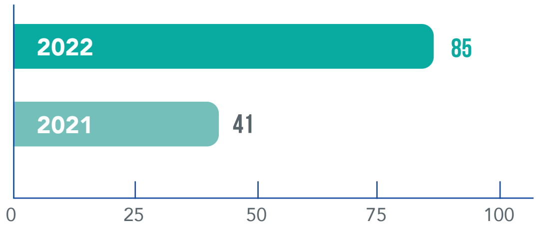
Financial literacy is an essential skill for making sound investment decisions. A survey conducted by S&P showed that only 25 percent of adult Filipinos have a fundamental understanding of financial principles. The Philippine government and the BSP emphasized the role of institutions in providing financial literacy programs for the general public. In 2022, DBP broadened its range of programs for its customers, stakeholders, and suppliers, showcasing a remarkable 107.3% increase from 2021.

The Bank regularly holds financial literacy seminars for farmer and fishing cooperatives, as well as government officials and public servants. Additionally, there are client orientations for various DBP lending initiatives targeted for MSMEs and cooperatives, such as PASADA, Swine R3, and ERCA-RCEF. The Bank similarly holds forums on investment opportunities, and gives informative road shows on Retail Treasury Bonds and Retail Dollar Bonds to introduce the general public on how they can contribute to nation-building. The Bank also gives presentations on the Bank's investment funds, Unlad Kawani and Unlad Panimula. Moreover, the Bank provides development forums for clients on farm clustering and major economic national challenges in the immediate future. With the consistent implementation of all these financial education schemes, DBP is contributing its efforts to further financial literacy in the country. This will empower individuals to acquire the knowledge and skills needed to create successful financial strategies, leading to the financial prosperity of the Filipino people.

Financial education such as these give consumers the knowledge to understand and evaluate the information they receive and empower them to make informed financial decisions.

All customer-facing business units are required to promote financial awareness and literacy as espoused in the Bank's Financial Consumer Protection Framework.

Number of Financial Literacy Programs Conducted



To celebrate Cooperative Month, the Los Baños Municipal Cooperative Development Council invited DBP to facilitate a financial literacy training program for cooperatives in October 2022. The event aligns with the partnership agreement between the Bank and the Cooperative Development Authority in 2021. The core mission seeks to bolster cooperative enterprises through capacity-building sessions on financial and operational management.

The Bank conducted a financial literacy session in Pampanga in support of the Bureau of the Treasury's financial awareness drive. The newly-recruited police officers were taught how to maximize their earnings through safe investment opportunities such as government bonds. The session emphasized the advantages of maintaining an active bank account which can serve as a primary settlement account for investments and interest returns.

Corporate Social Responsibility

The Development Bank of the Philippines recognizes its role as a catalyst for a progressive and poverty-free Philippines. Its commitment is manifested through initiatives that promote the welfare of the Filipino people, especially the underprivileged.

The DBP CSR program for the environment focuses on protecting our natural resources and particularly, reforestation to mitigate climate change. For financially challenged but deserving Filipino youth, the Bank aims to improve access to quality tertiary education. DBP Resources for Inclusive and Sustainable Education (RISE) was launched in Year 2018. Designed to reduce poverty, the program is an offshoot of the DBP Endowment for Education Program (DEEP), the Bank's scholarship program from Year 2008-2018.

The Bank's outreach activities and programs through its Donations and Contributions fund continue all year round as it aims to augment both public and private resources for social services to inherently vulnerable groups and other target beneficiaries. Donations are regularly extended to families in calamity-stricken areas in partnership with duly registered charitable institutions, nongovernment organizations, Local Government Units, National Government Agencies and public institutions.

As DBP affirms its enthusiasm to be a partner in ensuring quality education to sustain our country's economic progress, the Bank also supports the Adopt-a-School and Brigada Eskwela programs of the Department of Education. The Bank donates school supplies, learning materials and resources for facilities improvement and equipment.

The Bank provided a total of Php16.18 million worth of assistance to 77 LGUs in disaster stricken areas and supported 6 outreach and charitable activities of inherent vulnerable groups. Institutional donation was also extended to employee-dependents following the passing of 5 Bank personnel.

Total donations and contributions for 2022

Php 16.18 million

77
LGUs in disaster-stricken areas

6
outreach and charitable activities of inherent vulnerable groups.

5
Bank personnel

DBP Resources for Inclusive and Sustainable Education (DBP RISE)

DBP Resources for Inclusive and Sustainable Education (RISE) was launched in Year 2018. The program is an offshoot of the DBP Endowment for Education Program (DEEP), the Bank's scholarship program from Year 2008-2018.

The RISE program carried DEEP's advocacy for providing underprivileged Filipino youth the opportunity to uplift their socio-economic standing and contribute to nation building.

DBP RISE is a Php500 million program intended to support five (5) batches of scholars. Designed as a poverty alleviation strategy, the program is considered a major development intervention in education, by preparing deserving but marginalized Filipino high school graduates for future employment opportunities. The scholars are encouraged to pursue studies in Engineering, Real Estate Management, Education, Accountancy, Information Technology, Hospitality and other related courses.

To formalize the scholarship, the scholars, together with their parents signed the agreement to officially accept the assistance from DBP. For CY 2022 the total financial support extended to scholars was Php67.39 millon. Since its launching in Year 2018, DBP RISE has released a total of Php198.75 million to its 31 partner schools benefitting a total of 1,742 scholars as of year end 2022.

DBP RISE scholars become automatic members of the DEEPSAI (DEEP Scholars Association Inc) upon signing the scholarship contract. The scholars will also contribute to the DEEPSAI Fund as directed by the program's "pay forward" scheme.

Php198.75 million
Funds Released

1,742
Number of Beneficiaries

Rising Above the Challenge

Kyle Bowen Arciaga has always dreamt of becoming an electrical engineer. Unfortunately, his family had no means to support his journey, "other than selling lugaw (rice gruel), my parents did not have stable means of livelihood. I know and appreciate that they have been trying their best to provide for the family's needs," he shared.

It was a journey firmly built on inspiration and an unquenchable thirst to rise above the challenges. Kyle applied for scholarship assistance under the DBP Resources for Inclusive and Sustainable Education (RISE) Program in 2019. He qualified to join Batch 2 and pursued his college education at the University of Cebu.

Four years of diligent study and unrelenting determination paid off. He took the 2023 Registered Electrical Engineers Licensure Examination last April, and landed among the topnotchers at seventh place, with an impressive rating of 90.40 percent.

Engr. Kyle, believed that the challenges served as the strongest motivation to fulfill his dream. Vowing to make the most of the opportunity granted by the DBP RISE program, he stayed focused in his studies which led to his exemplary performance in the licensure exams. "I aspired to pass the Registered Electrical Engineers Licensure Examination by establishing the correct mindset during my college years, as well as during my review days. I developed a momentum and during my review, I asked God for whatever I needed, such as direction and wisdom, as well as good health. I prepared myself physically, psychologically, emotionally, and spiritually.

My family's financial situation inspired and motivated me to work hard. "

DBP Forest Program

The DBP Forest Program (DFP) aims to contribute to the reforestation efforts of critical biodiversity areas all over the Philippines. This is conducted in partnership with local institutions such as Local Government Units (LGUs), State Universities (SUCs), People's Organizations (POs), and Water Districts (WDs), where DBP provides a grant fund to the project.

To date, the Bank has a total of 48 Forest Partners composed of 16 People's Organizations, 22 LGUs, 8 SUCs, 1 WDs, and 1 Foundation. Reforestation has covered a total of 6,274 hectares, which is 83% of the 7,500 hectares target. A total of 6.5 million species cover the reforestation area, 80% are endemic and fruit-bearing trees, 9% are mangrove species, 7% are bamboo species and 4% are high-value species such as cacao and coffee species.

This year DBP launched the DBP Native Tree Seed Bank, a newly approved sub-program that covers all nursery establishments and seed collection projects. Its long-term vision is to provide high-quality native tree planting materials in watershed areas for faster reforestation. The project target is to grow 100 thousand bamboo species and other native species annually for reforestation purposes in the province.

Forest Partners
48

16
People's Organizations

22
Local Government Units

8
State Universities and Colleges

1
Water District

1
Foundation

Planted Species

1,797,396
Forest Trees

673,581
Fruit Bearing Trees

3,840,769
Coastal (Mangrove and Nipa species)

159,803
High Value crops (Coffee and Cacao species)

87,075
Bamboo species

Planted Areas
6,274
Total hectares

Internal Process

Back to Table of Content

Delivering value to achieve long-term goals

Building possibilities for sustainable growth is the foundation of DBP's strategic direction and corporate objectives. Guided by the United Nation's Principles of Responsible Banking (PRB), the Bank continues to strengthen its internal culture and integrate its policies on good governance and E&S risk management to enhance organizational productivity and competitiveness, ultimately leading to the creation of new value for customers and enhance customer experience.

DBP embeds sustainability at the heart of its internal operations

Underpinned by its core values of effective governance and environmental & social protection, DBP integrates sustainability within its business strategies, risk management systems, corporate governance frameworks, and overall external operations. Beyond the attainment of its corporate goals, the sustainability policy continuously works to implement environmental and social considerations in all aspects of its internal operations. The Bank pursued these objectives by utilizing its Sustainability Strategy and Transition Plan (SSTP) which incorporates requirements of BSP Circular No.1085 on Sustainable Finance Framework (SFF). The plan's robustness was then further bolstered through incorporating the elements from the United Nations Environment Programme- Finance Initiative's Principles for Responsible Banking (UNEP-FI's PRB). Through this approach, DBP deepens the institutionalization of its sustainability policies and commits itself to developing low internal carbon emission goals. These goals notably align with the 2015 Paris Agreement initiatives to reduce GHG emissions.

DBP's SSTP is marked by five l eading p illars : support for sustainability solutions, strengthening environmental and social risk management, driving operational resource efficiency, building-up sustainability governance and culture, and stakeholder collaboration.

- Collaborate with Stakeholders for Sustainable Community
- Scale Up Support for Sustainability Solutions
- Strengthen Environmental and Social Risk Management
- Drive Operational Resource Efficiency
- Build Up Sustainability Governance and Culture

Environmental and Social Risk Management

DBP's Environmental and Social Risk Management System (ESRMS) serves as a comprehensive framework for integrating environmental and social (E&S) risks considerations into the Bank's overall enterprise risk management. This system encompasses existing policies, processes, methods, and tools related to E&S risk management, including essential components such as the Environmental Aspect Register (EAR) and Credit Policy and Credit Guidelines (CPCG 112) pertaining to Environmental and Social (ESS) Due Diligence.

The EAR plays a vital role in identifying and evaluating the significance of environmental aspects and impacts stemming from the Bank's internal operations. On the other hand, CPCG 112 provides specific guidelines f or s creening and categorizing loan proposals based on their environmental and social implications.

To assess the impact of its loan portfolio in terms of E&S risks, DBP has conducted an analysis using the UNEP FI Principles for Responsible Banking – Portfolio Impact Analysis Tool. This analysis covers a wide spectrum of loans, including those directed towards MSMEs, LGUs, water districts, electric cooperatives, large enterprises, and financial institutions (FIs. It takes into account the scale of DBP's exposure to various industries and considers the challenges and priorities related to sustainable development within the country. Detailed results of this impact analysis can be found in the Reporting and Self-Assessment – Principles for Responsible Banking on pages 192-199.

Recognizing the potential influence and amplification of E&S risks on its key risk areas, as specified on page 157, DBP is committed to leveraging its ESRMS to continuously update and enhance policies, processes, methods, and tools. This adaptability is crucial in responding to the evolving business landscape and emerging issues and trends that have the potential to significantly impact the Bank's portfolio and reputation. Moreover, DBP aims to establish sector-specific standards, especially in areas characterized by high environmental and social sensitivity. The Bank also remains dedicated to aligning itself with internationally recognized principles, standards, and global best practices to develop more robust and effective E&S risk management strategies.

Support for Sustainability Solutions

DBP acknowledges the importance of assessing its sustainable impacts. Using the UNEP-FI PRB Impact Analysis Tool, DBP has identified that within its loan portfolio, the power generation and distribution, as well as energy efficiency sectors, drove the most substantial impact on both society and the environment.

DBP's commitment to sustainability is exemplified through initiatives like the Financing Utilities for Sustainable Energy Development (FUSED Program and the Energy Efficiency Savings (E2SAVE) Financing Program. These programs are instrumental in reducing the negative impact associated with the energy sector.

For a comprehensive understanding of the specific targets aimed at addressing the sustainability issues in power generation, distribution, and energy efficiency sectors, please refer to the Reporting and Self-Assessment – Principles for Responsible Banking, which can be found on pages 199-203.

Operational Resource Efficiency

DBP recognizes the value of optimizing resource usage to achieve its goals while minimizing costs and environmental impact. Annual reviews and operational audits are conducted to maintain the integration of environmental initiatives in operations.

Energy efficiency reduces greenhouse gas emissions. The Bank's energy consumption continues to decrease in 2022 following the notable reduction from the previous years. Conservation measures which include the conversion to LED lighting fixtures and Inverter-type Air-Conditioning (AC) units, continue to significantly lessen total consumption without affecting productivity levels.

Fuel conservation measures are consistently implemented with the Bank's fleet program. A transport planning process is in place at the Head Office and Offsite offices to ensure energy-efficient schemes are applied for all procured and maintained vehicles.

Transition to LED Lighting and Inverter Air Conditioning units

AIRCON

	Non-Inverter		Inverter		Total
Head Office	74	33%	150	67%	224
Offsite Offices	240	24%	749	76%	989
Total	314	26%	899	74%	1,213

LIGHTS

	Non-LED		LED		Total
Head Office	0	0%		100%	
Offsite Offices	4,693	24%	14,636	76%	19,329

Resource Consumption Breakdown

		2022	2021	2020	2019
ELECTRICITY (KWh)	Total Electricity Consumption	10,865,566	11,005,948	10,226,986	11,906,528.01
FUEL (li)	Total Diesel Consumption	296,490.42	384,279	348,740.56	403,019.73
	Total Gasoline Consumption	223,278.93	203,646	58,251.29	44,484.38
Total Energy Consumption (MJ)	Total Energy Consumption (Electricity and Fuel)	59,179,134.51	62,315,317.80	52,527,035.03	60,137,159.49
ENERGY INTENSITY (MJ/employee)		18,220.18	18,279.65	14,562.53	19,115.44
PAPER	Total Paper Consumption (bond paper in reams)	34,624	35,238	22,846	32,651
	Total Paper Consumption (continuous forms per box)	4,765	5,129	21,390	5,576

WATER (cu.m)		2022	2021	2020	2019
	Total Water Consumption	107,286.00	91,796.99	94,563.28	111,176.55

SCOPE 1 DIRECT GHG EMISSIONS					
FUEL (Vehicle)	Emission Factor[1]	GHG Emission (kg CO2e)			
		2022	2021	2020	2019
Diesel	0.165	48,920.92	63,406.04	57,542.19	66,498.26
Gasoline	0.188	41,976.44	38,285.45	10,951.24	8,363.06

[1]*Source: UNFCCC GHG Calculator v. 02.6 September 2022*

SCOPE 2 INDIRECT GHG EMISSIONS					
Electricity	Emission Factor[2]	2022 GHG Emission (t-CO_2/MWh)			
		2022	2021	2020	2019
Luzon-Visayas	0.7122	6,606.68	6,647.91	6,186.98	7,164.11
Mindanao	0.7797	1,239.04	1,303.36	1,200.62	1,440.42

[2]*Source: DOE website (2015-2017 National Grid Emission Factor(NGEF)*

Waste Management

Standard guidelines and control procedures to reduce and control waste generation are strictly followed by the Bank. To further promote waste reduction, initiatives like back-to-back printing for applicable documents without compromising information security and maximizing IT tools for information storage, sharing, and collaboration are applied.

DBP has its own solid waste segregation and management program, aligned with RA 9003, the country's Ecological Solid Waste Management Act. The bank also reviews and improves its system to ensure the promotion of public health among stakeholders in support of DBPs ISO 14001:2015 - aligned certification. The regular disposal and segregation of garbage remain consistent with local ordinances and national laws and regulations. In 2022 DBP HO generated and disposed 16,989 bags of wet and dry wastes through the Banks' contracted garbage collector. HO started monitoring recyclables and non recyclables per type of waste on the last quarter of 2022.

Hazardous Waste Generated (kg)	2022
Bulbs	856
Medical wastes	6
Empty Cartridges/Toner	1,036
WEEE	760
Used Oil	210
Empty Paint Cans	86
Total - Head Office	2,954

Breakdown of hazardous waste generated at DBP Head Office

Resource management initiatives and solid waste management are incorporated into the bank's strategic environmental plan. Corresponding targets and action plans are aptly measured, monitored, and assessed periodically for effectiveness. Part of DBP's medium-term plan is to develop a Waste Management Program in partnership with relevant organizations. The initiative hopes to encourage the sharing of perspectives among stakeholders that are consistent with the plans outlined in the Bank's SSTP.

Garbage segregation is strictly implemented with the use of color-coded bins in the Head Office (HO) and off-site offices. Designated receptacles for hazardous wastes are also in place. Consistent with DBP guidelines on the of Disposal Hazardous Waste Materials, e.g. busted lamps/bulbs, etc., proper transportation and disposal are observed as soon as the assigned quantity is reached.

All hazardous waste generated by DBP offices are disposed off through an accredited DENR hazardous waste transporter and treater. DBP obtains certification from the facility to ensure proper handling and disposal, as required by EMBDENR. This initiative is consistent with the EMS principle of life cycle perspective in the value chain of goods and procured products. There were no disposal of hazardous waste for HO in 2022 due to ongoing application of online hazardous waste generator ID and renewal of PCO accreditation.

Hazardous wastes located off-site can be a challenge when there are no authorized transporters in the area. To address the issue, waste quality levels are continuously monitored so that it stays below the warning level prior to disposal. Continued coordination is also done for proper disclosure and reporting to avoid penalties.

Procurement

DBP as a banking institution needs to procure various goods and services in order to maintain and expand its operation, such as but not limited to, bank forms, office supplies and equipment, consulting services, maintenance of IT system, repairs of building, equipment and vehicles, lease of properties for the branches, and services of contractor for the repair or fit-out or construction of branches.

In compliance with the Revised Implementing Rules and Regulations (IRR) of Republic Act 9184 (also known as the Government Procurement Reform Act), suppliers, providers, consultants, and contractors need to be registered with the Philippine Government Electronic Procurement System (PhilGEPS).

DBP strictly complies with the revised IRR of RA 9184 in all procurement processes particularly the selection of suppliers, providers, consultants and contractors.

Pursuant to Section 10 of the revised IRR of RA 9184, all procurement shall be done through competitive bidding, except justified and approved to adopt any alternative/ negotiated mode of procurement.

The eligible suppliers, providers, consultants and contractors are restricted to Filipino citizens/sole proprietorships, partnerships, or organizations with at least sixty percent (60%) interest or outstanding capital stock belonging to citizens of the Philippines, and to citizens or organizations of a country the laws or regulations of which grant similar rights or privileges to Filipino citizens, pursuant to RA No. 5183. Subject to approval, foreign entities may be allowed to participate in public bidding/ procurement based on the conditions provided in the Revised IRR of RA 9184.

In 2022, there was no condition for the procurement of goods, services, infrastructure projects or consultancy services that necessitated the need for foreign suppliers, contracts, providers or consultants.

Bids/offers/proposals are evaluated based on the requirements and technical specifications which may include social and environmental specifications/requirements. Contracts are awarded to the lowest price, provided, compliant to the requirements and technical specifications.

The Bank procured items which were identified as green procurement products in support to the implementation of the Sustainable Public Procurement (SPP) or the Green Public Procurement (GPP) regime in Government, such as vehicles, toilet paper, multi-copy paper, LED light bulbs, computers, monitors and laptops, air conditioners and food and catering services.

Sustainability Governance and Culture

The DBP Sustainability Policy Statement outlines DBP's sustainability commitment in line with its purpose and mission. Approved in September 2022, it ensures that the principles are at the core of DBP's business strategies and risk management system. Likewise, DBP's Sustainability Management System (SMS) which was established in December 2022, provides the framework of the Bank's policies and governance structure.

Overseeing the Bank's adoption of sustainability principles including those covering environmental and social (E&S) risk areas, the DBP Board of Directors and Senior Management promote and ensure the implementation of the Bank's long-term financial interest and influence on the environment, society, and economy. The Senior Management also facilitates the identification, assessment, monitoring, and mitigation of E&S risks, taking a holistic approach to risk management and aligned with the E&S strategic objectives.

The Development Advocacy Committee serves as oversight committee of the Board in the exercise of governance and policy setting, relative to DBP's sustainability mandate. The Risk Oversight Committee is the BOD's representative in risk governance. It also performs the E&S risk oversight function. The Management Committee leads the management review of sustainability matters with the Chief Sustainability Officer. It performs the oversight and supervision of the Sustainable Finance Framework and other sustainability related management matters. The monitoring of accomplishments relative to the Bank's Strategic Objectives on Sustainability and SSTP ,is performed at least quarterly. Depending on the results, the status is reported to Management for notation / decision-making if necessary. Likewise, related policies are elevated to the Board, e.g. Sustainability Policy, Environmental and Social Risk Management System (ESRMS) Policy, for approval. DBP's attainment of annual targets is monitored internally by the Bank's Strategic Planning Group - Corporate Planning Department. Sustainability accomplishments are monitored, reviewed and confirmed by regulatory bodies and 3rd party external auditors, e.g. BSP, GCG, ISO 14001:2015 (EMS) 3rd party auditor.

Sustainability-related accomplishments based on defined special tasks are done simultaneously with other planned targets. These are incentivized through additional numerical performance point scores as part of the annual individual performance rating, based on the clear involvement of the Bank personnel concerned, as designated through an Office Order. The final performance rating is used as basis for promotion, training and scholarship grants and other personnel actions.

Stakeholder Collaboration

To influence and accelerate sustainable economic growth, the Bank works with customers and clients, who are fellow travelers on the road to sustainability.

The Bank conducted a nationwide Sustainability Assessment Survey in December 2022 among 161 retail borrowers using a systematic sampling procedure. The survey aims to (i) understand expectations on sustainability practices and initiatives and how these impact banking preferences and decision-making process; (ii) to establish the current level of awareness of the Bank's commitment to sustainable principles and practices; (iii) determine the perceived level of effectiveness of the sustainability efforts employed by the Bank and how these efforts meet or exceed expectations; and (iv) solicit feedback on the potential areas/product and service offerings for sustainable development that may be covered by the Bank.

DBP also crafted a Client Engagement Plan (CEP) which defines how the Bank intends to continue working with clients/customers to encourage sustainable practices. It explains DBP's approach in helping clients who are exposed to sectors associated with significant sustainability issues. The plan outlines how clients can effectively transition to reduce negative impact on the environment and society.

On November 2022, DBP conducted the Solar Investor Workshop in partnership with Infrastructure Asia (IA) and the Confederation of Solar Developers of the Philippines (CSDP). The workshop drew the participation of around forty (40) attendees, including representatives from CSDP member organizations, delegates from CSDP, prospective investor firms from Singapore, and from DBP itself. This initiative aligns with the bank's objectives of developing low-carbon emission targets.

Organization

Back to Table of Content

Promoting excellence, integrity, and teamwork

Performance excellence is anchored on teamwork, integrity and a deep commitment to be of service to others. Aspiring to be a hub for innovation, the bank continues to cultivate safe work spaces towards effective and sustainable operations, and encourages the emergence of talent and skills.

Our People

Striving for continuous improvement begins with employee commitment. The DBP community values operational excellence as it takes pride in promoting integrity, teamwork, service to others, and love of country across the organization.

With an environment that supports growth and well-being, DBP's workplace fosters a culture that inspires people to thrive, flourish, and realize their full potential. The Bank has several programs for employees to support their growth while maintaining a healthy work-life balance.

Management motivates employees to excel and become active contributors to the organization's success. The talent selection process is merit-based, with competitive remuneration, benefits, and non-financial incentives to attract and retain the best candidates for the job.

Productivity includes initiatives that support physical and mental well-being. In times of crisis, employees are given ample time to recover, with additional resources and tools. During the pandemic, the Bank enhanced all health initiatives, especially for those in the front line of service.

In 2022, DBP had a total of 3,248 employees across the country. Of the total number, 62 were new hires while 78 of them retired from the DBP.

The Bank also had 812 employees who had a tenure beyond 21 years. This long tenure provides insights into loyalty, job satisfaction, and workforce stability. Long

3,248 Total number of employees in 2022

2,169 female employees

1,079 male employees

tenure signifies dedication and a meaningful understanding of the company's culture and vision. The Bank's success in talent retention is attributed to a competitive compensation package with diverse benefits, allowances, subsidies and career development.

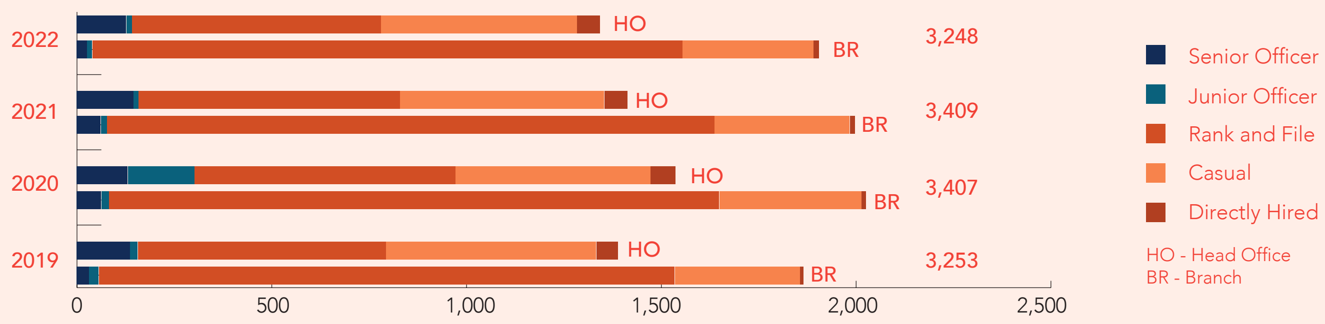
DBP believes in promoting equal opportunities for career growth.The Bank's nondiscrimination policy is outlined in DBP Circular No. 12 series of 2019. This prohibits any form of prejudice or bias based on gender identity, civil status, physical disabilities, religion, political affiliation, ethnicity, and indigenous cultural community membership. The policy ensures equal treatment for all employees, from the hiring date to the training process, up until the employee's promotion.

In terms of gender representation, DBP has more female employees than male employees. As of 2022, DBP employed 2,169 females more than double the 1,079 males.

Likewise, the bank employed 18 members of the country's Indigenous People (IP) groups. They are members of Mandaya, Manobo, Maranao, Yapayao, Igorot, Bukidnon, Cuyonon, Applai-Bago, Ata-Kalagan, Balangao, Baliwon, Gaddan-an, Subanen, Talaandig.

Employee Demographics

Employee Classification



New Hires in 2022

182 Total New Hires

62 New Hires (Permanent)

31 Management Associate Program (MAP Batch 13)

82 Regularized

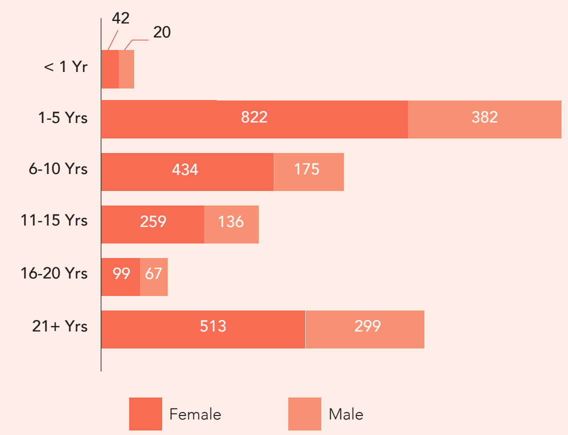
7 Job Order

Employee Category by Gender in 2022

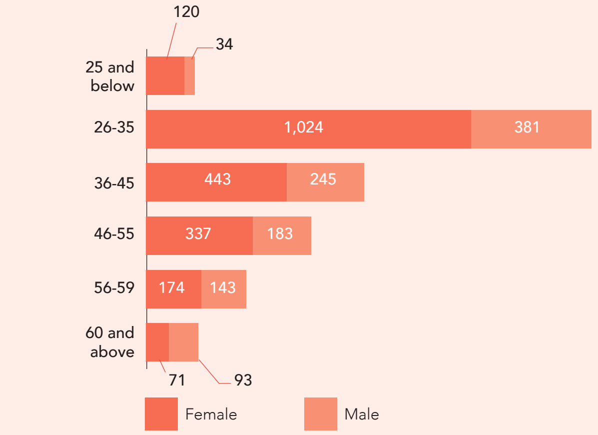
	Female	% of Female	Male
Senior Officers*	32	49%	33
Junior Officers	554	66%	287
Rank and File	1,580	68%	753

*excluding Management Committee members

Number of Employees by Tenure in 2022



Number of Employees by Age in 2022



Employee Separation by Mode, Gender and Geographics Location in 2022

MODE OF SEPARATION	HEAD OFFICE-NCR		LUZON		VISAYAS		MINDANAO		TOTAL
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	
Retirement	25	16	9	9	6	2	4	7	78
Death	1	1			2		1		5
End of Term	3	4	1		1				9
Resignation	36	18	17	8	14	8	11	4	116
Transfer out	5	3	4	1		1	1		15
Total	70	42	31	18	23	11	17	11	223

Total employees who took parental leave in 2022

123 Maternal leave

32 Paternal leave

100% Return rate of employees who availed of maternity or paternity leaves

Retention rate of employees who availed of parental benefits and were still employed 12 months after

95.54% Retention rate of employees who availed of maternity benefits

97.22% Retention rate of employees who availed of parental benefits

Compensation and Benefits

Employee retention is a catalyst to the success and stability of an organization. Tenured employees accumulate valuable knowledge and expertise, understanding the company's history, clients, products, and industry trends.

DBP rewards employees with competitive compensation and incentive packages based on merit and performance. The Bank's compensation and benefits program supports the employee's financial, physical, and emotional well-being.

The Revised Charter of DBP exempts the Bank from the Salary Standardization Law (SSL). It authorizes the Board to have a compensation plan comparable to the prevailing standards of the private sector.

The Compensation Plan is reviewed every two years to ensure competitiveness and responsiveness to industry standards. A distinct salary structure, complete with benefits and allowances is followed. Aside from the monthly salary, employees also receive a Mid-Year Bonus and other payments, benefits, and subsidies, such as the Provident Fund, Health Care Plan, and Motor Vehicle Lease Purchase Plan. The health care plan provides coverage for critical illnesses and other health needs.

The Bank's Compensation Plan outlines the high-ranking officers' salaries, including DBP's President and CEO and the four highest compensated officers. The salary increase of top officers and managers is based on performance rating and ranking and must not exceed the level's maximum wage.

DBP implements a pay range for different positions in the organization. Depending on the overall performance of the bank, the annual incentive payouts are given through the Performance-Based Bonus (PBB), subject to the conditions, requirements, and multiplier incentives established by the Governance Commission covering government-owned and controlled corporations (GOCCs). The PBB incentive must coincide with the bank's ability to achieve its annual goals and targets related to economic, environmental, and social aspects.

Provident Fund

DBP recognizes the commitment and hard work of the employee community with benefits that go beyond the years of loyal service. DBP's Provident Fund is a trust fund that is part of our employees' pension plan and is in line with Republic Act 4537. Available for employees who have demonstrated dedicated service, the retirement benefit works as counterpart funding, with DBP providing a 30% share. With this unique incentive mechanism, DBP employees can better prepare for retirement.

The Provident Fund offers various loans with competitive terms and concessional rates that encourage employees to accumulate assets and build up net worth. For 2022, the fund's Individual Housing Loan Program approved assistance for 102 DBP employees, with a total loan value of Php121.88 million. The loan comes with affordable interest rates for members acquiring a house, house and lot, or a condominium unit.

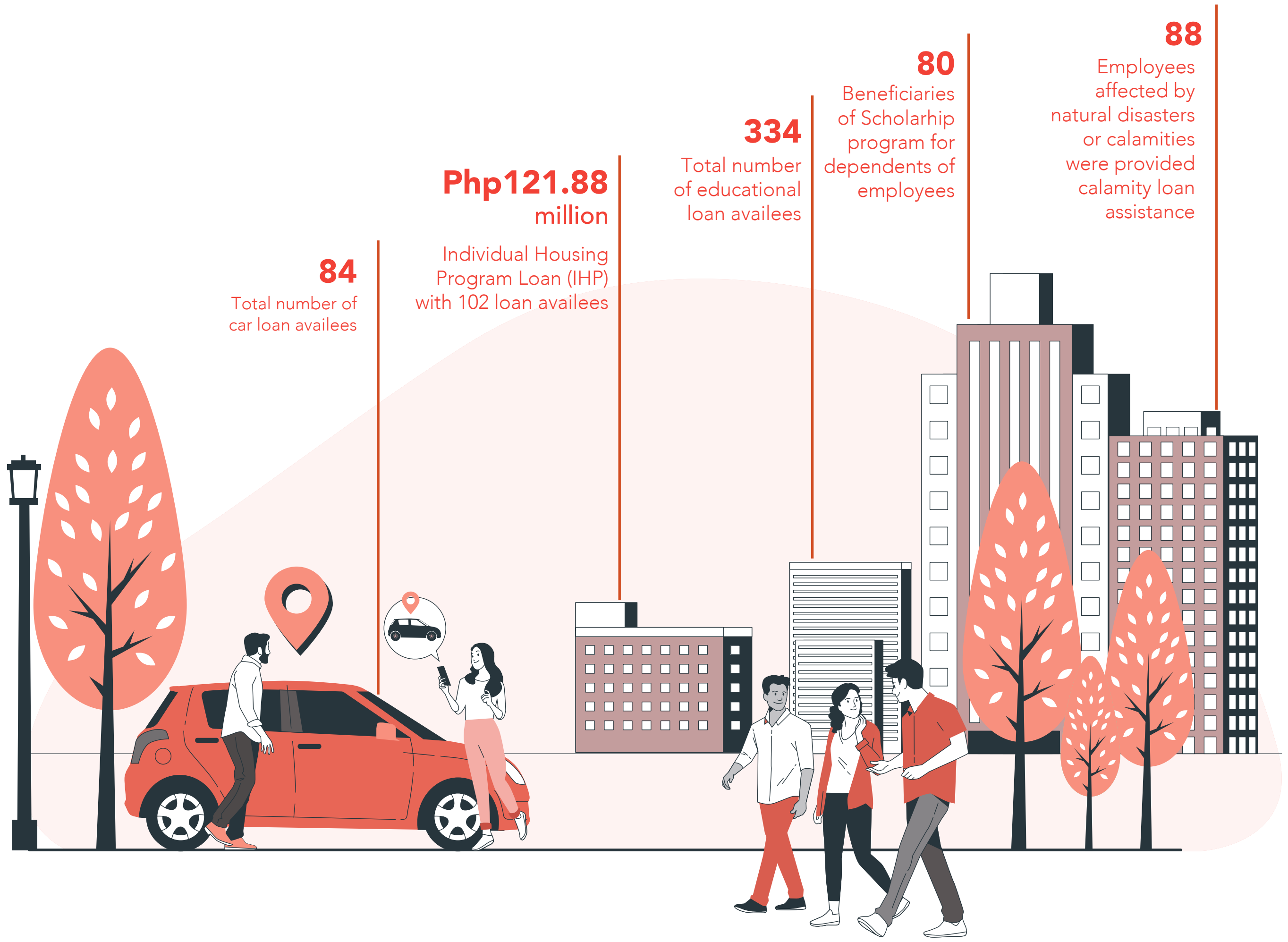
The Provident fund also approved the real estate loan of 9 employees purchasing property for investment and entrepreneurial purposes and a car loan for 84 employees.

The steady partner of DBP employees during the unexpected financial crisis, a calamity loan for 88 employees affected by natural disasters was approved in 2022 while the Emergency Loan was extended to 37 employees and dependents, for medical needs that the health Care Fund does not cover.

The Provident Fund also has a General Purpose Loan that can be utilized for personal obligations, savings, or investments, an Equity Loan to settle personal obligations, housing repairs, and maintenance.

The fund financed the Educational Loan for 334 employees and their dependents, and the computer needs of 538 employees under the Tele Loan, which allows the acquisition of equipment for the alternative work arrangement and Blended Learning program of dependents.

DBP also extends financial assistance to deserving dependents through the Scholarship Program for Dependents of Employees. Designed to make tertiary education accessible to DBP employees' dependents, this program also contributes to the achievement of Sustainable Development Goal 4 to ensure inclusive and equitable quality education.



People Development

DBP aims to develop motivated, competent, and values-oriented development bankers. The fundamental people development process allows individuals to acquire new knowledge skills and re-shape perspectives to boost personal and organizational growth during the pandemic.

Capability Building Strategy

For 2022, 100% of regular and permanent employees were provided with an average of nine (9) learning and development interventions or an average of 46 training hours, based on the individual development plan and aligned with the 5-Year Capability Building (CapBuild) Strategy. These include mandatory, leadership, functional and credential-building programs for employees and potential successors to help address competency requirements per role. Noteworthy in 2022 was the active use of eLearning platforms including productivity and collaborative tools for synchronous and asynchronous learning.

Employment Classification	Female		Male	
	Employee Count	Average Training Hours	Employee Count	Average Training Hours
Senior Officers	35	55.61	38	55.83
Junior Officers	554	55.45	287	51.80
Rank and File	1580	44.52	753	40.52
Average		47.49		44.06
Total	2169		1078	

The CapBuild strategy goes beyond developing skills and competence. It seeks to sustain a high-performance culture where engaged, ethical, and well-cared employees inspire the entire organization to achieve peak performance. It is also intended to lay the groundwork for a digitally competitive, inclusive and diverse DBP and deepen the DBP culture of quality and sustainability.

The CapBuild Strategy focuses on Performance-based Development Planning and Interventions, Institutional Programs for Continuous Upskilling of Existing Employees, and Programs based on Critical Competency Requirements

In 2022, individual learning needs were anchored on the results of the bankwide competency assessment to establish improvement from the previous year's competency baseline of the organization as part of the Bank's commitment under the Performance Scorecard for the year. Identification of employee development needs was also based on the performance evaluation and development planning for the given period in line with the DBP's Strategic Performance Management System (SPMS).

DBP actively supports the career development of employees and potential successors by continuously reskilling and upskilling talents thru local and foreign scholarship opportunities, both study and non-study programs. Employees were also provided support to obtain professional certification, diploma or Master's degrees through the Professional Advancement and Continuing Education Support (PACES) Program. Another option is to complete graduate studies through a Special Off-Campus MBA Class arrangement with a partner educational institution.

The Bank offers the Management Associates Program (MAP), DBP's talent development program, which seeks to select, train, and deploy a pool of qualified and high potential candidates to assume junior officer positions in core and critical banking functions. The program has produced a total of 246 high potential graduates (33 graduates in 2022 included), since its inception in 2004, who are actively contributing as young executives holding key managerial positions with ranks ranging from Managers to Vice Presidents and as individual contributors in various sectors. This year, thirty-three (33) graduates of the DBP Management Associates Program (MAP) Batch XII were deployed as junior officers to different business units.

DBP conducts an annual performance evaluation based on the CSC Framework on Strategic Performance Management System (SPMS). Anchored on the Bank's Strategic scorecard, the business units set the annual target at the beginning of the year for cascading to individual contributors.

For CY2022, the bankwide performance evaluation distribution of 3,353 ratable officers and employees (with at least 3 months service within the rating year) resulted to the following:

Rating	Number of Ratable Employees for CY2022	
	Total	%
Outstanding	86	2.56%
Very Satisfactory	3070	91.56%
Satisfactory	187	5.58%
Unsatisfactory	5	0.15%
Poor	5	0.15%
TOTAL	3353	100.00%

Performance evaluation results are utilized to support the employee's eligibility for promotion, incentives and awards, scholarship grants and Provident Fund benefits. For merit and promotion, an employee must obtain a rating of at least "Very Satisfactory" to qualify for promotion pursuant to Rule IX, Section 95 of the CSC revised ORA OHRA. This is consistent with the DBP Merit and Selection Plan.

Performance-based incentives and awards are specifically prescribed under HRMG guidelines on Performance-Based Bonus, Productivity Enhancement Bonus, Midyear Bonus, and the DBP Program on Awards and Incentives for Service Excellence (PRAISE).

Pursuant to Circular No. 49 series of 2018 or the DBP Learning and Career Development Plan, nominees for foreign and local scholarship grants must have obtained at least "Very Satisfactory" performance rating for the last two consecutive rating periods. Likewise, two consecutive performance rating is considered as part of eligibility criteria in identifying potential successors pursuant to Circular No. 51 s. 2021 or the Amended DBP Succession Management System.

The bank also has transition assistance programs to facilitate continued employability and career management as a result of retirement or termination. The programs include Mental Health Awareness Seminar, Work Attitude and Values Enhancement (WAVE) and Improving Mental and Physical Wellbeing. All these are aimed at helping employees not only in the aspect of personal development but also to enable them to effectively manage life and career transitions.

DBP actively supports the human resource development for employees and potential successors to emerge stronger after the pandemic.

Integrated Management System

High performance is defined by strengthened sustainability that addresses stakeholder expectations. The Bank's international recognitions in 2022 serve as testament to organizational excellence as resilience and innovation continuously guide the Bank's day-to-day operations. Consistent with international standards, service and operations are backed by an outcome-oriented workforce.

The organization's journey toward excellence was marked by the establishment of an Environmental Management System (EMS) in 2002 and a Quality Management System (QMS) in 2010. The two systems supported the bank's mission to become a world-class development financial institution and a steward of sustainable community building. Since then, DBP has been working towards aligning its EMS and QMS with ISO 14001 and 9001 standards. In 2014, both systems were combined to become the bank's Integrated Management System (IMS), based on industry best practices. The initiative paved the way for DBP to embrace change and develop business competitiveness as the 1st GFI to be EMS 14001 certified.

As a compliance obligation with the GCGfor the DBP's annual Performance Scorecard, the bank continues to satisfy the ISO requirements, as validated by the IMS Certifying Body (CB).

More than a regulatory requirement, the Bank has instilled the IMS standard as a way of life, with officers and staff working together to drive transformative and sustainable banking in all areas of operations.

DBP has consistently met all ISO requirements every year. Based on the CB's report as of December 2022, overall ISO compliance was confirmed with no major nor minor non-conformities, notwithstanding some opportunities for improvement.

Several factors contributed to the IMS' effective implementation, namely:

1. Commitment of top management
2. Achievement of business plans based on objectives and targets, as consistently monitored and measured by process owners
3. Establishment of process requirements aptly documented in the bank's manual of operations, Circulars and other Guidelines
4. Commitment of process owners to meet and improve the bank's IMS.

The IMS serves as the platform that listens to the voices of DBP clients, regulators, suppliers, and the bigger community in the pursuit of customer-centric sustainability solutions. With leverage on meaningful partnerships, the IMS recognizes the needs of its niche markets. All in all, IMS serves as a primary mover for the continuous improvement of organizational processes that support delivery of DBP products and services.

Occupational Health Safety and Wellness

DBP's Health and Wellness Unit has been actively implementing the Bank's healthcare plan. Under the Employee Relations Department (HWU-ERD), the Bank has an in-house medical and dental clinic for employees needing diagnosis, treatment, and hospital referrals. The team also organizes the annual physical examinations for all employees. It also conducts capacity-building and training programs to enhance the well-being of DBP personnel.

For 2022, the team organized a lecture on Skin Care on March 16, 2022. Held via Microsoft Teams, a total of 204 employees attended the informative discussion conducted by Dr. Mary Amy Fatima Chua. On May 5, 2022, a webinar on influenza and vaccination was also held via Zoom as preparation for the annual flu vaccination drive. A Mental Health Awareness Seminar was conducted at the head office last November 29, 2022 by Mr. Michael Jimenez, a registered psychologist.

The Bank was also part of the blood-letting activity in partnership with Veterans Memorial Medical Center. Held at the DBP's Bulwagan ng Diwang Pilipino, on Sept. 30, 2022, blood donations were received from 42 personnel from DBP.

The Bank's Occupational Health and Safety Management is aligned with DOLE. Its performance is assessed by the bank's audit department and evaluated quarterly against and realization against its target is reported to the management"

To further improve its management system, actual performance, audit observation, findings, areas for improvements, and action plans are regularly reported to the Health and Safety and Management.

For 2022, there were no fatalities or lost-time accidents in the bank. For reported incidents, investigation is immediately done to identify the root cause of the problem. Action plans are put in place to solve the issue, along with preventive measures to avoid similar incidents from happening again.

Zero
lost time accidents

Several programs were also implemented to strengthen the importance of occupational safety among employees. Safety and health advisories are regularly shared with employees, the team also holds emergency preparedness drills, and quarterly drop cover-and-hold exercises.

Security Program

The DBP Security Program covers the implementation of security requirements mandated by the Bangko Sentral ng Pilipinas for the overall protection of the Bank. It provides guidelines on the security assessment of branches and its Deposit Pick-up/Cash Deposit Servicing operations. The program also includes provision, monitoring and maintenance of security devices and alarms, as well as renewal of firearms. Part of the program is the conduct of security awareness to all Bank personnel and the appointment of a security officer as well as other security related aspect on bank protection. The program is annually evaluated by the BSP.

In view of the implementation of said Security Program, for CY 2022 the SSD reports zero incidence of loss or criminality due to negligence. This is a proof of robust security measures and the ample training of employees and staff in responding to threats. To further promote a culture of awareness all security personnel were required to attend seminars on bank security and human rights policies. Workshops on security awareness were also conducted at the Head office and Mindanao branches.

Employee Wellness Program

Number of employees availed of vaccination		
Flu (cost shouldered by employees)	**148** Employees	**356** Dependents
Pneumococcal (cost shouldered by employees)	**72** Employees	**58** Dependents

Lectures on health promotion / disease prevention	
Lectures and Seminars	**4** Number of Lectures and Seminars conducted

Healthcare Program

Number of cases/ consultations attended by DBP in-house doctors	
Medical, EENT consultations and management	**8,065** Cases seen and managed
Dental consultations and management	**3,238** Cases seen and managed

Preventive Care - Number of Employees	
58 Executive Check up (Bank Officers)	**352** Annual Physical Exam (Rank and File Employees)

CORPORATE GOVERNANCE

Back to Table of Content

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

BOARD OF DIRECTORS 2022

Alberto G. Romulo
Chairman
15 February 2017 - 21 December 2022

Emmanuel G. Herbosa
Vice Chairman
President and CEO
01 March 2019 - 17 January 2023

Dante V. Liban
Director
31 August 2021 - 11 January 2023

Ma. Lourdes A. Arcenas
Director
04 January 2017 - Present

Luis C. Bonguyan
Director
11 November 2016 - 26 September 2022

Wilma T. Eisma
Director
02 March 2022 - Present

Rogelio V. Garcia
Director
15 February 2017 - 04 May 2023

Rafael L. Reyes
Director
24 November 2020 - 15 March 2022

Consuelo N. Padilla
Director
16 March 2022 - 28 February 2023

Emmanuel P. Galicia, Jr.
Director
11 November 2016 - 11 January 2023

Roberto V. Antonio
Director
05 October 2022 - Present

BOARD OF DIRECTORS 2023

Back to Table of Content

Dante O. Tiñga
Chairman
04 January 2023 - Present

Michael O. de Jesus
Vice Chairman
President and CEO
18 January 2023 - Present

Philip G. Lo
Director
10 May 2023 - Present

Ma. Lourdes A. Arcenas
Director
04 January 2017 - Present

Emmeline C. David
Director
18 January 2023 - Present

Wilma T. Eisma
Director
02 March 2022 - Present

Roberto V. Antonio
Director
05 October 2022 - Present

Jaime Z. Paz
Director
18 January 2023 - Present

CORPORATE GOVERNANCE

FAIRNESS, INTEGRITY AND ACCOUNTABILITY

DBP remains steadfast in its commitment to promote and maintain an environment of good corporate governance, thereby ensuring a healthy organizational culture, strong financial performance, and business sustainability, and profitability. Working closely with all its stakeholders, it has taken major strides to equip its people with the necessary policies, strategies, and programs to uphold and reinforce ethical and professional standards while doing business.

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. Such prevalence of the culture of good governance and excellence contributes to DBP's overall drive to thrive and flourish in the ensuing years.

Corporate Governance Programs, Policies, and Initiatives

In CY 2022, DBP deliberately pursued the adoption and implementation of specific policies and initiatives that are geared towards addressing gaps and emerging challenges in the banking industry. These endeavors are set to enhance corporate governance practices and reinforce compliance with laws and regulations.

Pursuant to Bangko Sentral ng Pilipinas (BSP) Circular No. 1129, series of 2021, DBP adopted a Policy on Interlocking Positions of Directors and Officers, which covers the guidelines for the assessment, approval, reporting and monitoring of interlocking positions of its Directors and Officers to manage conflict of interest and ensure that they will continue to serve with diligence and devote sufficient time and attention to effectively carry out their duties in DBP.

Enhancements to the Bank's No Gift Policy (NGP) were also introduced to effectively maintain a high standard of ethical conduct in the delivery of the Bank's services to the public. DBP also reviewed and updated the charters of several board-level committees to reflect recent regulatory issuances and keep pace with the current trends in the digital banking industry.

Pursuant to BSP Circular No. 1085, series of 2020, the Board of Directors adopted DBP Sustainable Finance Framework (SFF) and the Sustainability Strategy and Transition Plan (SSTP). The SFF institutionalized in DBP the adoption of sustainability principles that are set forth in the following policy statements: Sustainability Policy, Environmental Policy, Social Policy, and Gender and Development Policy. As part of the implementation of the SSTP, under the pillar to Build Up Sustainable Governance and Culture, the Board also approved the integration in the Bank's Manual on Corporate Governance (MCG) of the SFF requirements such as sustainable finance policies, the Board and Management duties in relation thereto, and communication objectives.

DBP also amended its Financing Utilities for Sustainable Energy Development (FUSED) Program, which covers power generation, power transmission, power distribution, and retail electricity projects. The program, which now includes new developments in the market such as the Green Energy Auction Program (GEAP) and Retail Electricity Suppliers (RES), contributes to the attainment of the Philippine Energy Plan (PEP) 2020-2040, the United Nation's Sustainable Development Goal No. 7 Affordable and Clean Energy, to ensure access to affordable, reliable, sustainable, and modern energy for all.

The Revised Policy Framework and Guidelines on DBP's Energy Efficiency Savings (E2SAVE) Financing Program was also implemented to contribute in efforts to reduce energy consumption and promote the efficient and judicious utilization of energy in both public and private institutions including Energy Services Providers, Energy Service Companies, and Charging Stations Service Providers accredited by the Department of Energy. It helps strengthen energy security and address climate change by reducing greenhouse gas emissions in the country.

Complementing FUSED and E2SAVE is DBP's Lending Initiative for Sanitation (LINIS) Program, which was also amended to ensure its continuing support to achieve universal access to sanitation through provision of credit assistance to local government units, water districts and private companies. More importantly, the Board adopted credit programs that strengthen value chain competitiveness such as the Aquaculture Value Chain Financing Program and the Coconut Farmers and Industry Development Program, as well as approved the enhancements to the Policy Framework and Guidelines for the DBP Forest Program, including the amendments to the Policy Framework and Implementing Guidelines for the DBP Program Assistance to Support Alternative Driving Approaches (PASADA), and the Swine Repopulation, Rehabilitation and Recovery Credit Program.

The Bank ensures full compliance with the GCG Code of Corporate Governance and the BSP Circular on the Enhanced Corporate Governance Guidelines, as well as the Anti-Red Tape Authority's directives such as the implementation of a Zero Backlog Program and updating of the DBP Citizen's Charter. Likewise, the Bank consistently reviews its services and has taken the initial steps in simplifying the requirements and streamlining processes to render fast, efficient, and convenient government services consistent with the Ease of Doing Business Act.

DBP strengthens ethical behavior and sound banking practices through awareness and strict implementation of various corporate governance policies, namely the DBP Whistleblower Protection Policy (WPP), Manual on the Code of Ethics (MCE), and the Manual on Corporate Governance (MCG). The WPP encourages responsible reporting of acts or omissions constituting illegal activities. On the other hand, the MCG reflects the framework of governance that the bank directors, officers, and employees shall strive to achieve, while emboldening awareness within the organization and cognizant that corporate governance principles shall always guide the attainment of corporate goals.

Likewise, enshrined in the MCE are the duties and obligations of DBP towards its stakeholders, and the duties and responsibilities of officers and employees. The MCE also enumerates the norms of conduct expected of public servants as well as the prohibited acts and transactions, the commission thereof will subject the concerned personnel to appropriate administrative disciplinary actions.

All these thrusts have been complemented by several education, information dissemination, and capacity-building activities of DBP. Employee engagement is continuously fostered through the monthly Governance Circles (GC) meetings, allowing employees bankwide to freely voice their legitimate concerns, collaborate, and engage in meaningful dialogue with Management and the members of the Board of Directors regarding institutional matters and relevant issues. The GCs serve as a key participatory governance tool that assists the Board of Directors and the Management in its efforts to spread and institutionalize the culture of good governance in DBP. In addition, it keeps governance standards, programs, and activities fully operational, responsive to the needs of its stakeholders, and compliant with relevant regulations and requirements. At present, there are more than 260 GCs established across the DBP head office and regional units.

As part of its year-long commemoration of being at the forefront of the country's efforts towards sustainable and inclusive development, DBP held a Good Governance Forum with the theme, "75 Years of Good Governance in DBP". Serving as a culminating activity of its 75th Anniversary celebration, the forum featured views and insights from key personnel from the Commission on Audit, Department of Finance, Civil Service Commission, Governance Commission for GOCCs, Department of National Defense, Department of Agriculture, and the Department of the Interior and Local Government. It also featured testimonies from various business units to highlight DBP's commitment and efforts to provide financial solutions and services to its clients.

Apart from holding mandatory Corporate Governance seminars and capacity-building activities for DBP personnel, a module on Corporate Governance, Ethics and Public Accountability is also included in DBP Management Associates Program. The Bank also regularly discloses business matters through regular updating of the Transparency Seal, Corporate Governance, and Citizen's Charter Pages of the DBP website, which features mandatory disclosures and public information including the Freedom of Information program requirements and procedure for complaints handling to foster customer awareness and transparency.

As Governance Champions, the Board established policies that integrate sustainability measures in the Bank's processes and programs. The Board likewise sees to it that the operations and governance of the Bank are carried out in a transparent, responsible, and accountable manner and with the utmost degree of integrity and professionalism.

DBP verifies that the members of 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. The Board, through the Human Resource Committee, oversees the selection and review of the performance of Senior Officers and their continuing competence to fulfill their duties and responsibilities as civil servants. The Bank also adopts a competitive selection and promotion process, a professional development program, as well as a succession plan, to maintain a roster of capable and trained bank personnel.

DBP maintains a Merit Increase Program that rewards employees for their performance and contribution to the attainment of the bank's performance targets. The Bank also aligned its salary structure with the Compensation and Position Classification System under Executive Order No. 150 series of 2021, while maintaining authorized benefits under the Revised DBP Charter and existing laws.

On 6 December 2022, DBP was recognized by GCG for obtaining an "Outstanding" Rating in the Corporate Governance Scorecard (CGS) for CY 2021 operations. Its success in this front, as indicated by DBP's consistent recognition as one of the top-ranking GOCCs in GCG's CGS, is attributed to the continuing support and adherence of the bank's Directors, officers, and employees to the highest standards of corporate governance. This is likewise reflective of DBP's unabated commitment to achieving better corporate governance as well as transparency, responsiveness, and accountability throughout the organization.

As a testament of the Bank's commitment to quality management and furthering its journey toward excellence, DBP was also a recipient of the Quest for Excellence Award by the Global Performance Excellence Awards (GPEA) in 2022.

Ethics and Integrity

I. 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

In order to avoid conflicts of interest and violations to 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 with respect to 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 when 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 Republic Act 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 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 up to the public official's or employee's family members up to the 2nd degree of consanguinity or affinity.

In all cases, conflicts of interest must be handled in an ethical manner; 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 thirty (30) days from his assumption of office and/or divest himself of this shareholding, or interest within sixty (60) days from such assumption. Additionally, he shall inhibit himself from the transaction for whatever capacity.

(b) Conduct of Business and Fair Dealings

Board of Directors

In order 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 pertaining to business conduct and ethics.

Officers and Employees

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 shall 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 to accept or solicit, 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, and shall 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 this Code by members of the Board shall be conducted by the Governance Committee and 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 in accordance with existing policies and after due notice and hearing in accordance with 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 in the topics for discussion during seminars, training, and orientation program for new employees. All employees are given a copy of the Code upon joining DBP to ensure strict compliance with the Code.

II. 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 investigation of allegation of commission of illegal activity reported under the policy. Procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior are available in the DBP website.

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/disclosure shall be made in writing and under oath within seventy-two (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, it shall be treated as an anonymous complaint and if the allegations therein are verifiable and supported by evidence, a fact-finding investigation shall be conducted in accordance with the 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/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 namely, 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 in accordance with applicable rules and regulations.

