December 20, 2022

SECURITIES & EXCHANGE COMMISSION
17/F SEC Headquarters
7907 Makati Avenue, Salcedo Village
Brgy. Bel-Air, Makati City

Attention: ***Director Vicente Graciano P. Felizmenio, Jr.***
Markets & Securities Regulation Department

PHILIPPINE DEALING & EXCHANGE CORP.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: ***Atty. Marie Rose M. Magallen-Lirio***
Head - Issuer Compliance and Disclosure Department

Subject: ***Definitive Information Statement (SEC 20-IS)***

Gentlemen:

In connection with the forthcoming Special Stockholders Meeting of Robinsons Bank Corporation on January 17, 2023, we hereby submit the cleared version of our Definitive Information Statement (DIS).

We will immediately distribute the DIS to the stockholders in accordance with the existing rules and regulations and upload it to the Bank's website.

Thank you.

Very truly yours,

ROBINSONS BANK CORPORATION
By:

ATTY. ROEL S. COSTUNA
Corporate Secretary

COVER SHEET

0	0	0	0	0	2	9	3	1	6

S.E.C. Registration Number

R	O	B	I	N	S	O	N	S		B	A	N	K		C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

1	7	T	H	F	L	R		G	A	L	L	E	R	I	A		C	O	R	P	O	R	A	T	E

C	E	N	T	E	R		E	D	S	A		C	O	R		O	R	T	I	G	A	S		Q	C

(Business Address: No. Street City/Town/Province)

ATTY. ROEL S. COSTUNA
Contact Person

8702-9500 loc. 48373
Company Telephone Number

1	2		3	1

Month Day
(Fiscal Year)

20	-	IS	

Form Type

0	6		Last Wednesday

Month Day
(Annual Meeting)

NONE
Secondary License Type, If Applicable

Corporate Finance Department
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

15
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personal concerned

File Number LCU

Document I.D.

Cashier

Stamp

Remarks: Please use **BLACK** ink for scanning purpose

NOTICE OF SPECIAL STOCKHOLDERS' MEETING

Dear Sir/Madam:

Notice is hereby given to all the Stockholders that in accordance with Section 2, Article III, of the Amended By-Laws, for the calling of Special Stockholders' Meeting of **ROBINSONS BANK CORPORATION** (the "Corporation") to be held on **Tuesday, 17 January 2023 at 10:00 AM**. Conformably with SEC Memorandum Circular No. 6, Series of 2020, dated March 12, 2020[1], and as approved by the Board, the meeting shall be conducted virtual or through remote communication via Microsoft Teams.

The Agenda for the meeting are as follows:

I. Call to Order;
II. Proof of Due Notice of Meeting;
III. Proof of Presence of Quorum;
IV. Confirmation of the Minutes of the Annual Stockholders' Meeting on June 29, 2022;
V. Matters for Approval
   a. Approval of the merger of Robinson Bank Corporation (RBC) into the Bank of the Philippine Islands (BPI) with BPI as the surviving entity;
   b. Approval of the articles of merger, plan of merger, and other relevant agreements to implement the proposed merger; and
   c. Approval of the authority of Mr. Elfren Antonio S. Sarte, President and Chief Executive Officer of RBC as RBC's signatory for the conclusion and execution of the plan of merger, articles of merger, and other relevant agreements to implement the proposed merger, and the authority of Mr. Sarte to designate such persons who will represent and act for and on behalf of RBC before the PCC, BSP, SEC, the Bureau of Internal Revenue ("BIR"), the Philippine Deposit Insurance Corporation ("PDIC"), the Philippine Stock Exchange ("PSE") and any other relevant regulatory agencies, as the case may be, among others.
VI. Other Matters
VII. Adjournment.

Stockholders who intend to participate or be represented in the meeting via Microsoft Teams or who intend to vote in absentia shall first notify the Corporate Secretary via email at Roel.Costuna@robinsonsbank.com.ph on or before January 11, 2023, to gain access to the meeting subject to validation procedure.

The requirements and procedure pertaining to attendance, participation, and voting through remote communication or in absentia are provided in Item 19 of the SEC 20-IS (Information Statement) attached to and distributed with this Notice which may be accessed also at the Bank's website at https://www.robinsonsbank.com.ph/corporate-information/disclosures/

Given this 19th day of December 2022 in Quezon City, Philippines.

