OVERSEAS FILIPINO BANK, INC.
Matrix of Required Disclosures not Complied

REQUIRED DISCLOSURES IN PAS/PFRS	DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS	OBSERVATIONS
b. PAS 8		
28. When initial application of an IFRS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose: (a) The title of the IFRS; (b) When applicable, that the change in accounting policy is made in accordance with its transitional provision; (c) The nature of the change in accounting policy; (d) When applicable, a description of the transitional provisions; (e) When applicable, the transitional provisions that might have an effect on future periods; (f) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment: (i) For each financial statement line item affected; and (ii) If IAS 33 Earning per Share applies to the entity, for basic and diluted earnings per share; (g) The amount of the adjustment relating to periods before those	The Bank leases the premises occupied by its provincial branches. The terms of these contracts are renewable at the mutual agreement of both lessee and lessor. Various lease contracts contain escalation clauses. In 2019 and 2018, rent expenses were included in the statement of comprehensive income, amounting to P17.137 million and P28.017 million, respectively. Future minimum rentals payable under non-cancellable operating leases as at December 31, 2019 are as follows: Within one year — P3,862,531.00 After one year but not more than five years — 3,014,448.00 **P6,876,979.00** Due to the closure of branches in 2019, the Bank assessed that the impact of adopting PFRS 16 was insignificant.	There are other IFRSs and amendments to IFRSs which applications took effect in 2019 and 2018 but they are not disclosed in the Notes to FS of OFBI, namely: **<u>2019</u>** • IFRIC 23 Uncertainty over Income Tax Treatments • Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) • Prepayment Features with Negative Compensation (Amendments to IFRS 9) • Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) • Annual Improvements to IFRS Standards 2015–2017 Cycle • Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) **<u>2018</u>** • IFRS 9 Financial Instruments • IFRS 15 Revenue from Contracts with Customers • IFRIC 22 Foreign Currency Transactions and Advance Consideration • Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

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presented, to the extent practicable; and (h) If retrospective application required by paragraph 19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.		• Disclosure Initiative (Amendments to IAS 7) • Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 • Clarifications to IFRS 15 'Revenue from Contracts with Customers' Classification and Measurement of • Share-based Payment Transactions (Amendments to IFRS 2) • Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) • Transfers of Investment Property (Amendments to IAS 40) • Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)
30. When entity has not applied a new IFRS that has been issued but is not effective, the entity shall disclose: (a) This fact; and (b) Known or reasonable estimate information relevant to assessing the possible impact that application of the new IFRS will have on the entity's finanicial statements in the period of initial application. 31. In complying with paragraph 30, entity considers disclosing:		Below are issued IFRSs but nor yet effective as of December 31, 2019 and OFBI has no disclosures in its Notes to FS: • IFRS 17 Insurance Contracts, issued on 18 May 2017, applicable to annual reporting periods beginning on or after 1 January 2021 • Amendments to References to the Conceptual Framework in IFRS Standards, issued on 29 March 2018, applicable to annual periods beginning on or after 1 January 2020

REQUIRED DISCLOSURES IN PAS/PFRS	DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS	OBSERVATIONS
(a) the title of the new IFRS; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the IFRS is required; (d) the date as at which it plans to apply the IFRS initially; and (e) either: (i) a discussion of the impact that initial application of the IFRS is expected to have on the entity's financial statements; or (ii) if that impact is not known or reasonable estimable, a statement to that effect.		• Definition of a Business (Amendments to IFRS 3), issued on 22 October 2018, business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 • Definition of Material (Amendments to IAS 1 and IAS 8), issued on 31 October 2018, applicable to annual reporting periods beginning on or after 1 January 2020 • Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7), issued on 26 September 2019, applicable to annual reporting periods beginning on or after 1 January 2020
The credit risk management practices 35F. An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate: (a) how an entity determined whether the credit risk of financial instruments has increased	**Note 34. Management of Risks Related to Financial Instruments** *Management of Credit Risk* To effectively monitor and maintain the quality of its loan portfolio, the Bank conducts annual qualitative and impairment review to assure proper loan classification and setting-up of valuation reserves. The Bank estimated a total of P702.4 million additional credit losses as of 31 December 2019 computed using Expected Credit Losses Model	Required disclosures under these standards are not adequately provided.

REQUIRED DISCLOSURES IN PAS/PFRS	DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS	OBSERVATIONS
significantly since initial recognition, including, if and how: (i) financial instruments are considered to have low credit risk in accordance with paragraph 5.5.10 of IFRS 9, including the classes of financial instruments to which it applies; and (ii) the presumption in paragraph 5.5.11 of IFRS 9, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted; (b) an entity's definitions of default, including the reasons for selecting those definitions; (c) how the instruments were grouped if expected credit losses were measured on a collective basis; (d) how an entity determined that financial assets are credit-impaired financial assets; (e) an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity; and (f) how the requirements in paragraph	of parent bank. For the same period, the Bank's Non-Performing Loan (NPL) stood at P2.36 billion or 69% of the total loan portfolio of P3.40 billion.	

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5.5.12 of IFRS 9 for the modification of contractual cash flows of financial assets have been applied, including how an entity: (i) determines whether the credit risk on a financial asset that has been modified while the loss allowance was measured at an amount equal to lifetime expected credit losses, has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses in accordance with paragraph 5.5.5 of IFRS 9; and (ii) monitors the extent to which the loss allowance on financial assets meeting the criteria in (i) is subsequently remeasured at an amount equal to lifetime expected credit losses in accordance with paragraph 5.5.3 of IFRS 9. 35G. An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9. For this purpose an entity shall disclose: (a) the basis of inputs and assumptions and the estimation techniques used to: (i) measure the 12-month and lifetime expected credit losses;		

REQUIRED DISCLOSURES IN PAS/PFRS	DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS	OBSERVATIONS
(ii) determine whether the credit risk of financial instruments has increased significantly since initial recognition; and (iii) determine whether a financial asset is a credit-impaired financial asset. (b) how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and (c) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes. Quantitative and qualitative information about amounts arising from expected credit losses		
35H. To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for: (a) the loss allowance measured at an amount equal to 12-month expected credit losses; (b) the loss allowance		OFBI has only disclosure on the balance of allowance for credit losses for 2019 and 2018, thus, not compliant to the requirements under this standard.