III. Statement on Zero Tolerance for Fraud, Corruption and Malpractice

DBP seeks to uphold and embody moral excellence in public service by making integrity and decency a way of life at all levels of the organization. DBP officers and employees shall act ethically and lawfully in all transactions and dealings with stakeholders, avoiding any appearance of irregularity that could erode the Filipino's trust and confidence in the bank as an institution and the government as a whole.

DBP exercises zero tolerance for all types of fraud, including illegal practices, corruption and malpractices. The Bank thus, commits to seriously deal with any allegation of fraud by initiating an objective and impartial investigation of all suspected incidents surrounding such allegation that involves its officer or employee, or that transpired in a transaction where DBP is a party.

BOARD OF DIRECTORS

PROFILES

Alberto G. Romulo

Chairman
Independent/
Non-executive Director
Nationality: Filipino
Age: 89

Mr. Romulo has been serving as the Chairman of the DBP Board since 15 February 2017. Prior to assuming this position, Mr. Romulo has occupied various national government positions, both elected and appointed. From 1987 to 1998, he was elected Senator and served as Senate Majority Leader from 1991 to 1996. Among his notable contributions are the following banking-related laws he authored and/or sponsored: The New Central Bank Act, The Social Security Law, The Philippine Veterans Bank Act, and the Joint Legislative-Executive Development Council Law.

As a member of the Cabinet, Mr. Romulo lent his talents serving as Executive Secretary, Secretary of Finance, Secretary of Budget and Management, and Secretary of Foreign Affairs. As Foreign Affairs Secretary, he was instrumental in the passage of the Philippine Archipelagic Baseline Law in 2009 and the Veterans Benefit Enhancement Act. He was also appointed as a Member of the Monetary Board during the time of President Corazon Aquino and again when President Gloria Macapagal-Arroyo assumed power.

Mr. Romulo held directorship positions in DBP Leasing Corporation, DBP Insurance Brokerage, Inc., DBP Data Center, Inc., and Manila Bulletin Publishing Corporation. He also served as an Ex-Officio member of the governing board of the Maritime Industry Authority, National Resources Development Corporation, National Food Authority, Strategic Investment Development Corporation, National Development Company, and Philippine International Trading Corporation.

Mr. Romulo is a lawyer and Certified Public Accountant. He obtained his Doctor of Laws degree from the University of Madrid in Spain.

Emmanuel G. Herbosa

President and
Chief Executive Officer/
Executive Director
Nationality: Filipino
Age: 69

A professional banker, Mr. Emmanuel G. Herbosa serves as the latest President and CEO of the Development Bank of the Philippines.

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 assumed as Chief Operating Officer of Ayala Insurance, a bancassurance subsidiary of the Ayala Group.

Prior to his designation as DBP head, Mr. Herbosa was President and CEO 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 directorial posts at the De La Salle School Boards, De La Salle Brothers Fund, Inc., and P & Gers Fund, Inc.

Mr. Herbosa also served as Director of LGU Guarantee Corporation and DBP Daiwa Capital Markets Philippines, Inc.; Independent Director of Trinity Insurance Brokers, La Funeraria Paz, Inc., and Assist America Phils., Inc.; and the President of Emrose Ventures Corporation and Bambina Food Enterprises.

Mr. Herbosa graduated with a Bachelor's Degree in Industrial Management Engineering from the 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: 62

Director Antonio, a seasoned businessman, was appointed to the DBP Board on September 15, 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 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 Consultant for Mustang Holdings, Inc. He also serves as 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's Degree of Science in Economics from the De La Salle University.

Maria Lourdes A. Arcenas

Independent/
Non-executive Director
Nationality: Filipino
Age: 72

Director Arcenas was first appointed to the DBP Board on November 28, 2016. She was the Human Resources Committee Chairperson from 2017-2018 and Governance Committee Chairperson from 2019-2022.

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 founding Chairperson of the Women Institute for Social Entrepreneurship Inc. that provides women in peace-building roles with opportunities for sustainable livelihood. She likewise serves as Independent Director of the DBP Service Corporation and the Al Amanah Islamic Investment Bank of the Philippines.

Luis C. Bonguyan

Independent/
Non-executive Director
Nationality: Filipino
Age: 75

Director Luis C. Bonguyan graduated with a Commerce degree from the University of Mindanao in 1970, and earned his Master's Degree in Business Administration from the University of the East-University of Mindanao Joint Consortium in 1981. He was a recipient of a study grant on Local Government Administration sponsored by the US State Department in 1991.

Director Bonguyan began his sterling career as a certified public accountant (CPA) in 1972 at LC Bonguyan & Co. CPAs. Inspired by a need to serve the public, he entered government service as city councilor from 1988 to 1991, and as Vice Mayor from 1991 to 1995 and 1998 to 2007 of the City Government of Davao. Appointed to the DBP Board on 10 October 2016, Director Bonguyan also served as Chairman of the Board of DBP Data Center, Inc.

Director Bonguyan was involved in several organizations that enabled him to exhibit his exemplary skills in leadership. He served as the Vice President of the American Chamber of Commerce from 2015 to 2018, as President of the Davao Jaycee Senate from 2008 to 2009, National Director of JCI Senate Philippines from 2008 to 2009, and the National President of the Ambassador Club of the Philippines from 2005 to 2006.

Noted for his successful professional career, Director Bonguyan is a recipient of numerous awards and recognitions, including Most Outstanding Certified Public Accountant in public practice in 1983; Tambuli Award, which is the highest award from the University of Mindanao Alumni Association in 2001; and Most Outstanding JCI Senator of Mindanao, among others.

Wilma T. Eisma

Regular/
Non-executive Director
Nationality: Filipino
Age: 53

Director Wilma T. Eisma, a lawyer by profession, joined the DBP Board of Directors on 2 March 2022. She also serves as Director of the DBP Insurance Brokerage, Inc.

Atty. 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.

Atty. 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 Burson-Martseller, Inc. in Hong Kong.

Emmanuel P. Galicia Jr.

Regular/
Non-executive Director
Nationality: Filipino
Age: 52

Atty. Galicia has served as Director of DBP since 10 October 2016. As 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. since July 2017.

He is a Senior Partner at LG Law in Davao City and a Retained Lawyer of the Department of Social Welfare and Development in Davao City, among others. 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

Regular/
Non-executive Director
Nationality: Filipino
Age: 74

Director Garcia was appointed to the DBP Board on 31 January 2017. He also served as 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 proven track record also boasts of various positions held at the Integrated Bar of the Philippines (IBP) since 1983. He served as IBP South Cotabato Chapter President, then later 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. He also served as a member of the Junior Chamber International Senate ASEAN and Region XII President of PDPLABAN.

Atty. Garcia obtained his Bachelor of Laws degree from San Beda College in 1971 and passed the Philippine Bar Examinations the following year. He is a Senior Partner of the Rogelio V. Garcia Law Office. His 45 years of law practice is anchored on integrity and public service.

Dante V. Liban

Regular/
Non-executive Director
Nationality: Filipino
Age: 75

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 was a former 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, 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 field 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, Harvard Institute of International Development, the International Institute of Labor in Switzerland, and the Haggai Institute in Hawaii.

Consuelo N. Padilla

Regular/
Non-executive Director
Nationality: Filipino
Age: 62

Director Padilla joined the DBP Board of Directors on 16 March 2022.

She is the Chairperson of the Landbank Countryside Development Foundation and a Director of PTFC Baesa Redevelopment Corporation, Padilla De Los Reyes Inc., Seltoh 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 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 in Business Management from the Asian Institute of Management, and her AB Literature in English and BSC Accounting degree from Assumption College.

Rafael L. Reyes

Regular/
Non-executive Director
Nationality: Filipino
Age: 54

Director Reyes joined the DBP Board on 27 October 2020.

He is the Founder and Chief Executive Officer of FIGS, Inc. Prior to his appointment to the DBP Board, he handled top management position roles including Chief Executive Officer of Miascor Holdings, Inc.; Executive Director, Mergers & Acquisitions and Strategy of Prospector Investments Ltd.; Managing Director of JG Summit Capital Services, Inc.; Executive Director, SE Asia Private Equity Head of AIG Investment Corporation; and Vice President of AIA Capital Corporation.

He was a former Deputy Administrator of the Subic Bay Metropolitan Authority and served in the board of various companies within South East Asia including eTelecare Global Solutions Inc.; SPI Technologies, Inc.; Rustan Supercenters, Inc.; Eng Teknologi Holdings Bhd; WTK Holdings Bhd.; and Millennium Microtech Holdings Corp.; among others. His consulting engagements include stints with a number of private companies including Lombard Investments, Energy Logics Group, and Prospector Investments and Citadel Holdings.

Director Reyes is a member of the Management Association of the Philippines, the Financial Executives Institute of the Philippines, and the Tau Beta Pi Engineering Honor Society. He is a published writer and obtained both his Bachelor of Science in Industrial Engineering and Engineering Management, and Master of Science in Industrial Engineering, from Stanford University in the United States.

The Board of Directors

The Board of Directors directs and governs the country's premier development financial institution with the best interest of DBP, the Filipino people, and all its stakeholders in mind. Throughout the year, members of the Board of Directors continued to oversee the implementation of DBP's strategic objectives, risk strategies, corporate governance, and corporate value in all levels of banking operations, thus reinforcing its role as a key player in nation-building. It likewise ensured that these are aligned with DBP's mandate for sustainable development and objective of expanding banking services for those in need.

As the country moves forward from the COVID-19 pandemic, the Board of Directors closely monitored and guided DBP's efforts to evolve and adapt to the changing socio-economic landscape. The Board also set the tone to further advance projects and programs that are aligned with the National Government's priority development programs and inclusive growth initiatives.

Under the leadership of Chairman Alberto G. Romulo, the Board of Directors fortify DBP's long-term success and competitiveness in the banking industry. The Chairman ensures that the Board makes informed decisions through observance of a sound decision-making process and promotion of critical discussions during Board meetings. Meanwhile, President and Chief Executive Officer (CEO) Emmanuel G. Herbosa, aside from serving as the Board's Vice Chairman, exercises general supervision and authority over the regular course of business, affairs, and property of DBP, and over its employees and officers.

Two separate individuals are designated as Chairman and PCEO to ensure an appropriate balance of power, increased accountability, greater capacity of the Board for independent decision-making, and optimum capacity to exercise supervisory function over Management. Chairman Romulo and President and CEO Herbosa were appointed to the Board in 2017 and 2019, respectively. They both work alongside seven (7) Directors, also appointed by the President of the Philippines, to provide corporate leadership of DBP consistent with the Revised DBP Charter and development goals of the National Government.

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 carry out their duties and responsibilities in DBP. Being public servants, they are also covered by the provisions of the Code of Conduct and Ethical Standards for Public Officials and Employees (R.A. 6713) and shall, in turn, abide by their fiduciary duties of diligence, loyalty, and confidentiality. All members of the Board of Directors are appointed for a period of one (1) year and continue to serve as such until replaced or removed for cause pursuant to GCG Memorandum Circular No. 2012-05.

At least one-third but not less than two (2) members are nominated and appointed as an Independent Director by the DBP Board pursuant to Section 131.g of the BSP Manual of Regulations for Banks (MORB). Independent directors are tasked to promote the independent oversight of management of the Board. The Bank's independent directors were Chairman Alberto G. Romulo, Directors Maria Lourdes A. Arcenas and Luis C. Bonguyan. Director Roberto V. Antonio also serves an Acting Independent Director following his appointment as Acting Member of the DBP Board of Directors.

The compensation, per diem, allowances, and incentives of Directors are determined by regulatory and supervising agencies such as GCG. At present, DBP adheres to the prescribed remuneration for Directors of a Class "A" financial institution under Executive Order No. 24, series of 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 the performance of 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.

On 17 August 2022, the Board of Directors held the 2023 Board Retreat to revisit the DBP Strategy Map, Mission and Vision Statement and broad-based strategies; confirm the 2023 DBP Performance Scorecard; identify strategic priorities for 2023 and beyond; and offer insights to the strategic direction of DBP. The Board of Directors also concurred with DBP's 2023 strategic theme "Engage and Influence Development" which is reflective of the Bank's focus on rebuilding business versatility as well as maintaining its corporate culture of excellence.

All newly appointed members of the Board are furnished with an onboarding kit and were 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 of the Board undergo an annual training or seminar on Corporate Governance, AMLA, and other specialized topics on banking laws and risk management, among others.

The effectiveness of the overall performance of the Board and its individual members through peer rating is measured 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 MORB, the Fit and Proper Rule of the GCG, and the DBP Revised Manual of Corporate Governance. Only those who have served the Board for at least three months are qualified to rate the performance of the Board.

The criteria and rating system for the Board and Board-level Committee assessments focus on their structure and composition (20%), duties and responsibilities (60%), and performance of individual members (20%). For the Peer Assessment, the criteria are the following: Competence (15%), Independence (15%), Preparedness as a Director (20%), Practice as a Director (20%), Committee Activity (15%), and Development Process of the Corporate Enterprise (15%).

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.

All eligible members of the Board of Directors obtained a 'Strong' individual rating in the Peer Assessment for the Calendar Year (CY) 2022, which means that the members have demonstrated an excellent level of skills, ability, and performance in the discharge of their duties and responsibilities and translated to effective governance of DBP. This was reinforced by the Board's Performance Appraisal overall rating of 'Very Satisfactory' for the same period.

Similarly, the Board-level Committees maintained either an 'Outstanding' or 'Very Satisfactory' overall adjectival rating for CY 2022 which signified the high level of effectiveness and efficiency of each Committee.

Board Meetings

The schedule of Board and Board-Level Committee meetings in CY 2022 was approved by the DBP Board of Directors on December 15, 2021, per Board Resolution No. 67. The first meeting was held on January 05, 2022. All members of the DBP Governing Board attended most if not all their scheduled meetings held in CY 2022 including those conducted via ad referendum. Meetings were conducted in person and through modern technologies to provide participants who cannot physically attend meetings reasonable opportunities to participate.

The members of the Board of Directors and Board Committees are furnished with copies of agenda materials at least five (5) calendar days before the scheduled meeting.

Both the Board and the Executive Committee held at least two (2) meetings per month while the other Board-level Committees met at least once a month or as the need arises. Non-Executive Directors (NED) also held a meeting with the Heads of the Compliance Management Group, Internal Audit Group, and Enterprise Risk Management Group without the President and CEO to ensure that independent functions are carrying out their duties and responsibilities on 10 November 2022.

During the NED meeting, the Internal Audit Group (IAG) discussed the Three Lines Model which identifies the structures and processes that best assist the achievement of objectives and facilitates strong governance and risk management within the organization. IAG likewise identified the high-risk areas as well as the results of IAG's validation and its efforts to level the playing field for the project to enable qualified companies/ bidders to participate in the bidding for the project.

Meanwhile, the Compliance Management Group (CMG) discussed its structure and mandate which includes facilitating effective management of compliance risk, maintaining a constructive working relationship with the BSP and other regulators, and reviewing and implementing specific policies and procedures, among others. CMG also discussed the conduct of compliance testing involving all business units and the list of BSP directives pending compliance of DBP based on its recent Report of Examination.

The Enterprise Risk Management Group (ERMG), on the other hand, provided status updates on the high-risk areas of DBP based on the results of the Internal Capital Adequacy Assessment Process conducted in January of this year, as well as its profitability and sustainability risk profile as of end September 2022. ERMG also discussed high-risk areas of the DBP and their impact on its capital. The three (3) main risks inherent to banking operations (credit risk, market risk and operational risk) were also tackled during the meeting.

The Non-Executive Directors commented and provided instructions to address outstanding issues, ensure regulatory compliance, and sustain and improve DBP's performance. The Directors likewise emphasized the need to revisit its vision and mission to stay true to its developmental mandate. At the same time, they expressed the need to thoroughly review and carefully examine loan accounts and monitor their progress or performance prior to the release of proceeds.

In 2022, The Board of Directors is assisted by a Corporate Secretary in the person of SVP Rene A. Gaerlan, who is a lawyer by profession.

Board and Board-Level Committee Meetings in CY 2022

I. Actual Board Meeting

REGULAR MEETING

January 5 & 19, 2022
February 2 & 16, 2022
March 2 & 16, 2022
April 6 & 20, 2022
May 4 & 18, 2022
June 1 & 15, 2022
July 6 & 20, 2022
August 3 & 17, 2022
September 7 & 21, 2022
October 5 & 19, 2022
November 9 & 23, 2022
December 7 & 14, 2022

MEETING VIA AD REFERENDUM

February 9 & 24, 2022
March 4, 23 & 28, 2022
April 29, 2022
May 2 & 5, 2022
June 24, 2022
July 13, 22 & 28, 2022
August 11, 2022
September 1, 8 & 28, 2022
October 24, 25 & 26, 2022

SPECIAL MEETING

January 7 & 26, 2022
September 28, 2022

II. Actual Board-Level Committee Meeting

(a) Executive Committee Meeting

REGULAR MEETING

January 12 & 26, 2022
February 9 & 23, 2022
March 9 & 23, 2022
April 28, 2022
May 11 & 25, 2022
June 8 & 22, 2022
July 13 & 27, 2022
August 10, 2022
September 14 & 28, 2022
October 12 & 26, 2022
November 16 & 29, 2022
December 12, 2022

MEETING VIA AD REFERENDUM

April 13, 2022
August 25, 2022

(b) Trust Committee Meeting

REGULAR MEETING

January 26, 2022
February 23, 2022
March 23. 2022
April 28, 2022
May 25, 2022
September 28, 2022
December 14, 2022

MEETING VIA AD REFERENDUM

June 22, 2022
July 27, 2022
August 8 and 23, 2022
October 26, 2022
November 29, 2022

c) Risk Oversight Committee Meeting

REGULAR MEETING

January 26, 2022
February 23, 2022
March 23, 2022
May 25, 2022
June 22, 2022
July 27, 2022
August 25, 2022
September 28, 2022
October 26, 2022
November 29, 2022
December 16, 2022

MEETING VIA AD REFERENDUM

March 14, 2022
June 13, 2022
September 19, 2022
October 5, 2022

SPECIAL MEETING

April 28, 2022

(d) Development Advocacy Committee Meeting

REGULAR MEETING

January 12, 2022
February 9, 2022
March 9, 2022
April 13, 2022
May 11, 2022
June 8, 2022
July 13, 2022
August 10, 2022
September 14, 2022
October 12, 2022
November 16, 2022
December 12, 2022

(e) Audit and Compliance Committee Meeting

REGULAR MEETING

January 19, 2022
February 16, 2022
March 16, 2022
April 20, 2022
May 18, 2022
June 15, 2022
July 20, 2022
August 17, 2022
September 21, 2022
October 19, 2022
November 23, 2022
December 14, 2022

(f) Governance Committee Meeting

REGULAR MEETING

February 2, 2022
March 4, 2022
April 6, 2022
May 4, 2022
June 1, 2022
July 6, 2022
August 3, 2022
September 7, 2022
October 5, 2022
November 9, 2022
December 7, 2022

MEETING VIA AD REFERENDUM

January 5, 2022
June 21, 2022
August 17, 2022

SPECIAL MEETING

March 16, 2022 (Joint Meeting with Human Resource Committee)
March 22, 2022
June 10, 2022

(g) IT Governance Committee Meeting

REGULAR MEETING

January 5, 2022
February 2, 2022
March 2, 2022
April 6, 2022
May 4, 2022
June 1, 2022
July 6, 2022
August 3, 2022
September 7, 2022
October 5, 2022
November 9, 2022
December 7, 2022

MEETING VIA AD REFERENDUM

January 25, 2022

SPECIAL MEETING

December 15, 2022 (Joint Meeting with Budget Committee)

(h) Human Resource Committee Meeting

REGULAR MEETING

January 12, 2022
February 9, 2022
March 9, 2022
May 11, 2022
June 8, 2022
July 13, 2022
August 10, 2022
September 14, 2022
October 12, 2022
November 16, 2022
December 12, 2022

MEETING VIA AD REFERENDUM

April 13, 2022
June 29, 2022
July 6, 2022

SPECIAL MEETING

March 16, 2022 (Joint Meeting with Governance Committee)
July 27, 2022
August 17, 2022

(i) RPT Committee Meeting

REGULAR MEETING

November 09, 2022

MEETING VIA AD REFERENDUM

January 14, 2022
April 27, 2022
September 27, 2022

(j) Budget Committee Meeting

REGULAR MEETING

March 16, 2022
April 20, 2022
May 18, 2022
June 15, 2022
July 20, 2022
August 17, 2022
September 21, 2022
October 19, 2022
November 23, 2022
December 14, 2022

MEETING VIA AD REFERENDUM

February 16 and 22, 2022

SPECIAL MEETING

August 9, 2022
December 9, 2022
December 15, 2022 (Joint Meeting with Budget Committee)

III. Attendance of Directors at Board Meetings

NAME OF DIRECTOR	Inclusive Dates	Regular Board Meetings			Approval By Referendum/ Special Meetings		
		HELD SINCE ASSUMPTION	ATTENDED	%	HELD SINCE ASSUMPTION	ATTENDED	%
Alberto G. Romulo	January 1 – December 21, 2022	24	24	100%	22	22	100%
Emmanuel G. Herbosa	January 1 – December 31, 2022	24	22*	91.66%	22	21*	95.45%
Roberto V. Antonio	October 5 – December 31, 2022	6	5**	83.33%	3	3	100%
Maria Lourdes A. Arcenas	January 1 – December 31, 2022	24	24	100%	22	22	100%
Luis C. Bonguyan	January 1 – September 26, 2022	18	18	100%	17	17	100%
Wilma T. Eisma	March 2 – December 31, 2022	20	20	100%	18	18	100%
Emmanuel P. Galicia, Jr.	January 1 – December 31, 2022	24	24	100%	22	22	100%
Rogelio V. Garcia	January 1 – December 31, 2022	24	24	100%	22	22	100%
Dante V. Liban	January 1 – December 31, 2022	24	23***	95.83%	22	22	100%
Consuelo N. Padilla	March 16 – December 31, 2022	19	19	100%	17	17	100%
Rafael L. Reyes	January 1 – March 15, 2022	4	4	100%	2	2	100%

*On leave on August 3 and 17, 2022 Regular Board Meeting; On leave on August 11, 2022 Approval by Referendum
**On leave on December 7, 2022, Regular Board Meeting
***On leave on October 19, 2022, Regular Board Meeting

Board Committees

The Board-Level Committees exercise powers delegated by the Board of Directors. It assists the Board in improving banking operations by contributing in efforts to resolve issues, enhance efficiency, advance corporate governance, and drive sustainable growth. It also provides instructions to Management except on matters relating to DBP's policies and reports to the Board as a collegial body with the minutes of the meetings circulated to all its members.

The DBP's standing committees consists of the following: Executive Committee (ExCom); Audit and Compliance Committee (ACC); Risk Oversight Committee (ROC); Trust Committee (TC); IT Governance Committee (ITGC); Governance Committee (GovCom); Human Resource Committee (HR Comm); Related Party Transactions (RPT) Committee; Development Advocacy Committee (DAC); and the Budget Committee. Ad-hoc committees, with limited duration and scope, are also formed on an as-needed basis.

The Board of Directors incorporated further refinements to its Board-level Committee Charters in 2022 to align it with regulatory requirements and existing legal procedures. Among those updated in the past year are the Charters of the ExCom, ACC, TC, and the RPT Committee. The Budget Committee also adopted its Charter in October 2022.

Executive Committee

The Executive Committee exercises such powers of the Board of Directors in the management of the business and affairs of the Bank as the Board may from time to time confer upon it. It is composed of the Chairman of the Board of Directors, the President and CEO, and three (3) other Directors who are designated on a regular rotation basis.

The Committee works with the President and CEO in reviewing short and long-term plans prepared by the Management prior to submission to the Board of Directors. It notes the decisions made in Management Committee meetings and endorses these decisions to the Board for further examination when necessary. It likewise closely monitors management practices by reviewing in detail, progress against plan, with emphasis on those activities or units within an activity that are not performing up to agreed standards other than those areas of Management that fall within the responsibilities of other Board-level Committees. The ExCom held 23 meetings in 2022.

Designation	Name of Director/ Member	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMPTION	ATTENDED	%
Chairman	Alberto G. Romulo	January 1 – December 21, 2022	23	23	100%
Vice Chairman	Emmanuel G. Herbosa	January 1 – December 31, 2022	23	20*	86.95%
Members (On a rotation basis):	Roberto V. Antonio	October 5 – December 31, 2022	2	2	100%
	Maria Lourdes A. Arcenas	January 1 – December 31, 2022	12	12	100%
	Wilma T. Eisma	March 2 – December 31, 2022	5	5	100%
	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2022	11	11	100%
	Rogelio V. Garcia	January 1 – December 31, 2022	11	11	100%
	Dante V. Liban	January 1 – December 31, 2022	10	10	100%
	Consuelo N. Padilla	March 16 – December 31, 2022	7	7	100%
	Rafael L. Reyes	January 1 – March 15, 2022	2	2	100%

**On official business on November 16 and December 12, 2022; On leave on August 10, 2022*

Trust Committee

The Trust Committee is a special committee primarily responsible for overseeing the fiduciary activities and ensuring these are conducted in accordance with applicable laws, rules and regulations, and prudent practices. It likewise oversees the implementation of risk management framework and ensure that internal controls are in place relative to the fiduciary activities. The Committee also oversees and evaluates the performance of the Trust Officer.

TC is composed of at least five (5) members including the President and CEO, and the Trust Officer. The remaining members including the Committee Chairperson consists of two (2) non-executive directors and a "qualified independent professional". It held a total of 13 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMPTION	ATTENDED	%
Chairman	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2022	13	13	100%
Vice Chairman	Rafael L. Reyes	January 1 – March 15, 2022	2	2	100%
Members	Consuelo N. Padilla	March 16 – December 31, 2022	11	11	100%
	Emmanuel G. Herbosa	January 1 – December 31, 2022	13	13	100%
	Corazon D. Conde (Independent Professional)	January 1 – December 31, 2022	13	13	100%
	Camilo G. Sanchez (Trust Officer)	January 1 – December 31, 2022	13	12**	92.30%

***Did not attend the August 8, 2022 TC Meeting.*

Risk Oversight Committee

The Risk Oversight Committee (ROC) acts as the Board's representative for risk governance including the E&S risk oversight function. It oversees the adequacy and effectiveness of existing risk policies, procedures, and controls to ensure a strong risk governance framework. 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 the Bank, by incorporating the same in the corporate governance and risk management frameworks as well as in the bank's strategic objectives and operations taking into account the bank's risk appetite and ability to manage risk.

ROC also ensures that the Environmental and Social Risk Management System (ESRMS) is aligned with internationally recognized principles, standards and global practices and forms part of the enterprise-wide risk management (ERM) system. In 2022, the Committee revisited and reviewed pertinent credit policies and guidelines in view of the effects of various macroeconomic conditions, including the reeling effects of the pandemic and increasing inflation rates, amongst others, on borrowers' repayment capabilities. Enhancement of policies on information security risk management were also approved to ensure continued protection of information assets.

The ROC continued to play an active role in the conduct of the Internal Capital Adequacy Assessment Process (ICAAP). It defined DBP's internal capital management strategies and worked towards achieving augmentation of its long-term resources through capital infusion from its stakeholders. The Committee likewise oversaw the completion and submission of both DBP's ICAAP document and Recovery Plan as required under BSP Circular No. 1113, s. 2021.

Moreover, the ROC addressed adequacy and effectiveness of the bank's risk management systems and operating policies in the face of changing risk exposures brought about by various factors. 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. The ROC also addressed/arrested the asset quality deterioration through various directives, thereby ensuring bad accounts have appropriate provisions. The ROC further ensured that the Bank met its profitability targets by year-end and always maintained sufficient liquidity. The ROC held a total of 16 regular and special meetings.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMPTION	ATTENDED	%
Acting Chairman	Consuelo N. Padilla	March 16 – December 31, 2022	13	13	100%
	Rafael L. Reyes	January 1 – March 15, 2022	3	3	100%
Vice Chairman	Roberto V. Antonio	October 5 – December 31, 2022	3	3	100%
	Luis C. Bonguyan	January 1- September 26, 2022	11	11	100%
Members	Wilma T. Eisma	March 16 – December 31, 2022	13	13	100%
	Maria Lourdes A. Arcenas	January 1 – March 15, 2022	3	3	100%

Audit and Compliance Committee

The Audit and Compliance Committee, in the exercise of its oversight function held 12 meetings in 2022, 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 performance of both the Internal Audit Group and Compliance Management Group.

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 2022, ACC approved several proposals from CMG, specifically the proposed amendments to the Money Laundering and Terrorism Financing Prevention Program; updating of the implementing guidelines for the use of the AML System; the Updated AML Compliance Risk Testing Program; the updated Compliance Manual, Compliance Manual for Trust Operations, and Compliance Program for Financial Consumer Protection, incorporating changes in banking laws, rules, and regulations; Registration to NPC and Bank-wide Privacy Impact Assessment; the designation of Compliance Officers for Privacy per Sector that will better ensure the safety of data subjects of the bank, and as part of its commitment to good privacy compliance practice; and the presentation of CMG Roadmap for 2023-2024 which outlined the programs and plans of CMG over the next two years to provide guidance to the ACC on the actions to be undertaken to strengthen the compliance of the institution.

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

ACC is composed of at least three (3) members of the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the Chairperson.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Roberto V. Antonio	October 5 – December 31, 2022	3	3	100%
	Luis C. Bonguyan	January 1– September 26, 2022	9	9	100%
Vice Chair-man	Rogelio V. Garcia	January 1 – December 31, 2022	12	12	100%
Member	Maria Lourdes A. Arcenas	January 1 – December 31, 2022	12	12	100%

IT Governance Committee

The IT Governance Committee sets, compares, and monitors DBP's IT objectives and direction to ensure it remains aligned with DBP's strategies and targets. It also monitors IT services and safeguards IT assets of DBP. The ITGC likewise ensures that IT performance is measured, IT resources are managed, and that IT-related risks are identified, measured, monitored, and mitigated. In addition, the ITGC reviews and oversees the implementation of the bank's Information Systems Strategic Plan (ISSP). It held a total of 14 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Wilma T. Eisma	March 16 – December 31, 2022	10	10	100%
	Dante V. Liban	January 1 – March 15, 2022	14	14	100%
Vice Chair-man	Dante V. Liban	March 16 – December 31, 2022			
	Rafael L. Reyes	January 1 – March 15, 2022	4	3*	75%
Member	Emman-uel P. Galicia, Jr.	January 1 – December 31, 2022	14	14	100%

*Did not attend the March 2, 2022 ITGC meeting

Governance Committee

The Governance Committee is primarily responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines, and the establishment of a sound corporate governance framework anchored on integrity, accountability, discipline, transparency, and fairness. It also acts as the Whistleblower Protection Committee whenever a complaint or protected disclosure has been filed pursuant to DBP's Whistleblower Protection Policy.

GovCom is also charged with reviewing and evaluating the qualifications of the nominees to the Governing Board of DBP subsidiaries, affiliates, non-equity investment accounts and other related entities prior to the approval by the Board of Directors. It also oversees continuing education program for the board as well as the periodic performance evaluation of the Board and its committees and senior management, including an annual self-evaluation of its performance.

In CY 2022, the Governance Committee prioritized development, improvement, and implementation of corporate governance principles and programs, including policies and guidelines, as prescribed by regulators, and based on emerging best practices to sustain observance of the highest standards of corporate governance in DBP. These include the conduct of monthly Governance Circles meetings and the Good Governance Forum as well as the adoption of the Policy on Interlocking Positions of Directors and Officers and the Revised No Gift Policy.

GovCom is composed of least three (3) Non-Executive Directors, majority of whom shall be independent, including the Chairperson. It held 17 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Maria Lourdes A. Arcenas	January 1 – December 31, 2022	17	17	100%
Vice Chairman	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2022	17	17	100%
Member	Alberto G. Romulo	January 1 – December 21, 2022	17	17	100%

Human Resource Committee

The Human Resource Committee guides and advises the Board of Directors in ensuring the practice of good corporate governance within the institution through the review and formalization of management recommendations on matters relating to human resource, the executive and management development program, and succession management policies for the Board's approval.

These include DBP's polices on recruitment, talent development, performance evaluation, promotion, and retention programs; candidates for appointment to Executive positions; bankwide compensation and benefits programs; DBP's organizational plan and structure; and manpower plan, among others. HR Comm held a total of 17 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Rogelio V. Garcia	January 1 - December 31, 2022	17	17	100%
Vice Chairman	Wilma T. Eisma	March 16 – December 31, 2022	14	14	100%
	Maria Lourdes A. Arcenas	January 1 – March 15, 2022	3	3	100%
Member	Dante V. Liban	January 1 – December 31, 2022	17	16*	94.11%

*Did not attend the March 16, 2022 HR Comm meeting.

Related Party Transactions Committee

The Related Party Transactions Committee 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 handled 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 of all RPTs, including the periodic review of RPT policies and procedures. It also ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.

It is composed of three members of the Board of Directors, all of whom are independent directors. The RPT Committee held a total of four (4) meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Alberto G. Romulo	January 1 – Decem-ber 21, 2022	4	4	100%
Vice Chairman	Roberto V. Antonio	October 5 – Decem-ber 31, 2022	1	1	100%
	Luis C. Bonguyan	January 1 –Septem-ber 26, 2022	2	2	100%
Member	Dante V. Liban	January 1 – Decem-ber 31, 2022	4	4	100%

Development Advocacy Committee

The Development Advocacy Committee serves as the unifying and focal body in spearheading the Bank's drive towards accomplishing its development and sustainability mandate. It serves as discussion forum and sounding board for possible interventions and ensure attainment of the Bank's both development and sustainability imperatives. The Committee also identifies strategies, programs, and policies that will lead to better implementation and interface with other Board standing committees whenever necessary.

DAC ensures the conduct of a periodic environmental scanning and assessment of relevant emerging trends (e.g., green finance, financial technology, climate change, poverty reduction, digitalization, etc.) as well as its corresponding challenges and opportunities to ensure the Bank's readiness to tap these areas and engage relevant actors. Apart from monitoring the Bank's progress in attaining sustainability objectives, it keeps abreast with ongoing and emerging fields affecting the Bank's development path. It also regularly appraises the Members of the Board, Senior Management, and personnel of developments on sustainability standards and practices.

In 2022, it continued to promote a culture that fosters environmentally and responsible business decisions by implementing several initiatives that considers sustainability implications. For instance, it advanced the creation of an Environmental, Social and Governance (ESG) Office in DBP alongside the appointment of a qualified ESG Officer. It also endorsed for approval of the Board of Directors the enhancements to the Bank's Financial Business Models Committee.

DAC is composed of six (6) members including the Chairman of the Board of Directors, and the President and CEO. It held a total of 12 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Dante V. Liban	January 1 – December 31, 2022	12	12	100%
Vice Chairman	Rogelio V. Garcia	January 1 – December 31, 2022	12	12	100%
Members	Alber-to G. Romulo	January 1 – December 21, 2022	12	12	100%
	Emman-uel G. Herbosa	January 1 – December 31, 2022	12	7*	58.33%
	Maria Lourdes A. Arcenas	January 1 – December 31, 2022	12	12	100%
	Wilma T. Eisma	March 16 – December 31, 2022	9	9	100%
	Rafael L. Reyes	January 1 – March 15, 2022	3	3	100%

On official business on April 13, September 14, November 16, and December 12, 2022; Did not attend the August 10, 2022 DAC meeting

Budget Committee

The Budget Committee, composed of three (3) members of the Board of Directors, lends their expertise in managing the bank's financial and budgetary affairs. It assists the Board of Directors in establishing policies and strategic guidelines in the review and implementation of DBP's operating budget and major capital expenditures.

The Committee likewise monitors, oversees, and acts on corporate budgets, plans, and programs and provide flexibility to modify corporate operating budget utilization within the Department of Budget Management-approved budget level, funded out of corporate funds. It held a total of 14 meetings in 2022.

Designation	Name	Inclusive Dates	Committee Meetings Held		
			HELD SINCE ASSUMP-TION	ATTENDED	%
Chairman	Rogelio V. Garcia	January 1 – December 31, 2022	14	14	100%

Vice Chairman	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2022	14	14	100%
Members	Consuelo N. Padilla	October 5 – December 31, 2022	4	4	100%
	Luis C. Bonguyan	January 1 –September 26, 2022	10	10	100%

Related Party Transactions

While Related Party Transactions (RPT) are generally allowed and conducted at an arm's length basis, effective control systems should still be in place to identify, prevent, and manage said exposures to prevent abuses that are not only disadvantageous to DBP but also its depositors, creditors, fiduciary clients, and other stakeholders.

Thus, DBP adopted Circular No. 25, series of 2018 or the Revised DBP Related Party Transactions Policy to ensure that RPTs are reviewed 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. It also provides general requirements, responsibilities, and procedures to be followed when dealing with RPTs. The review and updating of the Policy to reflect recent regulatory issuances is ongoing.

The list of material RPTs entered into by the Bank in 2022 is included in the Notes to Financial Statements.

Self-Assessment Functions

The responsibility of risk management resides in all levels of the organization with the Board being ultimately responsible for the overall risk of the Bank. The Board sets the tone and risk tolerance by articulating the Bank's risk appetite and establishing the risk management strategy for the Bank. The Board takes the lead in promoting a culture of risk awareness throughout the institution. The Enterprise Risk Management Group is primarily responsible for the establishment of a reliable and proactive enterprise-wide risk management process, policies, and procedures. Complementing the work of ERMG are the Internal Audit Group and Compliance Management Group which ensure that the risk controls are effectively carried out throughout the institution and that the bank's practices adhere to governing regulations.

Risk and capital management at all levels of the organization institutes a culture of risk-based approach to decision-making. Management of risk is guided and monitored by various Bank committees such as the ROC, GovCom, ACC, ExCom, TC, DAC, IT Steering Committee, Management Committee, Credit Committee, and Asset Liability Management Committee, among others.

The Board and Senior Management were provided with a detailed analysis of the bank's portfolio and a comprehensive assessment of its overall risk profile to serve as a guide in strategy formulation. The Bank follows an Enterprise Risk Management (ERM) framework which 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. 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.

The Board of Directors likewise ensures that there is an adequate, effective, and efficient internal control framework commensurate with the size, risk profile, and complexity of the operations of the bank. Moreover, adherence to the bank'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 2022, the Board, through the ROC which ERMG functionally reports to, regularly discussed the adequacy and effectiveness of the Bank's risk management systems and operating policies through inputs and reports coming from ERMG and other business units. They revisited and reviewed pertinent credit policies and guidelines in view of the effects of various macroeconomic conditions, including the reeling effects of the pandemic and increasing inflation rates, amongst others, on borrowers' repayment capabilities. The Board 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. The reduction of the internal limit in the NSFR-Single Currency was approved to give the Bank more leeway in generating additional deposits and other sources of funds while being cognizant of competitive rates offered by peer banks.

Enhancements of policies on information security risk management were also approved to ensure continued protection of information assets. The Board approved the results of the Risk and Control Self-Assessment exercise, which determined the overall operational risk profile of the bank in the same year. Additionally, the Board approved the revised ICAAP Steering Committee Charter to promote the continuing improvement of the bank's ICAAP and risk management system.

On the other hand, the Board of Directors, through the ACC, oversees the implementation of internal control policies/ procedures and ensures that periodic assessment of the internal control system is conducted to identify significant control weaknesses. The Committee ensures that the scope of internal audit work covers the review of the effectiveness of the Bank's internal controls, including financial, operational and compliance controls, and risk management system. It also noted internal audit reports and ensures that Management is taking necessary corrective actions to address the weaknesses and non-compliance with policies, laws, and regulations.

The Compliance Management Group also utilized offsite procedures for the conduct of compliance risk testing and validation activities for the year and is expected to continue adopting the same for the succeeding year as well. This will ensure the safety of CMG personnel and enables the group to achieve its targets within the prescribed time despite challenges and limitations. At the same time, it continuously took steps to align the Bank's policies and procedures with existing, evolving, new regulations and best industry practices.

For external stakeholders, the Bank discloses internal controls procedures/risk management systems in place through the submission and publication of its Annual Reports and Notes to Financial Statements. Internally, these procedures and systems are documented in the Risk Management Manual and in DBP circulars, policies, and guidelines.

Continuing Education Program for the Members of the Board for CY 2022

Name	Training Course	Inclusive Date/s	Conducted by	Venue	Hours
ROMULO, ALBERTO G.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	2022 DBP DEVELOPMENT FORUM	June 20, 2022	DBP AND CENTER FOR PHILIPPINE FUTURISTIC STUDIES AND MANAGEMENT	DBP BULWAGAN NG DIWANG PILIPINO	3
HERBOSA, EMMANUEL G.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	2022 DBP GOOD GOVERNANCE FORUM	June 23, 2022	DBP, Keynote message from COA and Speakers from BSP, CSC, GCG, DA, DILG	DBP BULWAGAN NG DIWANG PILIPINO	2
	SECOND GREEN CLIMATE FUND (GCF) GLOBAL PROGRAMMING CONFERENCE	September 13 to 15, 2022	GREEN CLIMATE FUND (GCF)	INCHEON, SOUTH KOREA	24
ARCENAS, MARIA LOURDES A.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	ZOOM RECORDING	2
	2022 DBP GOOD GOVERNANCE FORUM	June 23, 2022	DBP, Keynote message from COA and Speakers from BSP, CSC, GCG, DA, DILG	DBP BULWAGAN NG DIWANG PILIPINO	2
	2022 DBP DEVELOPMENT FORUM	June 20, 2022	DBP AND CENTER FOR PHILIPPINE FUTURISTIC STUDIES AND MANAGEMENT	DBP BULWAGAN NG DIWANG PILIPINO	3
GARCIA, ROGELIO V.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	CONVOCATION ON CLIMATE CHANGE	October 6, 2022	GLENN S. BANAGUAS, SCI DPL	BULWAGAN NG DIWANG PILIPINO	2
GALICIA, EMMANUEL P JR.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	2022 DBP GOOD GOVERNANCE FORUM	June 23, 2022	DBP, Keynote message from COA and Speakers from BSP, CSC, GCG, DA, DILG	DBP BULWAGAN NG DIWANG PILIPINO	2
LIBAN, DANTE V.					
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	2022 DBP GOOD GOVERNANCE FORUM	June 23, 2022	DBP, Keynote message from COA and Speakers from BSP, CSC, GCG, DA, DILG	DBP BULWAGAN NG DIWANG PILIPINO	2
	2022 DBP DEVELOPMENT FORUM	June 20, 2022	DBP AND CENTER FOR PHILIPPINE FUTURISTIC STUDIES AND MANAGEMENT	DBP BULWAGAN NG DIWANG PILIPINO	3
EISMA, WILMA T.					
	AMLA COMPLIANCE IN THE AGE OF THE DIGITAL WORLD	November 22, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	3
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	CONVOCATION ON CLIMATE CHANGE	October 6, 2022	GLENN S. BANAGUAS, SCI DPL	BULWAGAN NG DIWANG PILIPINO	2
	2022 DBP DEVELOPMENT FORUM	June 20, 2022	DBP AND CENTER FOR PHILIPPINE FUTURISTIC STUDIES AND MANAGEMENT	DBP BULWAGAN NG DIWANG PILIPINO	3
	CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS	March 30 - 31, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	8
	WEBINAR ON AML/CFT/CPF (BSP CIR. NO. 1022) FOR DIRECTORS & SENIOR MANAGEMENT	March 11, 2022	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	VIA ZOOM	2
PADILLA, CONSUELO N.					
	AMLA COMPLIANCE IN THE AGE OF THE DIGITAL WORLD	November 22, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	3
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	CONVOCATION ON CLIMATE CHANGE	October 6, 2022	GLENN S. BANAGUAS, SCI DPL	BULWAGAN NG DIWANG PILIPINO	2
	2022 DBP DEVELOPMENT FORUM	June 20, 2022	DBP AND CENTER FOR PHILIPPINE FUTURISTIC STUDIES AND MANAGEMENT	DBP BULWAGAN NG DIWANG PILIPINO	3
	CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS	March 30 - 31, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	8
ANTONIO, ROBERTO V.					
	AMLA COMPLIANCE IN THE AGE OF THE DIGITAL WORLD	November 22, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	3
	ANTI-MONEY LAUNDERING UPDATES FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT WEBINAR	November 18, 2022	ANTI-MONEY LAUNDERING COUNCIL	VIA ZOOM	2
	CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS	November 8 - 9, 2022	INSTITUTE OF CORPORATE DIRECTORS	VIA ZOOM	8
	CONVOCATION ON CLIMATE CHANGE	October 6, 2022	GLENN S. BANAGUAS, SCI DPL	BULWAGAN NG DIWANG PILIPINO	2

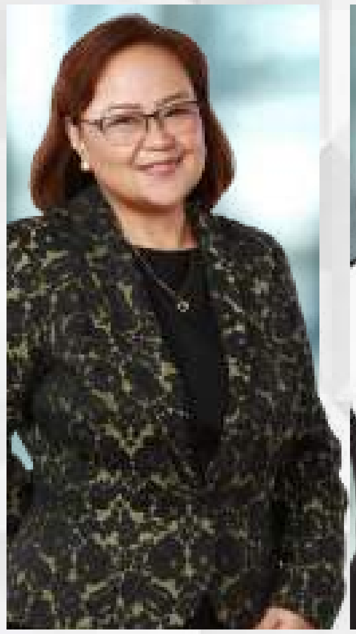
MANAGEMENT COMMITTEE

Back to Table of Content

EMMANUEL G. HERBOSA
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
AGE:69/FILIPINO

GEORGE S. INOCENCIO
EXECUTIVE VICE PRESIDENT
AGE: 57 /FILIPINO

PAUL D. LAZARO
EXECUTIVE VICE PRESIDENT
AGE:64 /FILIPINO



CAROLYN I. OLFINDO
SENIOR VICE PRESIDENT
AGE: 57 /FILIPINO

CATHERINE T. MAGANA
SENIOR VICE PRESIDENT
AGE: 57 /FILIPINO

MARIO REY T. MORALES
SENIOR VICE PRESIDENT
AGE: 61 /FILIPINO

RONALDO U. TEPORA
SENIOR VICE PRESIDENT
AGE: 53 /FILIPINO

SUSAN Z. PRADO
EXECUTIVE VICE PRESIDENT
AGE:65 /FILIPINO

SORAYA F. ADIONG
SENIOR VICE PRESIDENT
AGE: 49 /FILIPINO

LUTGARDA C. BAQUIRAN -PERALTA
SENIOR VICE PRESIDENT
AGE: 60 /FILIPINO

ROMEO B. CARANDANG
FIRST VICE PRESIDENT
AGE: 58 /FILIPINO

MA. CRISTINA C. MALAB
FIRST VICE PRESIDENT
AGE: 55 /FILIPINO

JOSE M. DE VERA
VICE PRESIDENT
AGE:61 /FILIPINO

JOSE MARIA L. VILLAREAL
VICE PRESIDENT
AGE: 59 /FILIPINO

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 sit down in the deliberations of the Committee as non-voting members who attend all ManCom meetings.

Policy and operations matters presented to the ManCom for approval cut across bank sectors and impact the whole bank. These include: (1) policy matters for determination of management's official position prior to 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
PCEO Emmanuel G. Herbosa	46
EVP Susan Z. Prado	57
EVP Roda T. Celis	24
EVP Paul D. Lazaro	55
SVP George S. Inocencio	58
SVP Lutgarda C. Bacquiran-Peralta	49
SVP Soraya F. Adiong	54
SVP Perla Melanie C. Caraan	28
SVP Ronaldo U. Tepora	53
SVP Mario Rey T. Morales (TCFS)	29
FVP Romeo B. Carandang (HRMG)	29
OBSERVERS	
SVP Carolyn I. Olfindo	43
SVP Catherine T. Magana	53
SVP Emmanuel Z. Muniz III	30
FVP Ma. Cristina C. Malab	51
FVP Ma. Veronica B. Bautista	50
VP Jose Maria L. Villareal	49
VP Jose M. De Vera (ICTMG)	15
SVP Morales replaced EVP Celis (retired)	
FVP Carandang replaced SVP Caraan (retired)	
VP De Vera replaced SVP Muniz (resigned)	

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 a long-term and day-to-day basis. The Committee's duties, responsibilities, and authority are set forth 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 risk 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 & 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 Emmanuel G. Herbosa	January 1 – December 31, 2022
First Vice Chairperson	EVP George S. Inocencio	January 1 – December 31, 2022
Second Vice Chairperson	EVP Roda T. Celis	January 1 – June 7, 2022
	SVP Mario Rey T. Morales	June 14 – December 31, 2022
Members	EVP Fe Susan Z. Prado	January 1 – December 31, 2022
	EVP Paul D. Lazaro	January 1 – December 31, 2022
	SVP Ronaldo U. Tepora	January 1 – December 31, 2022
	SVP Lutgarda B. Peralta	January 1 – December 31, 2022
	SVP Carolyn I. Olfindo	January 1 – December 31, 2022
	VP Angelica G. Arile	January 1 – December 31, 2022
	VP Lorena G. Español	January 1 – June 7, 2022
Resource Persons	SVP Catherine T. Magana	January 1 – December 31, 2022
	FVP Christine B. Mota	January 18 – December 31, 2022
	VP Jeshryl D. Aranzaso	July 19 – December 31, 2022

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 and 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.

	NAME	PERIOD COVERED
Chairman	PCEO Emmanuel G. Herbosa	January 1 – December 31, 2022
First Vice Chairperson	EVP Fe Susan Z. Prado	January 1 – December 31, 2022
Second Vice Chairperson/Member	EVP Roda T. Celis	January 1 – January 25, 2022[a] January 31 – May 31, 2022[b]
	SVP Carolyn I. Olfindo	January 1 – January 25, 2022[b] January 31, 2022 - May 31, 2022[a] June 7, 2022 – December 31, 2022[b]
Members	SVP Paul D. Lazaro	January 1 – December 31, 2022
	SVP George S. Inocencio	January 1 – December 31, 2022
	SVP Lutgarda C. Baquiran-Peralta	January 11 – December 31, 2022
	SVP Mario Rey T. Morales	June 9 – December 31, 2022
	SVP Soraya F. Adiong	January 1 – December 31, 2022
Resource Persons	SVP Catherine T. Magana	January 1 – December 31, 2022
	FVP Christine G. Mota	January 31 – December 31, 2022
	VP Dulce O. Cerin	January 1 – December 31, 2022
	VP Mary Gina T. Legaspi	January 1 – December 31, 2022

[a] Designated as Member
[b] Designated as Second Vice Chairperson

		NUMBER OF MEETINGS UPON ASSUMPTION	NUMBER OF MEETINGS ATTENDED
Chairperson	President & CEO Emmanuel G. Herbosa	62	44
First Vice Chairperson	EVP Fe Susan Z. Prado	62	55
Second Vice Chairperson/ Member	EVP Roda T. Celis	21	19
Second Vice Chairperson/ Member	SVP Carolyn I. Olfindo	62	51
Members	SVP Paul D. Lazaro	62	53
	SVP George S. Inocencio	62	52
	SVP Lutgarda C. Baquiran-Peralta	62	45
	SVP Mario Rey T. Morales	40	30
	SVP Soraya F. Adiong	62	2
	SAVP Micaela V. Masigan (vice SVP Soraya F. Adiong)		58
	SVP Antonio Owen S. Maramag (vice SVP Incocencio)		7
	FVP Francis Nicolas M. Chua (vice EVP Celis/ SVP Morales)		10
	FVP Ma. Lourdes B. Gumba (vice SVP Lazaro)		6
	FVP Christine G. Mota (vice EVP Prado)		6
	FVP Marie Cielo T. Veran (vice SVP Peralta)		6
	FVP Rose Marie Q. Quilantang (vice SVP Olfindo)		4
	FVP Romeo B. Carandang (vice SVP Peralta)		1
	FVP Zandro Carlos P. Sison (vice SVP Peralta)		1
	VP Rustico Noli D. Cruz (vice SVP Olfindo)		3
	VP Lorena G. Español (vice SVP Morales)		1
	VP Nomerlito A. Juatchon (vice SVP Incocencio)		1
	SAVP Ma. Luisa L. Aguirre-Pangilinan (vice SVP Adiong)		1

IT Steering Committee

1. Composition of the IT Steering Committee

CHAIRPERSON	PRESIDENT AND CEO
1st Vice Chairperson	Chairman, IT Governance Committee • removed as member of the ITSC per BR No. 0752 dated Dec. 15, 2021
2nd Vice Chairperson	Head, Operations Sector
Members	Head, Branch Banking Sector
	Head, Corporate Services Sector
	Head, Development Lending Sector
	Head, Treasury and Corporate Finance Sector
	Head, Legal Services Group
	Head, ICT Management Group
Resource Persons/Observers	Head, Enterprise Risk Management Group
	Head, Compliance Management Group
	Head, Internal Audit Group

2. IT Steering Committee Members and Observers Attendance Record CY 2022 and Duration of Membership

No. of Meetings for 2022: 11
Approval/Notation via Ad Referendum: 6
Total: 17

	MEMBERS		No. of ITSC meetings attended for CY2022	Ad Referendum	Duration
1	Chairperson	PCEO Emmanuel G. Herbosa	9	6	Jan – Dec 2022
2	1st Vice Chairperson, Chairman, ITGC	• removed as member of the ITSC per BR No. 0752 dated Dec. 15, 2021			
3	2nd Vice Chairperson, Head OPS	EVP Fe Susan Z. Prado	11	6	Jan – Dec 2022
4	Head, BBS	EVP George S. Inocencio	11	6	Jan – Dec 2022
5	Head/OIC, CSS	SVP Lutgarda C. Baquiran-Peralta	9	6	Jan – Dec 2022
		FVP Cielo T. Veran	1	0	June 2022
6	Head/OIC, DLS	EVP Jose Gabino D. Dimayuga	0	1	Jan 2022
		EVP Paul D. Lazaro	9	5	Feb – Dec 2022
		FVP Ma. Lourdes B. Gumba	1	0	Aug 2022
7	Head/OIC, TCFS	EVP Roda T. Celis	3	3	Jan – May 2022
		FVP Francis Nicolas M. Chua	3	0	June and Oct 2022
		SVP Mario Rey T. Morales	5	3	July – Dec 2022
8	Head/OIC, LSG	SVP Soraya F. Adiong	8	6	Jan – Dec 2022
9	Head/OIC, ICTMG	SVP Emmanuel Z. Muñiz III	2	0	Jan – July 2022
		VP Jose Marie A. Bonto	1	0	March 2022
		VP Jose M. De Vera	6	3	Aug-Dec 2022
	OBSERVERS		NO. OF ITSC MEETINGS ATTENDED FOR CY2022	AD REFERENDUM	DURATION
1	Head/Representative, ERMG	SVP Catherine T. Magana	10	N/A	Feb – Dec 2022
		AVP Patricia T. Roque	1	N/A	Oct 2022
2	Head/Representative, CMG	VP Jose Maria L. Villareal	10	N/A	Feb – Dec 2022
3	Head/Representative, IAG	SVP Ryan R. Gabinete	0	N/A	Feb – Dec 2022
		VP Cristopher C. Realina	7	N/A	Feb – Dec 2022
4	*Head/Representative, SPG	SVP Ronaldo U. Tepora	7	N/A	Jun – Dec 2022
		SAVP Angeli B. Visaya-Sulit	1	N/A	Oct 2022
5	*Head/Representative, HRMG	SVP Perla Melanie C. Caraan	1	N/A	June 2022
		FVP Romeo B. Carandang	2	N/A	Oct 2022

Heads of SPG and HRMG were included as additional members of the ITSC per BR No. 00194 dated April 20, 2022 however given that the ITSC Charter was not yet revised they have attended the ITSC meetings instead as resource persons/observers

.