ATTY. ROEL S. COSTUNA
Corporate Secretary

[1] Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and Other Remote Electronic Means of Communication

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' MEETING – JANUARY 17, 2023

1. Call to Order

   Mr. Lance Y. Gokongwei, the Chairman of the Board, will call the meeting to order.

2. Proof of Due Notice of Meeting

   Atty. Roel S. Costuna, the Corporate Secretary, will certify the date when the written notice with the corresponding statement were sent to the stockholders of record as of December 16, 2022. He will further certify that all the necessary disclosures and filings such as the Information Statement were complied with in accordance with the Securities Regulation Code and its implementing rules for the conduct of stockholders' meeting.

3. Proof of Presence of Quorum

   Atty. Roel S. Costuna will further certify if a quorum is present for the validity of the transaction of the Bank's Special Stockholders' Meeting. The holders of record of majority of the outstanding capital stock of the Bank, entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.

4. Confirmation of the Minutes of the Annual Stockholders' Meeting on June 29, 2022

   Stockholders will be asked to approve the minutes of the Annual Stockholders' Meeting held last June 29, 2022.

5. Matter For Approval

   Stockholders will be asked to approve the following actions:

   a. Approval of the merger of Robinson Bank Corporation into the Bank of the Philippine Islands (BPI) with BPI as the surviving entity;

   b. Approval of the articles of merger, plan of merger, and other relevant agreements to implement the proposed merger; and

   c. Approval of the authority of Mr. Elfren Antonio S. Sarte, President and Chief Executive Officer of RBC as RBC's signatory for the conclusion and execution of the plan of merger, articles of merger, and other relevant agreements to implement the proposed merger, and the authority of Mr. Sarte to designate such persons who will represent and act for and on behalf of RBC before the PCC, BSP, SEC, the Bureau of Internal Revenue ("BIR"), the Philippine Deposit Insurance Corporation ("PDIC"), the Philippine Stock Exchange ("PSE") and any other relevant regulatory agencies, as the case may be, among others.

6. Other Matters

   The Chairman will ask the Corporate Secretary if there are other matters that were raised or presented for consideration by the stockholders.

   All matters that may arise after the notice, agenda, and after the Bank's information statement have been sent out may be presented for the consideration of the stockholders. Other businesses as may properly come before the meeting may also be raised and discussed.

7. Adjournment

   The Chairman will adjourn the meeting when the scheduled order of business is completed, and no further business or matter is considered or raised.

ROBINSONS BANK CORPORATION
Special Stockholders Meeting
January 17, 2023

PROXY FORM

The undersigned stockholder of **Robinsons Bank Corporation** (the "Company") hereby appoints ____________________________, as *attorney* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Special Meeting of Stockholders of the Company on January 17, 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting.
   ☐ Yes ☐ No ☐ Abstain

2. Approval of the following –

   (a) Merger of Robinson Bank Corporation (RBC) into the Bank of the Philippine Islands (BPI) with BPI as the surviving entity;
   ☐ Yes ☐ No ☐ Abstain

   (b) Plan of merger, articles of merger, and other relevant agreements to implement the aforementioned proposed statutory merge of RBC and BPI; and
   ☐ Yes ☐ No ☐ Abstain

   (c) Approval of the authority of Mr. Elfren Antonio S. Sarte, President and Chief Executive Officer of RBC as RBC's signatory for the conclusion and execution of the plan of merger, articles of merger, and other relevant agreements to implement the proposed merger, and the authority of Mr. Sarte to designate such persons who will represent and act for and on behalf of RBC before the PCC, BSP, SEC, the Bureau of Internal Revenue ("BIR"), the Philippine Deposit Insurance Corporation ("PDIC"), the Philippine Stock Exchange ("PSE") and any other relevant regulatory agencies, as the case may be, among others.
   ☐ Yes ☐ No ☐ Abstain

3. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.
   ☐ Yes ☐ No ☐ Abstain

____
SIGNATURE OF STOCKHOLDER

____
PRINTED NAME OF STOCKHOLDER
AUTHORIZED SIGNATORY

____
DATE

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **JANUARY 6, 2023**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED UPON NOTICE TO THE CORPORATE SECRETARY.