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measured at an amount equal to lifetime expected credit losses for: (i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets; (ii) X x x; and (iii) X x x. (c) X x x. 35I. To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with paragraph 35H, an entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance as listed in paragraph 35H(a)–(c) and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include: (a) changes because of financial instruments originated or acquired during the reporting period;		

<table>
<tr><th>REQUIRED DISCLOSURES IN PAS/PFRS</th><th>DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS</th><th>OBSERVATIONS</th></tr>
<tr><td>(b) the modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with IFRS 9;
(c) changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period; and
(d) changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses.</td><td></td><td></td></tr>
<tr><td>Credit risk exposure

35M. To enable users of financial statements to assess an entity’s credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. This information shall be provided separately for financial instruments:

(a) for which the loss allowance is measured at an amount equal to 12-month expected credit losses;
(b) for which the loss allowance is measured at an amount equal to lifetime expected credit losses and that are:</td><td>Exposure to Credit Risk

The following shows the concentration of credit risk by industry at the reporting date (amounts in Millions):

<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Real Estate Activities</td><td>1,171</td><td>1,222</td></tr>
<tr><td>Wholesale and Retail Trade</td><td>744</td><td>872</td></tr>
<tr><td>Salary-Based General–Purpose Consumption Loans</td><td>269</td><td>404</td></tr>
<tr><td>Public Adm. and Defense/Compulsary Social Sec.</td><td>259</td><td>308</td></tr>
<tr><td>Agriculture, Hunting and Forestry</td><td>250</td><td>279</td></tr>
<tr><td>Financial and Insurance Activities</td><td>98</td><td>260</td></tr>
<tr><td>Administrative and Support Service Activities</td><td>177</td><td>177</td></tr>
<tr><td>Education</td><td>115</td><td>115</td></tr>
<tr><td>Construction</td><td>70</td><td>114</td></tr>
<tr><td>Mining and Quarrying</td><td>74</td><td>75</td></tr>
<tr><td>*Others</td><td>169</td><td>218</td></tr>
<tr><td></td><td>3,396</td><td>4,044</td></tr>
<tr><td>Allowance for Credit Losses</td><td>969</td><td>638</td></tr>
<tr><td></td><td>2,427</td><td>3,406</td></tr>
</table>

* Others include the following</td><td>The disclosures are not sufficiently made vis a vis the requirements of this standard.</td></tr>
</table>

<table>
<tr><th>REQUIRED DISCLOSURES IN PAS/PFRS</th><th>DISCLOSURES IN THE NOTES TO FINANCIAL STATEMENTS</th><th>OBSERVATIONS</th></tr>
<tr><td>(i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets;
(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and
(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of IFRS 9.

(c) that are purchased or originated credit-impaired financial assets.</td><td>Sector – Other Service Activities, Arts, Entertainment and Recreation, Manufacturing, Transportation and Storage, Accommodation and Food Service Activities, Water Supply, Sewerage and Waste Management, Motor Vehicle Loans, Professional, Scientific and Technical Activities, Human Health and Social Work Activities, Information and Communication, Electricity, Gas, Steam and Air conditioning Supply and Activities of Extra-Territorial Org. and Bodies.

In terms of credit risk monitoring, the Bank prepares a monthly report on credit quality as summarized below (In million Pesos):

<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Neither past due nor impaired</td><td>578</td><td>1,677</td></tr>
<tr><td>Past Due but not impaired</td><td>462</td><td>128</td></tr>
<tr><td>Impaired</td><td>2,356</td><td>2,239</td></tr>
<tr><td></td><td>3,396</td><td>4,044</td></tr>
<tr><td>Less: Specific allowance for credit losses</td><td>969</td><td>638</td></tr>
<tr><td></td><td>2,427</td><td>3,406</td></tr>
</table></td><td></td></tr>
<tr><td>Market risk

Sensitivity analysis

40. Unless an entity complies with paragraph 41, it shall disclose:

(a) a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing</td><td>The Bank's exposure to market risks originates primarily from its risk-taking activities on fixed income investments in securities and foreign exchange effects. Transaction limits are used to operationally manage market risks.

Market risk is the risk that changes in interest rates, foreign exchange rates, equity prices, commodity prices and</td><td>The disclosures are not sufficiently made vis a vis the requirements of this standard.</td></tr>
</table>

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how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date; (b) the methods and assumptions used in preparing the sensitivity analysis; and (c) changes from the previous period in the methods and assumptions used, and the reasons for such changes. 41. If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (eg interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified in paragraph 40. The entity shall also disclose: (a) an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and (b) an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. Other market risk disclosures	other market indicators which may affect the Bank's income or values of its financial assets. The Bank uses mark-to-market and factor sensitivity to manage risk on its securities portfolios. Treasury market risks originate from its holdings of debt securities mainly as compliance to liquidity reserves for government deposits. Further, it classifies its debt securities exposures under trading and non-trading portfolios. The Bank's government securities classified under Available for Sale Securities (AFSS) which have an average yield to maturity (YTM) of 3.5% registered an unrealized loss / marked to market loss of P1.9M for a P50M portfolio.	

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42. When the sensitivity analyses disclosed in accordance with paragraph 40 or 41 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.		