DBP SENIOR OFFICERS

OFFICE OF THE PRESIDENT AND CEO

Back to Table of Content

Emmanuel G. Herbosa
PRESIDENT AND CEO

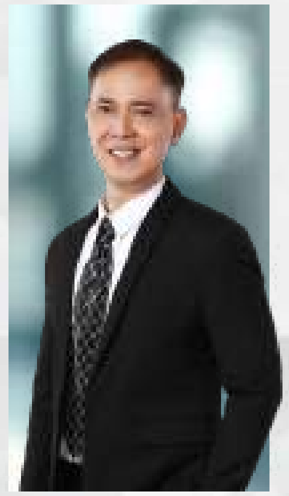
Soraya F. Adiong
SENIOR VICE PRESIDENT

Ryan R. Gabinete
SENIOR VICE PRESIDENT

Rene A Gaerlan
SENIOR VICE PRESIDENT

Catherine T. Magana
SENIOR VICE PRESIDENT

Carolyn I. Olfindo
SENIOR VICE PRESIDENT



Ronaldo U. Tepora
SENIOR VICE PRESIDENT

Jeshryl D. Aranzaso
VICE PRESIDENT

Airene Petronila D. Estrella
VICE PRESIDENT

Ardy D. Gomez
VICE PRESIDENT

Raul D. Mallari
VICE PRESIDENT

Rodrigo Jesus V. Mantaring
VICE PRESIDENT

Ernesto R. Purugganan
VICE PRESIDENT

Cristopher C. Realina
VICE PRESIDENT

Rebecca G. Reyes
VICE PRESIDENT

Stella A. Sampayan
VICE PRESIDENT

DBP SENIOR OFFICERS
OFFICE OF THE PRESIDENT AND CEO

Jose Marie A. Bonto
VICE PRESIDENT

Dulce O. Cerin
VICE PRESIDENT

Rustico Noli D. Cruz
VICE PRESIDENT

Jose M. De Vera
VICE PRESIDENT

Camilo G. Sanchez
VICE PRESIDENT

Mary Rachelle R. Sañez-Hernandez
VICE PRESIDENT

Menchie C. Villacorta
VICE PRESIDENT

Jose Maria A. Villareal
VICE PRESIDENT

DBP SENIOR OFFICERS
DEVELOPMENT LENDING SECTOR

Paul D. Lazaro
EXECUTIVE VICE PRESIDENT

Catherine T. Camarao
SENIOR VICE PRESIDENT

Daniel M. Gonzales
SENIOR VICE PRESIDENT

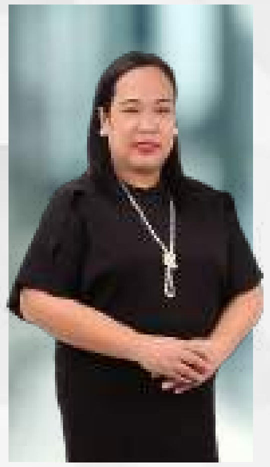
Ma. Lourdes B. Gumba
SENIOR VICE PRESIDENT

Sisinio S. Narisma
SENIOR VICE PRESIDENT

Ana Marie E. Veloso
SENIOR VICE PRESIDENT

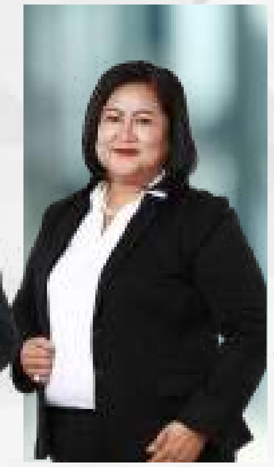
Jeanne D. Adamos
FIRST VICE PRESIDENT

Myra G. Almogino-Calara
VICE PRESIDENT



Marissa P. Aniño
VICE PRESIDENT

Suzanne S. Aquino
VICE PRESIDENT



Raquel C. Atienza
VICE PRESIDENT

Cliff C. Chatto
VICE PRESIDENT

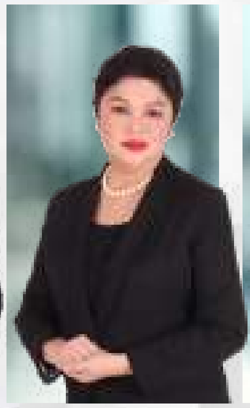
Rey C. Urbiztondo
VICE PRESIDENT

DBP SENIOR OFFICERS
BRANCH BANKING SECTOR


George S. Inocencio
EXECUTIVE VICE PRESIDENT


Madeleine F. Aldana
SENIOR VICE PRESIDENT


Antonio Owen S. Maramag
SENIOR VICE PRESIDENT


Rose Marie C. Callanta
FIRST VICE PRESIDENT

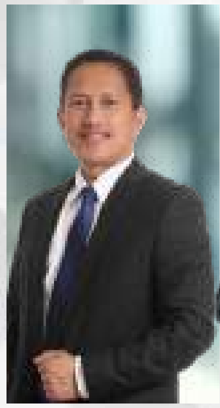

Maria Dolores C. Guevara
FIRST VICE PRESIDENT


Francis Thaddeus L. Rivera
FIRST VICE PRESIDENT

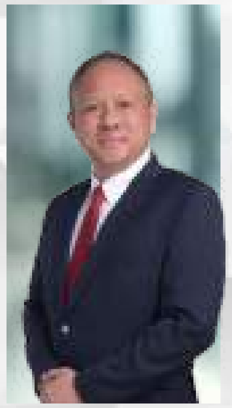

Mark Dennis S. Tan
FIRST VICE PRESIDENT


Helbert Antoine A. Achay
VICE PRESIDENT


Ricardo Josef S. Bandal
VICE PRESIDENT


Roderick P. Barbado
VICE PRESIDENT


Geronimo Alfredo Gerald S. Crisologo
VICE PRESIDENT


Joel G. Jalbuena
VICE PRESIDENT


Nomerlito A. Juatchon
VICE PRESIDENT


Lea R. Santos
VICE PRESIDENT


Nelito H. Tingzon
VICE PRESIDENT


Romel S. Calapardo
SENIOR ASSISTANT VICE PRESIDENT


Mary Joyce B. Salgados
SENIOR ASSISTANT VICE PRESIDENT

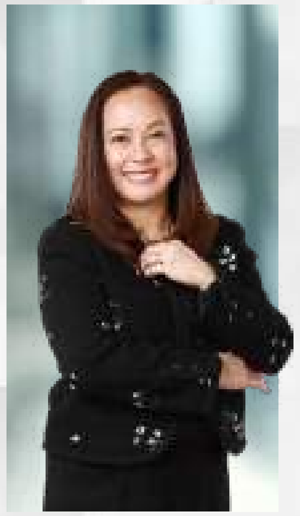
DBP SENIOR OFFICERS
CORPORATE SERVICES SECTOR


Lutgarda C. Baquiran-Peralta
SENIOR VICE PRESIDENT


Romeo B. Carandang
FIRST VICE PRESIDENT


Zandro Carlos P. Sison
FIRST VICE PRESIDENT


Marie Cielo T. Veran
FIRST VICE PRESIDENT


Madeleine M. Casas
VICE PRESIDENT


Fe B. Dela Cruz
VICE PRESIDENT


Heidi G. Macasaet
VICE PRESIDENT


Maria Virginia M. Tipace
VICE PRESIDENT

DBP SENIOR OFFICERS
OPERATIONS SECTOR

Fe Susan Z. Prado
EXECUTIVE VICE PRESIDENT

Christine G. Mota
FIRST VICE PRESIDENT

Angelica G. Arile
VICE PRESIDENT

Jema D. Belza
VICE PRESIDENT

Rustum Jr. H. Corpuz
VICE PRESIDENT

Mary Gina T. Legaspi
VICE PRESIDENT

DBP SENIOR OFFICERS
TREASURY AND CORPORATE FINANCE SECTOR

Mario Rey T. Morales
SENIOR VICE PRESIDENT

Francis Nicolas M. Chua
FIRST VICE PRESIDENT

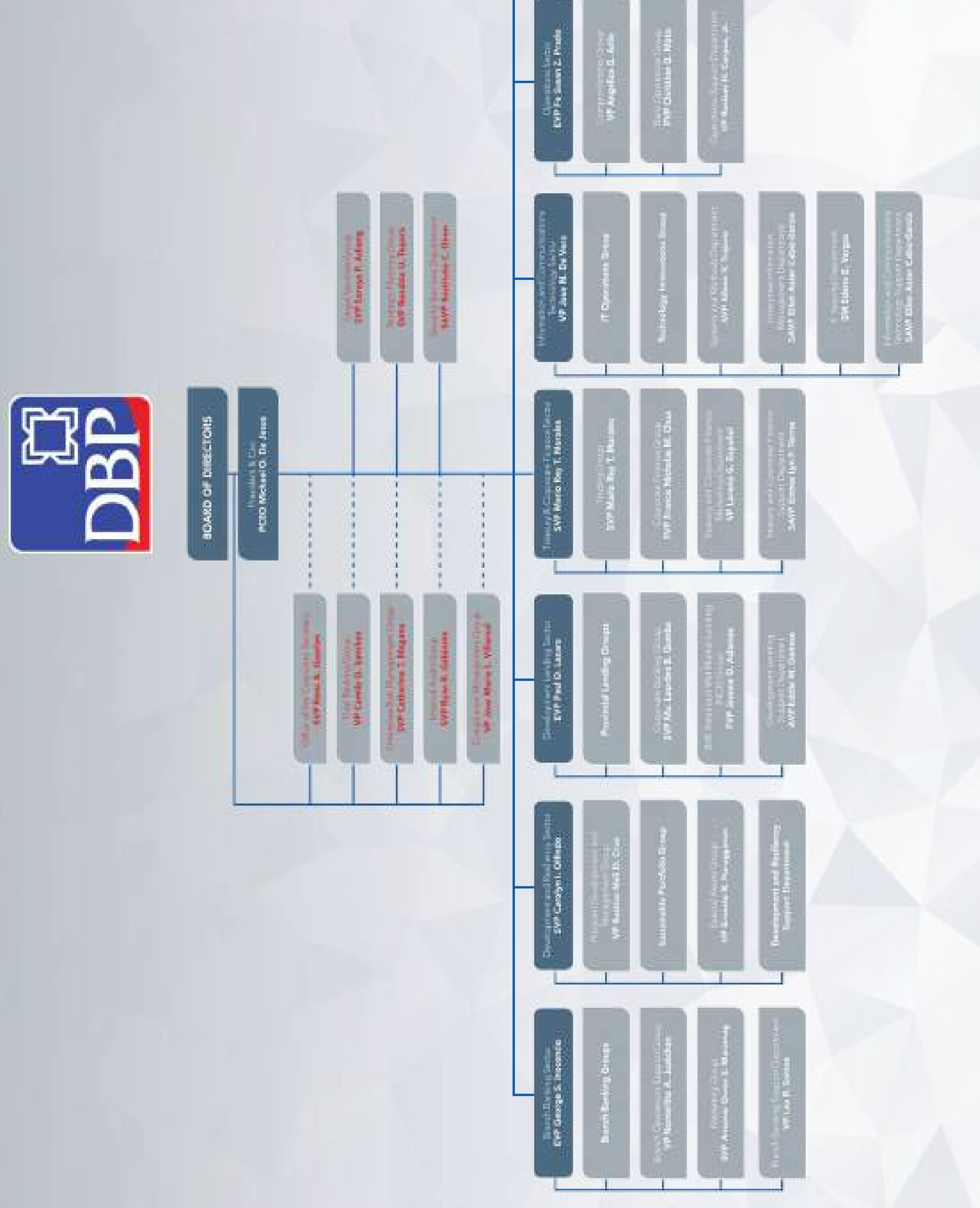
Allen Robert M. Adecer
VICE PRESIDENT

Francis S. Delos Reyes
VICE PRESIDENT

Lorena G. Español
VICE PRESIDENT

ORGANIZATIONAL STRUCTURE
As of 31 December 2022

Back to Table of Content



Back to Table of Content

INTERNAL AUDIT

The Internal Audit Group (IAG) provides independent, objective assurance and consulting activity 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 evaluate and improve effectiveness of governance, risk management, and control processes. As the industry transitions towards its new normal, IAG continuously supports the operational effectiveness of the Bank amid a rapidly changing economic environment and aims to strengthen its resiliency to ensure that it delivers strong performance and progress in its internal audit services.

The purpose, authority, and responsibility of IAG are defined in the Board-approved Internal Audit (IA) Charter. IAG is authorized to have full, free, and unrestricted access to any and all of the bank's, its affiliates and subsidiaries' functions, records, properties, and personnel pertinent to carrying out any engagement, subject to strict accountability for confidentiality and safeguarding of records and information.

IAG maintains its independence and objectivity in carrying out its mandated tasks as IAG/Chief Audit Executive (CAE) continuously reports functionally to the Audit and Compliance Committee and administratively (i.e., day-to-day operations) to the President and Chief Executive Officer. IAG strictly conforms to its Conflict of Interest Policy in identifying, avoiding, and/or dealing with actual or potential conflict of interest that may impair independence and objectivity of IAG.

In 2022, IAG conducted its internal audit activities in accordance with the approved 2022 Risk-Based Audit Plan. Appropriate changes in the audit plan were implemented in consideration of the changing risk landscape and/or business requirements as well as the practicality of performing the planned activities. With a clear business mandate, Internal Audit remained focused on improving its service delivery model through consistent risk-based approach in its audit processes to ensure that internal audit activities are aligned with organizational goals and objectives. Internal Audit delivered its planned audit engagements as it targeted high-impact areas, appropriately allocating scarce resources, and advising stakeholders on various vulnerabilities and corrective actions. Internal Audit provided insights and recommendations based on analyses of various business processes and significant areas such as, but not limited to, Information Systems, Business Continuity, and Anti-Money Laundering compliance. Results of the audit engagements together with recommendations on process improvements, were presented through internal audit reports as it continuously conducts periodic monitoring of outstanding and unresolved matters to ensure timely resolution and risk mitigation. Moreover, Internal Audit provided an overall opinion based on the audit evaluations throughout the year with due consideration to actions taken/committed by the Management. These audits/assessments provide reasonable assurance on the overall reliability and integrity of information, effectiveness and efficiency of operations, adequacy of safeguarding of the Bank's assets, and compliance with regulations and policies.

IAG continuously obtains a satisfactory rating during the BSP's periodic examination where majority of observations were already complied with. Moreover, the Chief Audit Executive was a frequent resource speaker during seminars and training events organized by professional organizations such as Institute of Internal Auditors-Philippines and Association of Government Internal Auditors.

With commitment to integrity, accountability, and professionalism, Internal Audit's diverse capabilities bring meaningful value to the organization and its broad-based perspective uniquely positions it as a valuable driver for strong corporate governance. Internal audit activities were conducted in accordance with 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 IAG.

Back to Table of Content

COMPLIANCE MANAGEMENT

The Compliance Management Group (CMG) implements the Bank's Compliance Program which contains the processes involved in the implementation of the Bank's compliance system. It is through this compliance system that 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 foregoing 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 the following:

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; and
4. Risks arising from failure to effectively manage risks arising from money laundering and proliferation financing activities

One with the Bangko Sentral ng Pilipinas on its mandate to promote a safe and sound banking system, the Bank shall implement a compliance program which contains the processes involved in the implementation of its compliance system and through which all relevant Philippine laws and banking rules and regulations applicable to all operational areas of the Bank shall be identified and monitored for adherence by all business units.

Under the Operating Principles and Compliance Program, 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 Group is under the Office of the President and Chief Executive Officer.

Anti-Money Laundering & Combating the Financing of Terrorism

DBP remains steadfast in its commitment to combat money laundering, terrorism financing, and proliferation financing by ensuring its continuing compliance with its statutory obligations as a covered person under the Anti-Money Laundering Act (AMLA), as amended.

The Bank has institutionalized robust and comprehensive Anti-Money Laundering (AML) policies and control measures, as enshrined in the Board-approved Money Laundering and Terrorism Financing Prevention Program (MTPP). The MTPP incorporates not only legal requirements but also the various requirements of the Bangko Sentral ng Pilipinas (BSP) and the Anti-Money Laundering Council (AMLC) as well as noted best industry practices, among others. It is grounded upon five primary pillars providing for the fundamental cornerstones of the Bank's AML compliance program: (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 MTPP aligns with globally accepted AML standards established by the Financial Action Task Force (FATF) to facilitate effective implementation of the FATF's mission in the fight against money laundering, terrorism financing, and proliferation financing. Consistent with the FATF's Risk-Based Approach, the Bank identifies and understands its risk exposures and takes appropriate measures commensurate to those risks in order to mitigate them effectively.

The Bank adopts a customer-focused money laundering risk assessment process with the objective to establish the money laundering risk classification of every customer as either being low, normal, or high risk in terms of potential for money laundering. This type of risk assessment is conducted to determine the proportionate level of customer due diligence to be applied to a customer. The ML risk assessment process is performed not only at the inception of a customer relationship but also during the periodic review of existing accounts to ensure that gathered documents and information are continually kept up-to-date and relevant.

Back to Table of Content

Attendant to the conduct of customer due diligence, the Bank's policies and procedures for customer identification and verification include, among others, the presentation of the customer's valid identification documents; accomplishment of customer record forms to obtain the minimum required customer information, including all identified beneficial owner/s; conduct of face-to-face interview with the customer; and validation against the relevant lists.

The Bank facilitates ongoing monitoring of customers' accounts and transactions to detect and deter potential money laundering activities and cause for the necessary regulatory reporting when warranted. Business units are advised to exercise prudence in their transactions and are informed of common customer behaviors and transaction patterns that may require conduct of enhanced due diligence. Additionally, the Bank employs the use of an AML electronic monitoring system to facilitate continuing monitoring of undertaken transactions and 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 be necessarily observed through manual monitoring. Said alerts are subjected to risk-based processing covering conduct of investigation, disposal and, when warranted, filing of corresponding regulatory report/s.

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 and terrorism financing techniques, methods, and trends. Role-based frequency relative to attendance in AML refresher trainings is likewise implemented to ensure level of knowledge is continually kept up-to-date such that established controls can be effectively carried out in line with regulatory requirements.

Customer data privacy

As a controller and processor of personal data, the Bank 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 November 23, 2022 – DBP Data Privacy Policy Manual.

As part of the Bank's Personal Data Breach Management, the Bank implements an incident response procedure intended to contain the security incident or personal data breach and restore 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 collection of personal data shall always be preceded by the data subject/s' consent provided through either written or electronic means. 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 such, the responsibility for obtaining consent shall fall on the Business Unit which first collects the personal data from the data subjects.

As determined by the DPO, any data sharing arrangement entered into 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.

For data privacy requests and concerns, data subjects may write to the DPO at dbp@dbp.ph. The Customer Experience Management Department (CEMD), or other Business Units through the Customer Service Officer may receive correspondence pertaining to requests and concerns of data subjects and forward the same to the DPO.

The Bank ensures the conduct of the Annual Privacy Impact Assessment (PIA) 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.

The Bank imposes reasonable and appropriate physical, technical, and organizational security measures which shall be implemented to maintain the availability, integrity, and confidentiality of personal data and protect them against natural dangers such as accidental loss or destruction, alternation, and contamination. Several mitigation measures are in place to ensure timely action in the event of a security incident or personal data breach.

Back to Table of Content

RISK MANAGEMENT

MINIMIZING IMPACT FOR A BALANCED FUTURE

The Bank continued to exhibit preparedness and ability to absorb shocks in its pursuit of financial strength and viability to sustain its development efforts. In 2022, DBP sustained its profitable operations and posted a Capital Adequacy Ratio (CAR) of 12.61% on a consolidated basis. This complies with the BSP's regulatory minimum CAR of 10.00%. Further, it posted Common Equity Tier (CET 1) and Tier 1 Ratios of 11.68% on a consolidated basis, which are above regulatory thresholds.

The Bank places emphasis in maintaining adequate capital ratios to ensure 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 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 risks, 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 in 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 Bank'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 (ERMG), 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. ERMG, 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 risk 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, Executive Committee, Governance Committee, Development Advocacy Committee, Audit and Compliance Committee, Trust Committee, Human Resource Committee, IT Governance Committee, and the Budget Committee, together with the management committees, the Credit Committee, Asset Liability Management Committee (ALCO), the Management Committee, IT Steering Committee, and ICAAP Steering Committee, among others.

The Bank follows an ERM framework which 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 with the aim of continually improving 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.

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 including those that are related to Environment, Social and Governance issues, are identified by the different business units through an environmental scan. The results are tackled in Management Committee meetings and are fed into the strategy for the upcoming year. Moreover, the risk identification and assessment are documented in the Bank's ICAAP, the primary risk identification and assessment document. The document report is submitted to the 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. Non-financial risks include operational risk, information security/information technology risk, compliance and legal risk, reputational risk, consumer protection risk, and strategic risk.

For CY 2022, 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 the reeling effects of the COVID-19 pandemic. They also revisited and reviewed pertinent credit policies and guidelines in view of the effects of the pandemic on borrowers' repayment capabilities. 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 on policies on information security risk management were also approved to ensure the protection of information and technology assets. Updates to the Bank's Business Continuity Management Program are regularly made to ensure business resiliency against unforeseen events. The Integrated Incident Management Framework established standardized procedures on 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.

Credit Risk

Credit risk is the Bank'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, the Bank's loan portfolio is typically characterized by medium to long-term exposures to the priority sectors of infrastructure and logistics, environment, micro, small and medium enterprises (MSMEs), social services and community development and agriculture, fishing and forestry.

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 which provides for safeguards to manage credit concentration risk brought about by exposures to single name/group borrowers, industry sectors and DOSRI. The hierarchy of approval is established in order that big-ticket accounts are subject to rigorous evaluation up to 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 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 on a quarterly basis ensures 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. The Bank's total credit risk-weighted assets as of December 31, 2022 amounted to Php542.73 billion, broken down as follows:

CREDIT RISK-WEIGHTED ASSETS As of December 31, 2022 (In PHP Millions)	Group	Parent
Total Risk-Weighted On-Balance Sheet Assets (Schedule A)	519,545	516,483
Total Risk-Weighted Off-Balance Sheet Assets (Schedule B)	25,355	25,355
Total Counterparty Risk-Weighted Assets in Banking Book (Derivatives and Repo-Style Transactions) (Schedule C)	798	798
Total Counterparty Risk-Weighted Assets in Trading Book (Derivatives and Repo-Style Transactions) (Schedule D)	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	545,698	542,636
Deductions	2,963	2,462
TOTAL CREDIT RISK-WEIGHTED ASSETS	542,734	540,173

Schedule A ON-BALANCE SHEET ASSETS - Group As of December 31, 2022 (In PHP Millions)	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk-Weighted Assets
Cash on Hand	7,299	-	-	-	-	-	-
Checks and Other Cash Items	0	0	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	125,148	-	-	-	-	-	-
Due from Other Banks	9,253	1,248	5,941	-	2,064	-	5,284
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	39,321	260	9,918	-	4,912	-	9,923
Financial Assets at Hold to Collect (HTC)	282,803	3,072	33,561	-	45,339	-	62,734
Loans and Receivables	442,940	13,986	23,965	-	389,458	15,532	427,535
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	26,768	-	570	-	-	-	285
Sales Contract Receivable	3	-	-	-	-	3	4
Real and Other Properties Acquired	1,705	-	-	-	-	1,705	2,558
Total Exposures, Excluding Other Assets	935,240	18,566	73,955	-	441,773	17,240	508,323
Other Assets	9,467	-	-	-	11,222	-	11,222
Total Exposures, Including Other Assets	944,707	18,566	73,955	-	452,995	17,240	519,545
Total Risk-Weighted On-Balance Sheet Assets not covered by CRM	944,707	3,713	36,978	-	452,995	25,859	519,545
Total Risk-Weighted On-Balance Sheet Assets covered by CRM	96,928						
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS	1,041,635	3,713	36,978	-	452,995	25,859	519,545

Schedule A ON-BALANCE SHEET ASSETS - Parent As of December 31, 2022 (In PHP Millions)	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk-Weighted Assets
Cash on Hand	7,284	-	-	-	-	-	-
Checks and Other Cash Items	0	0	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	124,853	-	-	-	-	-	-
Due from Other Banks	9,253	1,248	5,941	-	2,064	-	5,284
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	39,321	260	9,918	-	4,912	-	9,923
Financial Assets at Hold to Collect (HTC)	282,770	3,072	33,561	-	45,339	-	62,734
Loans and Receivables	439,899	13,986	23,879	-	386,504	15,530	424,536
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	26,661	-	570	-	-	-	285
Sales Contract Receivable	3	-	-	-	-	3	4
Real and Other Properties Acquired	1,694	-	-	-	-	1,694	2,542
Total Exposures, Excluding Other Assets	931,738	18,566	73,869	-	438,819	17,227	505,308
Other Assets	9,421	-	-	-	11,176	-	11,176
Total Exposures, Including Other Assets	941,159	18,566	73,869	-	449,995	17,227	516,483
Total Risk-Weighted On-Balance Sheet Assets not covered by CRM	941,159	3,713	36,935	-	449,995	25,841	516,483
Total Risk-Weighted On-Balance Sheet Assets covered by CRM	96,873						
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS	1,038,032	3,713	36,935	-	449,995	25,841	516,483

Schedule B OFF-BALANCE SHEET ASSETS As of December 31, 2022 (In PHP Millions)	Group	Parent
Direct credit substitutes (e.g., general guarantees of indebtedness and acceptances)	1,868	1,868
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	23,470	23,470
Trade-related contingencies arising from movement of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one (1) year	16	16
Other commitments which can be unconditionally cancelled at any time by the Bank without prior notice and those not involving credit risk	-	-
TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS	25,354	25,354

Schedule C COUNTERPARTY ASSETS IN THE BANKING BOOK As of December 31, 2022 (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)	798	798
TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE BANKING BOOK	798	798

Schedule D COUNTERPARTY ASSETS IN THE TRADING BOOK As of December 31, 2022 (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)	-	-
TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE TRADING BOOK	-	-

Market Risk

A major source of market risk for the Bank is in the form of 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 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 Parent Company's VaR profile by risk class for 2022:

VALUE-AT-RISK PROFILE (In PHP Millions)	2022	December 2021 - December 2022			2021
	Year end	Average	Min	Max	Year end
Fixed Income Trading	67	114	33	372	42
Foreign Exchange Trading	3	13	-	48	-

As of end-2022, total market risk-weighted assets stood at Php3.12 billion, of which, 82% is accounted for by interest rate exposures while foreign exchange exposures make up for the remaining 18%.

MARKET RISK-WEIGHTED ASSETS (In PHP Millions) Using Standardized Approach	2022	2021
1. Interest Rate Exposures	2,544	2,708
2. Equity Exposures	-	-
3. Foreign Exchange Exposures	575	432
4. Options	-	-
TOTAL MARKET RISK-WEIGHTED ASSETS	3,119	3,141

Market Risk Management Department – Market 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 on a per trader basis, helps 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 adheres to high ethical standards.

Liquidity and Interest Rate Risks

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 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 and 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 indicators of the Bank's ability to satisfy a diversified mix of volatile and stable funding requirements against liquid, less liquid and non-liquid assets.

LCR IN SINGLE CURRENCY	2022	2021
Solo	125.48%	122.29%
Consolidated	125.53%	122.53%

NSFR IN SINGLE CURRENCY	2022	2021
Solo	110.20%	112.24%
Consolidated	109.94%	112.05%

OTHER LIQUIDITY RATIOS[1/] As of December 31, 2022	DBP Ratios	Industry Ratio[2/]
Stable Funding vs. Non-Liquid Assets	15%	13%
Liquid Assets vs. Volatile Funding	24%	30%
Liquid & Less Liquid Assets vs. Volatile Funding	30%	32%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	7%	4%
Liquid Assets Ratio	20%	24%

[1/] Liquidity Ratios computed internal to DBP
[2/] Top 10 Universal Banks in terms of assets excluding DBP as of December 31, 2022

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 which provide funds characterized by stability, longer tenors and lower interest rates. However, the majority of funds are sourced from deposits thus the Bank is vulnerable to unexpected withdrawals from large fund providers or from a set of depositors. To manage this risk, core deposit levels are closely monitored as well as top depositors and profiles on classification and currencies 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.

In addition, 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 Economic Value of Equity (EVE) measure.

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 either asset-sensitive or liability-sensitive. Asset-sensitive indicates positive gap wherein interest rate-sensitive assets are more than liabilities that will be repriced and is vulnerable to declining interest rate. Otherwise, IRGAp 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 IRGap to an interest rate factor using a 99% confidence level. 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 buffer to mitigate the risks. The frequency of EaR's measurement and reporting to the ALCO and ROC is on a monthly basis. On the other hand, the BOD is the final approving authority on the levels of movements in interest rates which is aligned with the Uniform Stress Testing for Banks to sensitize the Bank's 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 to the Bank's net income as of December 2021 and December 2022:

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
2021						
PHP	(759)	(380)	(190)	190	380	759
USD	(520)	(260)	(130)	130	260	520
JPY	2	1	0	(0)	(1)	(2)
2022						
PHP	885	442	221	(221)	(442)	(885)
USD	218	109	55	(55)	(109)	(218)
JPY	58	29	15	(15)	(29)	(58)

To strengthen the management of IRRBB exposures, the Bank also provided quarterly 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 net present value of all future cash flows from the said accounts. Assumptions are employed to deposits outflow rates using the Bank's core deposit retention rate model. The EVE complements the short-term view of EaR considering that EVE covers short-, medium- and long-term exposure of the Bank's IR profile. With the EVE calculation, Delta EVE or the Change in EVE is determined using standard shocks provided by Basel and other stress scenarios/sensitivities to assess the impact of the interest rate movements in the Bank's capital. As of December 2022, the greatest decline or change in EVE resulted from parallel rate shocks across the time bands which extend to the maturity of interest-sensitive accounts.

Further, sensitivity to changes in interest rates may impact the Bank's capital as of December 2022:

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	13,789	6,575	3,212	(3,068)	(5,998)	(11,473)
USD	1,635	814	406	(405)	(807)	(1,607)
JPY	(5,791)	(2,699)	(1,305)	1,222	2,367	4,451
EUR	(250)	(117)	(56)	53	102	192
TOTAL	9,383	4,574	2,257	(2,198)	(4,336)	(8,437)

With the continuing effects of the COVID-19 situation in 2022 together with other macroeconomic factors such as a geo-political event and its 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 comprehensively included in the regular reports.

MRMD-MLRU handles risk management for the Bank's liquidity and interest rate risks exposures. Said business unit establishes the parameters for the liquidity and interest rate risk management tools such as MCO, IRGap, 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 to guide 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 plan, 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. Capital allocated for operational risk is currently at Php4.29 billion.

OPERATIONAL RISK-WEIGHTED ASSETS (In PHP Millions)	Group	Parent
Using Basic Indicator Approach (BIA)		
Year 3	3,219	3,195
Year 2	3,327	3,310
Year 1	3,744	3,732
Average	3,430	3,412
Adjusted Capital Charge	4,287	4,265
TOTAL OPERATIONAL RISK-WEIGHTED ASSETS	42,875	42,654

The Bank aims to provide significant improvement in the way it facilitates its risk management functions through automation of data and information collection. One step in attaining this improvement is through the Operational Risk Information System (ORIS).

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 the following:

a. Systematic collection of operational risk information;
b. Quicker access on historical risk assessment results;
c. Easier monitoring of business units' risk assessments, key risk indicators and risk treatment plants; and
d. Timely generation of required risk reports.

ORIS is accessible to all business units' (Head Office, Lending Centers, and Branches) authorized personnel, for data collection wherein 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. Its annual Strategic Planning exercise is complemented by a bottom-up RCSA conducted by business units, wherein 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 determine the effect of an interruption of services or impact resulting from business disruption/disaster on each business unit or the organization.

Recognizing the 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 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 business disruption or disaster. Regular tests are scheduled and 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 towards the Bank's recovery requirements, including critical application systems, equipment and supplies.

For continued Risk Management awareness, infographics are issued and sessions are conducted on the topics of Operational Risk Management and Business Continuity Management.

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 identified and designated an Operational Risk Coordinator from each business unit.

Information Security/Information Technology (IS/IT) Risk

With the Bank's ongoing initiatives to expand its digital presence, existing and emerging risks on its use of information assets and information technology are continuously being managed and monitored. This is done using a governance framework where risk management is embedded and applied across the entire enterprise, supporting business objectives while remaining to be compliant with regulatory requirements and global standards.

Forming part of the Information Security Management Systems, DBP has an information Security Risk Management Program that guides the oversight of the Bank's information security (IS) and information technology (IT)-related risks. It

Back to Table of Content

adheres to the Bank's established risk management lifecycle process, and also forms part of the overall enterprise risk management system. As such information security risk is viewed in the larger context of organizational risk, employing similar techniques, methods and metrics is needed in defining IS/IT risk. By understanding and managing this risk that the Bank is facing, the goal of information security is to manage the risks and maintain them at tolerable levels.

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 re-assessed via 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/ 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 adverse impacts 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 in ensuring compliance with applicable laws, rules, and regulations. This Program presents the various measures/ 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, LSG has monitoring and reporting systems in place enabling it to keep track of all cases handled, referrals for loan and non-loan documentation services and enabling it to render significant and accurate reports to Management or Board of Directors.

DBP also has in place a Money Laundering and Terrorism Financing Prevention Program (MTPP) which institutionalizes the Bank's AML policies and procedures to manage its money laundering/terrorism financing/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.

DBP complies with the country's environmental laws, regulations and relevant agreements. The Bank maintains an Environmental Compliance Obligation Register that is reviewed annually and updated as needed. This is used as an institutional tool to identify specific regulations, and how these apply to DBP's internal operations. DBP's Pollution Control Officers (PCOs) identify the status of compliance for each applicable environmental obligation and establishes action plans, as needed. DBP appointed PCO for each regional offices to ensure that all DBP offices conform to the environmental compliance obligation to which the Bank subscribes.

Capital impact of compliance and legal risk takes into consideration potential losses from litigation cases, as well as previous year 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 threat or danger to the good name of the Bank may be present. Regular media scanning of publications as well as news coverage involving and relevant to the Bank is undertaken to immediately identify any negative publicity which 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. The initiatives include advertising, media, marketing communication, and public relations activities. To achieve a wider reach, the Bank has also utilized the social media platform, specifically Facebook and YouTube, to promote the image of the Bank. Sustaining DBP's positive image is expected to result in deepened existing customer relationships and an expanded customer base.

The Bank is also 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 Bank's brand and moderate risks from negative publicity. Likewise, the DBP Financial Consumer Protection (FCP) Framework 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 Consumer Assistance Management System (CAMS) sets forth the effective complaints and feedback management led by the Customer Experience Management Department (CEMD). In addition, the Bank also contracted a third-party research agency to conduct an annual independent assessment of the level of overall customer satisfaction and engagement across the Bank's products and services with the objective of enhancing the customer service quality of DBP.

Strategic Risk

The Bank, being a government financial institution (GFI), 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 this risk involves setting the strategy, deploying resources, monitoring implementation, and being aware of opportunities and threats. Crafted business plans are aligned with the Bank's strategic thrusts and directions as determined by the Board of Directors and Senior Management and with the associated risk assessments taken into consideration in the formulation of low-risk management strategies and determination of capital requirements. Periodic review of actual performance versus set objectives is done by the Management Committee and the Board of Directors. Practice of good governance is in place to ensure that corporate culture and values are continuously being implemented. Responsiveness to macroeconomic and industry changes is provided by continuous awareness by various business units to opportunities and threats, resulting in tactical revisions of specific business plans.

Consumer Protection Risk

The DBP Consumer Protection Management System (CPRMS) is an integral component of the Bank's Financial Consumer Protection Framework and integrated into the Bank's existing enterprise risk management processes and risk governance framework. It enables the Bank to identify, measure/assess, monitor/report, and control/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 its 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.

Environmental and Social Risk

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. DBP periodically tests its business continuity plans including disaster preparedness plans to ensure the ability of all business 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 containing 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 the projects DBP is financing.

The Bank recognizes that environmental and social (E&S) risks can influence and/or amplify other Bank's related key risk areas such as the examples listed in the table below. These E&S related risks have existing risk control and mitigation as stipulated in various Bank policies and procedures.

Environmental & Social (E&S) Due Diligence Risk	Risk of default associated with the poor evaluation of E&S effects of projects may result to E&S Risks to the Bank, which include environmental pollution, climate risk (both physical and transition risk), hazards to human health, safety, and security, and threats to the community, biodiversity, and cultural heritage.
Employment Practices and Workplace Safety - Labor Relations Risk	Failure to maintain and monitor labor relations with appropriate stakeholders may affect business continuity and lead to losses for the Bank.The Bank still recognizes that labor relations issues have significant impact to the institution, thus, continuous dialogue is being maintained.
Employment Practices and Workplace Safety - Health, Safety and Environment Risk	Failure to provide a safe working environment for its people exposes the Bank to compensation liabilities, loss of business reputation and other costs.
Damage to Physical Assets - Natural Calamities	Natural disaster due to natural or environmental risk events (e.g., flood, earthquake, typhoon, etc.) may cause damage to Bank property and personnel. This would lead to disruption of some services or inability to provide banking services at a normal level on a timely basis.
Damage to Physical Assets - Other Events	There is always a possibility of other adverse events such as ambush/robberies/fire and even terrorism which pose threat to DBP particularly to the branches.
Compliance Proper Risk	This risk arises from failure to identify and comply with requirements stipulated by external regulators and agencies, including pertinent laws and regulations monitored in the Environmental Compliance Obligations Register. Together with the imposition of fines and penalties, insufficient management of compliance risk can also lead to criticisms and exceptions rendered by regulatory bodies.
Corporate Social Responsibility Risk	Failure to manage "socially responsible" activities (e.g., undertaking environmental programs, participating in community initiatives) may result in an unfavorable corporate perception of stakeholders, customers, suppliers, business partners, employees and the regulatory community.

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 the 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 risks exposures, a per-industry breakdown of total loans to borrowers' portfolio is presented below:

INDUSTRY	Total Exposure (OPB)	% to total
D - Electricity, Gas, Steam and Air-conditioning Supply	115,649	21.94%
O - Public Administration and Defense; Compulsory Social Security	68,644	13.03%
L - Real Estate Activities	56,241	10.67%
F - Construction	51,872	9.84%
A - Agriculture, Forestry and Fishing	38,561	7.32%
C - Manufacturing	35,584	6.75%
K - Financial and Insurance Activities	34,785	6.60%
J - Information and Communication	27,831	5.28%
H - Transportation and Storage	25,031	4.75%
Q - Human Health and Social Work Activities	20,916	3.97%
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	16,202	3.07%
E - Water Supply, Sewerage, Waste Management and Remediation Activities	15,719	2.98%
T - Activities of Households as Employers and Undifferentiated Goods and Services and Producing Activities of Households for Own Use	8,331	1.58%
P - Education	6,144	1.17%
I - Accommodation and Food Service Activities	3,963	0.75%
N - Administrative and Support Service Activities	600	0.11%
B - Mining and Quarrying	464	0.09%
S - Other Service Activities	248	0.05%
M - Professional, Scientific and Technical Services	164	0.03%
R - Arts, Entertainment and Recreation	48	0.01%
U - Activities of Extraterritorial Organizations and Bodies	-	0.00%
Total	526,998	100%

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 risks objectives in short-, medium- and long-term horizons.

DBP acknowledges the urgency of intensifying its mainstreaming efforts towards 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 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/ activities and business operations.

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.

Capital Structure and Capital Adequacy

Effective January 1, 2014, the Group 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, in accordance with the Basel III standards. In addition, the Group complied 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.

BSP Circular No. 781 sets out a minimum CET 1 Ratio of 6.00% and Tier 1 Capital Ratio of 7.50% and also introduced a capital conservation buffer of at least 2.50% comprised of CET 1 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 CET 1 requirement, Currently, the CCyB is set at 0.00%. The existing requirement for Total Capital Adequacy Ratio (CAR) is still at 10.00%. Meanwhile, BSP Circular No. 881 stipulates that the Leverage Ratio must not be less than 5.00%. These ratios shall be maintained by the Bank at all times.

CET 1 Capital, Tier 1 Capital and Qualifying Capital are computed in accordance with the provisions of Part II of BSP Circular No. 781. Further, total risk-weighted assets (RWA) is the sum of (1) credit risk-weighted assets, (2) market risk-weighted assets, and (3) operational risk-weighted assets.

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 December 31, 2022, 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 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 Corporates. Market RWA and Operational RWA are computed using the Standardized and Basic Indicator approaches, respectively.

Exposure Measure is computed in accordance with 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 Group and the Parent Bank have complied with all externally imposed capital requirements throughout the year. The Group's Total Qualifying Capital amounted to Php74.25 billion as of December 31, 2022. Tier 1 Capital, wholly consisting of Common Equity Tier 1, accounted for 93% (Php68.78 billion) and Tier 2 Capital at 7% (Php5.46 billion) of the Total Qualifying Capital.

CAPITAL ADEQUACY As of December 31, 2022 (In PHP Millions)	Group	Parent
Qualifying Capital		
Common Equity Tier 1 (CET 1) Capital	68,788	68,380
Additional Tier 1 Capital	-	-
Tier 1 Capital	68,788	68,380
Tier 2 Capital	5,457	5,426
TOTAL QUALIFYING CAPITAL	74,245	73,806
CAPITAL CONSERVATION BUFFER	14,718	14,649
COUNTERCYCLICAL CAPITAL BUFFER	-	-
SURPLUS / (SHORTFALL) CET1 CAPITAL	18,746	18,575
Risk-Weighted Assets (RWA)		
Credit RWA	542,734	540,173
Market RWA	3,119	3,119
Operational RWA	42,875	42,654
TOTAL RWA	588,728	585,946
Qualifying Capital Requirements (10.0% of RWA)		
Credit Risk	54,273	54,017
Market Risk	312	312
Operational Risk	4,288	4,266
TOTAL QUALIFYING CAPITAL REQUIREMENT	58,873	58,595
CET 1 Ratio (CET 1 Capital ÷ Total RWA)	11.68%	11.67%
Tier 1 Ratio (Tier 1 Capital ÷ Total RWA)	11.68%	11.67%
Capital Adequacy Ratio (CAR) (Qualifying Capital ÷ Total RWA)	12.61%	12.60%
Exposure Measure		
On-Balance Sheet Exposures	1,017,419	1,013,923
Derivative Exposures	-	-
Securities Financing Transaction (SFT) Exposures	27,085	26,978
Off-Balance Sheet Exposures	33,283	33,283
TOTAL EXPOSURE MEASURE	1,077,787	1,074,184
Leverage Ratio (Tier1 Capital ÷ Total Exposure Measure)	6.38%	6.37%

Capital requirement (equivalent to 10.00% of risk-weighted assets) is at Php54.27 billion for credit risk, Php312 million for market risk, and Php4.29 billion for operational risk. Risk-based CAR of 12.61% is well above the 10.55% internal and 10.00% regulatory minimum level. The CET 1 and Tier 1 Ratios are calculated at 11.68% which are also above their respective thresholds. Similarly, the Leverage Ratio of 6.38% is well above the 5.30% internal and 5.00% regulatory minimum levels. The Parent Bank posted CAR, Tier 1, CET 1 Ratio, and Leverage Ratio of 12.60%, 11.67%, 11.67%, and 6.37%, respectively.

As of December 31, 2022, the Php3.69 billion difference between the Parent Bank's Qualifying Capital of Php73.81 billion and the total capital of Php77.50 billion reported in the published financial statements was mainly due to the following:

In PHP Millions	
Unsecured Subordinated Debt Classified as Tier 2 Capital	-
General Loan Loss Provision	5,426
Regulatory Adjustments to CET 1 Capital	(9,117)
	(3,691)

At present, the Bank has one issuance that is fully compliant with Basel III regulations, which is the ten-year Php10.00 billion Unsecured Unsubordinated Notes issued by the Bank in November 2013. These notes are eligible as Tier 2 Capital and will mature on November 20, 2023, if not redeemed earlier. Pursuant to BSP Circular No. 781, the notes shall be subject to a discount of 20% applied annually starting November 2018 until its maturity. Thus, the effective value was reduced to zero starting November 2022.

As of December 31, 2022, the Php28.21 billion difference between the Parent Bank's On-Balance Sheet Exposures of Php1.01 trillion and the total resources of Php1.04 trillion per published financial statements was mainly due to the following:

In PHP Millions	
Loans and Receivables arising from RRP	26,978
Derivatives Exposure (Replacement Cost)	-
Regulatory Adjustments to CET 1 Capital	9,117
General Loan Loss Provision	(7,889)
	28,206

Back to Table of Content

Roll-on/Roll-off Transport System

On January 22, 2003, then President Gloria Macapagal-Arroyo signed Executive Order No. 170 which redefined the Philippine transport system, specifically inter-island travel. Under EO 170, an efficient and cost-effective Road Roll-on/Roll-off Terminal System (RRTS) will be integrated with the National Highway System. DBP's role was to fund the establishment of "moving bridges" spanning the country.

Inter-island shipping was one of the original four industries covered by the technical grant provided by the World Bank for DBP to undertake restructuring studies in 1988. With the problems and prospects unearthed by these restructuring studies, DBP took on the challenge to modernize the domestic shipping industry.

The RRTS gained much-needed support from concerned government agencies that were brought to task by President Arroyo. Since the inauguration of the RRTS in 2003, 250 vessels run in 68 destinations. A total of 11 RRTS projects, amounting to Php1.1 billion was approved by DBP at that time. These projects resulted in new routes.

Once the major nautical highways had caught everyone's attention, the bank shifted its sights to the lateral links which were labeled "missionary routes." These routes connected isolated small islands to more developed population centers either through vessel financing (Ozamiz City – Mukas, Kolambugan, Lanao del Norte route) or port development at one or both ends of the route (Santander, Cebu – Sibulan, Negros Oriental route). In some cases, missionary routes link a series of under developed communities, as if part of a chain, in an effort to spur economic activities among them (passenger cargo ferry for the Basco, Batanes – Curimao, Ilocos Norte – Sta. Ana, Cagayan route).

To fast-track the RRTS, the bank acquired the NDC Maritime Leasing Corporation (NMLC) from the National Development Company on June 12, 2008 and renamed it DBP Maritime Leasing Corporation. As an alternative to loans, leasing responds to the needs of missionary routes. First, for the operator, it does not entail huge capital outlays nor require collateral cover because he only rents the vessel or whatever lease facility. Second, to the funder, it does away with the tedious process of foreclosure in the event of project failure and allows the bank to relocate the vessel to another route because the bank retains ownership over the leased vessel.

Inter-island shipping was one of the original four industries covered by the technical grant provided by the World Bank for DBP to undertake restructuring studies in 1988.

DBP's partnership with MARINA

DBP's partnership with MARINA started as early as the 1990s. The following are the programs undertaken by DBP to support the maritime industry:

- Domestic Shipping Modernization Program (DSMP) which sought to improve the safety and efficiency of marine transport through modernization of domestic shipping specifically the purchase or repair or ships and shipping support industries such as ship construction and repair. The funding for the program came from the JICA ODA loan facility.
- Sustainable Logistics Development Program (SLDP) in the early 2000s, which sought, among others, to promote the use of roll-on, roll-off or RORO vessels and to open new missionary routes for a more seamless and cheaper movement of goods and people.
- Logistics Infrastructure Development Program (LIDP) started its implementation in 2006. With financial support for JICA, the program supports the development of logistics sector consisting of transportation network and logistics system by meeting the needs of mid-term and long-term loans and capacity building.

On June 21, 2022, a Memorandum of Agreement (MOA) was signed between DBP and MARINA in support of the Maritime Industry Development Program.

DBP Connecting Rural Urban Inter-modal System Efficiently (CRUISE) Program

The DBP CRUISE Program supports the development of connectivity infrastructure in the transportation, logistics and tourism sectors, and their related information technology (IT) and climate change adaptation/risk mitigation requirements.

On the maritime-related projects, DBP has approved a total of 37 accounts with outstanding loan portfolio of Php9.06 billion. These include ship building, acquisition of vessels, port development, and working capital. The following are the accomplishments of the program:

	OPB	No. of Units	Capacity (GT)
RORO vessel	1,540,156,788.66	20	18,342.49
Cargo vessel	520,396,272.32	6	15,868.00
Cargo/passenger vessel	21,160,860.79	3	170.55
Passenger/RORO vessel	2,007,819,803.48	10	14,531.00
Passenger vessel	1,516,855,541.67	19	6,155.28
Tanker vessel	-	2	422,870.10
Barge	86,000,000.00	1	1,200.00
Berthing Space	53,946,167.98	8	-
Slipway	3,303,000,000.00	3	-
Tugboat	13,800,000.00	-	-
Total	9,063,135,434.90	72	479,137.42

DEEP Scholars Assn. Inc.*

The Bank launched in 2008 its flagship Corporate Social Responsibility (CSR) initiative for education named "DBP Endowment for Education Program" or DEEP. Among its unique features are its "Pay Forward" scheme and a sustainability vehicle, the DEEP Scholars Association. A year later, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) awarded DEEP the 2009 winner in the CSR category.

As approved by the Management Committee (per MCR No. 0155 dated October 20, 2009), the DEEP Scholars Association, Inc. (DEEPSAI) was organized and incorporated, composed of DEEP Scholars including DBP and Partner School (PS) representatives, to administer and manage a Fund (hereinafter, "DEEPSAI Fund"). DEEPSAI's purpose is to sustain the program's mandate after DBP has completed its projected maximum 10-year funding thereof by year 2018. Voluntary contributions by way of paying forward from DEEP Alumni, now earning from their employment, would build-up the DEEPSAI Fund.

DEEPSAI was registered with the Securities and Exchange Commission on March 15, 2011 originally as the DBP Endowment for Education Program (DEEP) Scholars Association Inc., a private non-stock, non-profit organization. However, to reflect its true nature as a private entity whose membership is made up of former DEEP scholars, its name was later amended to DEEP Scholars Assn. Inc. (DEEPSAI) on November 9, 2015. DEEP was now a stand-alone word. At this point also, DBP began weaning DEEPSAI from its manpower and logistical support.

Php249.10 million
DEEPSAI Fund

To date, there are a total of 1,339 contributors to the DEEPSAI Fund. Quite a number of the scholar-graduates are fully committed to pay it forward as they are now gainfully employed in various partner employers. Their employers facilitate the remittance of their pay forward contributions. So far, the accumulated DEEPSAI Fund amounts to Php249.10 million.

With the build-up of the DEEPSAI Fund from scholars' contributions, the DEEPSAI has launched two funding assistance programs, which are designed to cater specific groups of beneficiaries.

In 2019 DEEPSAI began in earnest to fulfill its sustainability role to pursue the mandate of DEEP. It deployed financial assistance to partner institutions through the Leveraging Educational Assistance Program (LEAP) under two tracts, namely: LEAP-Student Funding Support (SFS) and LEAP-Facilities Funding Support (FFS). As the names suggest, the LEAP-SFS funds the "Study Now, Pay Later" program of DEEPSAI PS to accommodate a group/batch of students who desire to pursue higher education as path to gainful employment, while the LEAP-FFS is a financing assistance for training centers to upgrade their training facilities to conform with various regulatory agencies' quality standards. As of date, Php130.9 million has been approved under LEAP with Php102.8 million already released under LEAP.

> The DEEPSAI membership has also been extended to the scholar-graduates of the DBP Resources for Inclusive and Sustainable Education

Direct funding assistance to DEEPSAI members is under the Funding Assistance for Scholars to Transcend or FAST. This is a short-term funding designed to address needs of employed scholar-graduates for continuous learning to gain the competencies needed to progress in their career paths. With the strong uptake of LEAP by partner institutions, the DEEPSAI management has been giving marketing emphasis to FAST as a way to shorten the average maturity of fund commitment, thereby reducing the time risk. As of close of the first semester FAST had released Php17.7 million from total approval of Php24.4 million.

Originally intended to serve all DBP scholars, the DEEPSAI membership has also been extended to the scholar- graduates of the DBP Resources for Inclusive and Sustainable Education (RISE), the 2nd tranche of DEEP, immediately launched after DEEP's conclusion in 2018. The scholar-graduates of RISE become automatic members of the DEEPSAI upon the signing of their respective Scholarship Contracts. Scholar-graduates contribute to the RISE Trust Fund in what is deemed a "Pay forward" scheme that will be managed by the DEEPSAI Office.

* The amended name in 2015 as registered with the Securities and Exchange Commission

SPECIAL FEATURES

Retail Treasury Bonds

As a testament to the Bank's continuing commitment to support the fiscal and financial policies of the National Government, DBP was at the forefront of the government's fund-raising exercises for 2022. These are the 27th and 28th Tranches of Retail Treasury Bonds (RTB) Program of the Bureau of Treasury (BTr), with both issuances raising approximately Php878.25 billion from the domestic capital markets.

The RTB Programme is a part of the government's savings mobilization program designed to make government securities available to retail investors; hence, the name Retail Treasury Bonds. Since the RTB Program's launch in 2001, it has already raised more than Php5 trillion. The funds were used to finance the the Republic's priority programs and key strategic investments.

With financial inclusion in mind, the government started to look beyond its borders to provide Filipinos residing abroad the opportunity to participate in the issuances of the BTr. In the pursuit of this goal, the BTr, in collaboration with its partner banks, held various on-shore and off-shore financial literacy sessions and roadshows to promote government issuances such as RTBs, Premyo Bonds and Retail Onshore Dollar Bonds.

Php5 Trillion
total amount raised since 2021

In 2022, the financial literacy campaign has already reached audiences from major cities in the United States of America, Canada, United Kingdom, Germany, Italy, Switzerland, Nigeria, United Arab Emirates, Qatar, Saudi Arabia, Lebanon, Papua New Guinea, Cambodia, Malaysia, Myanmar, China, Japan, Vietnam, South Korea, Singapore, New Zealand and Australia. The drive was conducted online in partnership with various Philippine embassies and consulates as well as with the various local Filipino associations abroad. In 2022, the combined online audience reached more than 30,000 viewers from the BTr's Facebook page and viewers from the host embassy and consulate's Facebook page.

With the government's ongoing themes of financial inclusion and enhancement of access to opportunities, DBP and BTr will be continuously improving its financial literacy drive in conjunction with the government's public issuances. Part of that initiative is to work with the BTr in improving its online investment channels like BTr's Online Ordering Facility and its connectivity to various mobile applications such as LBP's and OFBank's mobile banking apps and Bonds.PH.

LGU Risk Rating Project

The LGU Risk Rating Project is an offshoot of the risk rating system inherited from the Local Government Unit Guarantee Corporation (LGUGC). The former risk rating model for LGUs was amended to provide more comprehensive and more risk-based rating system that determines "Capacity to Pay" and "Willingness to Pay."

The Bank is coordinating with the BTr for the enhancement and external use of the LGU Risk Rating Model. This is in preparation for an engagement with ADB for its experts in model development and validation and will also participate in gathering necessary data from the LGUs.

Back to Table of Content

75TH CELEBRATION

In true DBP spirit, employees of the Bank gathered at the PICC, Pasay City last November 18, 2022, in fellowship and celebration of the institution's 75 years of responsive banking in the country.

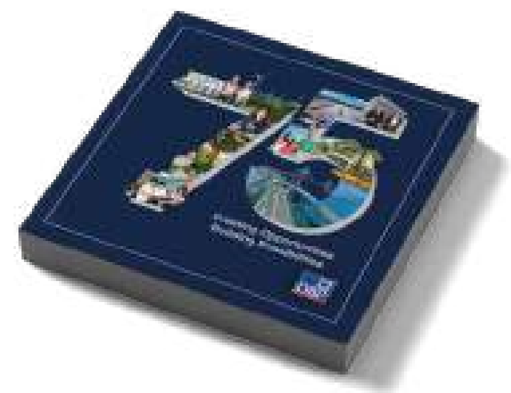
DBP launches special commemorative book celebrating 75th anniversary

Present during the launch of the commemorative book were (from left) Director Roberto Antonio, Vice President Rustico Noli D. Cruz., First Vice President Marie Cielo T. Veran, First Vice President Zandro Carlos P. Sison, First Vice President Ma. Cristina C. Malab, Senior Vice President Ronaldo U. Tepora, Director Dante Liban, SAVP Angeli B. Visaya-Sulit, SVP Antonio Owen S. Maramag, Vice President Fe B. Dela Cruz, Director Ma. Lourdes A. Arcenas, FVP Francis Nicolas M. Chua, SAVP Rallen O. Verdadero and Director Rogelio V. Garcia

DBP unveiled a special commemorative book that captures the breadth and scope of its developmental initiatives for the past 75 years.

DBP President and Chief Executive Officer Emmanuel G. Herbosa and Director Dante V. Liban said the book titled "Creating Opportunities, Building Possibilities" features stories of selected institutions, clients, and partners that DBP has assisted through the years.

"This special commemorative book aptly chronicles DBP's long and remarkable history as the country's premier development financial institution by focusing on the compelling narratives of the people whose interests the Bank has advanced through its different funding facilities and banking services," PCEO Herbosa said.



DBP Director Liban, who also chairs the Bank's Development Advocacy Committee and Oversight Committee on the 75th Anniversary celebration, said the launch of the book is also a fitting way to cap off the Bank's year-long 75th anniversary celebration.

"DBP is proud to share this book that perfectly encapsulates its admirable legacy as the country's premiere development financing institution. Rest assured that DBP will continuously work hand in hand with our development partners to raise the level of competitiveness of the economy for sustainable growth," he said.

Back to Table of Content

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, 2022 and 2021, 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.

DANTE O. TINGA
Chairman of the Board

MICHAEL O. DE JESUS
President and Chief Executive Officer

CATHERINE T. MAGANA
Senior Vice President
Officer-in-Charge, Operations Sector

June 19, 2023

REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Corporate Government Audit Sector
Cluster 1- 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, 2022 and 2021, 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 a summary of significant accounting policies.

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, 2022 and 2021, and its financial performance and its 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 Matter

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 at December 31, 2022 and 2021 is discussed in detail in Note 2.2 to the financial statements. Our opinion is not qualified in respect to this matter.