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
   ______ Preliminary Information Statement
   ___X___ Definitive Information Statement

2. Name of Registrant as specified in its Charter: **ROBINSONS BANK CORPORATION Doing business under the names and styles of RBank, RBC, Robinsons Bank, RobinsonsBank, Robinsons Bank Corp., RBank Corporation, RobinsonsBankCorp, Robinsons Commercial Bank.**

3. Province, country and other jurisdiction or incorporation or organization: **Quezon City, Metro Manila, Philippines**

4. SEC Identification Number: **0000029316**

5. BIR Tax Identification Code: **000-437-913-000**

6. Address of the Principal Office: **17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City** Postal Code: **1110**

7. Registrant's telephone number, including area code: **(632) 702-9500**

8. Date, time and place of the meeting of security holders: **January 17, 2023 (Tuesday), 10:00 AM, 42nd Floor, Board Room of Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City, Metro Manila, through virtual or remote communication using Microsoft Teams.**

9. Approximate date of which the Information Statement is to be first sent or given to security holders: **December 20, 2022.**

10. In case of Proxy Solicitations:

    Name of the Person Filing the Statement/Solicitor: **Not applicable**
    Address and Telephone Number: **Not applicable**

11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA. **None.**

However, on June 16, 2017, Robinsons Bank Corporation ("Bank") issued exempt securities in the form of Long-Term Negotiable Certificates of Deposits (LTNCDs) amounting to Php4,182,320,000.00. The following year, on July 16, 2018, the Bank issued another tranche of LTNCDS in the aggregate amount of Php1,781,750,000.00. On August 13, 2019, the Bank also issued a 5.125% Peso-denominated Fixed Rate Bonds for the principal amount of Php5,000,000,000.00 (already redeemed). Later, on November 14, 2019, the Bank again issued a 4.300% Peso-denominated Fixed Rate Bonds covering the principal amount of Php5,000,000,000.00 (already redeemed). All issues (LTNCDs and Bonds) were listed with Philippine Dealing & Exchange Corp. (PDEx). The LTNCDs and Bonds issued by the Bank were exempt securities pursuant to Section 9 (e) of the SRC. To date, the outstanding debts registered with PDEX are the LTNCDs in the amounts of Php 4,182,320,000.00 and Php 1,781,750,000.00 or the aggregate amount of Php5,964,070,000.

12. Are any or all of these securities listed on a Stock Exchange?

Yes [ ] No [x]

If yes, state the name of such stock exchange and the classes of securities listed therein:

______________________________ ____________________________

Part I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. General Information

Item 1. Date, time and place of meeting of security holders.

a. Date: **January 17, 2023**
Time: 10:00 AM
Place: 42nd Floor, Board Room of Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City, Metro Manila, to be conducted via virtual or remote communication using Microsoft Teams.

The Presiding Officer will call and preside the meeting at the principal office of the Bank conformably with Section 15 of SEC Memorandum Circular No. 6, series of 2020.

Registrant's Mailing Address: 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

b. Approximate date on which the information statement is first to be sent or given to security holders: **December 20, 2022**.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal

Under Title X of the Revised Corporation Code, shareholders dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporation action: (i) amendment to the Bank's articles and by-laws which has the effect of changing or restricting the rights of any shareholder or class of shares; or authorizing preferences in any respect superior to those of outstanding shares of any class; (ii) sale, lease, mortgage or other disposition of all or substantially all of the Bank's assets; (iii) merger or consolidation; (iv) investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and (v) extension or shortening of term of corporate existence.

At its special meeting on September 30, 2022, the Board of the Bank approved, subject to approval by the *Bangko Sentral ng Pilipinas* and other appropriate regulatory agencies, the merger of the Bank with the Philippine Islands ("BPI"), with the latter as the surviving entity. The Board of BPI likewise approved the merger of the Bank into BPI on the same date. The proposed merger will be submitted for approval during the stockholders' meeting and requires approval by stockholders representing at least 2/3 of the outstanding capital stock.

The appraisal right may be exercised by any shareholder who shall have voted against the proposed merger, by making a written demand on the Bank within thirty (30) days after the date on which the vote was taken for payment of the fair market value of such shareholder's shares. The failure to make demand within such period shall be deemed a waiver of the appraisal right. If the proposed merger is implemented or effected, the Bank shall pay the dissenting shareholder who opted to exercise his appraisal right, upon surrender of the certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. No existing director, officer, nominee for election as a director, nor associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

b. No director has informed the Bank in writing of his/her intention to oppose any action to be taken by the Bank at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Class of Voting Securities

Class	Common Shares
Number of Shares Outstanding as of September 30, 2022	1,500,000,000 Shares
Number of Votes Entitled	One (1) Vote per share.

b. Record Date

Stockholders of record as of **December 16, 2022**, shall be entitled to vote in the Special Stockholders' Meeting.

c. Voting Rights

Article III, Section 7 of the Bank's Amended By-Laws it is provided that all of the Bank's stockholders are entitled to one vote for each share standing in their names on the books of the Bank. Cumulative or split voting is not allowed.

d. Security Ownership of Certain Record and Beneficial Owners and Management

i. Holders

The following are the stockholders of record as of the third quarter of 2022 (September 30, 2022):

Stockholders	Citizenship	Type	Name of Beneficial Owner and Relationship with Record Owner	Number of Shares Subscribed and Paid Up	% Ownership of Total Outstanding
JG Summit Capital Services Corp.[1] 43rd Floor, Robinsons-Equitable Tower ADB Ave. corner Poveda Ave. Ortigas Center, Pasig, M.M. (Stockholder)	Filipino Corporation	Common	Please see Item 4 (d)(ii)	899,986,468	60%
Robinsons Retail Holdings, Inc.[2] 43rd Floor, Robinsons-Equitable Tower ADB Ave. corner Poveda Ave. Ortigas Center, Pasig, M.M. (Stockholder)	Filipino Corporation	Common	Please see Item 4 (d)(ii)	599,988,780	40%
Ignacio Mamaril, Jr. 62 Camino Real St., Pilar Village, Las Piñas (Stockholder)	Filipino	Common	Same as record owner	19,887	0%
Vicente Pang 1022 Cortada St., Ermita Manila (Stockholder)	Filipino	Common	Same as record owner	4,854	0%
Lance Y. Gokongwei 517 Sen. Gil Puyat, North Forbes Makati City (Chairman, Director, Stockholder)	Filipino	Common	Same as record owner	1	0%
Frederick D. Go 575 Holy Cross St. East Greenhills Mandaluyong City (Director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Elfren Antonio S. Sarte Unit 1410 Tower B, The Grove by Rockwell, 117 E. Rodriguez Ave., (C-5) Brgy. Ugong, Pasig City (President, Director, Stockholder)	Filipino	Common	Same as record owner	1	0%
Robina Y. Gokongwei-Pe Unit 32A Galleria Regency Condo, ADB Ave. Ortigas Quezon City (Director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Patrick Henry C. Go 4 Rosemary Lane, Kapitolyo Pasig City (Director and Stockholder)	Filipino	Common	Same as record owner	1	0%

[1] ***Mr. Lance Y. Gokongwei*** *shall also represent* ***JG Summit Capital Services Corp.*** *during the Bank's Special Stockholders' meeting.*

[2] ***Ms. Robina Y. Gokongwei-Pe*** *on the other hand shall also represent* ***Robinsons Retail Holdings, Inc.*** *during the Bank's Special Stockholders' meeting.*

Omar Byron T. Mier 26 San Pablo Rd., Philamlife Homes, Quezon City (Director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Catalino S. Abacan L 6,7,8 B2 Dulalia Executive Village, Malhacan, Meycauayan, Bulacan (Independent Director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Teodoro M. Panganiban 52 Narra Avenue, Mapayapa Village 3, Pasong Tamo, Quezon City (Independent director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Hermogenes S. Roxas #19 Linda Street, BF Almanza, Las Piñas City, Metro Manila (Independent director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Ernesto C. Santiago 254 V. Fernandez St., BF Homes, Paranaque City (Independent director and Stockholder)	Filipino	Common	Same as record owner	1	0%
David C. Mercado 4 Palosapis Road, Pilar Village, Las Piñas City (Independent director and Stockholder)	Filipino	Common	Same as record owner	1	0%
Total				1,500,000,000	100%

ii. Beneficial Ownership of the Bank's Major Stockholders (JG Summit Capital Services Corp. & Robinsons Retail Holdings, Inc.)