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 the 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 auditors 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 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 21, 2023

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022, 2021 AND JANUARY 1, 2021
(IN THOUSAND PESOS)

		Group			Parent		
	Note	Audited 2022	Restated 2021	Restated 1-Jan-2021	Audited 2022	Restated 2021	Restated 1-Jan-2021
Assets							
Cash and other cash items	7	6,412,239	6,495,299	5,159,888	6,397,601	6,483,262	5,150,944
Due from Bangko Sentral ng Pilipinas	8	125,147,393	304,830,160	295,805,474	124,853,077	304,395,253	295,454,189
Due from other banks	9	9,629,088	23,003,860	9,790,485	9,628,374	22,993,278	9,784,589
Interbank loans receivable	10	22,916,233	41,922,537	23,772,833	22,916,233	41,922,537	23,772,833
Securities purchased under agreement to resell	11	27,662,292	16,029,892	16,017,118	27,555,388	15,952,185	15,965,252
Financial assets at fair value through profit or loss (FVTPL)	12	2,887,150	6,370,110	9,007,597	2,887,150	6,370,110	9,007,597
Financial assets at fair value through other comprehensive income (FVOCI)	13	39,759,865	31,291,107	44,485,258	39,705,012	31,236,233	44,438,620
Financial assets at amortized cost (Held to Collect)	14	282,769,433	256,868,052	203,934,313	282,741,699	256,818,417	203,907,479
Financial assets at amortized cost (Loans and receivables, net)	15	508,772,764	458,159,529	417,688,786	506,325,969	455,771,028	414,686,270
Bank premises, furniture, fixtures, and equipment - net	16	2,528,037	2,644,210	2,535,305	2,516,526	2,628,718	2,527,206
Rights-Of-Use Assets - net	17	474,703	582,968	364,084	455,603	558,813	320,932
Investment property - net	18	1,550,549	1,177,584	942,866	1,550,246	1,177,584	942,866
Equity investment in subsidiaries - net	19	-	-	-	1,810,853	1,797,161	1,647,161
Equity investment in associates and joint ventures - net	20	219,029	206,766	216,246	38,484	41,117	43,295
Non-current assets held for sale - net		218,256	199,354	201,570	218,256	196,450	201,570
Deferred tax assets	22	7,243,584	5,699,857	3,735,952	7,194,794	5,649,769	3,706,461
Intangible assets - net	23	239,148	303,954	431,183	237,161	302,144	427,276
Other assets - net	24	9,688,785	7,786,487	9,247,599	9,228,748	7,368,431	8,760,902
Total Assets		**1,048,118,548**	**1,163,571,726**	**1,043,336,557**	**1,046,261,174**	**1,161,662,490**	**1,040,745,442**
Liabilities and Equity							
Liabilities							
Deposits liabilities	25	825,627,450	939,666,012	817,576,607	825,156,874	939,337,507	817,562,416
Bills payable	26						
Official Development Assistance (ODA)		35,660,205	40,073,289	45,670,809	35,660,205	40,073,289	45,670,809
Non-ODA		35,585,125	27,560,205	33,183,816	34,424,360	26,148,953	31,197,413
		71,245,330	67,633,494	78,854,625	70,084,565	66,222,242	76,868,222
Bonds payable	27	28,668,268	36,241,776	53,526,885	28,668,268	36,241,776	53,526,885
Due to Bangko Sentral ng Pilipinas/ other banks	28	-	152	2,985	-	152	2,985
Manager's checks and demand drafts outstanding	29	221,125	432,030	318,999	217,613	424,469	312,813
Accrued taxes, interests, and expenses	30	8,421,643	6,114,794	6,127,094	8,107,348	5,822,066	5,744,698
Unsecured subordinated debt	31	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Deferred credits and other liabilities	32	24,585,951	25,376,834	15,272,942	23,678,221	24,583,240	14,331,519
Total Liabilities		968,769,767	1,085,465,092	981,680,137	965,912,889	1,082,631,452	978,349,538
Equity							
Capital Stock	33	32,000,000	32,000,000	19,500,000	32,000,000	32,000,000	19,500,000
Retained earnings		48,511,864	44,695,504	40,670,429	49,566,778	45,675,283	41,456,618
Retained earnings reserves	34	265,382	262,950	259,414	245,382	242,950	239,414
Accumulated other comprehensive income/(loss)	35	(1,428,001)	1,148,701	1,227,532	(1,463,875)	1,112,805	1,199,872
		79,349,245	78,107,155	61,657,375	80,348,285	79,031,038	62,395,904
Non-controlling interest		(464)	(521)	(955)	-	-	-
Total Equity		79,348,781	78,106,634	61,656,420	80,348,285	79,031,038	62,395,904
Total Liabilities and Equity		**1,048,118,548**	**1,163,571,726**	**1,043,336,557**	**1,046,261,174**	**1,161,662,490**	**1,040,745,442**

See accompanying Notes to Financial Statements

STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSAND PESOS)

	Note	Group Audited 2022	Group Restated 2021	Parent Audited 2022	Parent Restated 2021
Interest income					
Loans and receivables		22,510,011	18,300,351	22,498,948	18,291,897
Financial assets - debt securities		11,564,108	11,020,587	11,562,170	11,018,315
Deposits with banks		1,802,221	3,281,177	1,743,176	3,217,037
Interbank loans receivable/Securities purchased under agreement to resell		1,163,468	318,499	1,160,186	317,146
		37,039,808	32,920,614	36,964,480	32,844,395
Interest expense					
Bills payable and other borrowings:					
ODA Borrowings		1,658,363	1,811,982	1,658,363	1,811,982
Other Borrowings		2,350,197	2,404,923	2,289,670	2,325,701
Deposits		8,713,169	8,614,941	8,713,397	8,615,401
		12,721,729	12,831,846	12,661,430	12,753,084
Net interest income		24,318,079	20,088,768	24,303,050	20,091,311
Provision for impairment	21	7,815,931	4,624,312	7,803,850	4,514,912
Net interest income after provision for impairment		16,502,148	15,464,456	16,499,200	15,576,399
Other income					
Profits/(Loss) from investment and securities trading		(112,841)	563,466	(112,841)	563,466
Foreign exchange profit/(loss)		1,853,610	2,178,569	1,853,610	2,178,569
Service charges, fees, and commissions		1,598,826	1,463,459	1,396,624	1,329,451
Dividends - equity investments		294,781	347,839	298,724	367,643
Miscellaneous	37	652,249	464,021	551,691	364,929
		4,286,625	5,017,354	3,987,808	4,804,058
Other expenses					
Compensation and fringe benefits		6,591,529	5,362,169	6,289,698	5,130,293
Taxes and licenses	39, 47	5,008,148	5,815,228	4,988,128	5,794,550
Occupancy expenses		141,194	105,510	133,117	100,184
Other operating expenses	38	4,703,689	4,881,032	4,663,113	4,839,358
		16,444,560	16,163,939	16,074,056	15,864,385
Profit before tax		4,344,213	4,317,871	4,412,952	4,516,072
Provision for income tax	39	521,275	274,661	519,025	293,871
Profit for the year		**3,822,938**	**4,043,210**	**3,893,927**	**4,222,201**
Attributable to:					
Equity holder of DBP		3,822,990	4,043,273		
Non-controlling interest		(52)	(63)		
		3,822,938	**4,043,210**		

See accompanying Notes to Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSAND PESOS)

	Note	Group Audited 2022	Group Restated 2021	Parent Audited 2022	Parent Restated 2021
Profit for the Year		3,822,938	4,043,210	3,893,927	4,222,201
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)					
Net change in fair value during the year	35	(2,706,004)	(1,528,465)	(2,706,004)	(1,528,465)
Items that will not be reclassified subsequently to profit or loss:					
Equity instruments at Fair Value through Other Comprehensive Income (FVOCI)					
Net change in fair value during the year	35	(53,416)	1,420,273	(53,394)	1,412,037
Cumulative Foreign Currency Translation	35	182,718	29,361	182,718	29,361
Total Other Comprehensive Income		**(2,576,702)**	**(78,831)**	**(2,576,680)**	**(87,067)**
Total Comprehensive Income for the Year		**1,246,236**	**3,964,379**	**1,317,247**	**4,135,134**
Attributable to:					
Equity holder of DBP		1,246,288	3,964,442		
Non-controlling interest		(52)	(63)		
		1,246,236	3,964,379		

See accompanying Notes to Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSAND PESOS)

	Note	Capital Stock (Note 33)	Retained Earnings	Retained Earnings Reserves (Note 34)	Accumulated Other Comprehensive Income/(Loss) (Note 35)	Non-Controlling Interest	Total
GROUP							
		Attributable to Equity Holder of DBP					
BALANCE AT DECEMBER 31, 2020 - AUDITED		19,500,000	43,129,579	259,414	1,222,294	(955)	64,110,332
Cumulative effect of prior period adjustments			(2,459,150)		5,238		(2,453,912)
BALANCE AT JANUARY 1, 2021 - RESTATED		19,500,000	40,670,429	259,414	1,227,532	(955)	61,656,420
Total comprehensive income net of tax							
Net Income for the year			4,043,273			(63)	4,043,210
Net change in fair value of debt instrument at FVOCI	35				(1,528,465)		(1,528,465)
Net change in fair value of equity instrument at FVOCI	35				1,420,273		1,420,273
Cumulative foreign currency translation	35				29,361		29,361
Transactions with owner							
Issuance of shares during the year		12,500,000					12,500,000
Dividends			(11,740)				(11,740)
Reclassification to (from) Surplus Free							
Set up of reserve for Trust Business			(3,536)	3,536			0
Adjustments			(2,922)			497	(2,425)
BALANCE AT DECEMBER 31, 2021 - RESTATED		32,000,000	44,695,504	262,950	1,148,701	(521)	78,106,634
Total comprehensive income net of tax							
Net Income for the year			3,822,990			(52)	3,822,938
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				(53,416)		(53,416)
Cumulative foreign currency translation	35				182,718		182,718
Dividends			(4,089)				(4,089)
Reclassification to (from) Surplus Free							
Set up of reserve for Trust Business			(2,432)	2,432			0
Adjustments			(109)			109	0
BALANCE AT DECEMBER 31, 2022 - AUDITED		32,000,000	48,511,864	265,382	(1,428,001)	(464)	79,348,781
PARENT							
BALANCE AT DECEMBER 31, 2020 – AUDITED		19,500,000	43,515,084	239,414	1,199,872		64,454,370
Cumulative effect of prior period adjustments	48		(2,058,466)				(2,058,466)
BALANCE AT JANUARY 1, 2021 - RESTATED		19,500,000	41,456,618	239,414	1,199,872		62,395,904
Total comprehensive income net of tax							
Net Income for the year			4,222,201				4,222,201
Net change in fair value of debt instrument at FVOCI	35				(1,528,465)		(1,528,465)
Net change in fair value of equity instrument at FVOCI	35				1,412,037		1,412,037
Cumulative foreign currency translation	35				29,361		29,361
Transactions with owner							
Issuance of shares during the year		12,500,000					12,500,000
Reclassification to (from) Surplus Free							
Set up of reserve for Trust Business			(3,536)	3,536			0
BALANCE AT DECEMBER 31, 2021 - RESTATED		32,000,000	45,675,283	242,950	1,112,805		79,031,038
Total comprehensive income net of tax							
Net Income for the year			3,893,927				3,893,927
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				(53,394)		(53,394)
Cumulative foreign currency translation	35				182,718		182,718
Reclassification to (from) Surplus Free							
Set up of reserve for Trust Business			(2,432)	2,432			0
BALANCE AT DECEMBER 31, 2022 – AUDITED		32,000,000	49,566,778	245,382	(1,463,875)		80,348,285

See accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSAND PESOS)

	Note	Group		Parent	
		Audited 2022	Restated 2021	Audited 2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest income received		36,854,858	31,298,091	37,098,975	31,325,221
Interest expense paid		(12,274,720)	(13,315,090)	(12,214,400)	(13,236,368)
Bank commission, service charges and fees received		1,599,652	1,463,459	1,397,449	1,329,451
Profits from investment and securities trading		(103,097)	546,856	(103,097)	546,856
Dividend and other income		1,705,131	1,600,465	1,608,517	1,521,178
General and administrative expenses paid		(14,231,426)	(15,095,040)	(13,901,457)	(14,727,744)
Changes in operating assets and liabilities:					
(Increase) Decrease in operating assets:					
Financial assets - FVTPL		2,883,665	2,220,081	2,883,665	2,220,081
Financial assets at Amortized Cost (Loans and receivables, net)		(56,405,355)	(44,845,352)	(56,310,221)	(45,347,590)
Non-current assets held for sale		(17,660)	23,348	(20,563)	26,252
Other assets		531,502	(397,820)	574,450	(465,459)
Increase (Decrease) in operating liabilities:					
Deposit liabilities		(121,552,265)	118,848,519	(121,694,336)	118,534,206
Due to Bangko Sentral ng Pilipinas/other banks		(152)	(2,832)	(152)	(2,833)
Manager's checks and demand drafts outstanding		(210,905)	113,031	(206,856)	111,656
Accrued taxes, interest and expenses		2,306,585	(21,769)	2,285,018	67,898
Deferred credits and other liabilities		(3,430,054)	9,394,433	(3,851,697)	9,337,913
Cash generated from (used in) operating activities		(162,344,241)	91,830,380	(162,454,705)	91,240,718
Income taxes paid		(2,193,113)	(2,075,609)	(2,192,285)	(2,075,331)
Net cash provided/(used) in operating activities		(164,537,354)	89,754,771	(164,646,990)	89,165,387
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in:					
Financial assets – FVOCI		(9,353,023)	14,630,535	(9,353,023)	14,630,535
Financial assets at Amortized Cost (HTC)		(20,834,903)	(47,184,269)	(20,856,804)	(47,156,300)
Equity investment in subsidiaries		-	-	(35,000)	(150,000)
Equity investment in associates and joint ventures		(14,896)	9,480	-	2,177
Bank premises, furniture, and equipment		(186,428)	(328,113)	(177,907)	(430,622)
Right-Of-Use Assets		(97,530)	(551,565)	(97,715)	(436,828)
Investment properties		(429,645)	(220,221)	(428,318)	(220,221)
Intangible assets		(2,478)	66,999	(1,567)	65,568
Net cash provided/(used) in investing activities		(30,918,903)	(33,577,154)	(30,950,334)	(33,695,691)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (Decrease) in:					
Borrowings		750,745	(12,110,196)	1,001,231	(11,535,043)
Bonds Payable		(9,000,000)	(18,162,500)	(9,000,000)	(18,162,500)
Finance Lease Liability - ROU		(111,932)	232,350	(106,777)	236,136
National Government's Capital Infusion to DBP		-	12,500,000	-	12,500,000
Cash dividends paid		(4,088)	(11,740)	-	-
Net cash provided/(used) in financing activities		(8,365,275)	(17,552,086)	(8,105,546)	(16,961,407)
EFFECTS ON EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		3,295,836	3,115,447	3,295,836	3,115,447
NET INCREASE IN CASH AND CASH EQUIVALENTS		(200,525,696)	41,740,978	(200,407,034)	41,623,736
Cash and cash equivalents	7				
Beginning of year		392,254,696	350,513,718	391,719,463	350,095,727
End of year		**191,729,000**	**392,254,696**	**191,312,429**	**391,719,463**

See accompanying Notes to Financial Statements

Back to Table of Content

MATERIALITY ASSESSMENT

A comprehensive materiality analysis was conducted to determine the economic, environmental and social topics discussed in this report. A third-party independent consultant, assisted in ensuring impartiality in evaluating the material topics.

Issues concerning business, governance and social development were studied and analyzed in light of the Bank's sustainability challenges and opportunities. The results of the materiality assessment served as material topics and significant data that guided the sustainability approach.

Risk Management, Products and Services, and Economic Governance proved to be 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 results of the materiality analysis are as follows:

Section of 2022 Annual and Sustainability Report GRI and SDG Alignment	Material Topics
DEVELOPMENT IMPACT GRI 2-24, 203-2, 413-1	ESG-related Products and Services
	Environmental Impact
	Initiatives to Mitigate Climate Change
	Innovation and Digitalization/ Digital Transformation
	Products and Services Accessibility
FINANCE GRI 2-24, 201-1	Financial Performance
CONSTITUENCY GRI 2-24, 203-2, 304-3, 413-1	Customer Satisfaction and Experience
	Financial Inclusion and Capacity Building
	CSR - Socio-Economic Development of the Communities
	CSR - Education

Section of 2022 Annual and Sustainability Report GRI and SDG Alignment	Material Topics
INTERNAL PROCESS 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 & Procedures
	Hazardous Waste Management
	Energy Management
	Recycling, Waste Management, and Waste Reduction
	Supporting Local Procurement
ORGANIZATION & CORPORATE GOVERNANCE 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	Anti-Financial Crime
	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

Back to Table of Content

STAKEHOLDER ENGAGEMENT

Stakeholder engagement activities were organized to formulate the significant entries of this report. The constructive discussion paved the way for enlightening perspectives and opinions. The Internal stakeholders were comprised of senior officers, junior officers, and rank and file employees, while the external stakeholders were the bank's clients, corporate social responsibility partners and suppliers.

The assessment was necessary to determine the changing needs and expectations of the bank's stakeholder ecosystem. The Covid-19 pandemic has significantly altered stakeholder priorities as it accelerated digitalization initiatives. Moreover the issuance of BSP Cir. No. 1085 or the Sustainability Finance Framework, initiatives to mainstream sustainability in banking institutions as well as to price in potential costs from these initiatives also become necessary.

The engagement illustrates high interest in sustainable development, presenting more opportunities for DBP to strengthen its performance.

STAKEHOLDER GROUP	INTERNAL/ EXTERNAL	ENGAGEMENT TYPE	FREQUENCY	INTEREST & INFLUENCE	KEY CONCERNS/ EXPECTATIONS	DBP'S RESPONSE
INTERNAL						
Employees	Internal	Notices, mails and newsletters training	Continous	**Interest:** High **Influence:** High	• Transparency and Accountability • Employee communication, training and education • Compensation and benefits, Employee hiring, retention and turnover • Personel development and growth • Compensation program (monetary and non-monetary) • Work Environment	• Enhanced good governance system, Grievance Machinery-Employee training • Institutional events, in-house publications, intranet and email, memos, public address system, bulletin boards • Increased employee engagement (reinstitued ADCO, strong UNION representation)
Sustainability Aspect					• Compliance to applicable labor laws and other standards (see register) • Gender Equality • Opportunies to engage in environmental programs are available and encouraged	• Workplace health and safety programs • GAD Gap Assessment program • Envi programs through partnerships
Senior Management	Internal	Notices, mails and newsletters, training	Continuous	**Interest:** High **Influence:** High	• Risk Identification and Management, • Business Continuity, and Disaster Management • Financial performance	• Management system and tools • Employee support to management
Sustainability Aspect					• Additional cost to the bank for sustainable projects • Limits market of the DBP to select projects	• Conduct of market sounding and social marketing activities to advocate envi., social and governance considerations in the bank's core business activities

STAKEHOLDER GROUP	INTERNAL/ EXTERNAL	ENGAGEMENT TYPE	FREQUENCY	INTEREST & INFLUENCE	KEY CONCERNS/ EXPECTATIONS	DBP'S RESPONSE
EXTERNAL						
Goverment Regulators/ Agencies	External	Discussions with regulatory bodies/ agencies	Continuous	**Interest:** Medium **Influence:** High	• Compliance with policies, laws/regulations. • Payment of taxes • Reportorial requirements • Anti-corruption practices, • Transparency and Accountability	• Continued compliance and engagement
National Government	External	Being a GFI, abide by the policies, laws and strategic directions set by NG	Continuous	**Interest:** Medium **Influence:** High	• Dividends • Policy compliance • Economy Building and Recovery • Focus on priority sectors and abide by GFI responsibilities in BARO 1 and 2 and other economic recovery efforts	• Dividend relief until 2022 as part of capital preservation strategy. • Regular review of policy alignment
Sustainablity Aspect					• Compliance to applicable laws and other standards (see register) • Additional cost entailed to comply with sustainability practices in business activities • Compliance to environmental and social requirements will lengthen processing time	• Insitutional policies and activities that promote and monitor compliance to environmental and social-related laws and safeguards such as, but not limted to: • Magna Carta for Women requirements • Accessibility requirements • Implementation of Identified activities in relation to its SFF and PRB commitments (part of compliance register)
Clients - Depositors, Borrowers, Investors, General Public	External	Customer satisfaction survey, financial literacy forum, road shows, client calls	Continuous	**Interest:** High **Influence:** High	• Security Practices, • Costumer privacy, data privacy and information security, • Customer health and safety • Accessibility of banking services • Service quality • Soundness of investments • Financial Advisory	• Training and equipment for security • Expansion plans for increasing market presence and availability of DBP services • Customer satisfaction surveys • Accelerating digital infrastructure development • IMS Certification • Citizen's Charter & EODB Law Compliance Service Availability
Local Goverment Units	External	Discussions with local government units	Continuous	**Interest:** Medium **Influence:** High	• Compliance with laws/ regulations • Anti-corruption practices, • Transparency and Accountability • Customer Satisfaction • Development financing • Access to financial services in low populated or low-income areas • Competitive terms for loans and other products/services, at par with competitors	• Availability and accessibility of developmental loan products • Cash and investment services • Development partnerships in the implementation of government programs and projects. • Partnership/Advocacy Good governance initiatives
Professional and non-profit organizations	External	MOA, contract negotiations	Need-based	**Interest:** Low **Influence:** Medium	• Mutually Benificial partnership • Accreditation	• Mutually beneficial partnership • Accreditation Evaluation

STAKEHOLDER GROUP	INTERNAL/ EXTERNAL	ENGAGEMENT TYPE	FREQUENCY	INTEREST & INFLUENCE	KEY CONCERNS/ EXPECTATIONS	DBP'S RESPONSE
Bank and other financial institutions	External	MOA, contract negotiations, discussions	Continuous	**Interest:** High **Influence:** Medium	• Mutually beneficial partnership • Business generation	• Mutually beneficial partnership • Agent Banking Agreements
Suppliers	External	MOA, contract negotiations	Needs - based	**Interest:** Low **Influence:** Low	• DBP suppliers' labor and human rights practices • Security Practices • Business generation • Financial products and services designed for environmental and social benefits • Customer Satisfaction	• Streamlined purchasing process • Compliance to RA 9184
Sustainability Aspect					• Additional business cost/ expense tied to new compliance requirements • Addtional cost/expense related to use of environmental products and practices	• Technical Assistance and other grants to assist clients in adapting to sustainable practices • Development advocacy
International Organization	External	MOA, membership	Continuous	**Interest:** Medium **Influence:** Medium	• Abide by agreements and contracts • Common core values and advocacies • Sustainable development	• Advocacy campaigns • Statement of support • Information sharing
Funders	External	MOA, contract negotiations, discussions	Continuous	**Interest:** High **Influence:** High	• Repayment • Impact monitoring • Project sustainability	• Development lending • Program monitoring and management
Sustainability Aspect					• Continued compliance to sustainability conditions in contracts and agreements	• Institutionalization of sustainability initiatives
Media	External	MOA, membership, discussions	Continuous	**Interest:** Medium **Influence:** Medium	• News-worthy information • FOI	• Press briefings, news conferences, news releases, advertising, column feeds, networking, interviews
CSR Beneficiaries	External	Discussions with CSR partners and beneficiaries	Needs - based	**Interest:** High **Influence:** Low	• Transparency and Accountability • Information and Communication • Interactions with investees/ business partners on environmental and social risks and opportunities • Environmental impacts of DBPproducts and services (including recycling and reclamation) • Customer privacy, data privacy and information security	• Responsive CSR programs • Timely delivery of CSR commitments

Back to Table of Content

PRODUCTS AND SERVICES

BRANCH BANKING SECTOR

1. Young Earners Savings Account
2. Wisdom Savings Account
3. Wisdom Term Deposit
4. High Earner
5. Savings Account Peso
6. Savings Account USD
7. Checking Account
8. Term Deposit (TD) Regular Peso/USD
9. TD - Special Savings
10. TD - Option Savings
11. Payroll Account
12. Pensioner's Account
13. Special Investor's Resident Visa (SIRV)
14. Deposit Account for Financial Inclusion
15. DBP Debit Visa Card
16. DBP ATM ID Debit Card
17. DBP Prepaid Visa Card
18. DBP Cash Card
19. Pag-Ibig Prepaid Card
20. ATM Piggybacking Partnership
21. Bills Payment Facility
22. Proprietary Bills Payment Facility
23. DBP Visa Gift Card

A. Inward Foreign and Domestic Remittance

1. Credit to DBP Account
2. Bank to Bank Credit via PESONet, SEIFT/RTGS and PDDTS
3. Bank to Bank Credit via Instapay
4. Cash Pick-up
5. Payment to Institutions (Overseas Collection Arrangement)

B. SA-Electronic Cash (EC) Card Account

DEVELOPMENT AND RESILIENCY SECTOR

Infrastructure and Logistics

1. Connecting Rural Urban Intermodal Systems Efficiently (CRUISE)
2. DBP Electric Cooperative Loan Take-Out Assistance from PSALM (DELTA-P)
3. DBP Mindanao Development Assistance (DBP-MINDA) Financing Program
4. Financing Utilities For Sustainable Energy Development (FUSED) Program
5. Infrastructure Contractors Support (ICONS) Program
6. Program Assistance to Support Alternative Driving Approaches (PASADA) Program
7. Solar Merchant Power Plant (SMPP) Financing Program

Micro, Small and Medium Enterprises

1. Rediscounting Line Facility For Financial Institutions (RLF-FI)
2. Broiler Contract Growing Program (BGCP)
3. Agroforestry Plantation Program (APP)
4. Expanded Rice Credit Assistance Under The Rice Competitiveness Enhancement Fund (ERCA-RCEF)
5. DA-ACPC-DBP Buyanihan Credit Program
6. DBP Response-MSME Recovery
7. DBP-Credit Surety Fund (CSF)
8. Wholesale Credit Facilities
9. Rural Agro-Enterprise Partnership For Inclusive Development and Growth (RAPID Growth) Credit Facility
10. Swine Rehabilitation, Repopulation and Recovery Program (Swine R3-Bank-Funded Loans)
11. Swine Rehabilitation, Repopulation and Recovery Program (Swine R3- ACPC-Funded Loans)

Environment and Climate Change

1. Energy Efficiency Savings (E2SAVE) Financing Program
2. Green Financing Program (GFP) *
3. Lending Initiative For Sanitation (LINIS) Program
4. Water For Every Resident (WATER) Program

*GFP includes projects on Solid and Hazardous Waste Management, Sanitation, Resource Conservation, Resource Efficiency, and Cleaner Production

Social Services and Community Development

1. Assistance for Economic And Social Development (ASENSO) for Local Government Units (LGUS) Financing Program
2. Assistance For Economic And Social Development - Bayanihan Interest Subsidy (ASENSO-BAYANIHAN ISF) Program
3. Building Affordable Homes Accessible to Every Filipino (BAHAY) Program
4. DBP Credit Facility for SHFC Contractors and Developers (BAHAY-SHFC)
5. Education Sector Support for Knowledge, Wisdom and Empowerment Through Lending Assistance (ESKWELA) Program
6. DBP Rehabilitation Support Program for Severe Events (RESPONSE)
7. Strategic Healthcare Investments for Enhanced Lending & Development (SHIELD) Program
8. DBP Sustainable Waste Management for Enhanced Environmental Protection (SWEEP) Financing Program
9. Contract-to-Sell Financing Facility for Real Estate Developers (CTS PROGRAM)

Corporate Social Responsibility

1. DBP Forest Program (DFP)
2. DBP Native Tree Seedbank Project

TREASURY & CORPORATE FINANCE SECTOR

1. Government Securities
2. Corporate Bonds/Bank Notes
3. Foreign Exchange
4. DBP Issuances
5. Outright FX Forward
6. Issue Management
7. Fixed-Income Underwriting
8. Loan Syndication/ Arrangement
9. Structuring/ Project Finance
10. Transaction and Financial Advisory Services

TRUST BANKING GROUP

Investment Management Account (IMA)

1. Investment Management Account

Trust and Other Fiduciary Accounts (TOFA)

2. Employee Benefit Trust
3. Escrow
4. Legislated and Quasi Judicial Trust - Directors' and Officers' Liability Fund (DOLF)
5. Legislated and Quasi Judicial Trust -Credit Surety Fund
6. Legislated and Quasi Judicial Trust - Public Trusteeship
7. Other Legislated and Quasi Judicial Trust
8. Facility/Loan Agency
9. Mortgage/Collateral Trust Indenture
10. Personal Management Trust (PMT)
11. Special Purpose Trust
12. Other Institutional Trust
13. Safekeeping
14. Transfer and Paying Agency

Unit Investment Trust Fund (UITF)

15. Unlad Kawani Money Market Fund
16. Unlad Panimula Multiclass Money Market Fund (UNLAD PANIMULA)

Back to Table of Content

DIRECTORY

BRANCH BANKING

METRO MANILA BRANCH BANKING GROUP
2F DBP Bldg., Commonwealth Ave.,
Diliman Quezon City 1121
Email: mmbg@dbp.ph
Tel.: (02) 8920-4732 / 8920-4781
(02) 8920-4889

ALABANG BRANCH
Unit 101 GF. Admiralty Realty
Corp. 1101 Madrigal Business Park,
Alabang-Zapote Rd., Alabang,
Muntinlupa City 1799
Email: alabang@dbp.ph
Tel.: (02) 8552-9218 Loc. 107
(02) 8552-9219 Loc. 101
Fax: (02) 8552-9215

ANTIPOLO BRANCH
JMK Bldg. Circumferential Rd. cor.
P. Oliveros St., Antipolo City 1870
Email: antipolo@dbp.ph
Tel.: (02) 8661-8116 / 8661-8115
(02) 8661-8112
Fax: (02) 8661-8113

CALOOCAN BRANCH
Units 913-914 GF C-CUBE, 8th St.,
8th Ave., Caloocan City 1400
Email: caloocan@dbp.ph
Tel.: (02) 8352-6234 / 8294-0075
(02) 8294-9329
Fax: (02) 8294-9329

CAMP AGUINALDO BRANCH
No. 37 WRCC Bldg. cor. Dragon
& Gil Fernando Ave., Midtown
Subdivision, Brgy. San Roque,
Marikina City 1801
(temporary location)
Email: caguinaldo@dbp.ph
Tel.: (02) 8477-6924 (temporary)

COMMONWEALTH BRANCH
DBP Bldg., Commonwealth Ave.,
Diliman, Quezon City 1121
Email: commonwealth@dbp.ph
Tel.: (02) 8926-1686 / 8425-0346
(02) 8920-4708 / 8920-4893
Fax: (02) 8920-4898

MAKATI-F. ZOBEL BRANCH
GF Lasala Bldg. II, Lot 12 Block 1,
F. Zobel Street, Brgy. Poblacion,
Makati City 1210
Email: makati@dbp.ph
Tel.: (02) 8556-1110 /
8552-9227 Loc. 103

MANDALUYONG BRANCH
Jo-Cel Bldg., 29 San Roque St.,
Mandaluyong City 1550
Email: mandaluyong@dbp.ph
Tel.: (02) 7576-6456 / 7576-6441
(02) 7576-6427
Fax: (02) 7576-6430

MANILA BRANCH
GF W. Godino Bldg.,
350 A. Villegas St. Ermita,
Manila 1000
Email: manila@dbp.ph
Tel.: (02) 8525-8662 / 8525-8703
(02) 8525-8669 / 8525-8674
Fax: (02) 8525-8672

MANILA- NAKPIL BRANCH
1804 Leticia Bldg. Julio Nakpil St.,
cor. Taft Ave., Malate, Manila 1004
Email: manila-nakpil@dbp.ph
Tel.: (02) 8523-3412 / 8523-2854
Fax: (02) 8523-2854

MARIKINA BRANCH
No. 37 cor. Dragon & Gil Fernando
Ave., Midtown Subdivision,
San Roque, Marikina City 1801
Email: marikina@dbp.ph
Tel.: (02) 8477-6924 loc. 111 /
8477-6924 loc. 110
(02) 8477-6924 loc. 106
Fax: (02) 8477-6925

MUNTINLUPA BRANCH
34 Doña Amparo Bldg.
National Rd., Putatan,
Muntinlupa City 1702
Email: muntinlupa@dbp.ph
Tel.: (02) 8861-5935 / 8861-5397
(02) 8861-5934
Fax: (02) 8861-5398

PARAÑAQUE BRANCH
Unit 14 & 15 GF, Aseana Power
Station, Macapagal Blvd. cor.
Bradco Ave., Baclaran,
Parañaque City 1700
Email: paranaque@dbp.ph
Tel.: (02) 8519-0645 / 8478-6179
(02) 8519-5826
Fax: (02) 8478-6783

PASAY BRANCH
Centro Buendia Bldg.,
Sen. Gil Puyat cor. Tramo St.,
Pasay City 1709
Email: pasay@dbp.ph
Tel.: (02) 7219-5066 / 8241-1520
(02) 7219-5066
Fax: (02) 8241-1520

PASIG BRANCH
Unit 102 Pacific Center Bldg.,
33 San Miguel Ave., Ortigas Center,
Pasig City 1600
Email: pasig@dbp.ph
Tel.: (02) 8563-4270 / 8639-0385
(02) 8639-5855 / 8922-9754

ROCES AVENUE BRANCH
GF, M & J Bldg., No. 123
Don Alejandro Roces Ave.,
Brgy. Laging Handa,
Quezon City 1103
Email: rocesave@dbp.ph
Tel.: (02) 8374-1647 / 8371-2395
(02) 8371-2396 / 8371-2397
Fax: (02) 8371-2395

QUEZON CITY BRANCH
GF Medical Arts Bldg.,
Phil. Heart Center for Asia, East
Ave., Quezon City 1104
Email: quezoncity@dbp.ph
Tel.: (02) 8928-9156 / 8426-2245
(02) 8927-9383 / 8426-2246

SAN JUAN BRANCH
Unit GF-1 Harmonia Center,
Ortigas Ave., Greenhills West,
San Juan City 1502
Email: sanjuan@dbp.ph
Tel.: (02) 8641-1670 / 8640-9539
(02) 8641-1191

TAGUIG BRANCH
GF Trade & Financial Tower
32nd St., Bonifacio Global City,
Taguig 1634
Email: taguig@dbp.ph
Tel.: (02) 8478-6905 / 8478-6904
(02) 8478-6483
Fax: (02) 8478-69-06

TAGUIG-TUKTUKAN BRANCH
BSJE Bldg., 9 Gen. Luna St., Brgy.
Tuktukan, Taguig City 1637
Email: taguig-tuktukan@dbp.ph
Tel.: (02) 8532-7673 / 8532-7667 /
8532-7670
Fax: (02) 8532-7667

NORTHERN LUZON BRANCH BANKING GROUP
2F DBP Bldg., Session Rd. cor.
Perfecto St., Baguio City,
Benguet 2600
Email: nlbg@dbp.ph
Fax: (074) 442-5308

ABULUG BRANCH
National Highway, Brgy. Libertad
Abulug, Cagayan 3517
Email: abulug@dbp.ph

APARRI BRANCH
DBP Bldg., Maharlika Highway,
Brgy. Macanaya, Aparri,
Cagayan 3515
Email: aparri@dbp.ph
Tel.: (078) 888-2066 / 822-8291
Fax: (078) 888-2066

BAGUIO BRANCH
GF DBP Bldg., Session Rd. cor.
Perfecto St., Baguio City,
Benguet 2600
Email: baguio@dbp.ph
Tel.: (074) 442-5305 / 442-2550
(074) 442-4987
Fax: (074) 442-5307

BANGUI BRANCH
Legislative Bldg., Brgy. San Lorenzo,
Bangui, Ilocos Norte 2920
Email: bangui@dbp.ph
Tel.: (02) 401-6568 / 401-6571

CABARROGUIS BRANCH
1F Prov. Capitol Commercial Bldg.,
Capitol Hills, Brgy. San Marcos
Cabarroguis, Quirino 3400
Email: cabarroguis@dpb.ph
Tel.: (0917) 700-5045

DAGUPAN BRANCH
M.H. del Pilar St., Brgy. Mayombo,
Dagupan City, Pangasinan 2400
Email: dagupan@dbp.ph
Tel.: (075) 522-0986 / 522-0597
(075) 515-4403
Fax: (075) 522-2696

ILAGAN BRANCH
GF DBP Bldg., Maharlika Highway
cor. Arranz St., Brgy. Osmena,
Ilagan City, Isabela 3300
Email: ilagan@dbp.ph
Tel.: (078) 624-2145
Fax: (078) 624-2145

LAL-LO BRANCH
Solomon Hotel, Brgy. Magapit,
Lal-lo, Cagayan 3509
Email: lal-lo@dbp.ph
Tel.: (078) 377-0947
Fax: (078) 377-0947

LAOAG BRANCH
A.G. Tupaz Ave., San Jose,
Laoag City, Ilocos Norte 2900
Email: laoag@dbp.ph
Tel.: (077) 772-0234 / 772-1161
(077) 771-4092
Fax: (077) 772-1503

SANTIAGO BRANCH
Purok 7, Maharlika Highway,
Brgy. Villasis, Santiago City,
Isabela 3311
Email: santiago@dbp.ph
Tel.: (078) 305-0916 / 305-0405
Fax: (078) 305-0905

SAN FERNANDO LA UNION BRANCH
Lueco Bldg. I, Brgy. Sevilla,
San Fernando, La Union 2500
Email: sanfernando-launion@dbp.ph
Tel.: (072) 700-0101 / 242-1049
(072) 242-1664
Fax: (072) 242-1049

SOLANO BRANCH
DBP Bldg., Burgos St.,
Brgy. Quezon, Solano,
Nueva Vizcaya 3709
Email: solano@dbp.ph
Tel.: (078) 326-6087 / 326-6096
(078) 326-8007
Fax: (078) 326-6087

TABUK BRANCH
DBP Bldg., Provincial Rd.,
Brgy. Dagupan Centro, Tabuk City,
Kalinga 3800
Email: tabuk@dbp.ph

TUGUEGARAO BRANCH
DBP Bldg., Burgos St.
cor. Arellano St., Brgy. Centro,
Tuguegarao City, Cagayan 3500
Email: tuguegarao@dbp.ph

TUGUEGARAO RGC BRANCH
Enrile Blvd., Brgy. Carig Sur,
Tuguegarao City, Cagayan 3500
Email: tuguegaraorgc@dbp.ph
Tel.: (078) 377-1152 / 377-1156

VIGAN BRANCH
L. Florentino St., Brgy. 1, Vigan City,
Ilocos Sur 2700
Email: vigan@dbp.ph
Tel.: (077) 674-2502 / 674-2503
Fax: (077) 674-2501

CABUGAO BRANCH-LITE UNIT
National Highway, Brgy. Rizal,
Cabugao, Ilocos Sur 2372
Email: cabugao@dbp.ph
Tel.: (077) 604-1151
Fax: (077) 604-1152

NAGUILIAN BRANCH-LITE UNIT
Brgy. Ortiz, Naguilian,
La Union, 2511
Email: nagullian@dbp.ph
Tel.: (072) 888-0620

TUMAUINI BRANCH-LITE UNIT
National Highway, Brgy. Maligaya,
Tumauini, Isabela, 3325
Email: tumauini@dbp.ph

CENTRAL LUZON BRANCH BANKING GROUP

GF Doña Isa Fel Bldg.,
Brgy. Dolores, McArthur Highway,
City of San Fernando,
Pampanga 2000
Email: clbg@dbp.ph
Te.l: 045) 963-1231

BALANGA BRANCH
Capitol Drive, Brgy. Tenejero,
Balanga City, Bataan 2100
Email: balanga@dbp.ph
Tel.: (047) 237-2073 / 237-6654
(047) 237-3589

BALER BRANCH
National Highway, Brgy. Suklayin,
Baler, Aurora Province 3200
Email: baler@dbp.ph
Tel.: (042) 724-0007

CABANATUAN BRANCH
Burgos Ave., cor. Gabaldon St.,
Brgy. West Sangitan,
Cabanatuan City, Nueva Ecija 3100
Email: cabanatuan@dbp.ph
Tel.: (044) 463-1252 / 600-2004
Fax: (044) 464-3536

CLARK BRANCH
Pavillion 1, Clark Center,
Jose Abad Santos Ave.,
Clark Freeport Zone 2023
Email: clark@dbp.ph
Tel.: (045) 499-1649 / 499-1650
(045) 499-1651
Fax: (045) 499-1652

GUAGUA BRANCH
Jose Abad Santos Ave.,
Brgy. San Matias, Guagua,
Pampanga 2003
Email: guagua@dbp.ph
Tel.: (045)432-0098 / 432-0099

MALOLOS BRANCH
Paseo Del Congreso, Brgy. Catmon,
City of Malolos, Bulacan 3000
Email: malolos@dbp.ph
Tel.: (044) 760-1156 / 662-1589
Fax: (044) 796-0324

PALAYAN BRANCH
Provincial Capitol Compound,
Brgy. Singalat, Palayan City,
Nueva Ecija 3132
Email: palayan@dbp.ph
Tel.: (044) 463-0141 / 463-0096
Fax: (044) 463-0096

SAN FERNANDO PAMPANGA BRANCH
GF Doña Isa Fel Bldg.
Brgy. Dolores, McArthur Highway,
City of San Fernando,
Pampanga 2000
Email: sanfernando-pampanga@dbp.ph
Tel.: (045) 961-4971

SUBIC BRANCH
Unit No.109, GF, Wow World
Complex, Rizal Highway, CBD,
Subic Bay Freeport Zone 2222
Email: subic@dbp.ph
Tel.: (047) 252-3090 / 252-3093

TARLAC BRANCH
Macabulos Drive, Brgy. San Roque,
Tarlac City, Tarlac 2300
Email: tarlac@dbp.ph
Tel.: (045) 982-0406 / 491-8551
Fax: (045)982-6024

VALENZUELA BRANCH
253-A McArthur Highway,
Brgy. Karuhatan,
Valenzuela City 1441
Email: valenzuela@dbp.ph
Tel.: (02) 8294-9823 / 8294-9541
(02) 8294-9605
Fax: (02) 8294-9906

SAN JOSE DEL MONTE BRANCH-LITE UNIT
St. Vivian's Plaza, M. Villarica Rd.,
Brgy. Muzon, City of San Jose
Del Monte, Bulacan 3000
Email: sanjosedelmonte@dbp.ph

THE BUNKER BRANCH BRANCH-LITE UNITS
GF The Bunker Bldg., Capitol
Compound, Brgy. Tenejero,
Balanga City Bataan 2100
Email: thebunker@dbp.ph

SOUTHERN LUZON BRANCH BANKING GROUP

GF DBP Bldg., Brgy. 9, Merchan St.,
cor. Perez Sts. Lucena City 4301
Email: slbg@dbp.ph
Tel.: (042) 373-0297

BACOOR BRANCH
Unit 2 Sidcor Bldg., Molino Blvd.,
Brgy. Bayanan, Bacoor City,
Cavite 4102
Email: bacoor@dbp.ph
Tel.: (046) 435-0442 /
435-0445 to 47

BATANGAS BRANCH
Sambat, Brgy. Kumintang Ibaba,
Batangas City 4200
Email: batangas@dbp.ph
Tel.: (043) 702-3400
Fax: (043) 702-33-78

CALAPAN BRANCH
DBP Bldg. Roxas Drive,
Brgy. Sto. Niño, Calapan City,
Oriental Mindoro 5200
Email: calapan@dbp.ph
Tel.: (043) 288-4399 / 288-4620
(043) 288-1085
Fax: (043) 441-02-17

DASMARIÑAS BRANCH
DBP Bldg., Km. 30.7 E. Aguinaldo
Highway, Dasmarinas, Cavite 4114
Email: dasmarinas@dbp.ph
Tel: (046) 416-1389 / 850-3637
Fax: (046) 416-1390

LIPA BRANCH
PNR Bldg., No. 2 C.M. Recto Ave.,
Lipa City, Batangas 4217
Email: lipa@dbp.ph
Tel.: (043) 756-4216 / 756-4217

LUCENA BRANCH
GF DBP Bldg., Merchan St., cor.
Perez Sts., Lucena City 4301
Email: lucena@dbp.ph
Tel.: (042) 373-0190 / 373-0986
Fax: (042) 373-0134

PUERTO PRINCESA BRANCH
GF Empire Suites Hotel, Rizal Ave.,
Puerto Princesa City, Palawan 5300
Email: ptoprincesa@dbp.ph
Tel: (048) 433-2358 / 433-9307

ROMBLON BRANCH
DBP Bldg., Zaragoza St., Brgy.
Capaclan, Romblon, Romblon 5500
Email: romblon@dbp.ph
Tel.: (0917) 833-3446 /
(0917) 839-1916
(0917) 839-1908

SAN JOSE BRANCH
DBP Bldg., Rizal St. cor.,
Quirino St., Brgy. 6 Poblacion,
San Jose, Occidental Mindoro 5100
Email: sanjose@dbp.ph
Tel: (043) 732-1550

SANTA CRUZ BRANCH
DBP Bldg., A. Bonifacio cor.
F. Sario Sts., Brgy. Poblacion IV,
Sta. Cruz, Laguna 4009
Email: stacruz@dbp.ph
Tel: (049) 501-5142
Fax: (049) 501-5132

SANTA ROSA BRANCH
GF Maerix Terrace Bldg., Rizal Blvd.,
Brgy. Tagapo, City of Santa Rosa,
Laguna 4026
Email: starosa@dbp.ph
Tel.: (049) 534-2821

TAYTAY-PALAWAN BRANCH
GF RIKC Bldg.,
cor. Sto. Domingo St.,
National Highway, Brgy. Poblacion,
Taytay, Palawan 5312
Email: taytay-palawan@dbp.ph
Tel: (0917) 839-2035

TAYABAS BRANCH-LITE UNIT
46 Nadera St., Brgy. San Diego
Zone 1, Tayabas City, Quezon
Province 4301
Email: tayabas@dbp.ph
Tel.: (042) 717-0140 / 717-0139

BICOL BRANCH BANKING GROUP

2F DBP Bldg., Panganiban Drive,
Brgy. Tinago, Naga City 4400
Email: bbg@dbp.ph

DAET BRANCH
DBP Bldg., Magallanes Iraya St.,
Brgy. III, Daet, Camarines Norte
4600
Email: daet@dbp.ph
Tel.: (054) 440-0762 / 440-0757
(054) 571-2500

GUINOBATAN BRANCH
SB Bldg., Rizal St., Brgy Ilawod,
Guinobatan, Albay 4503
Email: guinobatan@dbp.ph
Tel: (052) 826-0284

IRIGA BRANCH
GF LRDC Bldg., Msgr. Lanuza St.,
Brgy. San Francisco, Iriga City 4431
Email: iriga@dbp.ph
Tel: (054) 299-7570 / 299-7569
Fax: (054) 881-7364

LEGAZPI BRANCH
DBP Bldg., Quezon Ave.,
Brgy. Dinagaan, Legazpi City 4500
Email: legazpi@dbp.ph
Tel.: (052) 732-7900 / 830-5638

MASBATE BRANCH
DBP Bldg., cor. Danao &
Mabini Sts.,
Brgy. Bapor, Masbate City,
Masbate 5400
Email: masbate@dbp.ph
Tel: (056) 333-2947 / 333-4073
Fax: (056) 333-2236

NAGA BRANCH
DBP Bldg., Panganiban Drive,
Brgy. Tinago, Naga City 4400
Email: naga@dbp.ph
Tel: (054) 472-0641 / 473-8501
(054) 472-2332 / 472-0640
Fax: (054) 472-4766

PLACER BRANCH
DRNC Bldg., cor. Avenido &
Balangawan Sts., Brgy. Poblacion,
Centro, Placer, Masbate 5408
Email: placer@dbp.ph

SORSOGON BRANCH
ACM Bldg., cor. Burgos & Rizal
Sts., Brgy. Talisay, Sorsogon City,
Sorgogon 4700
Email: sorsogon@dbp.ph
Tel: (056) 421-6876 / 421-5580
Fax: (056) 421-6876

VIRAC BRANCH
Old Capitol Bldg., Rizal Ave., cor.
Eustaquio St., Brgy. Sta. Elena,
Virac, Catanduanes 4800
Email: virac@dbp.ph

AROROY BRANCH-LITE UNIT
GF One Stop Shop, Livelihood
Center, Junction Mil-Bal Rd. cor.
Cordero St., Brgy. Ambolong,
Aroroy, Masbate 5414
Email: aroroy@dbp.ph

JOSE PANGANIBAN BRANCH LITE UNIT
Bagong Mambulao,
Grand Terminal Mall, Brgy.
Poblacion, San Jose Panganiban,
Camarines Norte
Email: josepanganiban@dbp.ph

CENTRAL AND EASTERN VISAYAS BRANCH BANKING GROUP

GF DBP Bldg., Osmena Blvd.,
Brgy. Kalubihan, Cebu City 6000
Email: cevbg@dbp.ph
Tel.: (032) 254-9163 / 255-4092
Fax: (032) 255-6325

BOGO BRANCH
Martinez Bldg., cor. Sor D. Rubio &
San Vicente Sts., Brgy. San Vicente,
Bogo City, Cebu 6010
Email: bogo@dbp.ph
Tel.: (032) 251-2241 / 251-2070 /
434-8795
Fax: (032) 251-2241

BORONGAN BRANCH
DBP Bldg., E. Cinco St.,
Brgy. Purok C, Borongan City,
Eastern Samar 6800
Email: borongan@dbp.ph
Tel: (055) 560-9080 / 261-2021
Fax: (055) 261-2168 / 560-9080

CARCAR BRANCH
Awayan, Brgy. Poblacion III,
Carcar City, Cebu 6090
Email: carcar@dbp.ph
Tel: (032) 487-7038 / 487-7138
Fax: (032) 487-7138 / 266-9480

CATARMAN BRANCH
DBP Bldg., 390 J.P. Rizal St.,
Brgy. Lapu-Lapu, Catarman,
Northern Samar 6400
Email: catarman@dbp.ph
Tel: (055) 500-9065 / 251-8615
Fax: (055) 251-8615

CATBALOGAN BRANCH
GF, Tia Anita's Commercial,
Mabini St., Catbalogan City,
Samar 6700
Email: catbalogan@dbp.ph
Tel: (055) 251-2046 / 543-9069
Fax: (055) 251-2687

CEBU BRANCH
GF, DBP Bldg., Osmeña Blvd.,
Brgy. Kalubihan, Cebu City 6000
Email: cebu@dbp.ph
Tel: (032) 412-3423 / 412-3402
Fax: (032) 253-7988

DOLORES BRANCH
LGU Dolores Bldg., cor. Real & San
Jose Sts., Brgy. 10, Dolores,
Eastern Samar 6817
Email: dolores@dbp.ph

MAASIN BRANCH
DBP Bldg., RK Kangleon St.,
Brgy. Tunga-Tunga, Maasin City
Southern Leyte 6600
Email: maasin@dbp.ph
Tel: (053) 570-9954, 381-2084
Fax: (053) 570-9954, 381-2083

MANDAUE BRANCH
Bridges Town Square,
Plaridel St., Brgy. Alang-Alang,
Mandaue City 6014
Email: mandaue@dbp.ph
Tel: (032) 344-4992 / 345-8623
(032) 345-8624 / 345-8625
Fax: (032) 344-4993

ORMOC BRANCH
Units 15 - 17, Aviles Arcade, Apo St.,
Brgy. Don Felipe Larrazabal,
Ormoc City, Leyte 6541
Email: ormoc@dbp.ph
Tel: (053) 561-4434 / 255-4371
Fax: (053) 560-7178

TACLOBAN BRANCH
DBP Bldg., Cor. Zamora
& Paterno Sts., Tacloban City,
Leyte 6500
Email: tacloban@dbp.ph
Tel.: (053) 523-0094 / 321-2007
Fax: (053) 325-5996

TAGBILARAN BRANCH
DBP Bldg., 0533 Carlos P.
Garcia Ave., Brgy. Booy,
North Tagbilaran City 6300
Email: tagbilaran@dbp.ph
Te.: (038) 412-3103 / 412-3122
(038) 412-3107
Fax: (038) 412-4033

TALISAY BRANCH
South Coast Center, Cebu Rd.,
Brgy. Linao, Talisay City Cebu 6045
Email: talisay@dbp.ph
Tel.: (032) 516-0462 / 516-0459
(032) 491-5646

TOLEDO BRANCH
Barcenas Bldg., Poloyapoy St.,
Brgy. Poblacion, Toledo City 6038
Email: toledo@dbp.ph
Tel.: (032) 367-7313 / 367-7315
Fax: (032) 367-7314

TUBIGON BRANCH
Holy Cross Academy Bldg.,
Brgy. Poblacion, Tubigon,
Bohol 6329
Email: tubigon@dbp.ph
Tel.: (038) 508-8683 / 508-8685
(038) 508-8686-87
Fax: (038) 508-8684

UBAY BRANCH
Cornelio Uy Bldg., Tan Nene St.,
Brgy. Poblacion, Ubay, Bohol 6315
Email: ubay@dbp.ph
Tel: (038) 518-8861 / 518-8869
Fax: (038) 518-8862

NAGA CEBU CITY BRANCH-LITE UNIT
Units 32 & 39, Naga City People's
Market N. Bacalso, South National
Highway, Brgy. East Poblacion,
Naga City, Cebu 6038
Tel.: (032) 516-0459

ALEGRIA, CEBU BRANCH-LITE UNIT
Brgy. Poblacion, Alegria, Cebu 6030
Email: alegrialite@dbp.ph

WESTERN VISAYAS BRANCH BANKING GROUP

Mezzaninne Floor, DBP Bldg., cor.
South Capitol Rd. & Lacson Sts.,
Bacolod City 6100
Email: wvbg@dbp.ph
Tel.: (034) 709-6094
Fax: (034) 433-4284

ANTIQUE BRANCH
AVP Bldg., T. A. Fornier St.,
San Jose, Antique 5700
Email: antique@dbp.ph
Tel.: (036) 540-9993
Fax: (036) 540-7848

BACOLOD BRANCH
DBP Bldg., cor. South Capitol Rd. &
Lacson Sts., Bacolod City 6100
Email: bacolod@dbp.ph
Tel.: (034) 433-4283 / 433-3574
(034) 433-3573
Fax: (034) 433-2303

BUENAVISTA BRANCH
Multi-Purpose Bldg., Old Market
Site, Brgy. New Poblacion,
Buenavista, Guimaras 5044
Email: buenavista@dbp.ph

DUMAGUETE BRANCH
DBP Bldg., Rizal Blvd., Brgy.
Poblacion 4, Dumaguete City 6200
Email: dumaguete@dbp.ph
Tel.: (035) 225-4723 / 225-4338
(035) 422-9057
Fax: (035) 225-5919

ILOILO BRANCH
DBP Bldg., I. de la Rama St.,
Brgy. Muelle, Loney-Montes,
Iloilo City 5000
Email: iloilo@dbp.ph
Tel: (033) 336-2092 / 336-2091
(033) 509-9490
Fax: (033) 337-2224

JARO BRANCH
DBP Bldg., E. Lopez St.,
Brgy. Seminario, Jaro,
Iloilo City 5000
Email: jaro@dbp.ph
Tel.: (033) 508-8900 / 329-2422
(033) 329-5230
Fax: (033) 329-5233

KABANKALAN BRANCH
DBP Bldg., cor. Lirazan &
Bonifacio Sts., Kabankalan City 6111
Email: kabankalan@dbp.ph
Tel: (034) 471-3170 / 471-2285
Fax: (034) 471-2402

KALIBO BRANCH
DBP Bldg., Capitol Site,
Brgy. Estancia, Kalibo, Aklan 5600
Email: kalibo@dbp.ph
Tel: (036) 268-5126 / 268-5696
Fax: (036) 268-5792

POTOTAN BRANCH
Milagros Bldg., RY Ladrido St.,
Brgy. San Jose Ward, Pototan,
Iloilo 5008
Email: pototan@dbp.ph
Tel.: (033) 332-1485 / 332-1487
(033) 529-7461 / 529-7462
Fax: (033) 332-1485

ROXAS BRANCH
GF Capiz Government Business
Center, Provincial Park, Brgy. Tiza,
Roxas City 5800
Email: roxas@dbp.ph
Tel: (036) 621-5096 / 621-4002
(036) 522-1380
Fax: (036) 621-2438

SAN CARLOS BRANCH
DBP Bldg., F. C. Ledesma Ave.,
Brgy. Palampas, San Carlos City,
Negros Occidental 6127
Email: sancarlos@dbp.ph
Tel: (034) 312-5591 / 729-3351
Fax: (034) 312-5158

SIQUIJOR BRANCH
Siquijor Business and Convention
Center Bldg., Mabini St., Brgy.
Poblacion, Siquijor, Siquijor 6225
Email: siquijor@dbp.ph
Tel.: (035) 480-9761 / 480-9762
Fax: (035) 480-9761

SIATON BRANCH-LITE UNIT
Municipal Bldg., Progreso St.,
Brgy. Poblacion I,
Municipality of Siaton 6219
Email: siaton@dbp.ph
Tel.: (035) 527-3539 / 527-3550
(035) 527-3544

NORTHERN MINDANAO BRANCH BANKING GROUP

3F DBP Bldg., Corrales Ave.
cor. Tirso Neri St., Brgy. 9,
Cagayan de Oro City 9000
Email: nmbg@dbp.ph
Tel.: (088) 881-3011

BUTUAN BRANCH
DBP Bldg., J. C. Aquino Ave.
cor. J. Rosales Ave., Brgy. 24,
Butuan City 8600
Email: butuan@dbp.ph
Tel: (085) 815-3827 / 815-2209
(085) 342-6358
Fax: (085) 815-3826

CAGAYAN DE ORO BRANCH
DBP Bldg., Corrales Ave. cor. Tirso
Neri St., Cagayan de Oro City 9000
Email: cagayandeoro@dbp.ph
Tel: (088) 857-2148 / 857-2088