JG Summit Capital Services Corp. is 100% owned by JG Summit Holdings, Inc, which is in turn beneficially owned as follows:

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	Gokongwei Brothers Foundation, Inc. 43/F Robinsons-Equitable Tower ADB Ave. cor. Poveda St. Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	2,096,930,273	27.88%
Common	PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)	Filipino	1,897,056,651 (See note 3)	25.22 %
Common	RSB-TIG No. 030-46-000001-9		Filipino	1,084,985,186	14.43%

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
	17/F Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City (stockholder)	Trustee's designated officers (See note 4)			
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)	Non-Filipino	868,811,999 (See note 3)	11.55%

Notes:
1. Gokongwei Brothers Foundation, Inc. (the "Foundation") is a non-stock, non-profit corporation organized by the irrevocable donation by the incorporators, who are also Trustees of the Foundation, of shares of JG Summit Holdings, Inc. Under the Articles of Incorporation and By-Laws of the Foundation, except for salaries of employees and honoraria of consultants and similar expenses for actual services rendered to the Foundation or its projects, no part of the corpus or its income and increments shall benefit or be used for the private gain of any member, trustee, officer or any juridical or natural person whatsoever. The Chairman of the Board of Trustees shall exercise exclusive power and authority to represent and vote for any shares of stock owned by the Foundation in other corporate entities. The incumbent Chairman of the Board of Trustees of the Foundation is Mr. Lance Y. Gokongwei.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current system of the PDTC, only participants (brokers and custodians) are recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant is the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation account, "Citibank N.B." and "Philippine Equity Partners, Inc." hold for various trust accounts the following shares of the Corporation as of March 31, 2022:

	No. of shares	% to Outstanding
Citibank N.A	1,053,695,193	14.01%
Philippine Equity Partners, Inc.	333,040,723	4.43%

Voting instructions may be provided by the beneficial owners of the shares.

4. Robinsons Bank – Trust & Investment Group (RSB-TIG) is the trustee of this trust account. The shares are voted by the trustee's designated officers.

Robinsons Retail Holdings, Inc.:

Stockholders	Citizenship	Type	Name of Beneficial Owner and Relationship with Record Owner	Number of Shares Subscribed and Paid Up	% Ownership of Total Outstanding
JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street	Filipino Corporation	Common	Same as record owner (See note 1)	491,299,997	33.18%

Ortigas Center, Pasig City (Stockholder)					
GCH Investments Pte Ltd 239 Alexandra Road, Singapore 159930 (Stockholder)	Singaporean Corporation	Common	Same as record owner (See note 2)	315,309,308	21.29%
PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (Stockholder)	Non -Filipino	Common	PDTC Participants and their clients (See note 3)	196,856,568	13.29%
PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (Stockholder)	Filipino	Common	PDTC Participants and their clients (See note 3)	169,063,224	11.41%
Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (Chairman, Director and Stockholder)	Filipino	Common	Same as record owner	91,952,656	6.21%
Robina Gokongwei Pe 110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City (President and CEO, Director and stockholder)	Filipino	Common	Same as record owner (See note 4)	91,952,654	6.21%

Notes:

1. JE Holdings, Inc. is a company owned by members of the Gokongwei family. Under the By-Laws of JE Holdings, Inc., the President is authorized to represent the Corporation at all functions and proceedings. The incumbent President of JE Holdings,

Inc. is Mr. Lance Y. Gokongwei. JE Holdings is the beneficial owner of 6,550,000 shares lodged under PCD Nominee (Filipino).

2. GCH Investments Pte Ltd is a wholly owned member of the Dairy Farm International Holdings Ltd. Group of Companies. GCH Investments Pte Ltd. is the beneficial owner of 315,309,308 shares under PCD Nominee (Non -Filipino).

3. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current system of the PDTC, only participants (brokers and custodians) are recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant is the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

Out of the PCD Nominee Corporation account, CLSA Philippines, Inc. holds the following shares of the Corporation as of September 30, 2022:

	No. of shares	% to Outstanding
CLSA Philippines, Inc.	315,309,316	21.29%

4. Robina Gokongwei Pe is the beneficial owner of 2,045,808 shares lodged under PCD Nominee (Filipino)

iii. Directors and Management as of September 30, 2022

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Shares Held	Percent
Common	Lance Y. Gokongwei 517 Sen. Gil Puyat, North Forbes Makati City (Chairman, Director, stockholder)	Same as record owner	Filipino	1	0%
Common	Frederick D. Go 575 Holy Cross St. East Greenhills Mandaluyong City (Director and stockholder)	Same as record owner	Filipino	1	0%
Common	Elfren Antonio S. Sarte Unit 1410 Tower B, The Grove by Rockwell, 117 E. Rodriguez Ave., (C-5) Brgy. Ugong, Pasig City (President, Director, Stockholder)	Same as record owner	Filipino	1	0%
Common	Robina Y. Gokongwei-Pe	Same as record owner	Filipino	1	0%

	Unit 32A Galleria Regency Condo, ADB Ave. Ortigas Quezon City (Director and Stockholder)				
Common	Patrick Henry C. Go 4 Rosemary Lane, Kapitolyo Pasig City (Director and Stockholder)	Same as record owner	Filipino	1	0%
Common	Omar Byron T. Mier 26 San Pablo Rd., Philamlife Homes, Quezon City (Director and Stockholder)	Same as record owner	Filipino	1	0%
Common	Teodoro M. Panganiban 52 Narra Avenue, Mapayapa Village 3, Pasong Tamo, Quezon City (Independent director and Stockholder)	Same as record owner	Filipino	1	0%
Common	Catalino S. Abacan L 6,7,8 B2 Dulalia Executive Village, Malhacan, Meycauayan, Bulacan (Independent Director and Stockholder)	Same as record owner	Filipino	1	0%
Common	Hermogenes S. Roxas #19 Linda Street, BF Almanza, Las Piñas City, Metro Manila (Independent director and Stockholder)	Same as record owner	Filipino	1	0%
Common	Ernesto C. Santiago 254 V. Fernandez St., BF Homes, Paranaque City (Independent director and Stockholder)	Same as record owner	Filipino	1	0%
Common	David C. Mercado 4 Palosapis Road, Pilar Village, Las Piñas City (Independent director and Stockholder)	Same as record owner	Filipino	1	0%

iv. Other Officers, Supervisors and Staff

Title of Class	**Name, address of record owner and relationship with issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percent**

Common	Elfren Antonio S. Sarte/ President & CEO	Elfren Antonio S. Sarte	Filipino	1	0%

v. Voting Trust Holder of 5% or More

Not applicable. The Bank has no existing voting trust agreements for more than 5% of its common stock with any person or persons.

e. Change in Control

There was no change in control of registrant and no change in control has occurred since the beginning of the last fiscal year.

There are also no arrangements known to the Bank which may result in a change of control of the registrant.

f. Certain Relationships and Related Party Transactions

The registrant, in its regular course of trade and business, enters into transactions with its Directors, Officers, Stockholders, and Related Interests (DOSRI) which mainly involve loans which are duly disclosed to the BSP in accordance with the Manual of Regulations for Banks.

All transactions of the registrant, whether with DOSRI, related parties or non-related parties, are conducted and entered in the Registrant's best interest and on "arm's length basis".

There are no parties that fall outside the definition of "Related Parties" under SFAS/IAS No. 24 with whom the Bank or its related parties have a relationship that enables such parties to negotiate terms and material transactions that may not be available from other more clearly independent parties on an "arm's length basis".

Item 5. Directors and Executive Officers

Not applicable. There is no action to be taken with respect to the election of directors or officers.

Item 6. Compensation of Directors and Executive Officers

Not applicable. There is no action is to be taken with regard to any of the following:

(a) the election of directors of the Bank;
(b) any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Bank will participate;
(c) any pension or retirement plan in which any such person will participate; or
(d) the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Item 7. Independent Public Accountants

Not applicable. The meeting does not relate to the election, approval, or ratification of the Bank's accountant.

Item 8. Compensation Plans

Not applicable. There is no action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 9. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

There were no unregistered securities sold by the Bank in the past three (3) years.

However, in 2015, additional common shares were issued by the Bank to its controlling stockholders as a result of increase of its capital stock. Similarly, on March 2019, the Bank issued additional common shares to the controlling stockholders as a result of the approval by SEC of the increase in authorized capital stock from Php15 Billion to Php27 Billion. The Bank being the issuer, the additional common shares were exempt securities under Section 9 (e) of the Securities Regulation Code.

Also, on June 16, 2017, the Bank issued exempt securities in the form of Long-Term Negotiable Certificates of Deposits (LTNCDs) amounting to Php4,182,320.000. The following year, on July 16, 2018, the Bank issued another tranche of LTNCDs in the aggregate amount of Php1,781,750,000.

Likewise, on August 13, 2019, the Bank also issued a 5.125% Peso-denominated Fixed Rate Bonds for the principal amount of Php5,000,000,000. Later, on November 14, 2019, the Bank again issued a 4.300% Peso-denominated Fixed Rate Bonds covering the principal amount of Php5,000,000,000.

All of the Bank's LTCNDs and corporate bond issues were listed with Philippine Dealing & Exchange Corp. (PDEx). As a banking institution, the Bank's LTNCDs and corporate bonds issues are exempt securities under Section 9 (e) of the Securities Regulation Code.