CLAVER BRANCH
DBP Bldg., Clarin St., Brgy. Tayaga,
Claver, Surigao del Norte 8410
Email: claver@dbp.ph
Tel: (02) 359-9746
(033) 8217027

ILIGAN BRANCH
DBP Bldg., Picardal Rd.,
Brgy. Mahayahay, Iligan City 9200
Email: iligan@dbp.ph
Tel: (063) 221-2858 / 221-8208
(063) 223-3332 / 221-2857
Fax: (063) 221-3124

LIMKETKAI BRANCH
Rosario Strip, Limketkai Center,
Brgy. 31, Cagayan de Oro City,
Misamis Oriental 9000
Email: limketkai@dbp.ph
Tel: (088) 856-6154
Fax: (088) 856-7776

MALAYBALAY BRANCH
DBP Bldg., Bonifacio Drive,
Brgy. Caul, Malaybalay City 8700
Email: malaybalay@dbp.ph
Tel: (088) 813-3831 / 221-2134
Fax: (088) 813-3682

MANGAGOY BRANCH
Vicencio Bldg., Espiritu St.,
Brgy. Mangagoy, Bislig City,
Surigao del Sur 8311
Email: mangagoy@dbp.ph
Tel: (086) 853-5044
Fax: (086) 853-2245

SAN FRANCISCO BRANCH
DBP Bldg., Orange St. cor.
Rotunda, Brgy. 4, San Francisco,
Agusan del Sur 8501
Email: sanfrancisco@dbp.ph
Tel: (085) 839-0436 / 343-8274
Fax: (085) 839-0439

SAN JOSE, DINAGAT ISLAND BRANCH
DBP Bldg., P-7, Brgy. Poblacion,
San Jose, Dinagat Island 8412
Email: sanjosedinagatisland@dbp.ph
Tel: (02) 359-9541 / (0917) 572-9178 (0917) 571-4229

SIARGAO BRANCH
Matugas Bldg., Sto. Niño cor.
Mabini St., Brgy. 9, Dapa,
Surigao Del Norte 8417
Email: siargao@dbp.ph
Tel: (02) 359-9548 / 359-9612

SURIGAO BRANCH
DBP Bldg., Narciso St., Brgy.
Washington, Surigao City 8400
Email: surigao@dbp.ph
Tel: (086) 826-0289 / 231-7351
(086) 826-1309
Fax: (086) 826-1118

TANDAG BRANCH
Purok Napo, National Highway,
Brgy. Bagong Lungsod, Tandag
City, Surigao Del Sur 8300
Email: tandag@dbp.ph
Tel: (086) 211-5801 / 211-5802
(086) 211-5804
Fax: (086) 211-5803

TRENTO BRANCH
DBP Bldg., Purok 4, Brgy. Poblacion,
Along National Highway, Trento,
Agusan Del Sur 8505
Email: trento@dbp.ph
Tel: (085) 255-2057 / 255-2047
(085) 255-2969
Fax: (085) 255-2969

TUBOD BRANCH
GF, A.A. Quibranza Bldg., National
Highway cor. Arsenio Quibranza St.,
Brgy. Poblacion, Tubod,
Lanao del Norte 9209
Email: tubod@dbp.ph

VALENCIA BRANCH
Tamay Lang Park Lane,
G. Laviña Ave., Brgy. Poblacion,
Valencia City, Bukidnon 8709
Email: valencia@dbp.ph
Tel: (088) 828-3316 / 828-3190
(088) 828-3086

VILLANUEVA BRANCH
NVCDC Bldg., National Highway,
Brgy. Katipunan, Villanueva,
Misamis Oriental 9002
Email: villanueva@dbp.ph
Tel: (088) 890-4761

BAYUGAN BRANCH-LITE UNIT
Kim Lope A. Asis Gymnasium,
Brgy. Poblacion, Bayugan City,
Agusan del Sur 8502
Email: bayugan@dbp.ph
Tel: (085) 830-5893 / 830-5897

SOUTHERN MINDANAO BRANCH BANKING GROUP
Roxas Ave., Brgy. North,
General Santos City 9500
Email: sm-bbg@dbp.ph
Tel.: (083) 552-2953 / 221-2620
Fax: (083) 552-1488 / 227-2891

COTABATO BRANCH
DBP Bldg., Don Rufino Alonzo St.,
Brgy. Poblacion, Cotabato City 9600
Email: cotabato@dbp.ph
Tel.: (064) 421-2367 / 421-2368
(064) 421-2365
Fax: (064) 421-8216

DAVAO BRANCH
DBP Bldg., C.M. Recto Ave.,
Brgy. 38-D, Davao City 8000
Email: davao@dbp.ph
Tel.: (082) 227-7285 / 222-8326
(082) 227-6277 / 222-3480
(082) 227-9681/221-2541
Fax: (082) 221-2572 / 222-3480

DIGOS BRANCH
DBP Bldg., Quezon Ave., Zone 1,
Digos City 8002
Email: digos@dbp.ph
Tel: (082) 553-2933
Fax: (082) 553-3943

GENERAL SANTOS BRANCH
DBP Bldg., Roxas Ave, Brgy. North,
General Santos City 9500
Email: generalsantos@dbp.ph
Tel.: (083) 554-7821 / 552-2953
(083) 552-2084 / 552-2961
Fax: (083) 552-4514

KIDAPAWAN BRANCH
DBP Bldg., Quezon Blvd. cor.
J.P. Laurel Sts., Kidapawan City 9400
Email: kidapawan@dbp.ph
Tel: (064) 577-1450 / 577-1372
Fax: (064) 577-1581

MARBEL BRANCH
DBP Bldg., Alunan Ave.,
Brgy. Zone IV, Koronadal City 9506
Email: marbel@dbp.ph
Tel: (083) 228-2429 / 228-3118
(083) 228-3119 / 228-5872
(083) 228-8629
Fax: (083) 228-3667

MATI BRANCH
DBP Bldg., Limatoc St.,
Brgy. Central, Mati City 8200
Email: mati@dbp.ph
Tel.: (087) 388-3489 / 388-3642
(087) 811-0413
Fax: (087) 388-3911

POLOMOLOK BRANCH
DBP Bldg., National Highway cor.
Juan Bayan, Brgy. Magsaysay,
Polomolok, South Cotabato 9504
Email: polomolok@dbp.ph
Tel.: (083) 553-1567 / 553-1566
(083) 553-1472 / 225-3131
(083) 225-3132
Fax: (083) 553-1567

STA. CRUZ DAVAO BRANCH
Stall No. 1, Sta. Cruz Public Market,
Poblacion, Brgy. Zone III, Sta. Cruz,
Davao del Sur 8001
Email: stacruzdavao@dbp.ph
Tel: (082) 286-1925 / 286-1916

TACURONG BRANCH
DBP Bldg., National Highway, cor.
Del Corro Sts., Brgy. Poblacion,
Tacurong City 9800
Email: tacurong@dbp.ph
Tel: (064) 200-3485
Fax: (064) 200-3060

TAGUM BRANCH
DBP Bldg., Apokon Rd.,
Brgy. Visayan, Tagum City 8100
Email: tagum@dbp.ph
Tel: (084) 216-7097 / 216-7096
Fax: (084) 655-9287

BANGA BRANCH-LITE UNIT
Municipal Hall Compound,
Brgy. Poblacion, Banga,
South Cotabato 9511
Email: banga@dbp.ph
Tel: (083) 239-1338
Fax: (083) 239-1339

M'LANG BRANCH-LITE UNIT
1F Brgy. Hall Bldg., Magsaysay St.,
Brgy. Poblacion A, M'lang,
North Cotabato 9402
Email: mlang@dbp.ph

WESTERN MINDANAO BRANCH BANKING GROUP
DBP Bldg., Don P. Lorenzo St.,
(Port Area), Zamboanga City 7000
Email: wmbg@dbp.ph
Tel.: (062) 992-7365 / 991-1316
(062) 992-5819

BASILAN BRANCH
J.S. Alano St., Isabel City,
Basilan 7300
Email: basilan@dbp.ph

DIPOLOG BRANCH
National Highway, Brgy. Turno,
Dipolog City 7100
Email: dipolog@dbp.ph
Tel: (065) 212-3404 / 212-3414
(065) 908-0207
Fax: (065) 212-4290

IPIL BRANCH
DBP Bldg., Cor. Sucgang Ave. &
Gethsemane St., Brgy. Poblacion,
Ipil, Zamboanga Sibugay 7001
Email: ipil@dbp.ph
Tel.: (062) 333-2279 / 333-2420
(062) 957-3286
Fax: (062) 333-2279 / 333-2227

JOLO BRANCH
Gen. Arrola St. cor. Buyon St.,
Brgy. Walled City, Jolo, Sulu 7400
Email: jolo@dbp.ph
Tel: (085) 341-8911
Fax: (085) 818-9511 loc 1982

OROQUIETA BRANCH
Independence St.,
Brgy. Poblacion II, Oroquieta City,
Misamis Occidental 7207
Email: oroquieta@dbp.ph
Tel: (088) 564-1320 / 564-1317
(088) 564-1371

OZAMIZ BRANCH
Burgos cor. Zamora Sts.,
Ozamiz City 7200
Email: ozamis@dbp.ph
Tel: (088) 521-0027 / 521-0028
Fax: (088) 521-0032

PAGADIAN BRANCH
Rizal Ave., Balangasan District,
Brgy. Balangasan,
Pagadian City 7016
Email: pagadian@dbp.ph
Tel: (062) 214-1448
Fax: (062) 214-1450

ZAMBOANGA BRANCH
DBP Bldg. Don Pablo Lorenzo St.
(Port Area), Zamboanga City 7000
Email: zamboanga@dbp.ph
Tel: (062) 992-0493 / 991-1331
(062) 992-7366
Fax: (062) 991-2617

ZAMBOECOZONE BRANCH
Zamboanga Ecozone,
Sitio San Ramon, Brgy. Talisayan,
Zamboanga City 7000
Email: zamboecozone@dbp.ph
Tel: (062) 983-0413 / 983-0414

DEVELOPMENT LENDING SECTOR
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: dlsector@dbp.ph
Tel: (02) 8818-9511 local 3305

DEVELOPMENT LENDING SUPPORT DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: dlsd@dbp.ph
Tel.: (02) 8818-9511 local 3310

CORPORATE BANKING GROUP
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: cbg@dbp.ph
Tel.: (02) 8818-9511 local 3316;
(02) 8893 8940

CORPORATE BANKING I DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: cbd1@dbp.ph
Tel.: (02) 8818-9511 local 3321;
(02) 8893 8940

CORPORATE BANKING II DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: cbd2@dbp.ph
Tel.: (02) 8818-9511 local 3320;
(02) 8892 8369

PUBLIC SECTOR DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: psd@dbp.ph
Tel.: (02) 8818-9511 local 6332

FINANCIAL INSTITUTIONS DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: fid@dbp.ph
Tel. (02) 8818-9511 local 3317

SME RETAIL & MID-MARKET LENDING (NCR) GROUP
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: smermmlg@dbp.ph
Tel.: (02) 8818-9511 local 3312;
(02) 8893 1177

MIDDLE MARKET I DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: mmd1@dbp.ph
Tel.: (02) 8818-9511 local 3322

MIDDLE MARKET II DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: mmd2@dbp.ph
Tel.: 02) 8818-9511 local 3313

SME - NCR DEPARTMENT
Sen. Gil Puyat Ave. cor. Makati Ave.
Makati City 1200
Email: smed@dbp.ph
Tel.: (02) 8818-9511 local 3324;
(02) 8840 0735

NORTH & CENTRAL LUZON LENDING GROUP
2F DBP Bldg., Paseo del Congreso,
Brgy. Catmon, City of Malolos,
Bulacan 3000
Email: ncl-lg@dbp.ph
Tel.: (02) 8818-9511 local 1572;
(044) 796 0325

BAGUIO LENDING CENTER
2F DBP Bldg., Session Rd. cor.
Perfecto St., Baguio City 2600
Email: benguet-lc@dbp.ph
Tel.: (02) 8818-9511 local 1565

CABANATUAN LENDING CENTER
DBP Bldg., Burgos Ave. cor.
Gabaldon St., Cabanatuan City,
Nueva Ecija 3100
Email: nuevaecija-lc@dbp.ph
Tel.: (02) 8818-9511 local 1528

ILAGAN LENDING CENTER
2F DBP Bldg., Maharlika Highway
cor. Arranz St., Brgy. Osmeña,
Ilagan City, Isabela 3300
Email: ilagan-lc@dbp.ph
Tel.: (02) 8818-9511 local 1550

LAOAG LENDING CENTER
DBP Bldg., A.G. Tupaz Ave., Laoag
City, Ilocos Norte 2900
Email: ilocos-lc@dbp.ph
Tel.: (02) 8818-9511 local 1566;
(077) 772 1161

MALOLOS LENDING CENTER
2F DBP Bldg., Paseo del Congreso,
Brgy. Catmon, City of Malolos,
Bulacan 3000
Email: bulacan-lc@dbp.ph
Tel.: (02) 8818-9511 local 1572;
(044) 796 0325

SAN FERNANDO LENDING CENTER
2F Doña Isa Fel Bldg., McArthur
Highway, Brgy. Dolores, City of San
Fernando, Pampanga 2000
Email: sanfernando-lc@dbp.ph
Tel.: (02) 8818-9511 local 1532;
(045) 649 6602

TUGUEGARAO LENDING CENTER
DBP Bldg., Enrile Blvd.,
Brgy. Carig Sur, Tuguegarao City,
Cagayan 3500
Email: cagayan-lc@dbp.ph
Tel.: (02) 8818 9511 local 1530;
(078) 304 9688

SOUTH LUZON LENDING GROUP
4F FNR No. 2 C.M. Recto Ave.,
Brgy. 9, Lipa City, Batangas 4217
Email: sl-lg@dbp.ph
Tel.: (02) 8818-9511 local 1543

CALAPAN LENDING CENTER
DBP Bldg., M. Roxas Drive,
Brgy. Sto. Niño, Calapan City,
Oriental Mindoro 5200
Email: mindoro-lc@dbp.ph
Tel.: (02) 8818-9511 local 1540;
(043) 288 6620

DASMARIÑAS LENDING CENTER
2F DBP Bldg., KM 3 E. Aguinaldo
Highway, City of Dasmariñas,
Cavite 4114
Email: cavite-lc@dbp.ph
Tel.: (02) 8818-9511 local 1514

LEGAZPI LENDING CENTER
DBP Bldg., Quezon Ave.,
Legazpi City, Albay 4500
Email: albay-lc@dbp.ph
Tel.: (02) 8818-9511 local 1599

LIPA LENDING CENTER
4F FNR No. 2 C.M. Recto Ave.,
Brgy. 9, Lipa City, Batangas 4217
Email: lipa-lc@dbp.ph
Tel.: (02) 8818-9511 local 1543

LUCENA LENDING CENTER
2F DBP Bldg., Merchan St.,
Lucena City 4300
Email: quezon-lc@dbp.ph
Tel.: (02) 8818-9511 local 1580;
(042) 373 4404

NAGA LENDING CENTER
2F DBP Bldg., Panganiban Drive,
Naga City 4400
Email: camarinessur-lc@dbp.ph
Tel.: (02) 8818-9511 local 1541

PUERTO PRINCESA LENDING CENTER
2F Puerto Princesa Water District,
Rizal Ave., Puerto Princesa City 5300
Email: puertoprincesa-lc@dbp.ph
Tel.: (02) 8818-9511 local 1546;
(048) 726 0313

VISAYAS LENDING GROUP
DBP Bldg., Osmeña Blvd.,
Cebu City 6000
Email: v-lg@dbp.ph
Tel.: (02) 8818-9511 local 1992;
(032) 255 6323;
(032) 255 6324

BACOLOD LENDING CENTER
DBP Bldg., cor. South Capitol Rd.
and Lacson St., Bacolod City 6100
Email: negrosoccidental-lc@dbp.ph
Tel.: (02) 8818-9511 local 1935;
(034) 434 9378

CATBALOGAN LENDING CENTER
2F DBP Bldg., cor. Zamora and
Paterno St., Tacloban City 6500
Email: catbaloganlc@dbp.ph
Tel.: (02) 8818-9511 local 1910;
(053) 567 2961

CEBU NORTH LENDING CENTER
DBP Bldg., Osmeña Blvd.,
Cebu City 6000
Email: cebunorth-lc@dbp.ph
Tel.: (02) 8818-9511 local 1904;
(032) 255 6312

CEBU SOUTH LENDING CENTER
DBP Bldg., Osmeña Blvd.,
Cebu City 6000
Email: cebu-lc@dbp.ph
Tel.: (02) 8818-9511 local 1904;
(032) 255 6323;
(032) 255 6324

ILOILO LENDING CENTER
DBP Bldg., I. Dela Rama St.,
Iloilo City 5000
Email: panay-lc@dbp.ph
Tel.: (02) 8818-9511 local 1920;
(033) 509 9505

TAGBILARAN LENDING CENTER
DBP Bldg., 0533 Carlos P. Garcia
North Avenue, Booy District,
Tagbilaran City, Bohol 6300
Email: bohol-lc@dbp.ph
Tel.: (02) 8818-9511 local 1993;
(038) 411 2714

TACLOBAN LENDING CENTER
2F DBP Bldg., cor. Zamora &
Paterno St., Tacloban City 6500
Email: leyte-lc@dbp.ph
Tel.: (02) 8818-9511 local 1910;
(053) 567 2961

NORTHERN MINDANAO LENDING GROUP
2F DBP Bldg., J.C. Aquino Ave. cor.
J. Rosales Ave., Butuan City 8600
Email: nm-lg@dbp.ph
Tel.: (02) 8818-9511 local 1950;
(085) 815 2196

BUTUAN LENDING CENTER
2F DBP Bldg., J.C. Aquino Ave. cor.
J. Rosales Ave., Butuan City 8600
Email: agusandelnorte-lc@dbp.ph
Tel.: 02) 8818-9511 local 1950;
(085) 815 2196

CAGAYAN DE ORO LENDING CENTER
2F DBP Bldg., Corrales Ave. cor.
Tirso Neri St., Cagayan de Oro City
9000
Email: misamisoriental-lc@dbp.ph
Tel.: (02) 8818-9511 local 1942;
(088) 857 2087

ILIGAN LENDING CENTER
DBP Bldg., Picardal Road, Barangay
Mahayahay, Iligan City 9200
Email: lanaodelnorte-lc@dbp.ph
Tel.: (02) 8818-9511 local
1994/1947; (063) 223 3332

MALAYBALAY LENDING CENTER
DBP Bldg., Bonifacio Drive,
Malaybalay City, Bukidnon 8700
Email: malaybalay-lc@dbp.ph
Tel.: (02) 8818-9511 local 1946;
(088) 314 1058

SURIGAO LENDING CENTER
DBP Bldg., Narciso St., Brgy.
Washington, Surigao City,
Surigao del Norte 8400
Email: surigao-lc@dbp.ph
Tel.: (02) 8818-9511 local 1957;
(086) 827 6401

SOUTHERN & WESTERN MINDANAO LENDING GROUP
2F DBP Bldg., C.M. Recto Ave.,
Davao City 8000
Email: swm-lg@dbp.ph
Tel.: (02) 8818-9511 local 1973;
(082) 222 3477;
(082) 227 2891

DAVAO LENDING CENTER
2F DBP Bldg., C.M. Recto Ave.,
Davao City 8000
Email: davaodelsur-lc@dbp.ph
Tel.: (02) 8818-9511 local 1973;
(082) 222 3477;
(082) 227 2891

DIGOS LENDING CENTER
2F DBP Bldg., Quezon Ave.,
Digos City, Davao del Sur 8002
Email: digos-lc@dbp.ph
Tel.: (02) 8818-9511 local 1972

GENERAL SANTOS LENDING CENTER
3F DBP Bldg., Roxas Ave.,
General Santos City 9500
Email: southcotabato-lc@dbp.ph
Tel.: (02) 8818-9511 local 1967;
(083) 552 2328

KIDAPAWAN LENDING CENTER
DBP Bldg., Quezon Blvd.
Kidapawan City,
North Cotabato 9400
Email: kidapawan-lc@dbp.ph
Tel.: (02) 8818-9511 local 1961;
(064) 577 1450

TAGUM LENDING CENTER
City Arcade JFM Building
JV Ayala Ave., Apokon, Tagum City,
Davao del Norte 8100
Email: davaodelnorte-lc@dbp.ph
Tel.: (02) 8818-9511 local 1976;
(084) 645 2108

ZAMBOANGA LENDING CENTER
2F DBP Bldg.,
Don Pablo Lorenzo St. (Port Area),
Zamboanga City 7000
Email: zamboanga-lc@dbp.ph
Tel.: (02) 8818-9511 local 1987;
(062) 991 0359

Back to Table of Content

MEMBERSHIP IN INDUSTRY ASSOCIATIONS

ABA Asian Bankers Association

APRACA Asia-Pacific Rural and Agricultural Credit Association

APRACA CENTRAB

ADFIAP

AGAP Ass'n of Gov't Accountants of the Phils. 1950

AGIA

Bankers Association of the Philippines

bap 1941 BAIPHIL

Employers Confederation of the Philippines

FINEX Financial Executives Institute of the Philippines

MBC Makati Business Club The Forum for Constructive Ideas

MAP Management Association of the Philippines

MARINA Republic of the Philippines Maritime Industry Authority

NREB National Renewable Energy Board

PMAP 1956 People Management Association of the Philippines

PBE Philippine Business for the Environment

PCCI Philippine Chamber of Commerce and Industry

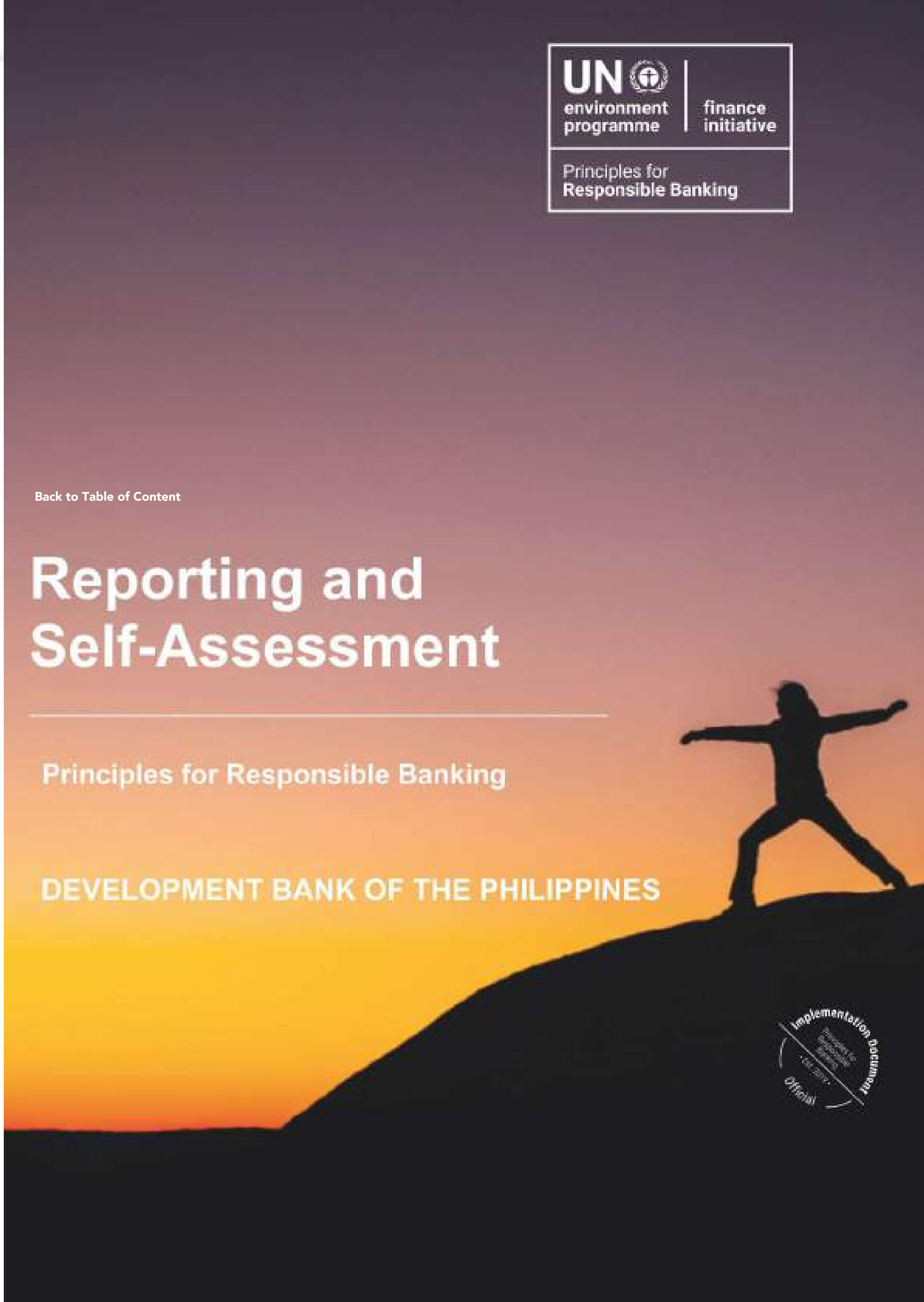
PPMI Philippine Payments Management, Inc.

PRSP Public Relations Society of the Philippines

AMCHAM Philippines The American Chamber of Commerce of the Philippines, Inc.

UN environment programme finance initiative

BEC Business Economics Club UA&P University of Asia and the Pacific



Back to Table of Content

Reporting and Self-Assessment

Principles for Responsible Banking

DEVELOPMENT BANK OF THE PHILIPPINES

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

- *The Development Bank of the Philippines (DBP) is the country's pre-eminent development financial institution which has taken upon itself the strategic task of influencing and accelerating sustainable economic growth through the provision of resources – for the continued well-being of the Filipino people.*
- *DBP, under its Charter, is classified as a 100% government-owned development bank and may perform all other functions of a universal bank. Its primary objective is to provide banking services principally to cater to the medium- and long-term needs of agricultural and industrial enterprises with emphasis on small- and medium-scale industries.*
- *DBP offers a responsive suite of program offerings that address the funding and banking needs of its various clients – from project financing through the Bank's wholesale and retail lending operations to a wide range of products and services that respond to the deposit, treasury, trade finance, and corporate finance requirements to its stakeholders.*
- *DBP caters to both public and private enterprises, with focused assistance channelled to key stakeholders comprising local government units (LGUs), electric cooperatives (ECs), water districts (WDs), micro, small, medium enterprises (MSMEs) and large enterprises. The Bank also extends loans to private financial institutions (PFIs) and microfinance institutions (MFIs) through its wholesale lending facility. Outreach to MSMEs covering retail borrowers and wholesale sub-borrowers accounted for 57% of the total number of DBP borrowers.*
- *The Bank's portfolio in 2022 reflects credit support distributed to the following market segments: Large Enterprises (54.18%); Government (30.40%); Financial Institutions; (6.60%); MSMEs (4.91%); Salary loans (1.58%); ECs (1.30%) and WDs (1.02%). (Source: EIMD)*
- *Loan portfolio aggregated Php527.0 billion (B). Outstanding Loans to priority industry sectors: Infrastructure and Logistics (Php297.14B) and Social Services and Community Development (Php105.91B) aggregated Php403.05B comprising 76.5% of the total. Environmental portfolio amounted Php54.62B or 10.4% constituting projects across different industry sectors that promote sustainable environment-friendly processes and technologies. Meanwhile, actual exposure to MSMEs under Retail and Wholesale facilities stood at Php32.09B, which was equivalent to 6.09%.*
- *Deposit level stood at Php825.57B which consisted of Php323.88B Current Account and Savings Account (39%) and Php501.69B Term Deposits (61%). The total number of depositors reached was recorded at 1,190,957 broken down into: 1,136,010 (95%) individuals and 54,947 (5%) corporate customers.*

Links and references

- See 2021 Annual and Sustainable Development Report (ASDR): https://www.dbp.ph/publication/2021-annual-and-sustainable-development-report/
- See DBP Website: http://www.dbp.ph

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

- Sustainability forms part of DBP's business strategy as reinforced by the Bank's Sustainability Strategy and Transition Plan (SSTP), which seeks to institutionalize sustainability policies and procedures leading towards a sustainable enterprise. Moreover, DBP Strategy Map for 2022 and 2023 integrate sustainability measures into the Bank's operations and processes.
- Apart from the compliance obligation under Bangko Sentral ng Pilipinas (BSP) Circular No. 1085 on Sustainable Finance Framework (SFF) that mandates BSP-Supervised Financial Institutions (BSFIs) to embed sustainability principles, including those covering environmental and social risk areas, in their corporate governance framework, risk management system, strategic objectives and overall bank operations, DBP's SSTP also aligns with the United Nations Environmental Programme – Finance Initiative's (UNEP-FI's) Principles for Responsible Banking (PRB).
- To ensure mainstreaming of sustainability principles at DBP even after the end of the implementation of the DBP SSTP in 2023, DBP has crafted its Sustainability Policy Statement (SPS). The SPS outlines DBP's sustainability commitments and measures in consonance with its purpose, vision and mission. Likewise, the SPS also seeks to ensure the Bank's compliance with BSP Circular No. 1085 on SFF, while enabling DBP to meet its commitments as a signatory to the UNEP-FI's PRB.
- As a government financial institution, DBP supports the government's development thrusts and serves as a catalyst of sustainable economic development. DBP's business strategy is thus, aligned not only with the Philippine Development Plan (PDP) but also with the SDGs as defined in the Results Frameworks of the different DBP development lending programs.
- As of December 2022, DBP has been implementing 32 development lending programs under the Bank's four priority thrusts:
    - Infrastructure and Logistics – 7 programs
    - Environment and Climate Change – 4 programs
    - Social Services and Community Development –7 programs
    - Micro, Small and Medium Enterprises – 14 programs

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: --------------------

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ------------------------

☐ None of the above

Response

- BSP Circular 1085 s. 2020 - Sustainable Finance Framework
- BSP Circular 1128 s.2021 - Environmental and Social Risk Management Framework

Links and references

- BSP Circular No. 1085 https://www.bsp.gov.ph/Regulations/Issuances/2020/c1085.pdf
- BSP Circular No. 1128 https://www.bsp.gov.ph/Regulations/Issuances/2021/1128(Corrected%20Copy).pdf

Back to Table of Content

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[1] and fulfil the following requirements/elements (a-d)[2]:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

DBP used the UNEP-FI Portfolio Impact Analysis Tool for Banks Version 2 in the conduct of its impact analysis for 2022.

a) The scope of DBP's portfolio impact analysis covers three (3) key business activities, namely:

1. Consumer Banking – includes the following Deposit and Loan Products: Current Account (CA), Savings Account (SA), Term Investments, and Salary Loans

2. Business Banking – includes loans for MSMEs, LGUs, Water Districts, Electric Cooperatives, and Financial Institutions (FIs)

3. Corporate Banking – includes loans for Large Enterprises

Shown below is DBP's portfolio per business activity as of December 31, 2022:

Business Activities	Portfolio (in Php' Billion)	No. of Customers
1. Consumer Banking	833.900	1,249,636
2. Business Banking[3]	165.605	510
3. Corporate Banking[3]	353.063	2,665

Sources: EIMD and CRMD

Links and references

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries[4] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Yes, DBP considered the composition of its portfolio in the impact analysis. The following shows DBP's portfolio composition as of December 31, 2022:

By industry:

Industry	Portfolio (in Php' Billion)[4]	% Share
1. Electricity, Gas, Steam and Air-conditioning Supply	115.649	21.94%
2. Public Administrative and Defense	68.644	13.03%
3. Real Estate Activities	56.241	10.67%
4. Construction	51.872	9.84%
5. Agriculture, Forestry and Fishing	38.561	7.32%
6. Manufacturing	35.584	6.75%
7. Financial and Insurance Activities	34.785	6.60%
8. Information and Communication	27.831	5.28%
9. Transportation and Storage	25.031	4.75%
10. Human Health and Social Work Activities	20.916	3.97%
11. Others	51.884	9.84%

Source: CRMD

By deposit product:

Type	Deposits Volume (in Php' Billion)	Deposits % Share	Number of Customers	% Share
1. Savings Account	57.308	6.94%	1,144,332	95.10%
2. Current Account	266.576	32.29%	48,672	4.04%
3. Term	501.685	60.77%	10,290	0.86%
Total	**825.569**	**100.00%**	**1,203,294**	**100%**

Source: EIMD

Links and references

- See UNEP-FI Portfolio Impact Analysis Tool for Banks: https://www.unepfi.org/impact/uune-fi-impact-analysis-tools/portfolio-tool

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[6] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

[1] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
[2] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.
[3] Subject to further validation by CRMD and EIM
[4] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here

[5] Subject to further validation by CRMD and EIMD
[6] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Response

- Using the country needs resource in the UNEP-FI Portfolio Impact Analysis Tool for Banks, the main challenges and priorities related to sustainable development in the Philippines are the following: Climate Stability, Healthcare and Sanitation, Housing, Water, Mobility, Connectivity, among others. These challenges were considered/shared during meetings/ discussions with clients/partner agencies/Management about the various development lending programs of the Bank.
- The Philippines is a signatory to the Paris Climate Agreement wherein the country committed a 75% reduction in its greenhouse gas (GHG) emission by 2030. The GHG reduction is expected to come from the following sectors: Energy, Waste, Transport, Industry and Agriculture.

Links and references

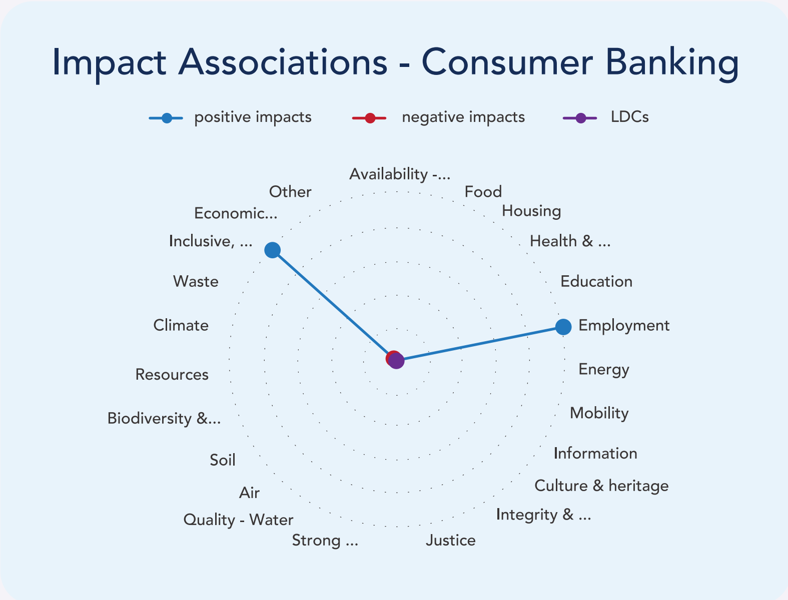
- See UNEP-FI Portfolio Impact Analysis Tool for Banks: https://www.unepfi.org/impact/uune-fi-impact-analysis-tools/portfolio-tool

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)[7]? Please disclose.

Response

Following is the result of the impact analysis per DBP's business activity that shows the positive and negative impact areas under environmental, social, and economic as generated by the UNEP-FI Portfolio Impact Analysis Tool for Banks:

On Consumer Banking



Positive Impact Areas: Employment and Inclusive, Healthy economies

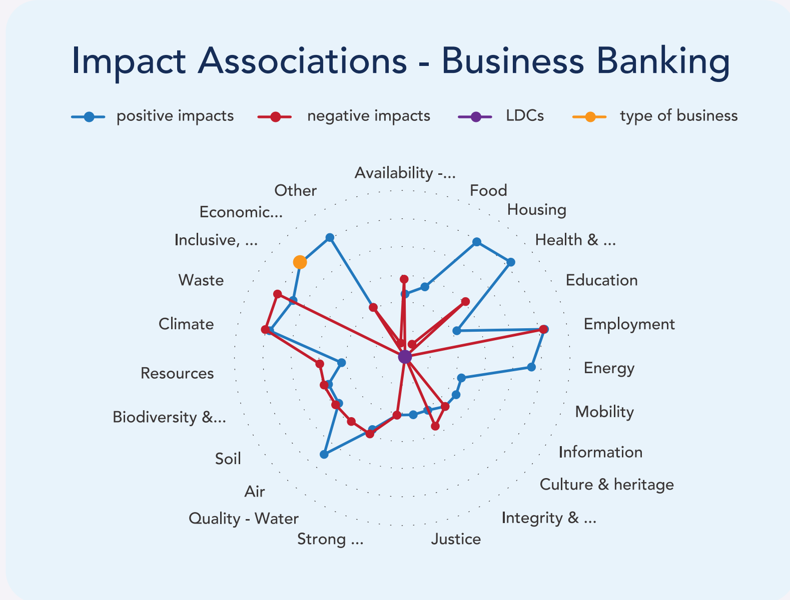
Negative Impact Areas: Inclusive, Healthy economies

Links and references

The high level and volume of clients for salary loans (Php8.33B or 46,342 borrowers) and CASA/Term investments are positive signs of addressing the Philippines' high impact area of employment (1.0) and inclusive, healthy economies (0.96). These positive impact areas show the Bank's contribution to developing conducive strategies that build on the key strengths of local economies nearest to the households.

However, these economic developments also create pressures on public services that adversely impact the poorest economies, local services sustainability, local government units' capacities and NGOs/POs drive to push for local economic development. It should be noted that places with higher deprivations (i.e., poverty, low employment opportunities and low human development) are also adversely affected, which may compromise the basic conditions for inclusive growth; thus, the minimal 0.04 negative impact.

On Business Banking



Positive Impact Areas: Climate, Inclusive, Healthy economies, Energy, Air, Economic convergence, among others

Negative Impact Areas: Quality – Water, Availability – Water, Air, Biodiversity & ecosystems, Resources efficiency / security, among others

Links and references

[7] To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Industry	Amount (in Php Mn)[8]	%
D - Electricity, Gas, Steam and Air-conditioning Supply	73,181.43	44.19%
O - Public Administrative and Defense; Compulsory Social Security	68,644.28	41.45%
A - Agriculture, Forestry and Fishing	18,319.98	11.06%
E - Water Supply, Sewerage, Waste Management and Remediation Activities	5,399.91	3.26%
P - Education	59.27	0.04%
Total	165,604.86	100%

The major industry of Electric, Gas, Steam and Air-conditioning Supply (Php 73.18 B), which is mostly Electric power generation, transmission and distribution, provided a positive impact to the country's priority sector on energy (0.89 out of 1.00 country needs). Likewise, the industry involving Water Supply, Sewerage, Waste Management and Remediation Activities (Php 5.40B or 3.26% of the Business Banking portfolio) posted a positive impact on climate (0.97), as one of its identified priority impact sectors. Bank loans to this industry serve the following loan purposes: collection of hazardous and non-hazardous waste; remediation of waste and other waste management services; treatment and disposal of hazardous waste; and water collection treatment and supply. These specific loan purposes are directly related to addressing wastewater management including remediation of hazardous waste, thus are posing positive impacts on the country's high-priority area on climate (0.97).

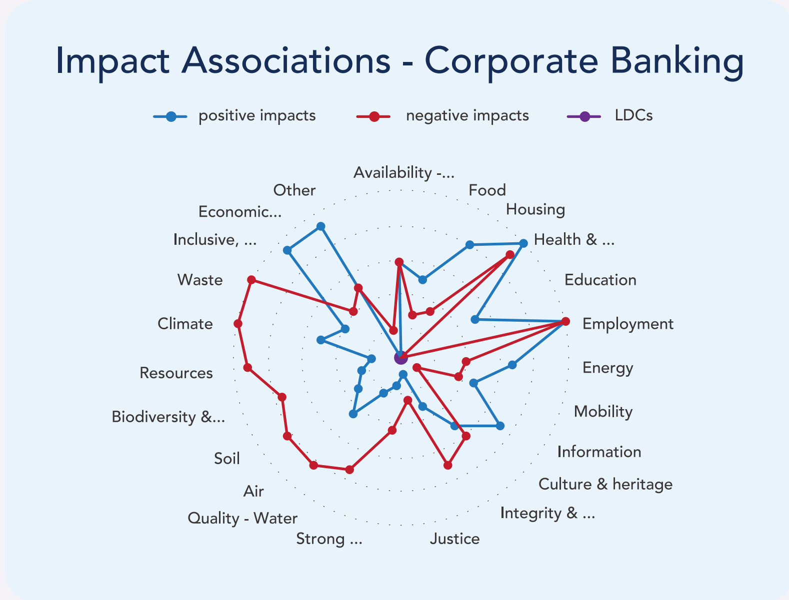
The above Business Banking impact radar also presents a strengthening of the social economy which supports inclusive growth as contributed by loans to Electricity (Php73.18B), Public Administration (Php68.64B), Agriculture (Php 18.32B), Water Supply (Php5.4B) and Education (Php0.06B) that tend to be rooted in local areas, create local jobs and businesses, and promote the country's key sectors on inclusive, healthy economies (1.00). These loans to social services translate to direct benefits to the local communities.

On the other hand, these movements in Electricity, Public Administration and Agriculture, comprising 96.77% of the total Business Banking Portfolio, also create pressure on the environment that poses a negative impact on the country's priority sector on quality (-0.59) and availability of water (-0.59) and utilization of resources (-0.59), affecting biodiversity and ecosystem (-0.59) in the localities, especially the rural areas.

Links and references

[8] Subject to further validation by CRMD and EIMD

On Corporate Banking



Positive Impact Areas: Economic convergence, Health & sanitation, Inclusive, healthy economies, Employment, Mobility, among others

Negative Impact Areas: Climate, Waste, Culture and Heritage, Resource efficiency/security, Biodiversity and ecosystems, among others

Industry	Total Exposure (OPB in Php Mn)[9]	% to total
L – Real Estate Activities	56,240.90	15.93%
F – Construction	51,871.88	14.69%
D – Electricity, Gas, Steam & Air- conditioning Supply	42,468.06	12.03%
C – Manufacturing	35,584.07	10.08%
K – Financial and Insurance Activities	34,784.80	9.85%
J – Information and Communication	27,830.50	7.88%
H – Transportation and Storage	25,031.46	7.09%
Q – Human Health & Social Work Activities	20,916.14	5.92%
A – Agriculture, Forestry and Fishing	20,241.07	5.73%
G – Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	16,201.98	4.59%
E – Water Supply, Sewerage, Waste Management and Remediation Activities	10,318.99	2.92%
P – Education	6,085.13	1.72%
I – Accommodation & Food Service Activities	3,963.40	1.12%
N – Admin. & Support Service Activities	600.04	0.17%
B – Mining and Quarrying	463.63	0.13%
S – Other Service Activities	248.33	0.07%
M – Prof., Scientific & Technical Services	164.20	0.05%
R – Arts, Entertainment and Recreation	48.20	0.01%
Total	**353,062.76**	**100%**

Links and references

[8] Subject to further validation by CRMD and EIMD

The high-contributing industries of Real Estate (Php56.24B), Construction (Php51.87B), Electricity (Php42.47B), Manufacturing (Php35.58B), Financial Activities (Php34.78B), Information (Php27.83B), and Human Health (Php20.92B) have created an economic convergence (0.91 out of 1.00 country needs) sustaining and stimulating inclusive, healthy economies (0.94), health (1.0) and employment (1.0), which address the Philippines' priority positive impact sectors. The strong connectedness between the local and regional economies through loans to Transportation (P25.03 B) has helped meet the country's priority sector on Mobility (0.47). However, this overall economic convergence has created pressure on the country's priority key sectors, namely: Climate (-0.99), Waste (-1.00), and Resources (-0.91).

This strong connectedness, however, deflects the regional Culture and Heritage (-0.60) and Biodiversity and Ecosystems (-0.74), where depressed regions may become more dependent on highly urbanized regions. The Bank's existing E&S policies have full respect for the culture and properties of the Indigenous Peoples (IPs) such that a certification issued by the National Commission on Indigenous Peoples (NCIP) is necessary should there be potential displacement of IPs and to be able to use their cultural property/heritage.

Links and references

d) For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.
The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

- The two priority impact areas are (1) Climate and (2) Resource Efficiency.
- DBP has identified the following industries: (1) Electricity, Gas, Steam and Air-conditioning Supply and (2) Public Administrative and Defense as well as the following customers: (1) power generation/distribution companies and (2) LGUs as those causing the strongest negative impacts.
- Based on the identified industries with highest loan portfolio, namely, Electricity and Public Administrative and Defense as well as the most significant negative impact areas, namely, climate and resource efficiency, DBP identified two (2) development lending programs that will measure the reduction in GHG emission. These are the Financing Utilities for Sustainable Energy Development (FUSED) and Energy Efficiency Savings (E2SAVE) Financing Program.
- DBP's carbon emission is measured by its external and internal operations, wherein the largest carbon emission comes from lending to the energy sector. DBP previously financed 5 coal and 3 diesel/bunker power plants with an aggregate capacity of 1,651.75 MW that would generate a projected CO_2 emission of 9,401,357.44 tons of CO_2 equivalent. In 2017, DBP placed power generation from coal activities under its negative list. On the other hand, as of 2022, 15 renewable energy (RE) projects were financed with a total capacity of 373.25 MW that would result to GHG emission reduction of 411,500.43 tons CO_2 equivalent. Under a Business as Usual Scenario, it is expected that the Bank will attain net zero emission on its energy loan portfolio by CY2033. But to be conservative, DBP is targeting attainment of net zero emission by CY2040.
- In terms of DBP's contribution to the attainment of SDGs, the Bank implements various developmental lending programs (e.g., WATER, LINIS, BAHAY, ESKWELA, and SHIELD) wherein it intends to double its contributions by 2040 based on the 2021 baseline data.

Links and references

Back to Table of Content

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?[10]

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☐ Yes	☒ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, climate change adaptation, other: please specify

How recent is the data used for and disclosed in the impact analysis?

☐ Up to 6 months prior to publication
☒ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) ***Alignment:*** which international, regional or national policy frameworks to align your bank's portfolio with[11] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

DBP has set and published in its website, the following targets:

1. On Consumer Banking, the following are the Bank's targets and accomplishments:

	Target for CY 2021	Actual for CY2021	Target for CY 2022	Actual for CY2022	Target for CY2023
Countryside Reach (municipalities/cities in the countryside with DBP branches, branch lite units, ATMs and/or loans)	65%	60.10%	65%	61.33%	80%
Number of Customer Touchpoints *(branches, branch lite units, ATMs, POS terminals, Cash@POS, DBP2 and Internet Payment Gateway)*	2,655	2,797	2,937	2,854	N/A

Source: DBP GCG CY2022 Performance Scorecard

Links and references

[10] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.
[11] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

2. On Business Banking and Corporate Banking, shown below are the loan portfolio targets on per priority thrusts: Environment, Infrastructure and Logistics, Social Services, and MSMEs.

Thrust	Target for CY 2021 (Php in Billion	Actual for CY2021 (Php in Billion)	Target for CY 2022 (Php in Billion)	Actual for CY2022 (Php in Billion)	Target for CY2023 (Php in Billion)
Environment	47.95	49.714	54.68	54.62	54.62
Infrastructure and Logistics	181.81	250.914	276.00	297.14	297.14
Social Infrastructure	84.79	90.717	99.78	105.91	106.91
MSMEs	42.57	32.731	36.00	32.09	32.09

Source: DBP GCG CY2022 Performance Scorecard

- The Development Lending Programs under the abovementioned thrusts also have annual portfolio targets and impacts linked to and aligned with the PDP and the SDGs.
- As stated/stipulated in its SPS, the Bank commits to align its business strategies with the tenets of the United Nations (UN) SDGs, the Paris Agreement, United Nations Environment Programme – Finance Initiative's (UNEP-FI's) 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.

Links and references

b) **_Baseline:_** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

- Yes, DBP has determined the baseline for its net zero emissions target for the energy sector by 2040 as well as for the contributions of the Bank's various development lending programs (e.g. FUSED, E2SAVE, WATER, LINIS, BAHAY, ESKWELA, and SHIELD to the attainment of SDGs). It intends to double its contributions by 2040 based on the 2021 baseline data.

SDG	Developmental Lending Programs and Indicators	Baseline (2021)	Target (2040)
No. 6: Clean Water and Sanitation	WATER FOR EVERY RESIDENT (WATER) PROGRAM		
	• Water Supply Capacity (m3 /year)	744,981,127	1,489,962,255
	• Number of Service connections	718,756	1,437,512
	LENDING INITIATIVES FOR SANITATION (LINIS) PROGRAM		
	a. Septage Treatment Projects		
	• Number of households / establishments served	500	1,000
	• Volume of treated effluent discharged and/or re-used (m^3/day)	11,879	23,758
	b. Sewerage Treatment Projects		
	• Number of households / establishments served or connected	85	170
	• Volume of treated effluent discharged and/or re-used (m^3/year)	171,818	343,636
No. 11: Sustainable Cities and Communities	BUILDING AFFORDABLE HOMES ACCESSIBLE TO EVERY FILIPINO (BAHAY) PROGRAM		
	• Number of housing units financed	24,123	48,246
No. 4: Quality Education	EDUCATION SECTOR SUPPORT FOR KNOWLEDGE, WISDOM AND EMPOWERMENT THROUGH LENDING ASSISTANCE (ESKWELA) PROGRAM		
	• Number of classrooms constructed	1,664	3,328
	• Number of student borrowers who graduated	25	50
No. 3 – Good Health and Well-Being	DBP STRATEGIC HEALTHCARE INVESTMENTS FOR ENHANCED LENDING AND DEVELOPMENT (SHIELD) PROGRAM		
	• Number of Beds Financed	2,278	4,556
	• Number of Healthcare Facilities	39	78

Links and references

c) **_SMART targets_** (incl. key performance indicators (KPIs)[12]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

[12] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Response	Links and references
• DBP has a long-term sustainability target of attaining net zero emissions by 2040 in its lending operation, specifically for the energy sector. The following programs contribute to DBP's attainment of the net zero target: 1. Financing Utilities for Sustainable Energy Development (FUSED) Program FUSED is DBP's platform for power generation and distribution sectors that aims to contribute to the increased access to electricity services through financing to help achieve inclusive growth and poverty reduction. The FUSED Program is aligned with the Philippine Energy Plan 2012-2030 of the Department of Energy. PDP /SDG Alignment: o PDP 19 – Accelerating Infrastructure Development; o SDG 7 – Affordable and Clean Energy	• See FUSED Program: https://www.dbp.ph/developmental-banking/infrastructure-and-logistics/financing-utilities-for-sustainable-energy-development-fused/

Developmental Lending Programs and Indicators	Baseline (2021)	Target (2040)
FUSED Program • Installed capacity (MW) from RE Powerplants[13]	326	652
• Electricity generated (kWh) from RE Powerplants[14]	503,777,734	1,007,555,468
• GHG emissions avoided (tons of CO_2 equivalent)	242,441	484,882

Response	Links and references
2. Energy Efficiency Savings (E2SAVE) Financing Program E2SAVE was designed to support of Republic Act (R.A.) 11285 or Energy Efficiency and Conservation Act that aims to institutionalize energy efficiency and conservation as a national way of life. By harnessing new technologies, E2SAVE seeks to improve productivity in public and private institutions towards promoting the efficient and judicious utilization of energy. The Program provides credit assistance to both private and public sectors' energy efficiency and renewable energy (RE) projects for own-use or net metering to enable them to harness available new technologies and thus, contribute to the reduction of greenhouse gas emissions. Credit assistance is also provided to eligible Energy Service Companies or Energy Service Providers (ESPs) to further promote the development of energy efficiency and RE projects. PDP /SDG Alignment: o PDP 20 – Ensuring Ecological Integrity, Clean and Healthy Environment; o SDG 7 – Affordable and Clean Energy; o SDG 13 – Climate Action	• See E2SAVE Program: https://www.dbp.ph/developmental-banking/environment-initiatives/energy-efficiency-savings-e2save-financing-program/

Developmental Lending Programs and Indicators	Baseline (2021)	Target (2040)
E2SAVE Program • Solar PV Capacity Installed (kW)	21,298	42,596
• Estimated electricity generated/saved (kWh)	26,236,184	52,472,368
• GHG emissions avoided (tons of CO_2 equivalent)	11,914	23,828

d) **Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.
Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

[13] Based on the 21 RE accounts under the FUSED program
[14] Based on the 21 RE accounts under the FUSED program

Response	Links and references
• DBP issued Credit Policy and Credit Guidelines (CP & CG) No. 112 on Environmental and Social (E&S) Due Diligence to avoid/mitigate potential negative impacts of DBP-funded projects. • Credit Policy No. 129 on Negative List of Borrowers and Loan Purposes has tagged power generation using coal as fuel as a negative loan purpose. In addition to its contribution to the energy sector, the list was further amended to incorporate social dimensions to include the following industries in the negative list of loan purposes: o Casino, cockpit, online gambling/gaming, and strip club/ prostitution dens; o Production or activities involving forced labor, debt bondage, slavery, involuntary servitude, violence against women, sexual exploitation, human trafficking, pornography, and child labor; and o Production of or trade in materials that are considered as health hazards, i.e., asbestos fibers, hazardous and nuclear wastes.	

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

	… first area of most significant impact: … (*please name it*) CLIMATE	… second area of most significant impact: … (*please name it*) RESOURCE EFFICIENCY	(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: … (*please name it*)
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response	Links and references
• The targets on (1) Countryside Reach, (2) Number of Customer Touchpoints, and (3) Loan Porfolio were monitored and reported as posted in the DBP Website. • The development lending programs targets and impacts were reported in the 2021 ASDR and the updates will be reported in the 2022 Annual and Sustainability Report (ASR).	• See 2021 ASDR: https://www.dbp.ph/publication/2021-annual-and-sustainable-development-report/

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers[15] in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[16]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response	Links and references
• Sustainable economic growth and service to others are inherent in DBP's philosophy and core values. DBP as the Philippines' pre-eminent development financial institution play a pivotal role in the quest for sustainable growth and development. To influence and accelerate sustainable economic growth, the Bank works with its customers and clients, who are fellow travelers on the road to sustainability. DBP has put in place policies, guidelines, standards and systems to elevate its services at every step of customer journey.	• See 2021 ASDR: https://www.dbp.ph/publication/2021-annual-and-sustainable-development-report/ • See CP & CG No.112
• DBP's credit policy and guidelines on environmental and social (E&S) due diligence set forth the step-by-step process and implementing arrangements for assessing the E&S sustainability soundness of DBP-funded retail loan projects. Our lending officers determine the project's potential E&S impacts, possible mitigation measures, required E&S-related permits/clearances, and engage the borrower on how to address the project's risks as well as meet Philippine statutory requirements. • In 2022, DBP engaged selected clients to share their banking experience with DBP and how their projects and operations assisted by DBP made impact to the community and to the environment. Their stories were featured in the 2021 DBP Annual and Sustainability Report to promote sustainable business practices. Featured clients come from as far north as Pagudpud, Ilocos Norte, and as far south as Tupi, South Cotabato in Mindanao.	
• DBP has in place a Financial Consumer Protection (FCP) Framework consistent with the BSP Financial Consumer Protection Regulations, which sets out clear and well-defined rules and standards of conduct aimed at ensuring the appropriate handling of customer requirements and promote ethical and responsible provision of banking services. DBP has institutionalized an accessible and fully functioning Customer Assistance Management System (CAMS) for the effective implementation of its FCP Framework to provide a mechanism anchored on quality service and customer satisfaction through the effective management of customer complaints, feedback, and other concerns. This set of policies and procedures aims to promote an environment that protects and serves the interest of the Bank's customers. This similarly guides our stakeholders towards the effective and timely resolution of consumer concerns and issues including provision of redress, where warranted, following an established system based on identified responsibilities and specific course of action to ensure compliance with BSP regulations and other related regulatory issuances. • An E & S Grievance Mechanism is instituted under DBP's Customer Complaints Handling Program as an avenue to raise concerns on the E & S performance of DBP-funded projects.	• See 2021 ASDR: https://www.dbp.ph/publication/2021-annual-and-sustainable-development-report/ • See CP & CG No.112
• To further understand the needs and manage the expectations of DBP customers while improving the Bank's service delivery, the following activities were undertaken in 2022: o The Bank conducted a nationwide Sustainability Assessment Survey in December 2022 among 161 retail borrowers using a systematic sampling procedure to (i) understand their expectations on sustainability practices and initiatives and how these impact their banking preferences and decision-making process; (ii) establish the current level of their awareness of the Bank's commitment to sustainable principles and practices; (iii) determine their perceived level of effectiveness of the sustainability efforts employed by the Bank and how these efforts meet or exceed their expectations; and (iv) solicit their feedback on the potential areas/product and service offerings for sustainable development that may be covered by the Bank. o In 2022, DBP crafted its Client Engagement Plan (CEP) that describes how the Bank has worked with and is planning to work with its clients/customers to encourage sustainable practices. Further, the CEP lays down DBP's approach to help clients exposed in sector/s associated with significant impacts to transition in order to reduce negative impact to the environment and society.	• Sustainability Assessment Survey Report of CEMD dated 31 January 2023 • Sustainability / Responsible Banking Survey (a 19-item questionnaire)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response	Links and references
• Recommendations from customers on the potential areas/product and service offerings of sustainable development that may be covered by the Bank were presented in the Sustainability Assessment Survey Report of CEMD. The survey report has yielded valuable results from which the Bank can generate customer insights in its continuing efforts to develop and enhance sustainable bank products, services and programs.	• Sustainability Assessment Survey Report of CEMD dated 31 January 2023

[15] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

[16] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups[17]) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

Response	Links and references
• In 2021, DBP developed its Stakeholder Engagement Strategy and Plan (SESP) that maps out DBP's approach to engaging its identified stakeholders to gain deeper understanding of what stakeholders expect from DBP and how the Bank can effectively respond to their needs and concerns. It identifies DBP's key stakeholders, describes sustainability products that will be offered and services that will be rendered, and the methods of engagement that will be used for each stakeholder group, among others.	
• Out of the 335 existing retail borrowers nationwide (against total customer base of 2,045 as of survey date) invited, 161 borrowers agreed to participate in the December 2022 Sustainability/Responsible Banking Survey.	• Sustainability Assessment Survey Report of CEMD dated 31 January 2023
• Using the result of portfolio impact analysis, DBP identified clients exposed in sectors and activities associated with significant impact areas under FUSED and E2SAVE financing programs and support these clients' transition towards a more sustainable and resilient business model.	
• DBP offers financing assistance to the electricity / power generation and distribution and energy efficiency sectors. These have been identified as two areas where DBP's lending portfolio can drive significant impact to society and environment. a) Thirty-five (35) loan applications were assessed under the Financing Utilities for Sustainable Energy Development (FUSED) Program totaling Php8.352B. Nineteen (19) were approved with total loan amount of Php3.999B. Loan releases amounted to Php320.90 Million (M). b) Seven (7) loan applications were assessed under Energy Efficiency Savings (E2SAVE) Financing Program with total amount of PHP588.95M. Three (3) were approved with total loan amount of Php90Mn. Loan releases amounted to Php52.59M.	

[17] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

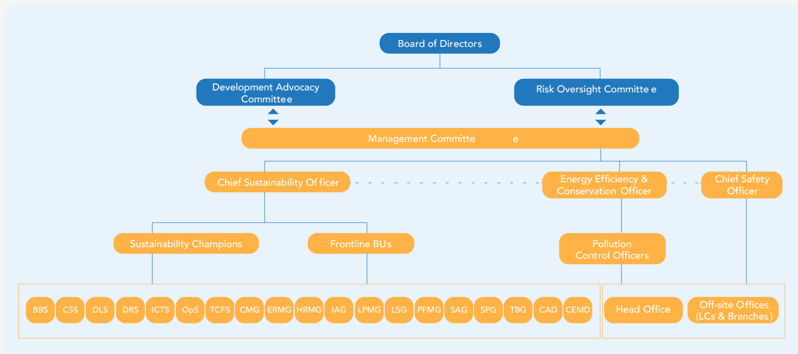
Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response	Links and references
• Overseeing the Bank's adoption of sustainability principles including those covering E&S risk areas, the DBP Board of Directors and Senior Management promote and ensure the implementation of the Bank's long-term financial interest and influence on the environment, society, and economy. The Senior Management also facilitates the identification, assessment, monitoring, and mitigation of E&S risks taking a holistic approach in managing these risks aligned with the E&S strategic objectives.	• See Circular No. 08 dated March 13, 2023 – DBP Sustainability Management System Framework with ESRMS



• The Development Advocacy Committee serves as oversight committee of the Board in the exercise of governance and policy direction setting relative to DBP's sustainability mandate. • The Risk Oversight Committee is the BOD's representative in the risk governance that also includes E&S risk oversight function. • The Management Committee leads the management review of sustainability matters with the Chief Sustainability Officer performing oversight and supervision of the Sustainable Finance Framework and other related management frameworks such as PRB. • Details of the governance structure for sustainability management is in DBP's Sustainability Management System Framework- Cir.8 s. 2023 Section II – Governance structure and Section IV- Controls, defining the roles and responsibilities of various governing bodies. • Monitoring of accomplishments relative to the Bank's Strategic Objectives on Sustainability and SSTP is done at least quarterly, with status reported to Management for notation / decision-making, as applicable. Related policies are elevated to the Board, e.g. Sustainability Policy, Environmental and Social Risk Management System (ESRMS) Policy, for its approval. • DBP's attainment of its annual targets is being monitored internally by the Bank's Strategic Planning Group - Corporate Planning Department. Sustainability accomplishments are being monitored, reviewed and confirmed by regulatory bodies and 3rd party external auditors, e.g. BSP, GCG, ISO 14001:2015 (EMS) 3rd party auditor. • Sustainability-related accomplishments based on defined special tasks done simultaneously with other planned targets are incentivized through additional numerical performance point scores as part of the annual individual performance rating, based on the clear involvement of Bank personnel concerned, as designated through an Office Order. The final individual performance ratings shall be used as basis, among others, for promotion, training and scholarship grants and other personnel actions.	**Links and references** • See Circular No. 08 dated March 13, 2023 – DBP Sustainability Management System Framework with ESRMS

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response	Links and references
• DBP developed a 5-Year Capability Building "CapBuild" Strategy (2021 – 2025) as well as a 3-Year Sustain DBP Learning and Development Plan (SustainDBP) that included sustainability programs to foster responsible banking. • Inclusion of Key Performance Indicators (KPIs) / metrics in organizational and individual target setting • Mapping and aligning the Bank's Sustainability and Responsible Roadmap with the Bank's Integrated Management System • Information campaign on sustainability and responsible banking through internal and external communication	

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?[18] Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response	Links and references
• DBP has policies in place that address environmental and social risks within its portfolio, namely: a) Credit Policy and Credit Guidelines (CP & CG) No. 112 on Project Evaluation (now amended to Environmental and Social Due Diligence) were enhanced to improve on the credit risk assessment process of the Bank. This ensures the environmental and social soundness of DBP-funded projects. Ultimately, DBP aims to shape and accelerate sustainable economic growth for the continued well-being of the Filipino people by upholding the principles of ecological integrity and social equity as highlighted in the Bank's Environmental Policy Statement, Social Policy Statement, and Gender and Development (GAD) Policy Statement.	• See CP & CG No.112
b) DBP Sustainability Management System (SMS) Framework with Environmental and Social Risk Management System (ESRMS) - With the SPS serving as anchor for DBP's Sustainability journey, the Bank has established its SMS Framework. The SMS Framework shall apply to all DBP products and services, and all operating processes that impact the environment and sustainability in all DBP offices/sites. It shall apply to all DBP officers and employees and extend to stakeholders such as clients, funders, regulatory bodies, suppliers, communities and the national government. - The DBP Environmental and Social Risk Management (ESRM) Policy, as an integral component of the overall DBP SMS Framework, provides the guidelines governing the integration of E&S risks in the Bank's enterprise-risk management frameworks. The ESRM Policy reinforces adherence to sustainable development embodied in its mission and vision and institutionalizes sustainability policies as articulated in its Environmental Policy Statement, Social Policy Statement, and Gender and Development (GAD) Policy Statement. - The ESRM Policy aligns with existing Philippine laws and regulations, particularly the abovementioned regulatory issuances of the BSP, DBP policies and procedures, and international standards such as the UNEP-FI and International Finance Corporation (IFC) Performance Standards (PS), which shall be considered as baseline/benchmarks as the Bank embarks on improving its environmental and social sustainability. • DBP is currently adopting the IFC Performance Standard under the Green Climate Fund (GCF) to enhance environmental and social due diligence. DBP is an accredited entity under the GCF, an international fund created by the United Nations Framework Convention on Climate Change (UNFCCC) to support climate mitigation and adaptation initiatives in developing countries. • The Sustainability/Responsible Banking Survey covered the customers' level of awareness and satisfaction on the following risk assessment and governance structure of the Bank, among others: 1. Compliance with environmental and social (E&S) principles and standards; 2. Reasonability of the E&S-related loan requirements; and Accessibility and effectiveness of the E&S Grievance Mechanism.	• See Circular No. 08 dated March 13, 2023 – DBP SMS Framework with ESRMS

[18] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
• This self-assessment report shall be incorporated in the 2022 Annual and Sustainability Report (ASR) which shall be subjected to external assurance. Target publication of the externally assured ASR 2022 is within 4th Quarter 2023.	

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI
☐ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☐ TCFD
☐ Other: ….

Response	Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[19], target setting[20] and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
• Drafting of sustainability roadmap to cover operationalization of SMS, ESRMS and SPS that would entail impact analysis, target setting and governance, among others.	

[19] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

[20] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance	☐ Customer engagement
☐ Gaining or maintaining momentum in the bank	☐ Stakeholder engagement
☐ Getting started: where to start and what to focus on in the beginning	☒ Data availability
☒ Conducting an impact analysis	☐ Data quality
☐ Assessing negative environmental and social impacts	☐ Access to resources
☒ Choosing the right performance measurement methodology/ies	☐ Reporting
☐ Setting targets	☐ Assurance
☐ Other: …	☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

Back to Table of Content

INDEPENDENT ASSURANCE STATEMENT

TRANSFORMATIVE BANKING
2022 Annual & Sustainability Report

Development Bank of the Philippines ("DBP") has engaged GCSS Inc. to undertake independent assurance of sustainability / non-financial disclosures in 2022 Annual & Sustainability Report – Transformative Banking (the "Report") for the year ended 31st December 2022. This assurance engagement was conducted using AccountAbility, UK - AA1000 Assurance Standard (AA1000AS v3) and AA1000 AccountAbility Principles (AA1000AP) 2018. The report is prepared in accordance with Global Reporting Initiative (GRI) Standards 2021.

Scope of Engagement

The scope of assurance included a review of sustainability activities and performance data of DBP. The boundary of the report for identified material aspects and performance indicators are defined in 'Materiality Assessment', and 'How we create Value' sections respectively of this report. The scope of assurance engagement is limited to the non-financial information associated with DBP operations covered within the report boundaries. This report was evaluated for adherence to the reporting principles of Global Reporting Standard (GRI) and AccountAbility principles.

Our responsibility is to carry out a reasonable assurance engagement on the full Report covering sustainability aspects of the disclosurws. We performed a Type II, Moderate Level of Assurance and evaluated the Company's Sustainability performance based on the information made available during the interviews to the assurers.

Assurance Procedure

We used the GRI Principles to evaluate the performance data together with the company's data protocols for how the sustainability performance data is measured, recorded and reported. This formed the basis of the Reporting Criteria for undertaking our assurance work. In doing so, we have:

- Reviewed the approach towards stakeholder engagement and materiality analysis;
- Validated the accuracy and integrity of performance data disclosed in the report;
- Assessed the reliability of internal process for data collection and management;
- Reviewed consistency of data/information within the report as well between the report and the original source;
- Conducted onsite interviews / discussions with senior management and decision makers;

Financial data reported in the 2022 Annual & Sustainability Report is taken directly from the independent audited financial statements and the same has not been checked against its source as part of this assurance process.

Limitations

Our scope of work did not include providing conclusions in relation to:

- The completeness or accuracy of information relating to areas other than the subject matters.
- Information reported by DBP other than in its 2022 Annual & Sustainability Report.
- Any disclosure made by the subsidiaries not covered within the assurance boundaries.

Adherence to AA1000 Principles

Inclusivity:
DBP have a variety of well-managed mechanisms to regularly engage with its key stakeholders on a timely basis. The company considers stakeholder concerns and addresses them through proper channels as reported. This report clearly indicates the various stakeholders company engages along with their method of engagement and concerns raised.

Materiality:
We reviewed and analyzed the process of defining and assessing the material topics for DBP addressed in this report. The company has identified material topics based on stakeholder concerns and business objectives for the next 5 years.

Responsiveness:
The company has adequate set of policies and guidelines in place to respond to the stakeholder concerns. Some of the key process has been defined in the stakeholder management section of the report.

Impact:
The company creates significant impact to the society by providing financial accessibility, assistance and opportunities to the weaker sections of the societies through its developmental impact portfolio. Its major contribution is towards the Sustainable Development Goal (SDG) 8 – Economic Growth and SDG 9 – Infrastructure Development.

Conclusion

Subject to the section on limitations above and on the basis of our procedures for this limited assurance engagement, we conclude that information included in this report is reliable and is presented clearly for stakeholders to make conclusions. The sustainability disclosures are fairly presented in accordance with the stated criteria.

In our opinion, the company has represented its Sustainability Performance in the report in a fair and balanced manner and meets the requirement of **Type-2, Moderate level** of assurance. All material issues of the company's business are adequately reported, and the report gives reliable, accurate and complete information about its sustainability performance for the year. The report adheres to the AA1000 principles of Materiality, Inclusivity, Responsiveness & Impact.

The reporting principles for defining the report content and quality are followed in accordance with the "GRI Standards".

All the Standard disclosure and Performance Indicators disclosure related to the identified material issues have been externally assured and the accuracy of the data disclosed has been verified.

Reliability and Quality of Information:

The data sources for the sustainability performance data are based on the reports submitted by the company to the respective regulatory bodies as required. Hence the reliability of data is maintained through regular monitoring and reporting.

Recommendations

Based on the activities conducted during the assurance as stated in the procedure, the assurance team has the following recommendations:

1. Improve on Key Performance Indicators with regards to the Developmental Impact Portfolio.
2. Define time-based, measurable goals and targets the company wants to attain against the identified UN SDGs.
3. Define and disclose roadmap to attain Net Zero as highlighted in the Sustainability Policy.
4. Provide elaborative disclosures on risk related to climate change and DBP's role in supporting the Nationally Determine Contribution (NDC) of the Philippines.
5. Work in collaboration with the other national agencies to support in meeting the SDG targets for the country.
6. Provide detailed disclosures with regards to the Environmental and Social Risk Assessments of the Investments.

Opinion

Nothing has come to our attention during the assurance engagement that suggests that the company does not adhere to the Account Ability principles of assurance.

Responsibilities

The Annual and Sustainability Report is prepared by the management of DBP, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of the Specified Performance Indicators and the selection of and adherence to the stated criteria. In addition, DBP management is responsible for the identification and prioritization of stakeholders with respect to the material topics based on its review of the business and the views and expectations of its stakeholders.

DBP management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the Annual & Sustainability Report is free from any misstatement. Our responsibility as the assurance provider is to express an independent conclusion on the company's Sustainability performance disclosed and defined within the scope of work as mentioned above. Our statement represents independent opinion of DBP performance to all stakeholders.

Arpit Shrivastava
Lead Assurer
GCSS Inc.

Date: September 18, 2023
Place: Makati City, Philippines

AA1000
Licensed Report
000-244/V3-LO8WY

GRI CONTENT INDEX

Back to Table of Content

Statement of use	Development Bank of the Philippines has reported the information cited in this GRI content index for the period [from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
GRI 2: General Disclosures 2021	2-1 Organizational details	Inside cover flap, DBP Directory, pp. 183-187 Board of Directors 2023, pp. 110 - 123
	2-2 Entities included in the organization's sustainability reporting	DBP Parent only
	2-3 Reporting period, frequency and contact point	January 1, 2022 – Dec 31, 2022 Annually, Strategic Planning Group spg@dbp.ph
	2-4 Restatements of information	None
	2-5 External assurance	
	2-6 Activities, value chain and other business relationships	2022 Year in Review, pp. 8-15 Seven Decades of Banking, pp. 18-19 Value Chain: 'How we Create Value,' pp. 20-21
	2-7 Employees	Our People, pp. 100-101
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	Organizational Structure, p.144 Board of Directors, pp. 110 - 113, 117-120 Board Level Committees, pp. 126-130 Management Committee, pp. 132-134 Management level Committees, pp. 135-137
	2-10 Nomination and selection of the highest governance body	'The Board of Directors' pp. 121
	2-11 Chair of the highest governance body	Board of Directors, pp. 110-113, 117
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance and Culture, p. 97 Corporate Governance, p. 114-115 Development Advocacy Commitee, p. 129 Self-Reporting and Assessment, p. 205-207
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance and Culture, p. 97 Corporate Governance, p. 114-115 Development Advocacy Commitee, p. 129 Self-Reporting and Assessment, p. 205-207
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Programs, Policies and Initiatives, p114 Conduct of Business and Fair Dealings, p.115
	2-15 Conflicts of interest	Ethics and Integrity pp. 115-116 Related Party Transactions Committee, p.129
	2-16 Communication of critical concerns	Internal and External Mechanisms for Advice and Concerns about Ethics, p. 116 Consumer Protection Risk, p. 157
	2-17 Collective knowledge of the highest governance body	Board of Directors Profiles, pp. 117-120 Continuing Education Program for Board Members, p. 131
	2-18 Evaluation of the performance of the highest governance body	The Board of Directors, p. 122
	2-19 Remuneration policies	Compensation and Benefits, p.102 The Board of Directors, p. 121
	2-20 Process to determine remuneration	Compensation and Benefits, p.102 The Board of Directors, p. 121

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
	2-22 Statement on sustainable development strategy	Message from the Chief Sustainability Officer, pp. 6-7 Value Creation Map 9, pp. 20-21 Internal Processes, p. 94
	2-23 Policy commitments	Sustainability Policy Statement, inside cover
	2-24 Embedding policy commitments	Value Creation Map, pp. 20-21 Developmental Impact, Finance, Constituency, Internal Process, Organization pp. 24-111 Corporate Governance pp 114-116
	2-25 Processes to remediate negative impacts	Internal and External Mechanisms for Advice and Concerns About Ethics, p. 116 Reputation Risk, p. 156 Consumer Protection Risk, p. 157
	2-26 Mechanisms for seeking advice and raising concerns	Internal and External Mechanisms for Advice and Concerns About Ethics, p. 116 Reputation Risk, p. 156 Consumer Protection Risk, p. 157 Internal Audit, p. 146
	2-27 Compliance with laws and regulations	Compliance and Legal Risk, p. 156
	2-28 Membership associations	Membership in Industry Associations, p. 188
	2-29 Approach to stakeholder engagement	Stakeholder Engagement pp. 178-180
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment, pp. 176-180
	3-2 List of material topics	Materiality Assessment, pp. 176-180
	3-3 Management of material topics	Materiality Assessment, pp. 176-180
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Highlights, p. 3
	201-2 Financial implications and other risks and opportunities due to climate change	Operational risk, p. 155 Climate Risk, Environmental and Social Risk Management, Project Due Diligence, pp.157-158
	201-3 Defined benefit plan obligations and other retirement plans	Compensation and Benefits, Provident Fund, pp. 102-103
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	2022 Year in Review, p. 8-14 Development Impact, pp. 24-71, 74-79 Financial Literacy, p. 88 Corporate Social Responsibility, p. 89
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Procurement, p.97
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance Programs, Policies and Initiatives, p.114 Ethics and Integrity, pp. 115-116
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance Programs, Policies and Initiatives, pp. 114-115
	205-3 Confirmed incidents of corruption and actions taken	none

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Internal Process, Operational Resource Efficiency, pp. 95-96
	302-3 Energy intensity	Internal Process Energy Intensity, p.95
	302-4 Reduction of energy consumption	Internal Process, Resource Consumption Breakdown, pp. 95-96
GRI 303: Water and Effluents 2016	303-5 Water consumption	Internal Process, Resource Consumption Breakdown, p. 96
	304-3 Habitats protected or restored	Constituency – DBP Forest, p. 91
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Internal Process, Resource Consumption Breakdown, p.96
	305-2 Energy indirect (Scope 2) GHG emissions	Internal Process, Resource Consumption Breakdown, p. 96
	305-5 Reduction of GHG emissions	Internal Process, Resource Consumption Breakdown, p. 96
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Internal Process, Waste Management, p. 96
	306-2 Management of significant waste-related impacts	Internal Process, Waste Management, p. 96
	306-3 Waste generated	Internal Process, Hazardous Waste Generated, p. 96
	306-4 Waste diverted from disposal	Internal Process, Waste Management, p. 96
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Internal Process, Procurement, p. 97
	308-2 Negative environmental impacts in the supply chain and actions taken	Internal Process, Procurement, p. 97
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Organization, Employee Demographics, pp. 100-101
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Organization-Compensation and Benefits, Provident Fund, pp 102-103 People Development, p.105
	401-3 Parental leave	Organization-Employee Demographics, p. 101
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Organization- Occupational Health Safety and Wellness, pp. 106-107 Organization- Security Program, p.107
	403-3 Occupational health services	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-4 Worker participation, consultation, and communication on occupational health and safety	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-5 Worker training on occupational health and safety	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-6 Promotion of worker health	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-8 Workers covered by an occupational health and safety management system	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-9 Work-related injuries	Organization- Occupational Health Safety and Wellness, pp. 106-107
	403-10 Work-related ill health	Organization- Occupational Health Safety and Wellness, pp. 106-107

GRI STANDARD	DISCLOSURE	Disclosure Reference Page
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Organization-People Development, p. 104
	404-2 Programs for upgrading employee skills and transition assistance programs	Organization- People Development, pp. 104-105 Corporate Governance-Continuing Education Program for the Members of the Board for CY 2022, p. 131
	404-3 Percentage of employees receiving regular performance and career development reviews	Organization- People Development, pp. 104-105
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors Profile, pp.117-120 Management Committee, pp. 132-133 Employee Demographics, pp. 100-101
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Conduct of Business and Fair Dealings, pp. 115-116 Organization, p. 100
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Organization- Security Program, p. 107
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Development Impact & Featured Projects, pp. 24-79 Constituency, pp. 84-91
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Internal Process-Procurement, p. 97
	414-2 Negative social impacts in the supply chain and actions taken	Internal Process-Procurement, p. 97
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance- Customer Data Privacy, p. 149

DBP SUBSIDIARIES

AMANAH ISLAMIC BANK
A subsidiary of the Development Bank of the Philippines

The Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) was formerly known as Philippine Amanah Bank (PAB). It was first established in 1973 by virtue of Presidential Decree (P.D.) 264 which was issued by then President Ferdinand Marcos. It's mandate was to provide credit, commercial, development and savings banking facilities at reasonable terms to the people of the primarily Muslim provinces of Mindanao through establishment, acquisition, development and expansion of agricultural, commercial and industrial enterprises. It was later on amended by Presidential Decree No. 542 in the year 1974 wherein it was directed to implement the Islamic concept of banking such as the "no-interest" doctrine and the so-called two-tier silent partnership principle. In 1990, Republic Act (R.A.) 6848 was enacted into law which provides for the Charter of AAIIBP authorizing its conduct of Islamic banking business and replacing the PAB. It's primary purpose is to promote and accelerate the socio-economic development of the Autonomous Region by performing banking, financing and investment operations and to establish and participate in agricultural, commercial and industrial ventures based on the Islamic concept of banking.
It has nine (9) branches located in Cagayan de Oro, Cotabato, Davao, Jolo, Iligan, General Santos, Marawi, San Juan, and Zamboanga City.

New Islamic Products Soon to be Launched

The Asian Development Bank (ADB) granted a technical assistance to the Bank which includes exclusive workshop / capacity building as well as enhancement and development of new Islamic products and Manuals with trainers/consultants from Islamic Finance Advisory & Assurance Services (IFAAS). The training started on August 2021 and finally, the hybrid refresher course and Train-the-Trainers Program was conducted last October 24, 25, 28 and 31, 2022 at Joy Nostalg Hotel & Suites Manila and over Zoom for online participants.
New Islamic Financing and Deposit products were crafted including the Vehicle Financing Program which was launched in 2022. The following Islamic products are targeted to be launched in 2023:

- WAKALA SAVINGS DEPOSIT ACCOUNT

  The Bank acts as the Customer's investment agent and invests the funds placed in the Customer's Account in Shariah compliant investment transactions with the aim of generating profit. The Bank shall declare the Expected Profit Rate (EPR) applicable to the Account. However, the Expected Profit Rate is only indicative, and the profit amount the Customer will receive shall be based on the actual performance of the investment activities.

  Customers will be able to use the funds held in their Account for day-to-day transactions and can deposit and withdraw funds from the Account as often as needed.

- QARD HASAN CURRENT DEPOSIT ACCOUNT

  The Customer and the Bank establish a benevolent/ interest free loan arrangement, whereby the Customer will be the lender and the Bank will be the borrower. The parties agree that the Bank shall return the funds placed in the current account upon the Customer's demand (through cash withdrawal, funds transfer or any other means the bank offers). The Bank may deploy the funds placed in the account in Shariah Compliant activities for the Bank's own benefit and at its own risk. However, the Bank will not pay profit or any other form of return on the sums deposited in the account as any amount paid in addition to (or on top of) a loan amount is Riba.

  The Current Account is a transactional account, allowing the Customer to withdraw and deposit funds as and when required.

- WAKALA FIXED TERM ACCOUNT

  The Customer places funds deposited at the Bank which cannot be withdrawn before the completion of the period and authorizes the Bank to invest the funds placed in Shariah compliant investment transactions with the aim of generating profit. The Bank shall declare the Expected Profit Rate applicable to the chosen deposit period. However, the Expected Profit Rate is only indicative, and the profit amount the Customer will receive shall be based on the actual performance of the investment activities.

  The Customer will not be able to withdraw the funds placed in the Fixed Term Deposit before the Maturity Date unless the Bank, in its sole discretion, agrees to grant the Customer an early withdrawal and/or closure.

- COMBO ACCOUNT

  Encompasses two accounts which are a current account ("Special Current Account") linked to a savings account ("Special Savings Account") based on the Islamic financial principle of Investment Wakala.

  Funds will be moved automatically between the two accounts to meet the Customer's needs. The Account allows the Customer to receive profit on the Account while having a checkbook for payments.

- WAKALA WORKING CAPITAL FINANCING

  Short-term financing facility which will be based on the Islamic financial principle of Wakala. Under this Product, the customer and the Bank enter into an Investment Wakala arrangement, whereby the Bank appoints the customer as its agent to invest the Investment Amount in the customer's Shariah compliant business, with the aim of generating profit.

- ISTISNA'A PROJECT DEVELOPMENT FINANCING

  Under this product, the Bank and the Customer will enter into an Istisna'a Agreement whereby the Bank will sell the Customer the asset that will be constructed as per the specifications required by the Customer. The Bank will also enter into a Parallel Istisna'a Agreement with a developer to construct the asset for the Bank. The Bank makes the payments to the developer according to the development phases, while the Customer pays the Sale Price (construction cost + Bank's profit) on a deferred payment basis in accordance with the agreed payment plan.

Ministry of Social Services and Development Partners with AAIIBP for the Implementation of Emergency Shelter Assistance

The Ministry of Social Services and Development (MSSD), in line with its mandate to provide a balanced and responsive approach to social welfare whereby the rights, needs, and interests of all citizens within its jurisdiction, with special focus on the marginalized and vulnerable sectors, has adopted digital/over-the-counter payment system to accelerate the distribution of its financial assistance to the intended beneficiaries of its various programs.

AAIIBP participated in the pilot testing of this project in selected areas for the distribution of financial assistance for its Emergency Shelter Assistance Program duly approved under the Bangsamoro Autonomy Act No. 23 also known as General Appropriations Act of the Bangsamoro for Fiscal Year 2022.

This will hopefully mark the start of many future partnership between MSSD and AAIIBP.

DCI

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 40 years. In the year 2022, DCI continued to focus primarily on assisting the DBP's initiatives on 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 Agreements.

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 2022:

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 Bank's IT requirements.

2. BIR Debit/Credit Card Online Payment System – This is a project in DBP where DCI was engaged for the provision of an Online Payment System and Payment Gateway to give BIR's clients and locators a payment option using an On-line platform.

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 2022:

1. Zamboanga Del Norte Medical Center – This is a Local Government Unit (LGU) hospital where DCI provided Hospital Information System.

2. Jose B. Lingad Memorial Regional Hospital – This is a DOH hospital where DCI offered the Hospital Information System (HIS) BPO project with a contract of five (5) years. Live-Production started on July 14, 2016. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Another project with JBLMRH is the eClaims.

3. 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.

4. 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.

5. 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.

6. 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.

7. Provincial Government of Sorsogon (Dr. Fernando S. Duran Sr. Memorial 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 September 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. This is an ongoing project.

8. 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.

9. 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.

10. Philippine International Trading Corporation (PITC) – This is a consulting service for the design and development of Trading Management Information System (TMIS) – Business Process Automation. Contract was signed in May 2018.

11. Department of Energy (DOE) – Various application development projects as follows:

   a. Development of web-based application and online Database System to achieve the online submissions intended for Philippine Energy Standards and Labeling Program (PESLP), Government Energy Management Program (GEMP), and Minimum Energy Performance for the Commercial, Industrial and Transport Sectors (MEP – CIT). Memorandum of Agreement (MOA) was signed in January 2019;

   b. Web-based Employees Compensation Payroll System and Integration with Personnel Management Information System (ECPS-PMIS). This is a development project that aims to deliver an integrated, robust, and flexible information system, optimized specifically to address the strategic requirements of the DOE Human Resource Sub-sector towards becoming a center of excellence in human capital management;

   c. Web-based Energy Data Center Management System (EDCMS). This is a development project that aims to upgrade the existing DOE's Energy Data Center of the Philippines resources data and information system (IS) via development of a web-based system using the System Requirements Specifications (SRS) and other documents at hand as a result of the elicitation workshops/activities conducted;

   d. 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; and

   e. Custom Video Conferencing Management System (CVCMS). This project aims to integrate DOE's communication Chat Channel via an Application Program Interface (API) to the current NEECDS.

12. 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.

13. 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.

14. Bangko Sentral ng Pilipinas (BSP) - This is an engagement that entails supply, delivery, installation, configuration, testing and implementation of Human Resource Information System (HRIS).

15. Securities and Exchange Commission (SEC) - Web-based Integrated Human Resource Information System (iHRIS). This project aims to deliver an integrated, robust, and flexible information system, optimized specifically to address the strategic requirements of the SEC Human Resource Sub-sector towards becoming a center of excellence in human capital management. The project was signed in September 2021.

16. Land Bank of the Philippines (LBP) - Delivery, Installation and Maintenance of Integrated Human Resource Information System (iHRIS). This project aims to deliver an integrated, robust and flexible information system, optimized specifically to address the strategic requirements of the Land Bank Human Resource Management Programs. The contract was signed in December 2021.

DBP LEASINGCORP.

DBPLC's bottomline improved from a net loss in 2021 of Php81.45 million to a smaller net loss in 2022 of Php7.86 million. This improvement came from the heels of a Php19.20 million decline in interest expense and a Php95.97 million decrease in allowance for credit losses.

DBPLC's Revenues stood at Php129.21 million and Earnings before taxes, interest, depreciation and amortization (EBITDA) at Php70.07 million.

DBPLC continued its tradition of being the first in the DBP Group to receive its Commission on Audit (COA) Unqualified Opinion for the year 2022.

Lending veered away from the transportation industry and targeted resilient industries. It also continued its focus on collection and risk management, and increased synergy with the DBP Parent Bank.

DBPLC Board of Directors

Chairman	Cyr C. Gonesto
Vice-Chairman	Danilo E. Bernal, Jr.
DBP Representative	Justice Dante O. Tinga Sr.
Director	BGen Jess G Estoesta AFP (Ret)
Director	Andrew C. Kong
Director	Benhur S. Mongao
Director	Reymont U. Choachuy

DBPLC Senior Management

President and CEO	BGen Jess G Estoesta AFP (Ret)
Chief Financial Officer/ VP for Finance	Agnes Z. Bengco
VP for AMG	Caesar A. Lejano

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 2022, DBPMC's assets amounted to Php97.56 million with net income of Php0.38 million for the year, derived mainly from interest on time deposits.

DBP SUBSIDIARIES OFFICERS

Back to Table of Content

Al-Amanah Islamic Investment Bank of the Philippines

From left to Right:
Alex Bangcola Chief Executive Officer, Nursalyn Ladjabassal Head, Treasury Department, Arleth Mendoza Head, Investment Banking Unit, Sarima Punguinagina, Head, Human Resources Department, Jomaila Rangiris, Acting Head, Operations Sector, Sittie Hijara Hadji Basher, Acting Head, Accounting and Finance, Edwin de Torres, Head, IT Department, Oliver Saniano, Head, Risk Management.

Data Center Inc. (DCI)

From left to Right:
Bayani P. Asuncion Jr., Project Management Department Head, Gina A. Gonzales, Operations Department Head, Marco A. Ustaris, Human Resources Division Head

DBP Leasing Corp

From Left to Right:
Jess G. Estoesta, President and CEO, Alex A. De Guzman, Assistant Vice President for Operations Group
Sheila Trinidad, Manager, VP Caesar A. Lejano, VP Agnes Bengco, Atty. Anna Karenina Zenarosa, Maria Lourdes Soto

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Back to Table of Content

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, 2022, the Group had 3,433 employees, operated 140 branches with 14 branch lite units and installed a total of 1,003 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 21, 2023 under Board Resolution No. 0300.

Note 2 - Summary of Significant 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 BSP Memorandum M-2021-026 dated April 26, 2021

Amendments to the Credit-Related Regulatory Relief Measures for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19):

Section 1. Amendments to the regulatory relief measure on the exclusion of eligible loans from the past due (PD) and non-performing loan (NPL) classification. The following loans of affected borrowers which have been granted a temporary grace period or restructured by the BSFI, in view of the COVID-19: (a) Loans which should have been reclassified as PD as of 8 March 2020, and (b) Loans that have become PD or non- performing, six (6) months from 8 March 2020 up to 31 March 2021, may be excluded from the PD and NPL classification until 31 December 2021, subject to reporting by the BSFI to the BSP, in accordance with the following timelines pursuant to the guidelines under Memorandum No. M-2020-061 dated 03 August 2020: (a) Starting from the reporting period ending 30 April 2021, in the case of the supplemental report that will accompany the Solo Financial Reporting Package, and (b) Starting from the reporting period ending 30 June 2021, in the case of the supplemental report that will accompany the Capital Adequacy Report.

Section 2. Amendments to the Relief Measure on the Single Borrower's Limit. Memorandum No. M-2020-011 dated 19 March 2020, as amended by Memorandum No. M-2020-057 dated 21 July 2020, is hereby further amended to read as follows: xxx The additional operational relief measures that are available to BSFIs are as follows: 1. Increase in the single borrower's limit (SBL). Increase in the SBL under Section 362 of the Manual of Regulations for Banks (MORB)/Section 342-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) from 25 percent to 30 percent until 31 December 2021, pursuant to national interest.

2.2.2 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 this 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 second tranche of staggered booking of Php656 million in CY 2022, with the remaining unbooked balance amounted to Php1,969 million as at end CY 2022. The Parent Bank's Net Income was registered at Php4,222 million in CY 2021 and Php3,894 million in CY 2022. Had the Parent Bank not availed of the financial reporting relief for the implemented staggered booking of ACL, Net income would have ended at Php4,386 million and Php2,253 million in CY 2022 and 2021, respectively.

2.3 Changes in Accounting Policy and Disclosures

a) New and amended standards adopted by the Group effective January 1, 2022:

> **PFRS 3 (Amendments),** Business Combination Reference to Conceptual Framework (Effective January 1, 2022)

The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard as follows:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

> **PAS 16 (Amendments),** Property, Plant and Equipment – Proceeds before Intended Use (Effective January 1, 2022)

The amendments to the standard aim to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing the same, in profit or loss.

> **PAS 37 (Amendments),** Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts (Effective January 1, 2022)

The amendments clarify the costs that must be considered in the assessment of an onerous contract, specifying further that the cost of fulfilling a contract form part of the costs directly related to the contract (e.g. direct labor, materials and overhead allocations)

> **Annual Improvements to IFRS Standards 2018–2020**

- **IFRS 1 –** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 –** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 –** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Adoption of the above-mentioned standards did not have any impact on the Group's consolidated financial statements.

b) New standards, amendments and interpretations not yet adopted:

> **PFRS 17,** Insurance Contracts (Effective January 1, 2023)

The standard has a deferred implementation beginning January 1, 2023 wherein it will eventually replace PFRS 4, Insurance Contracts. The new standard will provide principles for the recognition, measurement, presentation and disclosure of contracts it issues and reinsurance contracts it holds within its scope in both life and non-life insurance industries.

> **PAS 1 (Amendments),** Classification of Liabilities as Current or Non- Current (Effective January 1, 2023)

The amendments provide a more general approach in classifying liabilities based on existing contractual arrangements at the reporting date. Originally set for implementation on January 1, 2022, it has been moved to January 1, 2023.

> **PAS 1 (Amendments),** Presentation of Financial Statements – Disclosure of Accounting Policies (Effective January 1, 2023)

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 (Effective January 1, 2023)

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 (Effective January 1, 2023)

The amendment clarifies the accounting for deferred tax transactions on leases and decommissioning obligations.

The Group is currently assessing the impact of these amendments on its financial statements.

2.4 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, 2022 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	- 99.94 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.

2.5 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.

2.6 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.

2.7 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.

2.8 Foreign Currency Translation

a) *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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Classification and Measurement of Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (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.

2.14 Impairment of Assets

a) *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 months' 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 cash shortfalls 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.

2.15 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.

2.16 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.

2.17 Derecognition Due to Substantial Modification of Terms and Conditions

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, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

When the loan has been renegotiated or modified but not derecognized, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum of 24-month probation period. For the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of two years has passed from the date the forborne contract was considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period; and
- The customer does not have any contract that is more than 30 days past due.

2.18 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.

2.19 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.

2.20 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 Commission on Audit 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.

2.21 Investment Property

Investment property includes land and buildings acquired upon foreclosure which are not immediately available for sale in the next 12 months. Transaction cost shall be included in the initial measurement.

If the fair market value of the collateral or acquired asset at the time of foreclosure is less than the outstanding loan balance, the allowance shall be adjusted to reflect the fair market value of the collateral with the remaining allowance to be treated as excess for transfer to General Loan Loss Provision (GLLP) or for reallocation to other accounts.

If the fair market value of the collateral or acquired asset at the time of foreclosure is higher than the outstanding loan balance, the whole amount of the allowance shall be treated as excess for transfer to GLLP or for reallocation. However, no gain on foreclosure shall be recognized.

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 Investment Property (IP) shall be computed on a straight-line method using the remaining useful life of the asset based on the carrying amount less 10 per cent residual value.

2.22 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 immediate disposal generally under cash or term sale transactions. Initial carrying amount is computed as the outstanding balance of the loan less allowance for impairment plus transaction costs, where allowance for impairment is set-up if the carrying amount exceeds the fair value of ROPA.

If the fair market value of the collateral or acquired asset at the time of foreclosure is less than the outstanding loan balance, the allowance shall be adjusted to reflect the fair market value of the collateral with the remaining allowance to be treated as excess for transfer to General Loan Loss Provision (GLLP) or for reallocation to other accounts.

If the fair market value of the collateral or acquired asset at the time of foreclosure is higher than the outstanding loan balance, the whole amount of the allowance shall be treated as excess for transfer to GLLP or for reallocation. However, no gain on foreclosure shall be recognized.

2.23 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 as of December 31, 2022, 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, 2022 are presented in Note 32.4.

- 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.

c. *COVID-19-related Rent Concessions*

The amendments to PFRS 16 in 2021 were to provide an optional relief to lessees from the application of PFRS 16's guidance on lease modification accounting for rent concessions arising as direct consequence of the COVID-19 pandemic.

The said amendment was to help lessees that have granted COVID-19 related rent concession by lessors with practical relief, while still providing useful information about leases to users to these financial statements.

Adoption of these amendments did not have any impact on the Group's consolidated financial statements.

2.24 Intangible Assets

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. The details of the intangible assets are presented in Note 23.

2.25 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share in the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under Other Assets in Note 24.

An impairment loss on Goodwill is recognized when the recoverable amount is below the carrying amount. The carrying amounts are the value of assets recognized in the Statement of Financial Position. Recoverable amounts are the fair value or present value of the future cash flows expected to be derived from net assets, whichever is higher.

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 Government Grants

The grant account was cancelled and declared closed per World Bank (WB) letter dated September 5, 2012. Out of the USD0.62 million availed from the grant proceeds, USD0.17 million or equivalent to Php7.6 million was established for the Project Preparation Fund (PPF). PPF was approved by WB as one of the components of the grant intended to assist financing project preparation activities for renewable energy (RE) technologies.

In compliance with PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the Php7.6 million PPF sub-grant was 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.

<u>2.32 Segment Reporting</u>

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.

<u>2.33 Dividend Policy</u>

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;*
- i. *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:

<u>3.1 Impairment Losses on Financial Assets</u>

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.

<u>3.2 Fair Value of Derivatives</u>

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.

<u>3.3 Financial Assets at Amortized Costs</u>

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.

<u>3.4 Financial Assets Not Quoted in an Active Market</u>

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.

<u>3.5 Classification of Non-Current Assets Held for Sale (NCAHFS)</u>

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.

<u>3.6 Realization of Deferred Income Tax Assets</u>

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, 2022:

	Carrying Amount		Fair Value	
	Group	**Parent**	**Group**	**Parent**
Financial Assets				
Cash and other cash items	6,412,239	6,397,601	6,412,239	6,397,601
Due from BSP	125,147,393	124,853,077	125,147,393	124,853,077
Due from other banks	9,629,088	9,628,374	9,629,088	9,628,374
Interbank loan receivables	22,916,233	22,916,233	22,916,233	22,916,233
Securities purchased under agreement to resell	27,662,292	27,555,388	27,662,292	27,555,388
Fair value through profit or loss	2,887,150	2,887,150	2,887,150	2,887,150
Fair value through other comprehensive income	39,759,865	39,705,012	39,759,865	39,705,012
Amortized cost (Held to collect investments)	282,769,433	282,741,699	268,779,371	268,751,638
Amortized cost (Loans and receivables, net)	508,772,764	506,325,969	508,772,764	506,325,969
Other assets, net	3,418,098	3,328,259	3,418,098	3,328,259
Total	**1,029,374,555**	**1,026,338,762**	**1,015,384,493**	**1,012,348,701**
Financial liabilities:				
Deposit liabilities	825,627,450	825,156,874	825,627,450	825,156,874
Bills payable	71,245,330	70,084,565	71,245,330	70,084,565
Bonds payable	28,668,268	28,668,268	28,668,268	28,668,268
Manager's checks and demand drafts outstanding	221,125	217,613	221,125	217,613
Accrued taxes, interests and expenses	8,421,643	8,107,348	8,421,643	8,107,348
Unsecured subordinated debt	10,000,000	10,000,000	9,580,187	9,580,187
Total	**944,183,816**	**942,234,668**	**943,764,003**	**941,814,855**

<u>4.1 Fair Value Measurement</u>

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, 2022:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
FVTPL				
Debt securities	2,869,595	0	0	2,869,595
FVOCI				
Debt securities	37,079,078	0	0	37,079,078
Equity Securities	147,612	1,904,967	317,081	2,369,660
	37,226,690	1,904,967	317,081	39,448,738
Held to Collect				
Unquoted debt securities classified as loan (UDSCL)	0	14,346,201	0	14,346,201
TOTAL	**40,096,285**	**16,251,168**	**317,081**	**56,664,534**

	Parent			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
FVTPL				
Debt securities	2,869,595	0	0	2,869,595
FVOCI				
Debt securities	37,079,078	0	0	37,079,078
Equity Securities	108,759	1,904,967	301,081	2,314,807
	37,187,837	1,904,967	301,081	39,393,885
Held to Collect				
Unquoted debt securities classified as loan (UDSCL)	0	14,346,201	0	14,346,201
TOTAL	**40,057,432**	**16,251,168**	**301,081**	**56,609,681**

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 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 Basel and 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 (ERMG) serves as the implementing unit of the ROC and is responsible for the development and implementation of a comprehensive risk management policy framework. The management and mitigation of risks, specifically in the core risk areas under Credit, Market and Operational, are carried out through policies approved by the BOD as endorsed by the ROC, the Credit Committee (CreCom), the Asset Liability Management Committee (ALCO), and/or the Management Committee (MANCOM). 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.

The BOD-level Audit and Compliance Committee (ACC), assisted by the Internal Audit Group (IAG) and the Compliance Management Group (CMG), is responsible for monitoring compliance with the Parent Bank's policies, processes, and controls and regulatory requirements.

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. Further, policies and procedures adopted by the subsidiaries and affiliates are aligned with its Parent Bank under regular monitoring by ERMG.

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.

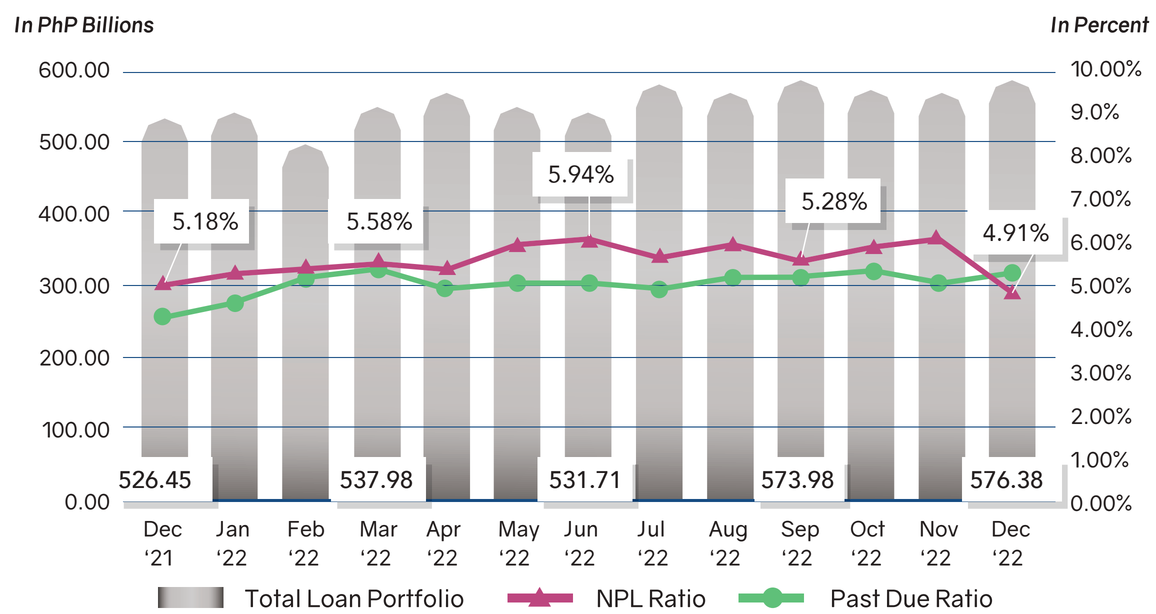
Comprehensive pre-approval credit risk review and internal credit risk rating review are being done on a borrower level. Likewise, credit reviews are being conducted on a portfolio level.

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 revie w 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 pandemic and calamities. 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**	• Very low probability of default and no history of payment delinquency • High debt servicing capacity; strong and stable financial position and performance • Structuring ensures remote possibility of default; generally considered non-risk counterparties • Belonging to industries with strong resilience to adverse economic and market conditions • Undisputed market leader; has ready access to immediate funding
2	**Strong**	• Low probability of default and no history of payment delinquency • More than sufficient debt servicing capacity; no sign of weakness in financial position and performance • Strong market position in the industry with favorable outlook • Reliable access to funding • Capable of withstanding external stresses and industry disruptions
3	**Good**	• Acceptable probability of default and no history of payment delinquency • Sound debt servicing capacity; conservative financial position; sustained good financial performance • May be susceptible to cyclicality; able to withstand changes in market condition
4	**Adequate**	• Risk indicators are present indicating reasonable probability of default • Comfortable debt servicing capacity; volatile financial performance with prospect of improvement • Limited access to funding • With capability to withstand adverse market condition
5	**Acceptable**	• Considerable level of risk indicators leading to relatively weak but acceptable creditworthiness • Adequate cash flow for debt service; volatile financial performance • Belonging to a vulnerable industry; may be able to traverse unfavorable market or operating environment
6	**Watchlisted**	• Well-defined risk indicators and strong impression of weakened credit worthiness • Evident financial difficulties and company-specific issues questions ability or willingness to service debt • Business under gestation period; outlook with uncertainty • Existing facility risks increase the risk of default • Challenges in operating environment threaten repayment capability
	Especially Mentioned	• Past due for 1-30 days or with other banks/creditors • Below weaknesses, if uncorrected may affect borrower's overall repayment capacity and thus deserves management's close attention: o 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 - Documentation risk (adverse developments during releasing, non-compliance with loan covenants, terms and conditions) - 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 • 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
	Substandard	• Past due for 31-180 days (365 days for secured) • Well-defined weaknesses that may jeopardize repayment / full repayment as indicated by the below: • Adverse developments and trends that affect willingness or repayment ability • Weak financial condition and results of operations • Deficit capital, cashflow / liquidity problems, sustained losses, Adverse industry conditions, and Unable to weather adverse economic conditions • Collateral have been found with defects as to ownership or other adverse information • Breach of financial covenants affecting capacity to pay • Classified "Especially Mentioned" in the previous review without adequate correction
	Doubtful	• Past due for 121-180 days (over 1 year to 5 years for secured) • 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 • 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 • 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
	Loss	• Considered uncollectible or worthless • Borrower's and co-makers / guarantor's whereabouts are unknown, or insolvent or their earning power is permanently impaired • Collaterals securing the loans are without recoverable values

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 up to 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 unlikeliness 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	Calibrated PD based on Internal Credit Risk Rating (Quantitative and Qualitative factors)
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 impairment as of December 31, 2022 and 2021.

	Group			
	2022		2021	
	Credit Exposure	Allowance for Impairment	Credit Exposure	Allowance for Impairment
Pass	80.19%	2.49%	83.36%	2.00%
Especially Mentioned	13.54%	5.94%	12.13%	5.56%
Substandard	3.82%	18.65%	3.23%	17.33%
Doubtful	1.74%	35.04%	0.55%	33.30%
Loss	0.71%	91.09%	0.73%	88.10%
	100.00%		100.00%	

	Parent			
	2022		2021	
	Credit Exposure	Allowance for Impairment	Credit Exposure	Allowance for Impairment
Pass	80.35%	2.36%	83.50%	1.86%
Especially Mentioned	13.62%	5.94%	12.21%	5.56%
Substandard	3.62%	19.16%	3.05%	17.77%
Doubtful	1.71%	34.79%	0.50%	32.51%
Loss	0.70%	92.16%	0.74%	88.10%
	100.00%		100.00%	

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, 2022 and 2021, 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	
	2022	2021 Restated	2022	2021 Restated
Due from BSP	125,147,393	304,830,160	124,853,077	304,395,253
Due from other banks	9,629,088	23,003,860	9,628,374	22,993,278
Interbank loans receivable	22,916,233	41,922,537	22,916,233	41,922,537
Securities purchased under agreements to resell	27,662,292	16,029,892	27,555,388	15,952,185
Financial asset at FVTPL – net	2,887,150	6,370,110	2,887,150	6,370,110
Financial assets at FVOCI – net	39,759,865	31,291,107	39,705,012	31,236,233
Financial asset at amortized cost – net (HTC)	282,769,433	256,868,052	282,741,699	256,818,417
Loans and receivables, net	508,772,764	458,159,529	506,325,969	455,771,028
Other assets, net	3,418,098	2,056,852	3,328,259	1,987,708
	1,022,962,316	1,140,532,099	1,019,941,161	1,137,446,749

Credit risk exposures relating to off-balance sheet items are as follows:

	Group		Parent	
	2022	2021	2022	2021
Undrawn loan commitments	22,837,340	27,586,093	22,837,340	27,586,093
Others	2,517,015	4,870,002	2,517,015	4,870,002
	25,354,355	32,456,095	25,354,355	32,456,095

5.1.6 Credit Quality

The following table shows the credit quality of financial assets as of December 31, 2022 and 2021:

	Group 2022				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	457,276,832	185,355,006	325,613,698	3,666,223	971,911,759
Past due but not impaired	3,489,728				3,489,728
Impaired	73,484,268				73,484,268
	534,250,828	185,355,006	325,613,698	3,666,223	1,048,885,755
Allowance for impairment	(25,478,064)		(197,250)	(248,125)	(25,923,439)
	508,772,764	185,355,006	325,416,448	3,418,098	1,022,962,316

	Group 2021 Restated				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	444,142,766	385,786,449	294,848,925	2,285,344	1,127,063,484
Past due but not impaired	2,532,315				2,532,315
Impaired	29,251,783				29,251,783
	475,926,864	385,786,449	294,848,925	2,285,344	1,158,847,582
Allowance for impairment	(17,767,335)		(319,656)	(228,492)	(18,315,483)
	458,159,529	385,786,449	294,529,269	2,056,852	1,140,532,099

	Parent 2022				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	455,498,473	184,953,072	325,531,111	3,568,911	969,551,567
Past due but not impaired	3,489,229	0	0	0	3,489,229
Impaired	71,985,054	0	0	0	71,985,054
	530,972,756	184,953,072	325,531,111	3,568,911	1,045,025,850
Allowance for impairment	(24,646,787)	0	(197,250)	(240,652)	(25,084,689)
	506,325,969	184,953,072	325,333,861	3,328,259	1,019,941,161

	Parent 2021 Restated				
	Loans and receivables	Loans and advances to banks*	Investment securities**	Other Assets***	TOTAL
Neither past due nor impaired	442,158,007	385,263,253	294,744,416	2,211,288	1,124,376,964
Past due but not impaired	2,477,504	0	0	0	2,477,504
Impaired	28,103,940	0	0	0	28,103,940
	472,739,451	385,263,253	294,744,416	2,211,288	1,154,958,408
Allowance for impairment	(16,968,423)	0	(319,656)	(223,580)	(17,511,659)
	455,771,028	385,263,253	294,424,760	1,987,708	1,137,446,749

* 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.

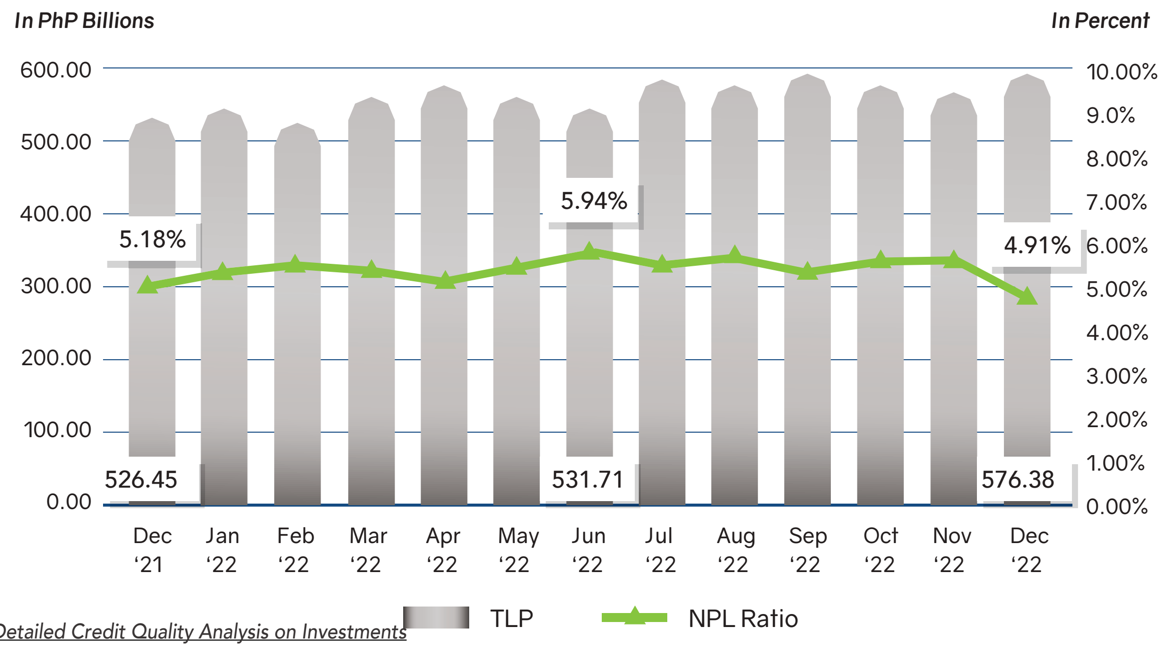
	Group		Parent	
	2022	2021	2022	2021
Past due less than 31 days	2,449,970	872,089	2,449,971	872,089
Past due 31 - 60 days	214,868	1,601,290	214,868	1,601,290
Past due 61 - 90 days	124,997	6,657	124,497	4,125
Over 90 days	699,893	52,279	699,893	0
	3,489,728	2,532,315	3,489,229	2,477,504
Fair value of collateral	585,757	827,695	585,757	827,695

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:

	S & P Credit Equivalent Ratings	
Credit Grades	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 Bank's Total Loan Portfolio and the movement in the NPL Ratio from December 2021 to December 2022. The average NPL ratio for 2022 was 5.54 per cent with an NPL Ratio high of 5.94 per cent in June 2022. The Bank managed to reduce it to 4.91 per cent by end of 2022.



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 2022			
	FVTPL	**FVOCI***	**FA at Amortized Cost****	**Total**
High Grade	2,887,150	26,060,597	242,313,933	271,261,680
Standard Grade	0	11,329,608	40,625,016	51,954,624
Substandard Grade	0	0	0	0
Default	0	0	0	0
Total	**2,887,150**	**37,390,205**	**282,938,949**	**323,216,304**
Stage				
1	2,887,150	36,857,679	282,850,983	322,595,812
2	0	532,526	87,966	620,492
3	0	0	0	0
Total	**2,887,150**	**37,390,205**	**282,938,949**	**323,216,304**

* Exclusive of P2,314.807 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.