Item 10. Modification or Exchange of Securities

Not applicable. There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Bank's securities or the issuance of authorization for issuance of one class of the Bank's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The is no action is to be taken with respect to any matter specified in Items 9 or 10. Nonetheless, since an action is to be taken with respect to the proposed merger between Robinsons Bank Corporation and the Bank of Philippine Islands, information required in this item are provided in Item 12 of this Information Statement.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

a. Name, address, and telephone number of the principal executive office

The name, address, and telephone number of the principal executive office of **Robinsons Bank Corporation** ("RBC" for brevity) is as follows: 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Postal Code: 1110; Telephone Number: (632) 702-9500

The name, address, and telephone number of the principal executive office of **Bank of the Philippine Islands** ("BPI" for brevity) is as follows: Ayala North Exchange Tower 1, 6796 Ayala, Avenue cor. Salcedo St., Legaspi Village, Makati City, Metro Manila; Postal Code: 1229; Telephone Number: (632) 8246-5902 (Corporate Secretary Office)

b. A brief description of the general nature of the business conducted by the other person (Bank of the Philippine Islands)

The 170-year-old Bank of the Philippine Islands ("BPI") is the first bank in the Philippines and Southeast Asia, and licensed by the Bangko Sentral ng Pilipinas ("BSP") to provide universal banking services. BPI is one of the biggest banks in the country in terms of total assets, capital, and market capitalization, and has a significant share of total banking system deposits, loans, and assets under management. It is recognized as one of the country's top providers of the following services: asset management and trust, cross-border remittances, life and non-life bancassurance, as well as asset finance and leasing. BPI also has a significant presence in the capital markets, particularly in fixed income and equities underwriting, distribution and brokerage. It is also a provider of foreign exchange to both retail and corporate clients. It also has the country's second largest branch network and operates the second largest ATM network. It is a leader and innovator in the use of digital channels, and is a major provider of financial services through online and mobile banking.

BPI offers a wide range of corporate and retail banking products. It has two major categories for products and services. The first category covers its core financial intermediation business, which includes, deposit taking, lending, and securities investments. Revenue from this category is collectively termed as net interest income and accounts for 71% of net revenues. The second category covers services ancillary to the Bank's financial intermediation business, and from which it derives transaction-based commissions, service charges and other fees. These include investment banking and corporate finance fees, asset management and trust fees, stock brokerage fees, credit card related fees, rental of bank assets, income from insurance subsidiaries and service charges or commissions earned on international trade transactions, drafts, fund transfers, various deposit-related services, and revenues from transactions on the digital channels. Commissions, service charges, and other fees, when combined with trading gains and losses arising from the Bank's fixed income and foreign exchange operations, constitute non-interest income, which accounts for the remaining 29% of net revenues.

As of September 30, 2022, BPI has 18,340 employees serving over 9.10 million customers through its digital platforms and the 1,178 branches of BPI and BPI Direct BanKo.

c. Summary of the material features on the proposed merger transactions

The merger was approved by the respective Board of Directors of RBC and BPI a on 30 September 2022, subject to the approval of shareholders, and the approval of the government regulators such as the *Bangko Sentral ng Pilipina*s (BSP), Philippine Deposit Insurance Corporation (PDIC), Philippine Competition Commission (PCC), and the Securities and Exchange Commission (SEC), as the case maybe and where applicable. The proposed Articles of Merger and Plan of Merger are hereto attached as **Annexes "A" and "B"**, respectively, of this Information Statement.

Briefly, RBC shall merge with BPI with the latter as the surviving corporation of the merger and shall continue its corporate existence under the laws of the Republic of the Philippines. The separate existence of RBC shall terminate on the effective date of the merger which shall be on the first day of the calendar quarter following the issuance by the SEC of the Certificate of Merger. Prior to the merger, RBC and BPI shall conduct their respective business substantially as previously conducted and shall continue to preserve said businesses as a going concern.

The proposed merger transaction will help realize the following objectives of RBC and its shareholders: (1) better valuation on Gokongwei Group's invested capital from the transaction versus listing RBC once it becomes a universal bank, which is likely to be below book value; (2) steady stream of dividends from BPI as against continuing need for capital injection in RBC; (3) the merged bank will be in a better position to serve the needs of both ecosystems of Ayala Group and Gokongwei Group; and (4) proposed merger will give the Gokongwei Group an opportunity to be part of the "Big 3" banks of the country. Moreover, the proposed merger will also unlock various synergies across several products and service platforms, expand the customer and deposit base of both banks through the merged entity, and, at the same time, by capitalizing on BPI's expertise and network, enhance the overall banking experience of RBC's customers.