	Parent 2021 Restated			
	FVTPL	**FVOCI***	**FA at Amortized Cost****	**Total**
High Grade	6,370,110	15,182,605	219,959,040	241,511,755
Standard Grade	0	13,287,114	37,179,033	50,466,147
Substandard Grade	0	0	0	0
Default	0	0	0	0
Total	**6,370,110**	**28,469,719**	**257,138,073**	**291,977,902**
Stage				
1	6,370,110	26,191,034	254,577,691	287,138,835
2	0	2,278,685	2,560,382	4,839,067
3	0	0	0	0
Total	**6,370,110**	**28,469,719**	**257,138,073**	**291,977,902**

* Exclusive of P2,766.514 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 2022:

	Parent 2022 Gross Carrying Amount			
Developmental Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
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
Gross Loans and Receivables	**457,973,990**	**31,803,744**	**37,220,753**	**526,998,487**

	Parent 2022 Accrued Interest Receivables			
Developmental Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
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
Accrued Interest Receivables	**3,196,002**	**228,604**	**458,930**	**3,883,536**

	Parent 2022 Expected Credit Losses			
Developmental Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
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 2.2.2)	-	-	(1,968,807)	(1,968,807)
Expected Credit Loss	**6,189,815**	**1,145,373**	**17,249,567**	**24,584,755**

PFRS 9 disclosures pertaining to 2021:

	Parent 2021 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	297,368,277	46,015,187	21,585,045	364,968,509
Medium Enterprises (M)	9,702,116	3,003,057	5,475,203	18,180,376
Small Enterprises (S)	2,293,972	695,662	849,191	3,838,825
Micro Enterprises (Mi)	1,110,944	372,509	498,266	1,981,719
Local Government Units (LGU)	50,158,417	1,356,522	38,833	51,553,772
Financial Institutions (FI)	8,510,880	75,248	0	8,586,128
Electric Cooperatives (EC)	5,845,750	106,253	533,447	6,485,450
Water Districts (WD)	5,501,456	138,373	0	5,639,829
Salary Loans	7,399,432	122,568	643,825	8,165,825
Gross Loans and Receivables	**387,891,244**	**51,885,379**	**29,623,810**	**469,400,433**

	Parent 2021 Accrued Interest Receivables			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	2,152,539	420,602	213,904	2,787,045
Medium Enterprises (M)	71,540	26,534	15,124	113,198
Small Enterprises (S)	18,721	4,374	2,253	25,348
Local Government Units (LGU)	3,592	2,143	471	6,206
Micro Enterprises (Mi)	219,427	5,822	97	225,346
Financial Institutions (FI)	40,369	557	0	40,926
Electric Cooperatives (EC)	19,804	99	203	20,106
Water Districts (WD)	18,544	649	0	19,193
Salary Loans	14,742	232	3	14,977
Accrued Interest Receivables	**2,559,278**	**461,012**	**232,055**	**3,252,345**

	Parent 2021 Expected Credit Losses			
	Stage 1	Stage 2	Stage 3	Total
Developmental Loans				
Large Enterprises (L)	4,928,560	1,994,872	7,653,473	14,576,905
Medium Enterprises (M)	244,059	134,102	1,684,760	2,062,921
Small Enterprises (S)	43,321	20,975	384,763	449,059
Local Government Units (LGU)	20,225	17,667	127,509	165,401
Micro Enterprises (Mi)	503,816	13,623	792	518,231
Financial Institutions (FI)	363,146	3,606	0	366,752
Electric Cooperatives (EC)	56,533	1,064	83,802	141,399
Water Districts (WD)	60,897	1,390	0	62,287
Salary Loans	74,253	16,318	638,555	729,126
Staggered Booking of Reserves	0	0	(2,625,076)	(2,625,076)
Excess General Reserves	469,878	0	0	469,878
Expected Credit Loss	**6,764,688**	**2,203,617**	**7,948,578**	**16,916,883**

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 (excluding write offs)	(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)
At 31 December 2022	**457,973,990**	**31,803,744**	**37,220,753**	**526,998,487**

	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 (excluding write offs)	(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 2.2.2)	-	-	(1,968,807)	(1,968,807)
At 31 December 2022	**6,189,815**	**1,145,373**	**17,249,567**	**24,584,755**

Movements in the Gross Carrying Amounts and Allowance for Expected Credit Losses in 2021:

	Parent 2021 Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2021	352,587,392	54,613,226	16,117,360	423,317,978
New assets originated or purchased	30,817,671	2,691,343	389,458	33,898,472
Assets derecognized or repaid (excluding write offs)	(22,819,674)	(1,125,597)	(433,882)	(24,379,153)
Transfers to Stage 1	48,063,577	(12,703,121)	(1,652,972)	33,707,484
Transfers to Stage 2	(16,311,099)	21,133,435	(1,721,160)	3,101,176
Transfers to Stage 3	(4,445,306)	(12,723,866)	16,923,648	(245,524)
At 31 December 2021	**387,892,561**	**51,885,420**	**29,622,452**	**469,400,433**

	Parent 2021 Expected Credit Loss			
	Stage 1	Stage 2	Stage 3	Total
ECL amount at 1 January 2021	3,593,790	1,301,989	7,860,944	12,756,723
New assets originated or purchased	662,608	123,213	95,357	881,178
Assets derecognized or repaid (excluding write offs)	(275,440)	(37,956)	(333,130)	(646,526)
Transfers to Stage 1	2,729,498	(332,493)	(107,376)	2,289,629
Transfers to Stage 2	(269,536)	1,470,624	(349,842)	851,246
Transfers to Stage 3	(146,174)	(321,761)	3,419,212	2,951,277
Amounts written off	0	0	(11,446)	(11,446)
Staggered Booking of Reserves	0	0	(2,625,076)	(2,625,076)
Excess General Reserves	469,878	0	0	469,878
At 31 December 2021	**6,764,624**	**2,203,616**	**7,948,643**	**16,916,883**

5.1.9 Collateral Held as Security and Other Credit Enhancements

The Parent Bank holds collateral against loans and receivables from customers in the form of real estate and chattel mortgage, hold- out on deposits, debt and equity securities, assignment of applicable portion of Internal Revenue Allotment for debt servicing of LGUs, guarantees issued by the Republic of the Philippines, and other acceptable institutions. 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:

	2022	2021
A. Against neither past due nor impaired		
Real Estate Mortgage	105,739,353	83,777,515
Chattel Mortgage	10,541,440	14,196,931
Deposits on Hold	3,605,094	3,059,848
IRA/Others	195,138,310	151,837,161
	315,024,197	**252,871,455**
B. Against past due but not impaired		
Real Estate Mortgage	283,555	668,265
Deposits on Hold	302,202	159,430
	585,757	**827,695**
C. Against impaired loans		
Real Estate Mortgage	11,341,175	12,971,431
Chattel Mortgage	1,896,423	2,043,050
Deposits on Hold	10,000	16,000
IRA/Others	2,885,204	3,244,885
	16,132,802	**18,275,366**
	331,742,756	**271,974,516**

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, 2022 and 2021 based on the carrying amount is shown below:

	Group 2022				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	35,006,942	185,355,006	285,717,521	0	506,079,469
Electricity, gas and water	132,517,913	0	14,875,379	0	147,393,292
Manufacturing	36,533,726	0	427,052	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	35,075,616	0	2,940,327	0	38,015,943
Transportation and storage	26,916,522	0	15,154,525	0	42,071,047
Information and communication	27,974,713	0	301,901	0	28,276,614
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	21,098,697	0	0	0	21,098,697
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	83,220	3,666,223	9,406,059
	534,250,828	185,355,006	325,613,698	3,666,223	1,048,885,755
Allowance for impairment	(25,478,064)	0	(197,250)	(248,125)	(25,923,439)
	508,772,764	**185,355,006**	**325,416,448**	**3,418,098**	**1,022,962,316**

	Group 2021 Restated				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	20,826,035	385,786,449	252,153,532	0	658,766,016
Electricity, gas and water	115,360,490	0	12,756,630	0	128,117,120
Manufacturing	29,784,273	0	0	0	29,784,273
Real estate, renting and business administration	54,456,738	0	15,994,060	0	70,450,798
Wholesale and retail trade	48,969,790	0	3,427,421	0	52,397,211
Transportation and storage	27,037,639	0	10,213,875	0	37,251,514
Information and communication	22,640,079	0	301,901	0	22,941,980
Public administration	52,085,271	0	1,506	0	52,086,777
Education	7,073,993	0	0	0	7,073,993
Human health and social work	17,604,999	0	0	0	17,604,999
Activities of household	8,233,113	0	0	0	8,233,113
Construction	46,354,454	0	0	0	46,354,454
Agriculture, forestry and fishing	19,369,478	0	0	0	19,369,478
Others	6,130,512	0	0	2,285,344	8,415,856
	475,926,864	385,786,449	294,848,925	2,285,344	1,158,847,582
Allowance for impairment	(17,767,335)	0	(319,656)	(228,492)	(18,315,483)
	458,159,529	**385,786,449**	**294,529,269**	**2,056,852**	**1,140,532,099**

	Parent 2022				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	35,006,943	184,953,072	285,634,935	0	505,594,950
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	15,154,525	0	40,813,269
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	6,299,487	0	0	0	6,299,487
Human health and social work	21,098,697	0	0	0	21,098,697
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	20,388,626	0	0	0	20,388,626
Others	5,575,992	0	83,220	3,568,911	9,228,123
	530,972,756	184,953,072	325,531,111	3,568,911	1,045,025,850
Allowance for impairment	(24,646,787)	0	(197,250)	(240,652)	(25,084,689)
	506,325,969	**184,953,072**	**325,333,861**	**3,328,259**	**1,019,941,161**

	Parent 2021 Restated				
	Loans and receivables	Loans and advances to banks	Investment securities	Other Assets	TOTAL
Financial and insurance activities	20,826,035	385,263,253	252,049,022	0	658,138,310
Electricity, gas and water	115,356,565	0	12,756,630	0	128,113,195
Manufacturing	29,105,788	0	0	0	29,105,788
Real estate, renting and business administration	54,444,697	0	15,994,060	0	70,438,757
Wholesale and retail trade	48,730,120	0	3,427,421	0	52,157,541
Transportation and storage	25,832,024	0	10,213,876	0	36,045,900
Information and communication	22,638,787	0	301,901	0	22,940,688
Public administration	51,779,119	0	1,506	0	51,780,625
Education	6,987,156	0	0	0	6,987,156
Human health and social work	17,604,999	0	0	0	17,604,999
Activities of household	8,180,040	0	0	0	8,180,040
Construction	45,873,294	0	0	0	45,873,294
Agriculture, forestry and fishing	19,365,688	0	0	0	19,365,688
Others	6,015,139	0	0	2,211,288	8,226,427
	472,739,451	385,263,253	294,744,416	2,211,288	1,154,958,408
Allowance for impairment	(16,968,423)	0	(319,656)	(223,580)	(17,511,659)
	455,771,028	**385,263,253**	**294,424,760**	**1,987,708**	**1,137,446,749**

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 face value of USD632.858 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.

<u>*5.1.10 Credit Information Systems*</u>

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.

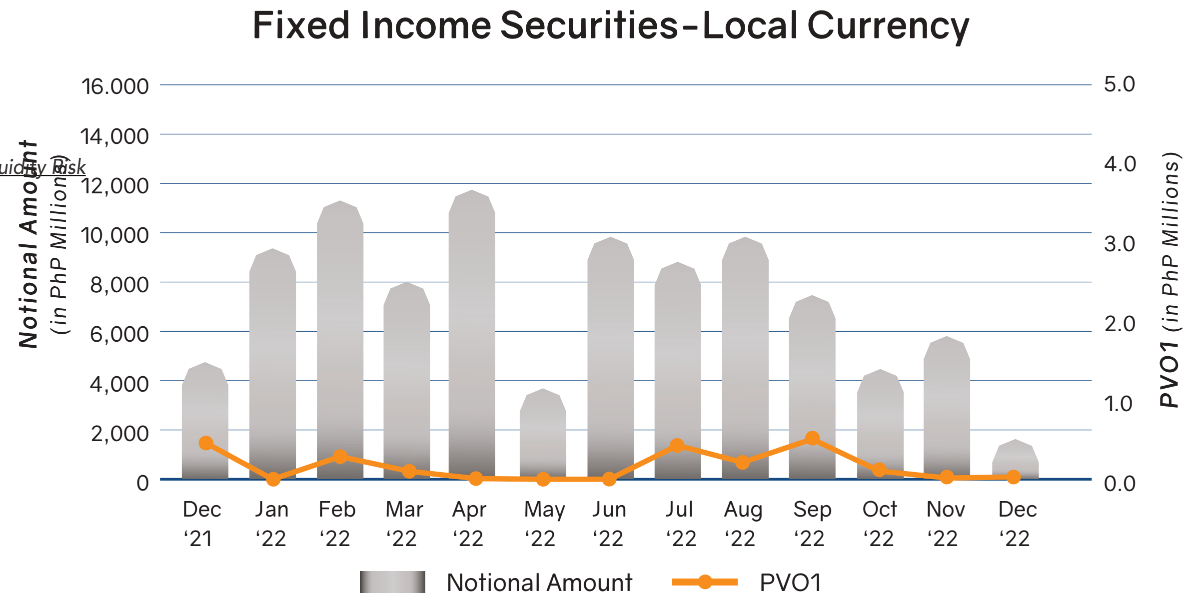
The table below provides a summary of Parent Bank's VaR profile, by risk class for 2022 and 2021:

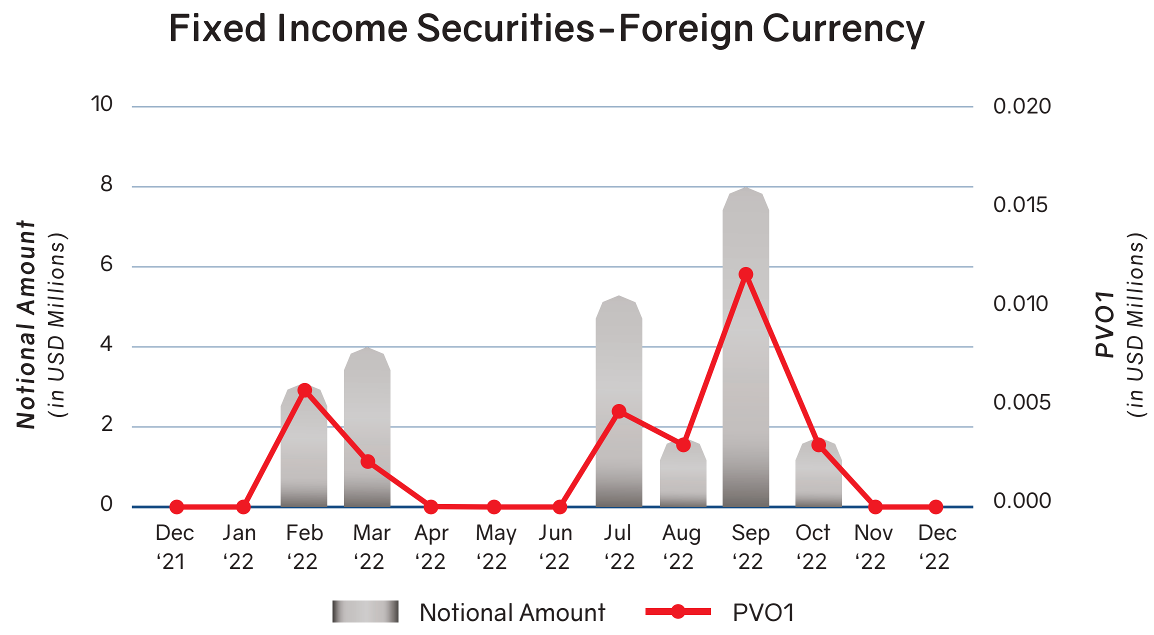
	2022	December 2021 - December 2022			2021
	Year end	Avg	Min	Max	Year end
In Php millions					
Fixed Income Trading	67.04	114.36	33.04	371.57	42.10
Foreign Exchange Trading	3.43	13.34	0.00	48.34	0.00

The Parent Bank's VaR for Fixed Income Trading by year-end of 2022 is higher by 59.24% than the previous year-end. The higher VaR recorded is due to a more volatile market in the local currency fixed income portfolio during the year. Moreover, a PHP3.43M VaR is noted for the Parent Bank's Foreign Exchange Trading position as of 2022.

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 2021 to December 2022.





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 on-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 2022, liquidity gap for the first six (6) months posted net positive PHP19.60 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 2022:

Group
2022 LCR DISCLOSURE
(In Single Currency, Absolute Amount)

	TOTAL UNWEIGHTED VALUE (AVERAGE)[1/]	TOTAL WEIGHTED VALUE (AVERAGE)[2/]
STOCK OF HQLA		
Total Stock of HQLA		368,357,583,098.21
EXPECTED CASH OUTFLOWS		
Deposits, of which:	787,990,073,481.72	333,828,135,455.33
Retail Funding	38,005,917,825.17	3,450,416,132.10
Wholesale Funding, of which:	749,984,155,656.55	330,377,719,323.23
Operational Deposits	280,837,361,182.64	84,251,208,354.79
Non-operational deposits (all counterparties)	469,146,794,473.91	246,126,510,968.44
Unsecured Wholesale Funding (all counterparties)	2,655,519,302.55	2,652,916,788.25
Secured Funding	1,173,794,498.40	383,199,375.00
Derivatives contracts, of which:	8,677,415,528.13	8,677,415,528.13
Outflows Related to Derivatives Exposures (net)	8,677,415,528.13	8,677,416,528.13
Outflows Related to Collateral Requirements	-	-
Structured Financing Instruments	-	-
Committed Business Facilities (all counterparties)	96,347,963,337.30	12,162,526,876.85
Other Contractual Obligations within a 30-day period	9,269,240,249.16	9,269,240,249.16
Other Contingent Funding Obligations	5,772,728,495.48	987,843,503.50
TOTAL EXPECTED CASH OUTFLOWS		367,961,277,776.22
EXPECTED CASH INFLOWS		
Secured Lending	120,975.06	-
Fully Performing Exposures (all counterparties)	64,250,094,771.78	49,172,677,700.57
Other Cash Inflows	19,656,187,410.81	19,656,187,410.81
TOTAL EXPECTED CASH INFLOWS	**83,906,403,157.65**	**68,828,865,111.38**
TOTAL STOCK OF HQLA		**368,357,583,097.21**
TOTAL EXPECTED NET CASH OUTFLOWS		**299,132,412,664.84**
LIQUIDITY COVERAGE RATIO (%)		**125.87%**

[1/] Average of quarterly outstanding balances for the year 2022
[2/] Average of quarterly weighted balances (applied with haircut or inflow/outflow rates) for the year 2022

Parent
2022 LCR DISCLOSURE
(In Single Currency, Absolute Amount)

	TOTAL UNWEIGHTED VALUE (AVERAGE)[1/]	TOTAL WEIGHTED VALUE (AVERAGE)[2/]
STOCK OF HQLA		
Total Stock of HQLA		368,026,325,166.45
EXPECTED CASH OUTFLOWS		
Deposits, of which:	787,550,711,294.30	333,768,299,311.62
Retail Funding	37,560,038,507.01	3,412,283,503.01
Wholesale Funding, of which:	749,990,672,787.29	330,356,015,808.61
Operational Deposits	280,877,676,390.33	84,263,302,917.10
Non-operational deposits (all counterparties)	469,112,996,396.96	246,092,712,891.15
Unsecured Wholesale Funding (all counterparties)	2,195,060,611.65	2,194,627,732.43
Secured Funding	1,173,507,240.91	383,199,375.00
Derivatives contracts, of which:	8,677,415,528.13	8,677,415,528.13
Outflows Related to Derivatives Exposures (net)	8,677,415,528.13	8,677,415,528.13
Outflows Related to Collateral Requirements	-	-
Structured Financing Instruments	-	-
Committed Business Facilities (all counterparties)	96,347,963,337.30	12,162,526,876.85
Other Contractual Obligations within a 30-day period	9,218,193,365.92	9,218,193,365.92
Other Contingent Funding Obligations	5,772,728,495.48	987,843,503.50
TOTAL EXPECTED CASH OUTFLOWS		367,392,105,693.45
EXPECTED CASH INFLOWS		
Secured Lending	-	-
Fully Performing Exposures (all counterparties)	63,893,549,219.44	48,994,404,924.40
Other Cash Inflows	19,444,727,475.58	19,444,727,475.58
TOTAL EXPECTED CASH INFLOWS	**83,338,276,695.02**	**68,439,132,399.98**
TOTAL STOCK OF HQLA		**368,026,325,166.45**
TOTAL EXPECTED NET CASH OUTFLOWS		**298,952,973,293.47**
LIQUIDITY COVERAGE RATIO (%)		**125.79%**

[1/] Average of quarterly outstanding balances for the year 2022
[2/] Average of quarterly weighted balances (applied with haircut or inflow/outflow rates) for the year 2022

In addition, below is the actual LCR as of December 31, 2022:

LCR as of December 31, 2022
(In Single Currency, Absolute Amount)

	Group	Parent
Total Stock of HQLA	371,099,173,057.39	370,655,581,435.16
Total Net Cash Outflows	295,620,709,409.25	295,379,757,900.09
LCR (HQLA/Net Cash Outflows)	125.53%	125.48%

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, 2022
(In Single Currency, Absolute Amount)

	Group	Parent
Available Stable Funding (ASF)	557,472,185,221.11	557,121,361,801.13
Required Stable Funding (RSF)	507,060,741,083.78	505,535,814,894.81
NSFR (ASF/RSF)	109.94%	110.20%

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 Ratios[1/]	Industry Ratio[2/]
Stable Funding vs. Non-Liquid Assets	15%	12%
Liquid Assets vs. Volatile Funding	24%	28%
Liquid & Less Liquid Assets vs. Volatile Funding	30%	30%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	7%	4%
Liquid Assets Ratio	20%	22%

[1/] DBP ratios as of December 31, 2022

[2/] Top 10 universal banks in terms of assets excluding DBP as of September 30, 2022

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, 2022 reported a net short position of USD10.313 million or 0.75% of its Qualifying Capital. Also, the Group is required to fully cover foreign currency liabilities with foreign currency assets held in the FCDU books.

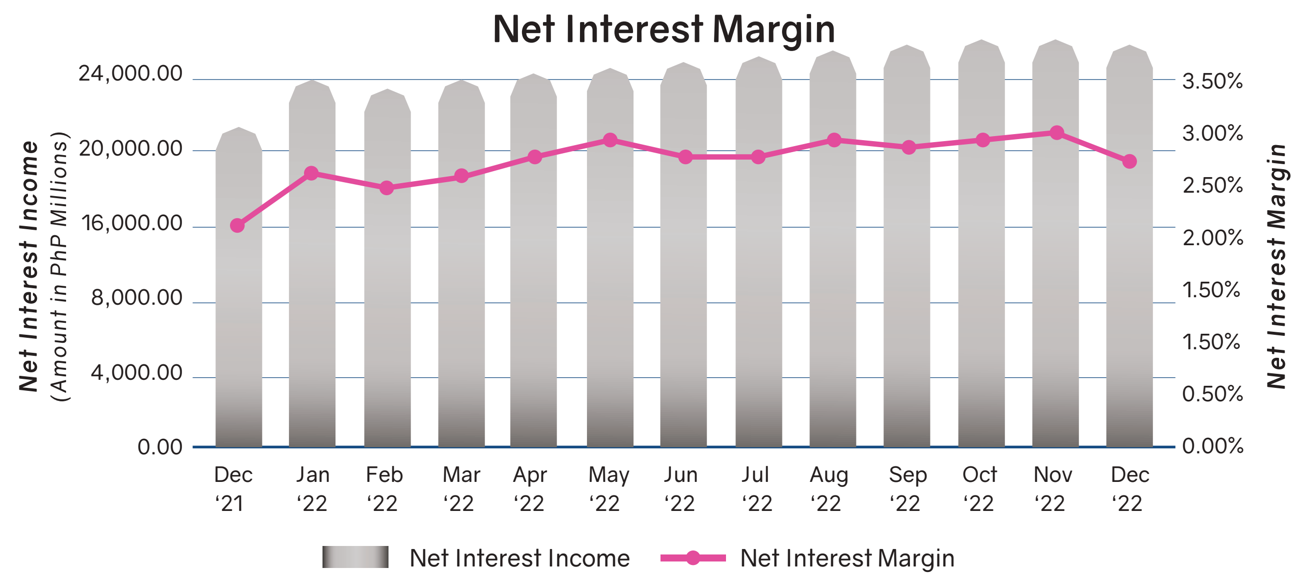
The table summarizes the Parent Bank's exposure to foreign exchange risk as of December 31, 2022. Included in the table are the Parent Bank's assets and liabilities at carrying amounts, categorized by currency:

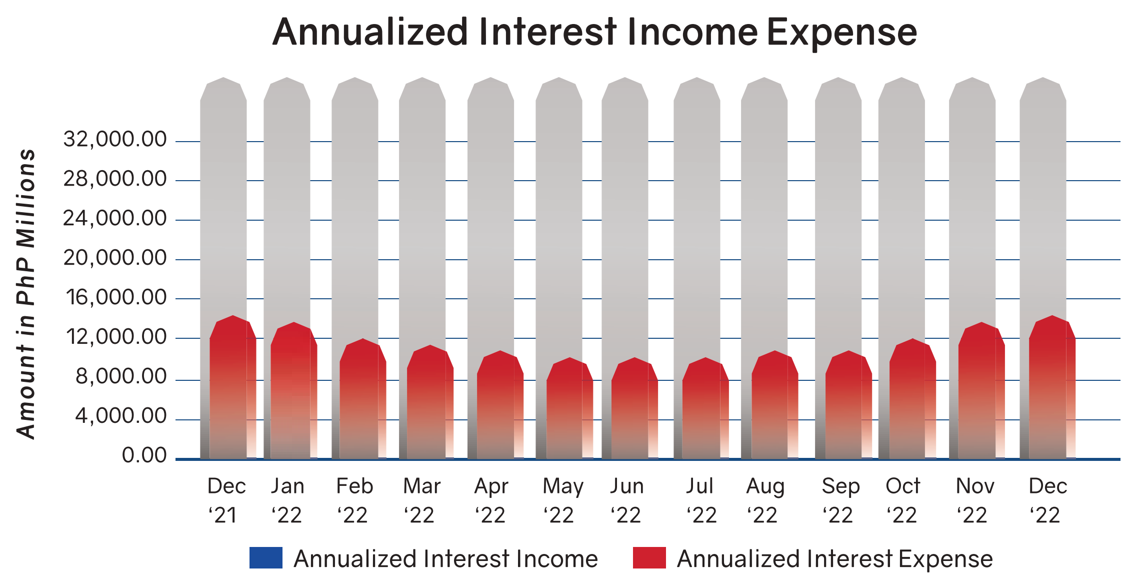
	Foreign Currency	Regular Foreign	Total
Assets			
Due from other banks	4,540,495	4,169,754	8,710,249
Interbank loans receivable	12,823,650	5,575,500	18,399,150
Financial assets at fair value through profit and loss	-	2,002,829	2,002,829
Financial assets at fair value through other comprehensive income (FVOCI)	15,115,717	7,773,030	22,888,747
Financial assets at amortized cost	57,349,071	16,803,973	74,153,044
Loans and advances (net)	18,520,861	-	18,520,861
Other resources	1,177,461	4,463,609	5,641,070
Total Assets	**109,527,255**	**40,788,695**	**150,315,950**
Liabilities			
Deposit liabilities	73,603,876	-	73,603,876
Bills payable	15,497,375	18,399,150	33,896,525
Bonds payable, net	16,668,268	-	16,668,268
Accrued taxes,interest and other expenses	435,960	54,151	490,111
Other liabilities	3,576,516	17,224,959	20,801,475
Total Liabilities	**109,781,995**	**35,678,260**	**145,460,255**
Net Exposure	**(254,740)**	**5,110,435**	**4,855,695**
Total contingent accounts			**(14)**
Consolidated Net Open FX Position in USD (million)			**(10,313)**

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.

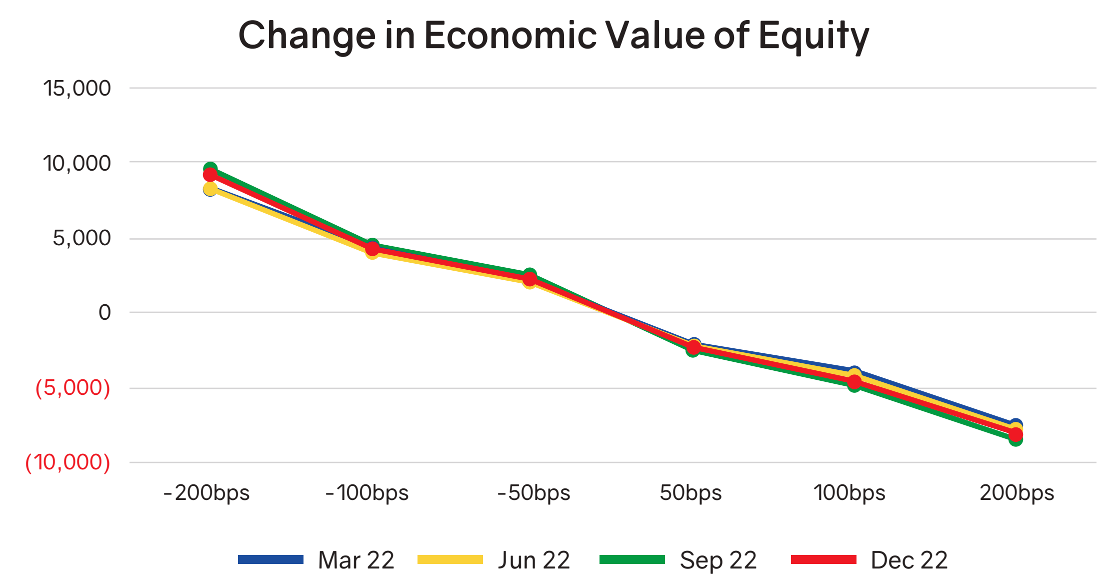
The following graphs show the monthly movement of the Parent Bank's EaR vis-à-vis limits in 2022 for both the RBU and FCDU books.





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.

Operations 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 the Operational Risk Awareness sessions in the conduct of Bank Operations Training Program and through the issuance of an Operational Risk Management Dashboard and Infographics on Business Continuity Management.

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 baselined 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 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 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 Management

5.8.1 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 that will ensure 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 January 2014 as contained in the 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

Effective January 1, 2014, the Parent Bank and its subsidiaries continuously complies with BSP Circular No. 781, 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.

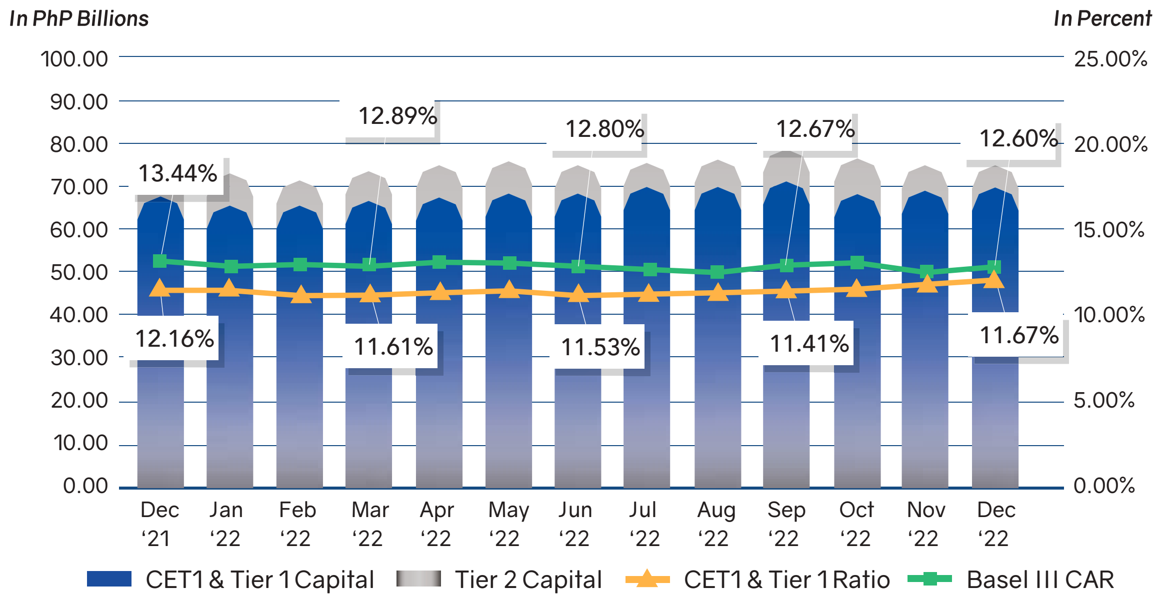
The Circular sets out the minimum requirements for Common Equity Tier 1 (CET1) Ratio of 6.00% and for Tier 1 Ratio of 7.50%. It also introduced a Capital Conservation Buffer (CCB) of at least 2.50% comprised of CET1 Capital. The existing requirement for Total Capital Adequacy Ratio (CAR) remains unchanged 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 complied 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.

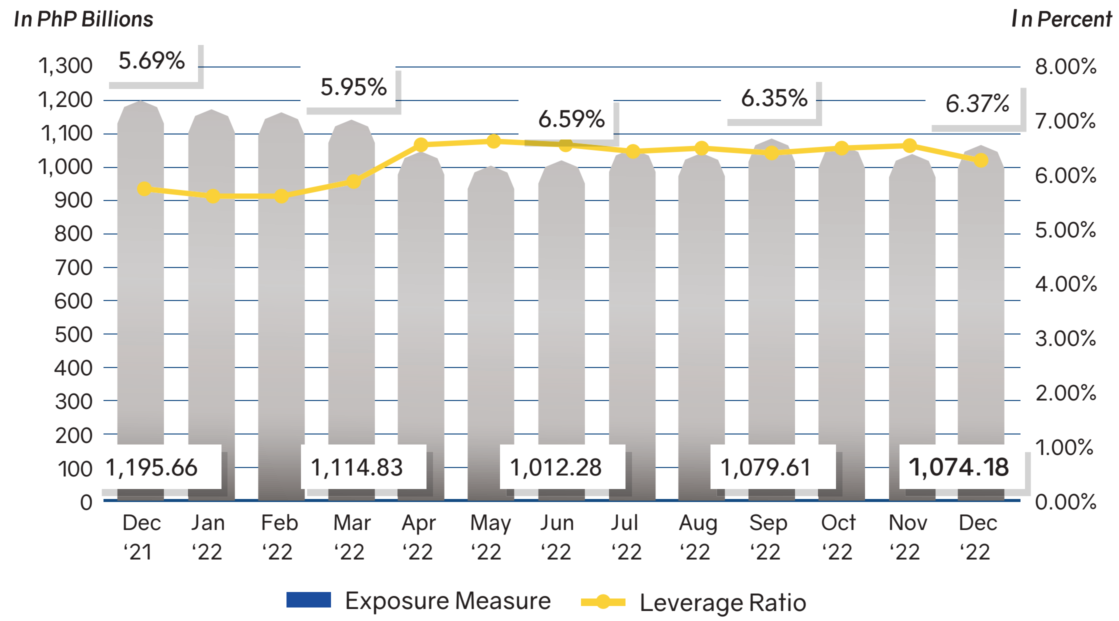
Qualifying Capital (QC), Risk-Weighted Assets (RWA), and Exposure Measure (EM) are all computed based on BSP regulations.

The Parent Bank maintains a sufficient capital base to support its risk-taking and fund-raising activities resulting in a CAR of 12.60% and a LR of 6.37%. 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 2021 to December 2022 is illustrated as follows:



The Parent Bank's Leverage Ratio from December 2021 to December 2022 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	44,062	44,407
Undivided profits	6,027	6,113
Net unrealized gains / (losses) on FVOCI securities	(5,023)	(5,023)
Cumulative foreign currency translation	-	-
Minority interest in subsidiary banks which are less than wholly owned	(1)	-
Gross CET1 Capital	77,065	77,497
Regulatory adjustments to CET1 Capital increase / (decrease)		
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	(57)	(57)
Deferred tax assets	(7,338)	(7,273)
Other intangible assets	(231)	(229)
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	-	(910)
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)	(107)	(107)
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)	(301)	(301)
Other equity investments in non-financial allied undertakings and non-allied undertakings	(243)	(240)
Total Regulatory adjustments to CET1 Capital	(8,277)	(9,117)
TOTAL CET1 CAPITAL	**68,788**	**68,380**
CET 1 Capital Requirements (6.00% of RWA)		
Credit Risk	32,564	32,410
Market Risk	187	187
Operational Risk	2,573	2,559
CAPITAL CONSERVATION BUFFER (2.50% of RWA)	14,718	14,649
COUNTERCYCLICAL CAPITAL BUFFER (0.00% of RWA)	-	-
TOTAL CET 1 CAPITAL REQUIREMENT	50,042	49,805
SURPLUS/(SHORTFALL) CET1 CAPITAL (Total CET1 Capital less Total CET1 Capital Requirement)	**18,746**	**18,575**

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 2022. 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	77,065	77,497
Instruments issued by the bank that are eligible as Additional Tier 1 (AT1) capital	-	-
Gross Tier 1 Capital	77,065	77,497
Regulatory adjustments to Tier 1 Capital increase / (decrease)		
Total Regulatory adjustments to CET1 Capital	(8,277)	(9,117)
Regulatory adjustments to AT1 Capital	-	-
Total Regulatory adjustments to Tier 1 Capital	(8,277)	(9,117)
TOTAL TIER 1 CAPITAL	**68,788**	**68,380**
Tier 1 Capital Requirements (7.50% of RWA)		
Credit Risk	40,705	40,513
Market Risk	234	234
Operational Risk	3,216	3,199
TOTAL TIER 1 CAPITAL REQUIREMENT	**44,155**	**43,946**

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	5,457	5,426
Gross Tier 2 Capital	5,457	5,426
Regulatory adjustments to Tier 2 Capital increase / (decrease)	-	-
Total Regulatory adjustments to Tier 2 Capital	-	-
TOTAL TIER 2 CAPITAL	**5,457**	**5,426**

In November 2013, the Parent Bank issued unsecured subordinated notes worth PHP 10 Billion which is eligible as Tier 2 Capital and is fully compliant with Basel III. These will mature on November 20, 2023, if not redeemed earlier. The notes bear interest at the rate of 4.875 per cent per annum with interest payable quarterly in arrears. As of November 2022, the notes were subject to 100 per cent discount, thus no longer contribute as Tier 2 Capital. The notes have a loss absorption feature which means the notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. A Non-Viability Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP. Upon the occurrence of a Non-Viability Event, the Issuer shall write-down the principal amount of the notes to the extent required by the BSP, which could go to as low as zero. A Non-Viability Write-Down shall have the following effects: (a) it shall reduce the claim on the notes in liquidation; (b) reduce the amount re-paid when a call or redemption is properly exercised, and (c) partially or fully reduce the interest payments on the notes. Subject to the existence of certain conditions, the happening of certain events, and the approval by the BSP, the Parent Bank may redeem the notes in whole but not in part: at any time beginning on November 20, 2018 and on any Interest Payment Date thereafter ("Redemption Option"), upon the happening of a Tax Event ("Tax Redemption"), or upon the happening of a Capital Event ("Regulatory Redemption"), in all cases at a redemption price equal to 100 per cent of the principal amount together with accrued and unpaid interest. The notes constitute direct, unconditional, unsecured, and subordinated obligations of the Parent Bank. The notes will at all times rank pari passu and without any preference among themselves and at least equally with all other present and future unsecured and subordinated obligations of the Parent Bank

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**	**2022** **Group**	 **Parent**	**2021** **Group**	 **Parent**
Credit Risk-Weighted Assets	542,734	540,173	520,787	517,774
Market Risk-Weighted Assets	3,119	3,119	3,141	3,141
Operational Risk-Weighted Assets	42,875	42,654	39,039	38,771
TOTAL RISK-WEIGHTED ASSETS	**588,728**	**585,946**	**562,967**	**559,686**

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	1,025,696	1,023,040
(Asset amounts deducted in determining Basel III Tier 1 Capital)	(8,277)	(9,117)
Total On-Balance Sheet Exposures (excluding Derivatives and SFTs)	1,017,419	1,013,923
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		
Gross SFT assets (with no recognition of netting)	27,085	26,978
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
CCR Exposures for SFT Assets	-	-
Agent Transaction Exposures	-	-
Total SFT Exposures	27,085	26,978
Off-Balance Sheet Exposures		
Off-Balance Sheet Exposure at Gross Notional Amount	108,655	108,651
(Adjustments for conversion to Credit Equivalent Amounts)	(75,372)	(75,368)
Total Off-Balance Sheet Exposures	33,283	33,283
TOTAL EXPOSURE MEASURE	**1,077,787**	**1,074,184**

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	1,044,361	1,042,129
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)	33,283	33,283
Other adjustments	143	(1,228)
LEVERAGE RATIO EXPOSURE	**1,077,787**	**1,074,184**

BALANCE SHEET ASSETS VS ON-BALANCE SHEET EXPOSURES **In PHP Millions**	**Group**	**Parent**
Total Assets (per Published Financial Statements)	1,044,361	1,042,129
Add: General Loan Loss Provision	8,420	7,889
Less: Derivatives Exposure (Replacement Cost)	-	-
Less: Loans and Receivables arising from RRP	27,085	26,978
On-Balance Sheet Items	1,025,696	1,023,040
Regulatory Adjustments	(8,277)	(9,117)
ON-BALANCE SHEET EXPOSURES	**1,017,419**	**1,013,923**

5.8.6 Risk Limit Structure

The Parent Bank's risk management 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 Integrated 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.

Integrated Stress Testing (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:

- Effective management of concentration risk;
- Define parameters for limit-setting;
- Determine the ideal level of capital for each business undertaking or risk exposure that is sufficient enough to absorb market shocks on every conceptualized stress scenario;
- Improve assessment of the risk-return trade off;
- Identify threat to the Parent 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.

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 2022					
	Up to 3 months	**Over 3 – 6 months**	**Over 6 months – 1 year**	**Over 1 – 5 years**	**Over 5 years**	**Total**
Assets						
Cash and other cash items	6,412,239	0	0	0	0	6,412,239
Due from BSP	125,147,393	0	0	0	0	125,147,393
Due from other banks	9,472,181	156,907	0	0	0	9,629,088
Loans – net	80,874,392	91,786,154	9,716,363	163,513,692	213,460,688	559,351,289
Investment securities	33,948,358	10,438,184	11,840,921	185,798,774	83,390,211	325,416,448
Other assets	294,753	69,051	114,272	320,414	21,363,601	22,162,091
Total assets	**256,149,316**	**102,450,296**	**21,671,556**	**349,632,880**	**318,214,500**	**1,048,118,548**
Liabilities						
Due to BSP/other banks	0	0	0	0	0	0
Deposits	620,256,613	155,257,446	50,094,284	19,107	0	825,627,450
Borrowings	565,108	21,177,633	13,128,243	14,487,459	50,555,155	99,913,598
Other liabilities	10,857,340	6,140,477	19,628,676	5,389,385	1,212,841	43,228,719
Total liabilities	**631,679,061**	**182,575,556**	**82,851,203**	**19,895,951**	**51,767,996**	**968,769,767**
Asset-liability gap	**(375,529,745)**	**(80,125,260)**	**(61,179,647)**	**329,736,929**	**266,446,504**	**79,348,781**

	Group 2021 Restated					
	Up to 3 months	**Over 3 – 6 months**	**Over 6 months – 1 year**	**Over 1 – 5 years**	**Over 5 years**	**Total**
Assets						
Cash and other cash items	6,495,299	0	0	0	0	6,495,299
Due from BSP	304,830,160	0	0	0	0	304,830,160
Due from other banks	22,948,633	55,227	0	0	0	23,003,860
Loans – net	100,004,554	79,990,931	14,077,553	149,027,570	173,011,350	516,111,958
Investment securities	44,958,995	6,043,508	17,749,814	151,624,652	74,152,300	294,529,269
Other assets	1,578,653	41,956	66,136	377,107	16,537,328	18,601,180
Total assets	**480,816,294**	**86,131,622**	**31,893,503**	**301,029,329**	**263,700,978**	**1,163,571,726**
Liabilities						
Due to BSP/other banks	152	0	0	0	0	152
Deposits	566,526,886	343,259,991	29,870,803	8,332	0	939,666,012
Borrowings	1,378,716	8,578,726	37,510,309	3,524,509	52,883,010	103,875,270
Other liabilities	14,857,076	7,271,333	1,931,725	16,978,253	885,271	41,923,658
Total liabilities	**582,762,830**	**359,110,050**	**69,312,837**	**20,511,094**	**53,768,281**	**1,085,465,092**
Asset-liability gap	**(101,946,536)**	**(272,978,428)**	**(37,419,334)**	**280,518,235**	**209,932,697**	**78,106,634**

	Parent 2022					
	Up to 3 months	**Over 3 – 6 months**	**Over 6 months – 1 year**	**Over 1 – 5 years**	**Over 5 years**	**Total**
Assets						
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	9,527,457	100,917	0	0	0	9,628,374
Loans – net	80,572,545	91,377,005	9,372,908	162,050,731	213,424,401	556,797,590
Investment securities	33,943,369	10,438,184	11,840,921	185,776,030	83,335,357	325,333,861
Other assets	1,838,647	67,051	200	1,275	21,343,498	23,250,671
Total assets	**257,132,696**	**101,983,157**	**21,214,029**	**347,828,036**	**318,103,256**	**1,046,261,174**
Liabilities						
Due to BSP/other banks	0	0	0	0	0	0
Deposits	619,839,724	155,203,759	50,094,284	19,107	0	825,156,874
Borrowings	0	20,907,952	13,042,380	14,247,346	50,555,155	98,752,833
Other liabilities	10,188,660	6,086,182	19,564,988	4,964,355	1,198,997	42,003,182
Total liabilities	**630,028,384**	**182,197,893**	**82,701,652**	**19,230,808**	**51,754,152**	**965,912,889**
Asset-liability gap	**(372,895,688)**	**(80,214,736)**	**(61,487,623)**	**328,597,228**	**266,349,104**	**80,348,285**

	Parent 2021 Restated					
	Up to 3 months	**Over 3 – 6 months**	**Over 6 months – 1 year**	**Over 1 – 5 years**	**Over 5 years**	**Total**
Assets						
Cash and other cash items	6,483,262	0	0	0	0	6,483,262
Due from BSP	304,395,253	0	0	0	0	304,395,253
Due from other banks	22,993,278	0	0	0	0	22,993,278
Loans – net	99,450,862	79,791,671	13,658,089	147,768,591	172,976,537	513,645,750
Investment securities	44,943,994	6,043,508	17,749,814	151,590,018	74,097,426	294,424,760
Other assets	3,147,329	39,714	390	766	16,531,988	19,720,187
Total assets	**481,413,978**	**85,874,893**	**31,408,293**	**299,359,375**	**263,605,951**	**1,161,662,490**
Liabilities						
Due to BSP/other banks	152	0	0	0	0	152
Deposits	566,257,120	343,201,252	29,870,803	8,332	0	939,337,507
Borrowings	1,054,134	8,094,439	37,188,446	3,243,989	52,883,010	102,464,018
Other liabilities	14,437,102	7,238,277	1,804,374	16,482,159	867,863	40,829,775
Total liabilities	**581,748,508**	**358,533,968**	**68,863,623**	**19,734,480**	**53,750,873**	**1,082,631,452**
Asset-liability gap	**(100,334,530)**	**(272,659,075)**	**(37,455,330)**	**279,624,895**	**209,855,078**	**79,031,038**

Note 7 – Cash and Cash Equivalents

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Cash and other cash items	6,412,239	6,495,299	6,397,601	6,483,262
Due from Bangko Sentral ng Pilipinas* (Note 8)	125,134,821	304,807,384	124,840,505	304,372,477
Due from other banks (Note 9)	9,628,172	23,000,951	9,627,458	22,990,369
Interbank loans receivable* (Note 10)	22,899,150	41,921,178	22,899,150	41,921,178
Securities purchased under agreement to resell*(Note 11)	27,654,618	16,029,884	27,547,715	15,952,177
	191,729,000	392,254,696	191,312,429	391,719,463

*Exclusive of accrued interest receivable as follows:

	Group		Parent	
	2022	2021	2022	2021
Due from Bangko Sentral ng Pilipinas	12,572	22,776	12,572	22,776
Due from other banks	916	2,909	916	2,909
Interbank loans receivable	17,083	1,359	17,083	1,359
Securities purchased under agreement to resell	7,674	8	7,673	8
	38,245	27,052	38,244	27,052

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, 2022 amounted to Php6.30 billion.

Interbank Loans Receivable (IBLR) represents the Group's placements with the BSP 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 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	
	2022	2021	2022	2021
Demand Deposit	75,607,821	86,938,384	75,313,505	86,503,477
Overnight Deposit	41,527,000	91,869,000	41,527,000	91,869,000
Term Deposit	8,000,000	126,000,000	8,000,000	126,000,000
	125,134,821	304,807,384	124,840,505	304,372,477
Accrued interest receivable	12,572	22,776	12,572	22,776
	125,147,393	304,830,160	124,853,077	304,395,253

Note 9 - Due from Other Banks

This account consists of the Group's balances of funds on deposit with the following banks:

	Group		Parent	
	2022	2021	2022	2021
Deposit with Foreign Banks	6,613,202	21,171,846	6,613,202	21,171,846
Deposit with Local Banks	3,014,970	1,829,105	3,014,256	1,818,523
	9,628,172	23,000,951	9,627,458	22,990,369
Accrued interest receivable	916	2,909	916	2,909
	9,629,088	23,003,860	9,628,374	22,993,278

As of December 31, 2022, 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	
	2022	2021	2022	2021
Domestic	4,500,000	0	4,500,000	0
Foreign	18,399,150	41,921,178	18,399,150	41,921,178
	22,899,150	41,921,178	22,899,150	41,921,178
Accrued interest receivable	17,083	1,359	17,083	1,359
	22,916,233	41,922,537	22,916,233	41,922,537

Interbank loans receivable of the Group carry interest rates at December 31 as follows:

	2022	2021
Domestic	5.500%	0.000%
Foreign	3.2000% to 4.4100%	0.0001% to 0.2400%

Note 11 – Securities Purchased Under Agreement to Resell (SPUAR)

This account consists of transactions with:

	Group		Parent	
	2022	2021	2022	2021
BSP	26,191,324	15,878,024	26,084,421	15,800,317
Other banks	1,463,294	151,860	1,463,294	151,860
	27,654,618	16,029,884	27,547,715	15,952,177
Accrued interest receivable	7,674	8	7,673	8
	27,662,292	16,029,892	27,555,388	15,952,185

The SPUAR of the Group carry interest rates at December 31 as follows:

	2022	2021
BSP	5.500%	2.000%
Other banks	4.3% to 6.5%	0.004%

Note 12 – Financial Assets at Fair Value Through Profit or Loss (FVTPL)

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Debt Securities Purchased				
Government	866,766	4,533,936	866,766	4,533,936
Private	2,002,829	1,819,375	2,002,829	1,819,375
	2,869,595	6,353,311	2,869,595	6,353,311
Accrued interest receivable	17,555	16,799	17,555	16,799
	2,887,150	6,370,110	2,887,150	6,370,110

The movement of this account is summarized as follows:

	Group	Parent
At December 31, 2021	6,370,110	6,370,110
Additions	206,519,278	206,519,278
Disposals	(210,220,765)	(210,220,765)
Fair value adjustments	17,206	17,206
Exchange differences	200,565	200,565
Net change in accrued interest receivable	756	756
At December 31, 2022	2,887,150	2,887,150

The FVTPL of the Group carry interest rates at December 31 as follows:

	2022	2021
Peso denominated	3.375% to 8.125%	3.375% to 6.875%
Foreign currency denominated	4.375%	4.375%

Note 13 – Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

This account consists of:

	Group		Parent	
	2022	**2021 Restated**	**2022**	**2021 Restated**
Debt securities:				
Government				
Treasury notes	5,625,885	2,862,983	5,625,885	2,862,983
Treasury Bills	0	1,019,801	0	1,019,801
Retail treasury bonds	9,281,134	2,757,806	9,281,134	2,757,806
Treasury bonds – ROP	5,115,768	4,159,366	5,115,768	4,159,366
Treasury bonds – US	9,193,455	4,933,831	9,193,455	4,933,831
Other Gov't Guaranteed Securities	4,181,756	1,525,399	4,181,756	1,525,399
	33,397,998	17,259,186	33,397,998	17,259,186
Private-Quoted	3,681,080	10,954,623	3,681,080	10,954,623
	37,079,078	**28,213,809**	**37,079,078**	**28,213,809**
Equity securities:				
Government	224,311	215,806	224,311	215,806
Private- Quoted	147,612	65,934	108,759	27,060
Private- Unquoted	1,997,737	2,539,648	1,981,737	2,523,648
	2,369,660	**2,821,388**	**2,314,807**	**2,766,514**
Accrued interest receivable	311,127	255,910	311,127	255,910
	39,759,865	**31,291,107**	**39,705,012**	**31,236,233**

The Group's financial assets at FVOCI are carried at inclusive/net of accumulated unrealized loss of P1,655 million and gain of P1,070 million as of December 31, 2022 and 2021, respectively.

In CY 2022, the Commission on Audit (COA) recommended the change in the booking procedure of recognizing the 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.

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, 2022, the net fair value of FVOCI Golf Shares is P83.220 million net of accumulated unrealized gain of P38.299 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 movement in FVOCI is summarized as follows:

	Group	Parent
At December 31, 2021	31,291,107	31,236,233
Additions	158,966,191	158,966,191
Disposals	(147,530,381)	(147,530,382)
Fair value adjustments	(2,501,980)	(2,501,958)
Translation adjustments	(421,042)	(421,042)
Exchange differences	2,742,351	2,742,351
Net change in accrued interest receivable	55,217	55,217
Adjustments	(2,841,598)	(2,841,598)
At December 31, 2022	**39,759,865**	**39,705,012**

The financial assets at FVOCI of the Group carry interest rates at December 31 as follows:

	2022	2021
Peso denominated	2.375%-13.750%	3.625%-13.750%
Foreign currency denominated	0.50%-10.625%	0.75%-7.39%

The DBP Board has approved on its January 18, 2017 meeting the share swap transaction proposed by Philippine Airlines (PAL) for one new share of PAL Holdings Inc. (PHI) in exchange for five of PAL or 49.697 million PAL shares equivalent to 9.939 million PHI shares. The participation in the share swap transaction will provide liquidity to the Bank as listed shares can be easily disposed. However, the amendment of par value of shares from Php1.00 to Php0.45 due to PHI's equity restructuring resulted in the decrease of PHI shares to Php4.473 million.

The book value of PAL shares at the time of swap is Php248 million in exchange of Php4.473 million of PHI shares. Hence, the difference of Php243.527 million accumulated loss on derecognition was charged to Retained Earnings in 2021. The Certificate of Entitlement was issued by PHI in favor of DBP on December 21, 2021.

As of December 31, 2022, the outstanding number of PHI shares remain at 4.473 million at Php0.45 par value per share with fair value of Php25.539 million or Php5.71 per share.

13.1 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, 2022:

At Fair Value	**Amount**	**Net Unrealized Gains**	**Dividends**
Small Business Guarantee Fund Corp	200,000	22,675	1,291
Philippine International Trading Corp	1,000	636	0
Philippine Dealings System Holding Corp	19,278	10,636	10,795
Philippine Clearing House	7,201	20,026	0
BancNet Incorporated	16,073	9,380	0
La Union Development Bank	900	542	0
Lipa City Development Bank	2,037	4,233	0
Luzon Development Bank	55	23	0
Marawi Resort Hotel Inc.	550	0	0
	247,094	**68,151**	**12,086**

The nine (9) INMES accounts of the Group were recognized with P68 million Net Unrealized Gains.

Note 14 – Financial Assets at Amortized Cost – Held to Collect (AC-HTC)

This account consists of debt securities at amortized cost:

	Group		Parent	
	2022	**2021 Restated**	**2022**	**2021 Restated**
Domestic				
Government				
Treasury bills and notes	99,884,075	79,710,883	99,856,341	79,661,248
BSP bills	33,049,653	35,987,040	33,049,653	35,987,040
Retail treasury bonds	52,875,258	54,231,211	52,875,258	54,231,211
Treasury Bonds- ROP	19,537,091	17,906,790	19,537,091	17,906,790
ROP-GPN	319,457	422,039	319,457	422,039
PSALM	6,139,115	5,867,035	6,139,115	5,867,035
Land Bank bonds	14,350	13,317	14,350	13,317
Private	35,232,641	39,400,954	35,232,641	39,400,954
	247,051,640	233,539,269	247,023,906	233,489,634
Foreign	33,583,224	21,685,329	33,583,224	21,685,329
	280,634,864	255,224,598	280,607,130	255,174,963
Accrued interest receivable	2,331,819	1,963,110	2,331,819	1,963,110
Allowance for Impairment Losses	(197,250)	(319,656)	(197,250)	(319,656)
	282,769,433	**256,868,052**	**282,741,699**	**256,818,417**

Government securities amounting to Php506 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, 2021	256,868,052	256,818,417
Additions	406,594,047	406,594,047
Disposals	(383,757,803)	(383,735,902)
(Amort.)/accretion of prem/disc	(3,325,200)	(3,325,200)
Exchange differences	5,899,222	5,899,222
Net change in accrued interest receivable	368,709	368,709
Net change in allowance for impairment losses	122,406	122,406
At December 31, 2022	**282,769,433**	**282,741,699**

The Group's financial assets at amortized cost carry interest rates at December 31 as follows:

	2022	2021
Peso denominated	2.375% - 13.750%	2.375% - 15.000%
Foreign currency denominated	0.125%-10.625%	0.125%-10.625%

Note 15 – Amortized Cost – Loans and Receivables

This account consists of:

	Group 2022	Group 2021 Restated	Parent 2022	Parent 2021 Restated
Loans and discounts	530,267,169	472,573,982	526,998,487	469,400,433
Accounts receivable (AR) – advances on loans	78,519	71,761	78,519	71,761
Sales contract receivables (SCR)	12,377	15,164	12,377	15,164
	530,358,065	472,660,907	527,089,383	469,487,358
Accrued interest receivable	3,892,926	3,266,210	3,883,536	3,252,345
	534,250,991	475,927,117	530,972,919	472,739,703
Discount (SCR)	(163)	(253)	(163)	(253)
Allowance for impairment and credit losses (Note 21)	(25,478,064)	(17,767,335)	(24,646,787)	(16,968,422)
	508,772,764	**458,159,529**	**506,325,969**	**455,771,028**

The Parent Bank's total loans classified as to type of interest rate as of December 31, 2022 and 2021 are Php286,372 Million and Php253,830 Million (variable interest rates) and Php240,626 Million and Php215,570 Million (fixed interest rates), respectively. Loans and other receivables bear annual interest rates of 0 per cent to 10 per cent per annum in 2022 and 2021 in the Parent Bank's financial statements.

The movement in amortized cost – loans and receivables is summarized as follows:

	Group	Parent
At December 31, 2021	458,159,529	455,771,028
Releases	257,407,032	256,873,604
Collections	(210,948,721)	(210,266,711)
Adjustments	11,234,876	10,991,161
Net change in Sales Contract Receivable	(2,787)	(2,787)
Net change in Advances on Loans & Investments	6,758	6,758
Net change in Accrued Interest Receivable	626,716	631,190
Net change in Allowance for Impairment Losses	(7,710,729)	(7,678,364)
Net change in Discount	90	90
At December 31, 2022	**508,772,764**	**506,325,969**

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, 2022 are as follows:

Total future minimum lease payments	1,191,983
Unearned finance income	(166,063)
Present value of future minimum lease payments	**1,025,920**

Maturity of future minimum lease payments as of December 31, 2022 follows:

	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Finance lease receivable	614,325	576,285	1,373	1,191,983
Unearned finance income	(92,606)	(73,433)	(24)	(166,063)
Total	**521,719**	**502,852**	**1,349**	**1,025,920**

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, 2022 and 2021 are presented below as net of specific allowance for impairment in compliance with BSP Circular 772:

	Group 2022	Group 2021 Restated	Parent 2022	Parent 2021
Non-Performing Loans (NPL)				
Gross NPL	29,423,586	27,533,986	28,276,890	27,281,700
Less: Allowance for impairment loss	(12,910,168)	(9,285,259)	(12,717,932)	(9,095,966)
Net NPL	**16,513,418**	**18,248,727**	**15,558,958**	**18,185,734**
NPL Rates				
Gross NPL	**5.08%**	**5.20%**	**4.91%**	**5.18%**
Net NPL	**2.85%**	**3.45%**	**2.70%**	**3.45%**

15.3 Wholesale Lending Portfolio

The wholesale lending portfolio the parent Bank represents 2 per cent and 1 per cent of its total loan portfolio as of December 31, 2022 and 2021, 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 a Deed of Assignment over the underlying credit receivables.

15.4 Loans as to Industry/Economic Sector

	Group	Parent
Electricity, Gas and Water	24.80%	24.96%
Wholesale & Retail Trade	6.57%	6.53%
Construction	9.85%	9.83%
Real Estate Activities	10.58%	10.65%
Public Administration	12.93%	12.97%
Financial and Insurance Activities	6.55%	6.59%
Information and Communication	5.24%	5.27%
Manufacturing	6.84%	6.74%
Transportation and Storage	5.04%	4.83%
Human Health and Social Work	3.95%	3.97%
Agriculture, Forestry and Fishing	3.82%	3.84%
Activities of Household as Employers	1.58%	1.58%
Education	1.19%	1.19%
Others	1.06%	1.05%
	100.00%	**100.00%**

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	2022		2021	
Secured Loans:				
Secured by Specified Rights	73,703,567		87,041,751	
Real Estate	66,041,639		59,809,704	
Machinery & Equipment	10,213,820		12,360,121	
Deposit/Deposit Substitutes	5,660,079		3,930,501	
Inventories	55,711		142,402	
Banks or Non-Bank Fin. Inst. Guarantee/Stand-by	23,858,350		75,130	
Government Bonds	5,327,559		10,000	
Unclassified Collateral	2,213,942		10,813,802	
Total Secured Loans	187,074,667	35%	174,183,411	37%
Unsecured Loans				
Deposit/Deposit Substitutes	0		0	
Unclassified Collateral	339,923,820		295,217,022	
Total Unsecured Loans	339,923,820	65%	295,217,022	63%
Total Gross Loan Portfolio	**526,998,487**	**100%**	**469,400,433**	**100%**

15.6 BSP Circular 1074 – Loans as to Status Per Product Line

The Parent Bank's classification of 2022 gross loan portfolio, before capitalized interest and other charges, as to general product line is presented below:

	Performing	Non-Performing	Total
Retail			
Loans to GOCC	96,899,729	1,587	96,901,316
Loans to Individuals	7,705,462	627,458	8,332,920
Loans to LGU/NG	68,703,049	0	68,703,049
Loans to Private Corporation	279,896,942	18,498,682	298,395,624
Agrarian Reform & Other Agri Loans	12,795,635	2,021,983	14,817,618
Interbank Loans Receivable	5,000,000	0	5,000,000
Microfinance Loans	1,514,825	608,847	2,123,672
SME Loans – Medium Scale Enterprise	12,011,239	5,337,379	17,348,618
SME Loans – Small Scale Enterprise	3,819,466	1,740,275	5,559,741
Total	488,346,347	28,836,211	517,182,558
Wholesale			
Interbank Term Loan Receivable	2,966,944	0	2,966,944
Loans to Private Corporation	6,846,735	2,250	6,848,985
Total	9,813,679	2,250	9,815,929
Total Gross Loan Portfolio	**498,160,026**	**28,838,461**	**526,998,487**

Note 16 – Bank Premises, Furniture, Fixtures and Equipment

This account represents the book value of the following assets:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Land	728,749	728,749	728,749	728,749
Construction in progress	190,363	197,630	190,363	197,630
Buildings	657,871	637,415	656,236	635,712
Leasehold improvements	154,932	165,380	152,957	162,739
Computer equipment	342,021	487,092	338,786	482,659
Office equipment, furniture and fixtures	268,491	229,230	265,085	224,220
Transportation equipment	185,610	198,714	184,350	197,009
Total	**2,528,037**	**2,644,210**	**2,516,526**	**2,628,718**

The appraised value of the Parent Bank's Land, Building and Improvements amounted to Php10.59 billion in 2022.

Details as follows:

	Group							
	Land	Construction in Progress	Building	Leasehold Improvements	Computer Equipment	Office Equipment, Furniture and Fixtures	Transportation Equipment	Total
At January 1, 2022								
Cost	728,749	197,630	1,432,394	529,641	1,571,725	960,909	520,653	5,941,701
Accumulated depreciation	0	0	(788,625)	(364,261)	(1,084,633)	(731,679)	(321,939)	(3,291,137)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
Net book value	**728,749**	**197,630**	**637,415**	**165,380**	**487,092**	**229,230**	**198,714**	**2,644,210**
CY 2022 transactions								
Additions	0	30,576	58,826	24,679	61,951	69,220	39,377	284,629
Disposals	0	0	0	0	(14,577)	(12,691)	(15,775)	(43,043)
Depreciation /Amortization	0	(843)	(29,742)	(36,284)	(127,196)	(79,173)	(44,017)	(317,255)
Adjustments - cost	0	(37,843)	(10,657)	(597)	(287,364)	(100,990)	(23,875)	(461,326)
Adjustments – accumulated depreciation	0	843	2,029	1,754	222,115	162,895	31,186	420,822
	0	(7,267)	20,456	(10,448)	(145,071)	39,261	(13,104)	(116,173)
Total	**728,749**	**190,363**	**657,871**	**154,932**	**342,021**	**268,491**	**185,610**	**2,528,037**
At December 31, 2022								
Cost	728,749	190,363	1,480,563	553,723	1,331,735	916,448	520,380	5,721,961
Accumulated depreciation/amortization	0	0	(816,338)	(398,791)	(989,714)	(647,957)	(334,770)	(3,187,570)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
Net book amount	**728,749**	**190,363**	**657,871**	**154,932**	**342,021**	**268,491**	**185,610**	**2,528,037**

	Parent							
	Land	Construction in Progress	Building	Leasehold Improvements	Computer Equipment	Office Equipment, Furniture and Fixtures	Transport-ation Equipment	Total
At January 1, 2022								
Cost	728,749	197,630	1,430,294	511,316	1,561,627	947,261	514,422	5,891,299
Accumulated depreciation/amortization	0	0	(788,228)	(348,577)	(1,078,968)	(723,041)	(317,413)	(3,256,227)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
Net book value	**728,749**	**197,630**	**635,712**	**162,739**	**482,659**	**224,220**	**197,009**	**2,628,718**
CY 2022 transactions								
Additions	0	30,576	58,826	24,679	61,856	69,035	39,377	284,349
Disposals	0	0	0	0	(14,451)	(12,254)	(15,775)	(42,480)
Depreciation /Amortization	0	(843)	(29,674)	(35,618)	(125,960)	(77,472)	(43,574)	(313,141)
Adjustments - cost	0	(37,843)	(10,657)	(597)	(287,331)	(100,942)	(23,875)	(461,245)
Adjustments – accumulated depreciation	0	843	2,029	1,754	222,013	162,498	31,188	420,325
	0	(7,267)	20,524	(9,782)	(143,873)	40,865	(12,659)	(112,192)
Total	**728,749**	**190,363**	**656,236**	**152,957**	**338,786**	**265,085**	**184,350**	**2,516,526**
At December 31, 2022								
Cost	728,749	190,363	1,478,463	535,398	1,321,701	903,100	514,149	5,671,923
Accumulated depreciation	0	0	(815,873)	(382,441)	(982,915)	(638,015)	(329,799)	(3,149,043)
Allowance for probable losses - impairment	0	0	(6,354)	0	0	0	0	(6,354)
Net book amount	**728,749**	**190,363**	**656,236**	**152,957**	**338,786**	**265,085**	**184,350**	**2,516,526**

Note 17 – Right of Use Assets

This account represents the book value of the following right-of-use assets:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Buildings	337,751	311,629	318,651	287,474
Transportation equipment	136,952	271,339	136,952	271,339
Total	**474,703**	**582,968**	**455,603**	**558,813**

Details are as follow:

	Group		
	Buildings	Transportation Equipment	Total
At January 01, 2022			
Cost	550,396	487,542	1,037,938
Accumulated Depreciation	(238,767)	(216,203)	(454,970)
Net Book Amount	311,629	271,339	582,968
Additions	23,864	0	23,864
Adjustments - Cost	61,012	26,542	87,554
Disposals/Contract Expiration	(13,525)	0	(13,525)
Amortization	(2,905)	0	(2,905)
Depreciation	(40,860)	(26,433)	(67,293)
Adjustments - Depreciation	(1,464)	(134,496)	(135,960)
	26,122	(134,387)	(108,265)
Total	**337,751**	**136,952**	**474,703**

	Parent		
	Buildings	Transportation Equipment	Total
At January 01, 2022			
Cost	512,007	487,542	999,549
Accumulated Depreciation	(224,533)	(216,203)	(440,736)
Net Book Amount	287,474	271,339	558,813
Additions	20,635	0	20,636
Adjustment - Cost	64,063	26,542	90,605
Disposals/Contract Expiration	(13,525)	0	(13,525)
Amortization	0	0	0
Depreciation	(32,774)	(26,433)	(59,207)
Adjustment - Depreciation	(7,222)	(134,496)	(141,719)
	31,177	(134,387)	(103,210)
Total	**318,651**	**136,952**	**455,603**

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	95	1 to 15	5
Transportation Equipment	7	1 to 2	2

Note 18 – Investment Property

The movement is summarized as follows:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Beginning Balance				
Cost	1,431,369	1,213,558	1,431,369	1,213,558
Accumulated Depreciation	(145,208)	(127,302)	(145,208)	(127,302)
Allowance for Impairment	(108,577)	(143,390)	(108,577)	(143,390)
Net book amount	**1,177,584**	**942,866**	**1,177,584**	**942,866**
Acquisition	400,184	182,365	399,881	182,365
Disposal				
Cost	(11,049)	(16,426)	(11,049)	(16,426)
Accumulated Depreciation	3,084	889	3,084	889
Allowance for Impairment	395	2,252	395	2,252
Reclassification				
Cost	(67,883)	19,529	(67,883)	19,529
Accumulated Depreciation	26,892	63,838	26,892	63,838
Allowance for Impairment	5,149	(19,872)	5,149	(19,872)
Adjustments - Cost	80,963	32,343	80,963	32,343
Reversal/Set-up				
Accumulated Depreciation	(58,509)	(82,633)	(58,509)	(82,633)
Allowance for Impairment	(6,261)	52,433	(6,261)	52,433
Total	**1,550,549**	**1,177,584**	**1,550,246**	**1,177,584**
Ending Balance				
Cost	1,833,584	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)
Net book amount	**1,550,549**	**1,177,584**	**1,550,246**	**1,177,584**

Fair value of the account is estimated at Php3.87 billion for the Parent Bank.

Note 19 – Equity Investment in Subsidiaries

This account consists of:

	Parent 2022	Parent 2021
Investments in subsidiaries		
Acquisition cost:		
Al-Amanah Islamic Investment Bank of the Philippines	1,190,000	1,155,000
DBP Leasing Corporation	1,132,000	1,132,000
DBP Management Corporation	37,500	37,500
DBP Data Center, Inc.	1,530	1,530
	2,361,030	2,326,030
Allowance for impairment (Note 21)	(550,177)	(528,869)
	1,810,853	1,797,161

Note 20 – Equity Investment in Associates and Joint Venture

This account consists of investments in share of stocks as follows:

	Group 2022	Group 2021	Parent 2022	Parent 2021
Associates:				
DBP Service Corporation (28.04% owned)	95,292	86,364	856	856
Joint Venture:				
DBP Insurance Brokerage, Inc. (40% owned)	17,070	8,882	4,000	4,000
DBP Daiwa Securities (17.06% owned)	118,714	120,934	45,675	45,675
	135,784	129,816	49,675	49,675
	231,076	216,180	50,531	50,531
Allowance for impairment loss (Note 21)	(12,047)	(9,414)	(12,047)	(9,414)
	219,029	206,766	38,484	41,117

The investment of the Parent Bank's subsidiary, DBP Management Corporation, 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:

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	1,618,268	1,192,124	3,797,276	52,581
DBP Insurance Brokerage, Inc.	162,538	83,620	90,185	36,594

2021 Restated	Statement of Financial Position		Statement of Profit/Loss	
	Total Assets	Total Liabilities	Gross Income	Net Income/Loss
DBP Daiwa Securities	1,291,513	775,349	180,727	(13,014)
DBP Service Corporation	1,470,573	1,075,204	2,927,068	45,989
DBP Insurance Brokerage, Inc.	118,593	81,300	63,332	15,438

Note 21 - Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses follow:

	Group 2022	Group 2021 Restated	Parent 2022	Parent 2021 Restated
Beginning balance	18,510,725	14,138,757	18,228,317	13,958,978
Provision for/reversal of impairment and credit losses	7,815,931	4,624,312	7,803,850	4,514,912
Charges against reserves:				
Write-off	(82,263)	(13,115)	(82,263)	(13,115)
Sale of acquired assets	(4,496)	(710)	(4,496)	(710)
Revaluation	20,269	4,040	20,269	4,040
Other transactions	(145,510)	(242,559)	(148,968)	(235,788)
Ending balance	26,114,656	18,510,725	25,816,709	18,228,317

Details per account follow:

	Group 2022	Group 2021 Restated	Parent 2022	Parent 2021 Restated
Financial assets at amortized cost (Held to collect)				
Beginning balance	319,656	163,773	319,656	163,773
Provisions	28,760		28,760	
Revaluation	12,610	6,771	12,610	6,771
Other transactions	(163,776)	149,112	(163,776)	149,112
Ending balance (Note 14)	197,250	319,656	197,250	319,656
Financial assets at amortized cost (Loans and receivable)				
Beginning balance	17,767,335	13,462,045	16,968,422	12,790,722
Provision for/reversal of impairment and credit losses	7,718,429	4,616,133	7,707,372	4,506,733
Charges against reserves:				
Write-off	(81,081)	(11,868)	(81,080)	(11,868)
Revaluation	7,657	3,180	7,657	3,180
Other transactions	65,724	(302,155)	44,417	(320,345)
Ending balance (Note 15)	25,478,064	17,767,335	24,646,787	16,968,422
Equity investments in subsidiary				
Beginning balance	0	0	528,869	528,869
Other transactions	0	0	21,308	0
Ending balance (Note 19)	0	0	550,177	528,869
Equity investments in associates and joint venture				
Beginning balance	9,414	7,236	9,414	7,236
Provision for/reversal of impairment and credit losses	0	2,178	0	2,178
Other transactions	2,633	0	2,633	0
Ending balance (Note 20)	12,047	9,414	12,047	9,414
Non-current assets held for sale				
Beginning balance	50,800	71,394	50,800	71,394
Provision for/reversal of impairment and credit losses	2,667	539	2,667	539
Charges against reserves:				
Sale of acquired assets	(3,834)	0	(3,834)	0
Other transactions	(1,242)	(21,133)	(1,242)	(21,133)
Ending balance	48,391	50,800	48,391	50,800
Investment property				
Beginning balance	108,577	143,390	108,577	143,390
Provision for/reversal of impairment and credit losses	63,673	5,352	63,673	5,352
Charges against reserves:				
Sale of acquired assets	(662)	(710)	(662)	(710)
Other transactions	(62,294)	(39,455)	(62,294)	(39,455)
Ending balance (Note 18)	109,294	108,577	109,294	108,577
Bank premises, furniture, fixtures and equipment				
Beginning balance	6,354	6,354	6,354	6,354
Ending balance (Note 16)	6,354	6,354	6,354	6,354
Intangible Assets				
Other transactions	4,000	0	4,000	0
Ending balance (Note 23)	4,000	0	4,000	0
Other assets				
Beginning balance	248,589	284,565	236,225	247,240
Provision for/reversal of impairment and credit losses	2,402	110	1,378	110
Charges against reserves:				
Write-off	(1,182)	(1,247)	(1,182)	(1,247)
Revaluation	2	(5,911)	2	(5,911)
Other transactions	9,445	(28,928)	5,986	(3,967)
Ending balance (Note 24)	259,256	248,589	242,409	236,225
Total Allowance	26,114,656	18,510,725	25,816,709	18,228,317

Note 22 – Deferred Tax Assets

Components of the deferred tax assets are as follows:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Deferred tax assets on:				
Allowance for impairment	6,824,560	4,928,916	6,758,095	4,863,948
Net Operating Loss Carry Over	477,965	885,016	477,965	885,016
Gratuity pay	35,857	35,857	35,857	35,857
Trading loss/(gain) revaluation	15,133	(10,653)	15,132	(10,653)
Unrealized foreign exchange loss/(gain) - net	(206,918)	(103,079)	(206,918)	(103,079)
Others	96,987	(36,200)	114,663	(21,320)
Net deferred tax assets	**7,243,584**	**5,699,857**	**7,194,794**	**5,649,769**

Note 23 – Intangible Assets

It represents the book value of the following intangible assets:

	Group		Parent	
	2022	2021	2022	2021
Software	113,448	175,554	111,461	173,744
BSP License	125,200	128,400	125,200	128,400
Non-Proprietary shares	500	0	500	0
Total	**239,148**	**303,954**	**237,161**	**302,144**

Details are as follows:

	Group			
	Software	BSP License	Non-Proprietary Shares	Total
At January 1, 2022				
Cost	996,097	160,000	0	1,156,097
Accumulated Amortization	(820,543)	(31,600)	0	(852,143)
Net Book Amount	175,554	128,400	0	303,954
Additions/Disposal	1,978	0	0	1,978
Amortization	(64,084)	(3,200)	0	(67,284)
Adjustments: Cost	0	0	4,500	4,500
Adjustments: Allowance for Impairment	0	0	(4,000)	(4,000)
	(62,106)	(3,200)	500	(64,806)
Total	**113,448**	**125,200**	**500**	**239,148**
At December 31, 2022				
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)
Net Book Amount	**113,448**	**125,200**	**500**	**239,148**

	Parent			
	Software	BSP License	Non-Proprietary Shares	Total
At January 1, 2021				
Cost	990,077	160,000	0	1,150,077
Accumulated Amortization	(816,333)	(31,600)	0	(847,933)
Net Book Amount	173,744	128,400	0	302,144
Additions/Disposal	1,067	0	0	1,067
Amortization	(63,350)	(3,200)	0	(66,550)
Adjustments: Cost	0	0	4,500	4,500
Adjustments: Allowance for Impairment	0	0	(4,000)	(4,000)
	(62,283)	(3,200)	500	(64,983)
Total	**111,461**	**125,200**	**500**	**237,161**
At December 31, 2022				
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)
Net Book Amount	**111,461**	**125,200**	**500**	**237,161**

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.

Note 24 - Other Assets

This account consists of:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
CWT/EWT/GRT	3,503,676	2,908,360	3,503,676	2,908,360
Accounts receivable	2,869,632	2,725,381	2,781,123	2,659,272
Prepaid expenses	1,122,308	761,719	1,118,928	758,374
Dividends and interest receivable	586,851	233,180	581,428	228,578
Employee benefits	338,959	336,631	338,960	336,631
ROPA	122,191	101,388	80,480	77,695
Inter-office float items	(28,381)	(305,118)	(27,529)	(295,218)
Miscellaneous assets	1,509,777	1,348,064	1,162,240	999,123
	10,025,013	8,109,605	9,539,306	7,672,815
Accumulated depreciation	(76,972)	(74,529)	(68,149)	(68,159)
Allowance for impairment	(259,256)	(248,589)	(242,409)	(236,225)
	9,688,785	**7,786,487**	**9,228,748**	**7,368,431**

24.1 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 Commission on Audit (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, 2021 and 2022 amounted to P228.26 million and P581.108 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, 2021 and 2022 amounted to P445.12 million and P1,084.81 million, respectively.

The remaining balance of ERP as of December 31, 2022 is US$34.741 million, of which US$29.834 million will be applied to principal. The ERP will mature on January 31, 2025.

The Parent Bank's MRTC Portfolio as of December 31 consists of: (In millions)

	2022		2021 Restated	
	USD	Php	USD	Php
Bonds - HTM	133.77	7,458.13	195.50	9,970.54
Shares – FVTPL/FVOCI				
Securitized	20.98	1,169.53	20.19	1,029.64
Unsecuritized	29.83	1,663,.38	41.31	2,106.62
	50.81	2,832.91	61.50	3,136.26
	184.58	**10,291.04**	**257.00**	**13,106.80**

24.2 Impairment of Goodwill

As of December 31, 2020, the Group recognized the full impairment of Goodwill as a result of impairment test of the Bank's subsidiaries Al-Amanah Islamic Investment Bank of the Philippines and DBP Leasing Corporation aggregating P388 million.

Note 25 – Deposit Liabilities

This account consists of:

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Demand	266,728,717	242,332,341	266,575,182	242,199,564
Savings	374,299,438	328,926,859	373,980,174	328,734,678
Time	184,599,295	368,406,812	184,601,518	368,403,265
	825,627,450	**939,666,012**	**825,156,874**	**939,337,507**

The total liquidity and statutory reserves as reported to BSP of the Parent Bank as of December 31, 2022 and 2021 are as follows:

	Parent			
	2022		2021	
A. Statutory/Legal Reserves on:	**Rate**	**Amount**	**Rate**	**Amount**
Available Reserves		86,473,676		97,819,104
Required Reserves				
Deposit Liabilities	12%	86,018,952	12%	97,244,870
Bonds Payable	3%	360,000	3%	630,000
		86,378,952		97,874,870
Excess / (Deficiency)		**94,724**		**(55,766)**
B. MSME Loans used as Alternative Compliance		**11,160,170**		**11,315,589**

Since April 3, 2020, the rate of required reserve against deposit liabilities in local banks remained at 12%.

Per BSP Circular No. 1083 s. 2020, the use of micro-small and medium enterprises (MSMEs) as an alternative compliance with the reserve requirement was allowed by BSP effective April 4, 2020. This shall be available to banks until June 30, 2023 per BSP Circular No. 1155 s. 2022.

Note 26 – Bills Payable

The Group and Parent Bank's bills payable consists of the following:

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Official Development Assistance (ODA)	35,660,205	40,073,289	35,660,205	40,073,289
Non-ODA	35,585,125	27,560,205	34,424,360	26,148,953
	71,245,330	**67,633,494**	**70,084,565**	**66,222,242**

As to remaining maturity:

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Domestic				
Within 1 year	936,855	1,189,819	11,952	28,655
Beyond 1 year	751,746	1,062,023	515,883	811,935
	1,688,601	2,251,842	527,835	840,590
Foreign				
- With FX risk cover				
Within 1 year	41,856	95,939	41,856	95,939
Beyond 1 year	35,618,349	40,073,289	35,618,349	40,073,289
	35,660,205	40,169,228	35,660,205	40,169,228
- With FX risk cover				
Within 1 year	33,896,524	25,212,424	33,896,525	25,212,424
	69,556,729	**65,381,652**	**69,556,730**	**65,381,652**
	71,245,330	**67,633,494**	**70,084,565**	**66,222,242**

As to original term:

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Domestic				
1 Year or Less	703,177	718,438	0	0
More than 1 Year to 5 Years	463,737	729,959	6,148	37,145
More than 5 Years	521,687	803,445	521,687	803,445
	1,688,601	2,251,842	527,835	840,590
Foreign				
- With FX risk cover				
More than 5 Years	35,660,205	40,169,228	35,660,205	40,169,228
- With FX risk cover				
1 Year or Less	33,896,524	25,212,424	33,896,525	25,212,424
	69,556,729	**65,381,652**	**69,556,730**	**65,381,652**
	71,245,330	**67,633,494**	**70,084,565**	**66,222,242**

The 2022 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 P15.50 billion with collateral securities under the Fair Value through Other Comprehensive Income and Other Held to Collect which amounted to P6.42 billion and P10.10 billion, respectively.

The foreign currency denominated Bills Payable amounting to P35.66 billion and P40.17 billion in 2022 and 2021, respectively, were all subject to FX risk cover and guaranteed by the National Government. The foreign exchange revaluation gains for CY 2022 and 2021 amounted to P1,066 million and P905 million, respectively. The AR-NG FX Differential as of December 31, 2022 and 2021, totaled P760.15 million and P1,270.87 million, respectively.

Other information about bills payable as of December 31, 2022, are as follows:

	Bills Payable	
	Wholesale	**Retail**
a. Maturities		
Maximum		
Domestic		12 years
Foreign	40 years	40 years
Average		
Domestic		8.55 years
Foreign	30.24 years	36.06 years
b. Average Rate (Interest Rate to Funders)		
Domestic	0.00%	2.39%
Foreign	2.95%	1.03%
c. Balance		
Maximum month-end Balance	1,739,735	39,418,700
Average Monthly Balance	1,469,875	35,601,726

Note 27 – Bonds Payable

The Group and Parent Bank's bonds payable consists of the following:

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Senior Notes	16,668,268	15,241,776	16,668,268	15,241,776
ASEAN Sustainability Bonds	12,000,000	21,000,000	12,000,000	21,000,000
	28,668,268	**36,241,776**	**28,668,268**	**36,241,776**

The statutory/legal reserves on bonds payable amounts to P360M as of December 31, 2022 (see Note 25).

27.1 Senior Notes

On 11 March 2021, the Parent Bank issued USD 300.00 million notes (the "Notes") with an annual coupon rate of 2.375 per cent due on March 25, 2031 as approved by the Monetary Board of 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, 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.

The Parent Bank issued 5.5 per cent US$300.00 million notes due on March 25, 2021 as approved by the Monetary Board of 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 25 and September 25. The Parent Bank may, at its option, redeem all, but not less than all, of the Notes at any time at par plus accrued interest, in the event of certain tax changes and each holder of the Notes shall have the right, at its option to require DBP to repurchase all 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. This was redeemed March 25, 2021 .

27.2 ASEAN Sustainability Bonds and other issuances under the DBP Peso Bond Programme

On November 11, 2019, the Parent Bank issued P18.125 billion worth of fixed rate Series A ASEAN Sustainability Bonds (the "Sustainability Bonds") to finance/refinance existing and prospective Green and Social projects eligible under the Bank's Sustainability Finance Framework. The Sustainability Bonds has a tenor of two years to mature and be redeemed on November 11, 2021. The Bonds carry a coupon rate of 4.25 per cent per annum payable quarterly .

On December 11, 2020, the Parent Bank issued P21.0 billion fixed-rate series 2 bonds (the "Series 2 Bonds") with coupon rate of 2.5 per cent per annum payable quarterly. The Bond has a two-year tenor to mature on December 11, 2022.

On April 13, 2022, the Parent Bank issued P12.0 billion fixed-rate series 3 bonds (the "Series 3 Bonds") 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 November 4, 2024.

Both the Series 2 and Series 3 Bonds 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 Series 2 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.

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 which shall be set-up monthly against current operations:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Interest	1,865,762	1,128,300	1,865,543	1,128,059
Income Tax	0	14,263	0	14,263
Other Taxes/Licenses	494,590	390,014	490,319	385,744
Salaries and Other Administrative Expense	6,061,291	4,582,217	5,751,486	4,294,000
	8,421,643	**6,114,794**	**8,107,348**	**5,822,066**

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 3 Compliant Unsecured Subordinated Debt eligible as Tier 2 Capital last November 20, 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.

Note 32 - Deferred Credits and Other Liabilities

This account consists of:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Cash letters of credit	17,224,912	16,692,408	17,224,912	16,692,408
Accounts payable	2,907,247	2,070,147	2,876,561	2,032,925
Unearned income/deferred credits	2,229,017	2,392,727	2,228,151	2,067,941
Miscellaneous liability – Asenso Bayanihan	0	988,459	0	988,459
Miscellaneous liability – Trust Liabilities - PUVMP	0	795,600	0	795,600
Finance lease liability	477,062	588,994	461,596	568,373
Withholding taxes payable	252,365	304,187	249,752	301,985
Miscellaneous liability – Lawsuits	169,898	169,898	169,898	169,898
Due to Treasury of the Philippines	88,424	86,231	86,403	84,209
Other miscellaneous liabilities	1,237,026	1,288,183	380,948	881,442
	24,585,951	**25,376,834**	**23,678,221**	**24,583,240**

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, 2021, the total amount of Php16.69 billion increased to Php17.22 billion as of December 31, 2022. The bulk pertains to Letters of Credit issued by the Parent Bank for the account of various local government units and government agencies.

32.2 Asenso Bayanihan

Pursuant to Section 10 (v) of Republic Act No. 11494 or the "Bayanihan To Recover as One Act", the National Government alloted Php1.00 billion each to the DBP and Land Bank of the Philippines (LBP) to subsidize loan interest payments on new and existing loans secured by the Local Government Units (i.e Provinces, Cities, Municipalities) to assist their projects related to COVID-19 pandemic response and recovery interventions.

A Special Allotment Release Order was issued by the Department of Budget and Management (DBM) to the Bureau of the Treasury (BTr) on October 29, 2020 and said funds were received by the Parent Bank on November 10, 2020. Similarly, balances were transferred to a savings account at DBP-FC in August 2022. As of December 31, 2022, the Interest Subsidy Fund (ISF) balance is P765.38 million. The Implementing Guidelines of Section 10 (v) of Republic Act No. 11494 and two succeeding Revised Implementing Guidelines, as endorsed by DBP and LBP, were approved by the Department of Finance (DOF) on November 6, 2020, January 7, 2022, and December 28, 2022, respectively.

In 2022, the said liability forms part of the Parent Bank's off balance sheet accounts.

32.3 Trust Liability – Public Utility Vehicle Modernization Program

Pursuant to the Department of Transportation (DOTr), Department Order No. 2018-016 dated July 31, 2018, the Government, through the Special Provisions for Budgetary Support Government Corporation (BSGC) under Republic Act No. 10964 or the 2018 General Appropriations Act (GAA), provided the Equity Subsidy for the Public Utility Vehicle Modernization Program (PUVMP) amounting to P1.13 billion. The equity subsidy is intended to support the equity requirement of eligible PUV Transport Service Cooperatives/Corporations to finance acquisition of new PUV units that complies with the Omnibus Franchising Guidelines issued by DOTr and the standards set by DTI. In 2020, DOTr issued Department Order No. 2020-006 to increase the equity subsidy from P80,000 to P160,000 per unit.

In compliance with DOF Circular No. 022-2022 dated May 16, 2022, DBP opened a savings account at DBP-Financial Center (FC) for PUVMP Equity Subsidy and transferred balances in August 2022 as approved under Board Resolution No. 0335 dated July 6, 2022. As of December 31, 2022, the equity subsidy fund balance is P717.92 million, net of releases to Transport Service Cooperatives/Corporations and interest earned from the savings account.

In 2022, the said liability forms part of the Parent Bank's off balance sheet accounts.

32.4 Details on Finance Lease Liability Account

The maturity details of the Parent Bank's Finance Lease Liability as of December 31, 2022 and its corresponding future interest expense follow:

	Parent			
	Not Later than one year	Later than one year but not Later than five years	Later than five years	Total
Lease Payments	68,063	251,614	141,919	461,596
Interest Expense	904	13,824	37,758	52,486
Total	**68,967**	**265,438**	**179,677**	**514,082**

32.5 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.

32.6 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	
	2022	2021
Common shares, Php100 par value Authorized, 350,000,000 shares		
Issued, paid and outstanding, Number of shares	320,000,000	320,000,000
Amount	**P32,000,000**	**P32,000,000**

On February 4, 2021, the National Government granted additional Php12.5 billion (125,000,000 shares) capital infusion to the Parent Bank to cover the loans and interest payment of beneficiaries affected by the COVID-19 pandemic pursuant to Republic Act No. 11494, Bayanihan to Recover as One Act. The Php12.5 billion was received on February 11, 2021.

Note 34 – Retained Earnings Reserves

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Reserve for trust business	139,173	136,741	139,173	136,741
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
	265,382	**262,950**	**245,382**	**242,950**

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 ¾ 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, DBP MC, for winding up of the business operation. In June 2022, the Parent Bank resolved to resume active operations of DBP MC. With this development, the appropriation may be reverted back to the unappropriated retained earnings, subject to the approval of the DBP MC board.

Note 35 – Accumulated Other Comprehensive Income (Loss)

This account consists of:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Net unrealized gain/(loss) on securities at FVOCI	(1,640,080)	1,119,340	(1,675,954)	1,083,444
Cumulative Foreign Currency Translation	212,079	29,361	212,079	29,361
	(1,428,001)	**1,148,701**	**(1,463,875)**	**1,112,805**

The movement of this account is summarized as follows:

	Group	Parent
Net unrealized gain/(loss) on securities at FVOCI		
At December 31, 2021	1,119,340	1,083,444
Net change in fair value of debt instrument at FVOCI	(2,706,004)	(2,706,004)
Net change in fair value of equity instrument at FVOCI	(53,416)	(53,394)
Net change in fair value during the year	(2,759,420)	(2,759,398)
At December 31, 2022	(1,640,080)	(1,675,954)
Cumulative Foreign Currency Translation		
At December 31, 2021	29,361	29,361
Translation adjustments	182,718	182,718
At December 31, 2022	212,079	212,079
	(1,428,001)	**(1,463,875)**

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:

	Parent 2022 Reportable Segments			
Fees and Commission Income	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	**59,721**	**1,321,370**	**15,533**	**1,396,624**

	Parent 2021 Reportable Segments			
Fees and Commission Income	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	120	0	120
Various Service Charges	0	960,305	0	960,305
	0	960,425	0	960,425
Fees income earned from services that are provided at a point in time:				
Underwriting	87,743	0	0	87,743
Brokerage	11,387	0	0	11,387
Various Service Charges	641	231,541	37,714	269,896
	99,771	231,541	37,714	369,026
Total revenue from contracts with customers	**99,771**	**1,191,966**	**37,714**	**1,329,451**

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	
	2022	2021 Restated	2022	2021 Restated
Additional interest and penalty charges (AIPC)	226,391	293,265	226,391	293,265
Gain/(loss) from sale/derecognition of non-financial assets	174,466	(67,649)	173,098	(67,655)
Rental/lease income	107,514	128,306	40,528	45,895
Recovery on charged-off assets	41,115	18,915	36,928	18,915
Income/(loss) - Trust	24,321	35,363	24,321	35,363
Share in net income - equity investment	18,845	12,502	0	0
Miscellaneous income/ (loss)	59,597	43,319	50,425	39,146
	652,249	464,021	551,691	364,929

Note 38 – Other Operating Expenses

This account consists of:

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Insurance	1,656,682	1,942,348	1,652,203	1,938,132
Depreciation and amortization	629,902	629,909	610,795	606,833
Fees and commission/ Supervision	447,713	464,371	467,596	483,851
Security, clerical, messengerial and janitorial	393,949	433,422	381,777	421,533
Utilities	332,124	299,078	325,150	291,823
Information technology	361,846	278,186	361,838	278,185
Repairs and maintenance	142,328	90,548	141,505	89,704
Management and other professional fees	120,682	92,387	118,785	90,547
Stationery and supplies used	101,973	104,535	99,725	102,754
Fuel and lubricants/Traveling	77,544	48,603	74,473	46,751
Interest Expense - Finance Lease Payment Payable	17,398	30,452	16,703	29,720
Representation and entertainment	10,995	7,443	9,461	7,032
Miscellaneous expense	410,553	459,750	403,102	452,493
	4,703,689	4,881,032	4,663,113	4,839,358

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 one per cent, instead of two 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, 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.

The Group has applied the necessary amendments relevant to the provisions contained in the Act. Provision for income tax consists of:

	Group		Parent	
	2022	2021	2022	2021
Current				
Final Taxes	1,970,933	2,181,141	1,970,694	2,180,862
RCIT – FCDU	26,487	35,261	26,487	35,261
MCIT - RBU	67,458	21,055	66,869	21,055
	2,064,878	2,237,457	2,064,050	2,237,178
Deferred Tax Benefit	(1,543,603)	(1,962,796)	(1,545,025)	(1,943,307)
	521,275	274,661	519,025	293,871

In 2022, the Parent Bank (RBU Books) was subjected to MCIT totaling Php67 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 for 2020 until 2021 was not used as tax credit this year since the Bank will still pay MCIT for 2022.

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
	3,154,107	3,154,107	0	

Inception Year	**Amount**	**Used**	**Balance**	**Expiry Year**
Excess MCIT				
2020	63,670	0	63,670	2023
2021	20,611	0	20,611	2024
2022	66,869	0	66,869	2025
	151,150	0	151,150	

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:

	2022		2021	
	Amount	Rate	Amount	Rate
Statutory income tax	1,103,238	25.00	1,154,983	25.00
Effect of items not subject to statutory tax rate:				
Income subjected to lower tax rates	(1,970,464)	(44.65)	(2,097,615)	(45.40)
Tax-exempt income	(870,499)	(19.73)	(1,072,869)	(23.22)
Non-deductible expenses	1,899,845	43.05	1,169,595	25.32
Others	356,905	8.09	1,139,777	24.67
Tax expense	519,025	11.76	293,871	6.37

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. However, as part of COVID relief measure per BSP memorandum M 2021– 026 dated April 26, 2021, SBL for retail was increase to 30 per cent until December 31, 2021. 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:

	2022	2021
Total DOSRI loans	91,573,175	88,540,781
Unsecured DOSRI loans	57,133	67,321
Total RPT Loans	102,630,481	94,799,071
Total RPT Loans (inclusive of DOSRI)	194,203,656	183,339,852
Per cent of DOSRI Loans to Loan Portfolio	15.89%	16.82%
Per cent of Unsecured DOSRI Loans to Total DOSRI Loans	0.06%	0.08%
Per cent of RPT loans to total loan portfolio	17.81%	18.01%
Per cent of DOSRI and RPT loans to total loan portfolio	33.69%	34.83%
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	
	2022	2021	2022	2021
a) Short-term employee benefits	156.11	164.65	135.07	147.68
b) Post-employment benefits	68.62	62.67	63.96	59.45
	224.73	**227.32**	**199.03**	**207.13**

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 2022:

Quarter	Type	Related Counterparty	Relationship Between the Parties	Type of Transaction	Amount/Contract Price
1Q	DOSRI	National Food Authority (NFA)	National Government Agency (NGA)	Revolving Promissor Note Line (RPNL)	PHP 13,566 million
		Department of National Defense (DND)/ Armed Forces of the Philippines (AFP)	NGA	Self-Funded Cash Import LC Negotiation	PHP 1,747 million
				Self-Funded Cash Import LC Amendment	PHP 3,503 million
2Q	DOSRI	NFA	NGA	RPNL	PHP 4,688 million
		DND/AFP	NGA	Self-Funded Cash Import LC Negotiation	PHP 1,600 million
				Self-Funded Cash Import LC Amendment	PHP 3,455 million
		Power Sector Assets and Liabilities Management Corporation (PSALM)	Government-Owned and Controlled Corporation (GOCC)	Term Loan	PHP 8,030 million
	OTHERS	First Consolidated Bank Inc. (FCB)	DBP has Php 9.06M Preferred Shares investment with FCB. As such, FCB is a related party of the Bank.	Firt Interim Renewal of Rediscounting Line	PHP 500 million
				Renewal of Clean Omnibus Facility	PHP 500 million
3Q	DOSRI	NFA	NGA	RPNL	PHP 13,566 million
		DND/AFP	NGA	Self-Funded Cash Import LC Amendment	PHP 8,445 million
					USD 67 million
					EUR 6 million
				Self-Funded Cash Import LC Opening	PHP 3,558 million
				Self-Funded Cash Import LC Negotiation	PHP 2,762 million
	OTHERS	Cebu Cordova Link Expressway Corporation (CCLEC)	Chairman Alberto G. Romulo is advisor to Metro Pacific Investments Corporation, ultimate parent of CCLEC.	New Additional Participation -Syndicated Term Loan Facility	PHP 553 million
4Q	DOSRI	NFA	NGA	RPNL	PHP 10,847 million
		Power Sector Assets and Liabilities Management Corporation (PSALM)	GOCC	Term Loan	PHP 17,100 million
		Philippine Air Force (PAF)	NGA	Self-Funded Cash Import LC Opening	PHP 356 million
		DND/AFP	NGA	Self-Funded Cash Import LC Negotiation	PHP 12,148 million
				Self-Funded Cash Import LC Opening	PHP 4,404 million
	OTHERS	DND and Allied Bureaus: AFP / Philippine Army / PAF / Philippine Navy / Government Arsenal	NGA	Import Letter of Credit (ILC) Line (Increase in the Import Credit Line from PhP25 Billion to Aggregate amount of up to PhP50 Billion)	Up to PHP50 billion
		NFA	NGA	Renewal of ROP Guaranteed Omnibus Line.	
				To be made available via the ff. credit line facilities:	Sub-limit:
				RPNL	PHP 27.495 billion
				Domestic Bills Purchased Line	PHP 600 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 (comprised of):
  o Head Office
  o Provincial 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, 2022 and 2021 are as follows:

	Reportable Segments				
As of December 31, 2022	**Treasury and Corporate Finance**	**Development Lending**	**Total Reporting Segments**	**Total Non-Reportable Segments**	**Bankwide Financial Statements**
Interest Income	13,630,888	23,255,980	36,886,868	77,612	36,964,480
Interest Expense	(2,758,900)	(9,901,223)	(12,660,123)	(1,307)	(12,661,430)
Net Interest Income	10,871,988	13,354,757	24,226,745	76,305	24,303,050
Provision for Impairment	-	(70,041)	(70,041)	(7,733,809)	(7,803,850)
Net Interest Income After Provision for Impairment	10,871,988	13,284,716	24,156,704	(7,657,504)	16,499,200
Other Income	2,003,287	1,571,257	3,574,544	413,264	3,987,808
Gross Segment Revenue	12,875,275	14,855,973	27,731,248	(7,244,240)	20,487,008
Compensation and Fringe Benefits	(131,904)	(2,676,682)	(2,808,586)	(3,481,112)	(6,289,698)
Depreciation and Amortization	(145)	(187,397)	(187,542)	(423,253)	(610,795)
Other Operating Expenses	(1,228,482)	(6,734,494)	(7,962,976)	(1,210,587)	(9,173,563)
Total Direct Operating Expenses	(1,360,531)	(9,598,573)	(10,959,104)	(5,114,952)	(16,074,056)
Operating Profit Before Tax	11,514,744	5,257,400	16,772,144	(12,359,192)	4,412,952
Provision for Income Tax	(1,970,389)	(28)	(1,970,417)	1,451,392	(519,025)
Segment Net Profit for the Year	**9,544,355**	**5,257,372**	**14,801,727**	**(10,907,800)**	**3,893,927**
Segment Assets	**371,699,277**	**654,831,936**	**1,026,531,213**	**19,729,961**	**1,046,261,174**
Segment Liabilities	**89,980,430**	**852,379,042**	**942,359,472**	**23,553,417**	**965,912,889**
Equity					**80,348,285**

	Reportable Segments				
As of December 31, 2021 - Restated	**Treasury and Corporate Finance**	**Development Lending**	**Total Reporting Segments**	**Total Non-Reportable Segments**	**Bankwide Financial Statements**
Interest Income	13,634,915	19,160,920	32,795,835	48,560	32,844,395
Interest Expense	(2,907,056)	(9,831,291)	(12,738,347)	(14,737)	(12,753,084)
Net Interest Income	10,727,859	9,329,629	20,057,488	33,823	20,091,311
Provision for Impairment	-	(191,907)	(191,907)	(4,323,005)	(4,514,912)
Net Interest Income After Provision for Impairment	10,727,859	9,137,722	19,865,581	(4,289,182)	15,576,399
Other Income	2,701,659	1,231,709	3,933,368	870,690	4,804,058
Gross Segment Revenue	13,429,518	10,369,431	23,798,949	(3,418,492)	20,380,457
Compensation and Fringe Benefits	(131,474)	(2,521,744)	(2,653,218)	(2,477,075)	(5,130,293)
Depreciation and Amortization	(126)	(248,837)	(248,963)	(357,870)	(606,833)
Other Operating Expenses	(1,056,141)	(7,703,917)	(8,760,058)	(1,367,201)	(10,127,259)
Total Direct Operating Expenses	(1,187,741)	(10,474,498)	(11,662,239)	(4,202,146)	(15,864,385)
Operating Profit Before Tax	12,241,777	(105,067)	12,136,710	(7,620,638)	4,516,072
Provision for Income Tax	(2,180,071)	(36)	(2,180,107)	1,886,236	(293,871)
Segment Net Profit for the Year	**10,061,706**	**(105,103)**	**9,956,603**	**(5,734,402)**	**4,222,201**
Segment Assets	**361,753,370**	**780,033,786**	**1,141,787,156**	**19,875,334**	**1,161,662,490**
Segment Liabilities	**91,415,646**	**968,065,805**	**1,059,481,451**	**23,150,001**	**1,082,631,452**
Equity					**79,031,038**

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, interest rate swaps 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:

	2022	2021
Loan Commitments	45,761,918	57,838,853
Credit Lines Available	41,988,736	24,577,070
Letters of Credit	20,666,749	28,976,569
Spot exchange bought/sold	0	140,744
Inward bills for collection	207,286	48,411
Outward bills for collection	0	471
Outstanding guarantees issued	8,362	0
Others	17,959	349
	108,651,010	**111,582,467**

The Others item includes late deposits/payments received, deficiency claims receivable, written off accounts, and items held for safekeeping/collaterals.

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, 2022 reached Php35.17 billion which is 1.77 per cent higher than the Php34.55 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, 2022 reached Php86.01 million, while operating expenses and gross receipts tax aggregated Php61.69 million. Trust operations for the year resulted in a net income of Php24.32 million, which is included in the Parent Bank's financial statements.

Government securities with fair value of Php506 million as of December 31, 2022 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	
	2022	**2021 Restated**	**2022**	**2021 Restated**
Return on Average Equity	4.86%	5.79%	4.89%	5.97%
Return on Average Asset	0.35%	0.37%	0.35%	0.38%
Net Interest Margin	2.46%	2.03%	2.46%	2.04%
CET 1 Ratio	11.68%	12.25%	11.67%	12.16%
Tier 1 Ratio	11.68%	12.25%	11.67%	12.16%
Capital Adequacy Ratio	12.61%	13.53%	12.60%	13.44%

Note 46 – Reconciliation of Operating Cash Flow with Reported Net Income/(Loss)

	Group		Parent	
	2022	2021 Restated	2022	2021 Restated
Reported Operating Income	4,344,213	4,317,871	4,412,952	4,516,072
Operating cash flows from changes in asset and liability balances	(175,894,638)	85,331,639	(176,340,691)	84,482,124
Add/(deduct) non-cash items:				
Depreciation	562,618	569,679	544,244	547,269
Amortization	67,284	60,230	66,551	59,564
Provision for impairment losses	7,815,931	4,624,312	7,803,850	4,514,912
Gain from FVTPL Marking to Market	9,744	(16,610)	9,744	(16,610)
FX Loss on revaluation	(1,416,865)	(1,765,308)	(1,416,865)	(1,765,308)
Other income/expenses	2,167,472	(1,291,433)	2,465,510	(1,097,305)
	9,206,184	2,180,870	9,473,034	2,242,522
Income taxes paid	(2,193,113)	(2,075,609)	(2,192,285)	(2,075,331)
Net Cash provided by (used in) operating activities	**(164,537,354)**	**89,754,771**	**(164,646,990)**	**89,165,387**

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, 2022.

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 Php1.47 billion as percentage tax pursuant to RA 9238 law/regulations and based on the amount reflected in the Sales/Gross Income Received account of Php35.94 billion.

47.2 Documentary Stamp Taxes (DST)

Summary transactions for documentary stamp tax purchased/utilized:

	Tax Base	Tax Due
DST on Loan Instruments	406,526,898	336,303
DST on Deposits and Other Cash Transactions	4,301,181,993	2,923,863
Other Transactions subject thereto and other adjustments	414,252	9,378
Total	**4,708,123,143**	**3,269,544**

47.3 Withholding Taxes

Withholding taxes paid/accrued:

	Paid	Accrued	Total
Tax on compensation and benefits	413,843	23,517	437,360
Creditable withholding taxes	126,808	16,659	143,467
Final withholding taxes	1,149,152	209,576	1,358,728
Total	**1,689,803**	**249,752**	**1,939,555**

47.4 All Other Local and National Taxes

Local and national taxes paid/accrued:

	Paid	Accrued	Total
Gross receipts tax:			
National	1,465,266	490,247	1,955,513
Local	65,314	0	65,314
Sub-total	1,530,580	490,247	2,020,827
Real property tax	13,103	0	13,103
Municipal tax	12,271	0	12,271
Others	28,599	16,095	44,694
Total	**1,584,553**	**506,342**	**2,090,895**

47.5 Deficiency Tax Assessments

The Parent Bank has received a final assessment notice from the Bureau of Internal Revenue covering the taxable year 2018 amounting to Php126 million, inclusive of penalties for deficiency income, VAT, percentage and withholding taxes which has been agreed upon and settled last November 10, 2022.

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 will start to use the updated electronic form upon filing its 2022 Income Tax Return.

Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2022, the Parent Bank reported the following audited revenues and expenses for income tax purposes:

Revenues	
Services/operations:	15,662,394
Non-operating and taxable other income:	
Gain/(loss) from sale/derecognition of non-financial assets	173,098
Recovery from charged-off assets	36,928
	210,026
Total revenues	**15,872,420**
Expenses	
Cost of Services:	
Compensation & fringe benefits	4,963,457
Others	3,107,816
	8,071,273
Itemized deductions:	
Compensation & fringe benefits	1,756,352
Taxes & licenses	1,516,603
Depreciation/amortization	171,687
Securities, messengerial & janitorial services	108,144
Communication, light & water	127,431
Management and other professional fees	37,815
Fees and commission	69,014
Bad debts	84,987
Rentals	149,777
Repairs & maintenance	38,166
Travelling/fuel lubricants	29,940
Stationery and Supplies	40,579
Others	358,395
Total itemized deduction	4,488,890
Net Operating Loss Carry Over	3,154,107
Total expenses	**15,714,270**
Net taxable income/(loss)	**158,150**

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 2020. Accordingly, 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, 2021:

Account Title	As Previously Reported	Adjustment	As Adjusted
Financial assets at fair value through other comprehensive income (FVOCI) - Equity Securities	4,795,730	(2,440,297)	2,355,433
Accumulated market gain/(loss) FVOCI - Equity Securities	(2,029,216)	2,440,297	411,081
Bank premises, furniture, fixtures and equipment - net	2,729,475	(100,757)	2,628,718
Investment property - net	1,175,085	2,499	1,177,584
Deferred tax assets	5,545,035	104,734	5,649,769
Other assets - net	5,946,447	1,421,984	7,368,431
Accrued taxes, interests and expenses	5,453,310	368,756	5,822,066
Deferred credits and other liabilities	24,876,188	(292,948)	24,583,240
Retained earnings	46,792,289	(1,117,006)	45,675,283
Accumulated other comprehensive income/(loss)	(1,356,853)	2,469,658	1,112,805
Foreign exchange profit/(loss)	846,119	1,332,450	2,178,569
Dividends - equity investments	860,537	(492,894)	367,643
Miscellaneous income	362,302	2,627	364,929
Compensation and fringe benefits	4,760,798	369,495	5,130,293
Occupancy expenses	101,295	(1,111)	100,184
Other operating expenses	4,741,256	98,102	4,839,358
Provision for income tax	400,284	(106,413)	293,871

Changes on the balance of Retained Earnings as at January 1, 2021 are as follows:

Balance as at December 31, 2020 - Audited	43,515,084
Restatements/Adjustments:	
Residual value and depreciation expense of Bank Premises, Furniture, Fixtures and Equipment	823
Difference between issue price and book value of shares of equity investment - PAL Holdings, Inc.	(243,527)
Merit increase differential for CY 2015-2020	(216,645)
To book IBLR documentary stamp tax due FTY 2019	(40,655)
Adjustment on eDST for CY 2010 to 2020	23,940
To book net income from GPF II for CY 2019 to 2020	5,193
To book net income from GPF I for CY 2020	116,344
Adjustment of FX revaluation gain charged to AR-NG	699,976
FX translation adjustment - FVOCI (MRTC-ERP)	(2,403,915)
	(2,058,466)
Balance as at January 1, 2021 - Restated	**41,456,618**

Note 49 – Events After the Reporting Period

49.1 Change in DBP Leadership

On January 11, 2023, US-educated and trained banker Michael O. de Jesus took his oath before Executive Secretary Lucas Bersamin as the ninth President and CEO of the Development Bank of the Philippines, replacing Emmanuel G. Herbosa.

49.2 Request for Dividend Relief

The Parent Bank in its letter dated May 8, 2023, addressed to His Excellency President Ferdinand R. Marcos Jr. thru the Executive Secretary Lucas P. Bersamin, requested for dividend relief covering CY 2022 Net Earnings. The grant of the dividend relief will ensure a stronger capital position of the Bank and improve its ability to absorb shocks posed by fast-changing economic landscape, among other challenges.

To date the Parent Bank has yet to receive updates on said request.

49.3 Compensation and Position Classification System (CPCS)

On October 1, 2021, E.O. No. 150 was signed into law by the President of the Philippines approving the CPCS and Index of Occupational Services, Position Titles, and Job Grades for GOCCs Framework. The CPCS lays out the new salary structure and list of allowances, benefits, incentives and other entitlement to be uniformly implemented among GOCCs under the Governance Commission for GOCCs (GCG) as provided under its implementing rules and regulations.

The Authority to Implement (ATI) the CPCS was received by the Bank from GCG on March 17, 2023. Accordingly, all compensation and benefits shall conform to the CPCS implementing guidelines which shall be retroactive October 5,

FSC

The DBP 2022 Annual Sustainability Report is printed on CHROMA NASTRO BLU White Paper, certified by Forest Stewardship Council (FSC), made of responsibly sourced wood fiber, that helps protect our forest and is committed to sustainable sourcing.

HEAD OFFICE

Sen. Gil Puyat Avenue corner
Makati Avenue Makati City, Philippines

MAILING ADDRESS

P.O. Box 1996, Makati Central Post Office 1200
Trunkline: (632) 8818-9511
Email: info@dbp.ph
Website: www.dbp.ph