BPI will issue primary common shares to the RBC stockholders that will result in the RBC Shareholders owning **approximately 6%** of the resulting outstanding common shares of BPI, subject to adjustments. The merger will accordingly dilute the ownership of existing BPI shareholders by the same percentage.

In connection therewith, stockholders' approval will be sought to designate RBC's President & CEO as signatory to conclude and execute the plan of merger, articles or merger, and any other relevant agreements to implement the statutory merger upon such terms and conditions as they may deem beneficial to RBC, including the determination of the final number of shares which BPI shall issue in accordance with the Plan of Merger between BPI and RBC, with BPI as the surviving corporation, but in no case more than 318,912,309 primary common shares; and the authority to designate by the President and CEO of RBC of such persons who will represent and act for and on behalf of RBC before the PCC, BSP, SEC, the Bureau of Internal Revenue ("BIR"), the Philippine Deposit Insurance Corporation ("PDIC"), the Philippine Stock Exchange ("PSE") and any other relevant regulatory agencies, as the case may be and where applicable, among others.

Material Difference in the rights of the RBC security holders as a result of the statutory merger with BPI.

RBC shareholders who will receive BPI common shares from the statutory merger of RBC and BPI will have the same rights as the other BPI common shareholders. However, the current controlling shareholders of RBC, namely, JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc., will become minority shareholders of BPI and with their combined potential shareholdings of only 6% in BPI, they will not be able to elect one (1) board seat in BPI.

However, as earlier stated, the statutory merger will give the RBC shareholders steady stream of dividends from BPI as against continuing need for capital injection in RBC. The proposed merger will give the current controlling shareholders of RBC an opportunity to be part of the "Big 3" banks of the country.

A brief statement as to the accounting treatment of the transaction

Please refer to **Annex "C"** for the Accounting Treatment of the Transaction.

d. A brief statement as to dividends on arrears or defaults in principal or interest in respect of any security of the registrant or of such other person and as to the effect of the transaction thereon and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action

There are no dividends in arrears accruing to the stockholders of RBC and BPI.

e. In comparative columnar form, on a historical and, if material, a pro forma basis, the following information for the registrant and the other person for the last two fiscal years

In Pesos (Billions)	Robinsons Bank Corporation			Bank of Philippine Islands		
	Audited		Unaudited Sept 2022	(Audited)		Unaudited Sept 2022
	2020	2021		2020	2021	
Total Revenues	**6,580**	**7,781**	**6,307**	**101,923**	**97,405**	**87,458**
Income from continuing operations	**935**	**1,216**	**1,293**	**21,409**	**23,880**	**30,546**
Long Term Debt	**15,890**	**8,448**	**16,457**	**151,947**	**95,039**	**84,155**

f. In comparative columnar form, on a historical and, if material, a pro forma basis, the following information for the registrant and the other person for the last two fiscal years

In Pesos	Robinsons Bank Corporation			Bank of Philippine Islands		
	Audited		Unaudited Sept 2022	Audited		Unaudited Sept 2022
	2020	2021		2020	2021	
Book Value Per Share	**12.22**	**12.29**	**13.41**	**62**	**64.93**	**69.44**
Cash Dividend declared per share	**None**	**None**	**None**	**1.80**	**1.80**	**1.06**
Earnings Per Share	**0.62**	**0.81**	**0.86**	**4.74**	**5.29**	**6.77**

g. A statement as of whether any regulatory requirement must be complied with or approval must be obtained in connection with the transaction and, if so, the status of such compliance or approval

The merger transaction shall be presented for approval of RBC's stockholders on a special stockholders' meeting to be held on January 17, 2023, specifically called for the purpose. Thereafter, RBC together with BPI shall jointly seek approval from the Bangko Sentral ng Pilipinas (BSP), Philippine Deposit Insurance Corporation (PDIC), Philippine Competition Commission (PCC) and the Securities and Exchange Commission (SEC).

h. Report, opinion or appraisal materially relating to the transaction has been received from an outside party, and such report, opinion or appraisal is referred to in the proxy statement

There are no reports, opinions, or appraisals related to the merger that have been received by RBC from an outside party. No such reports, opinions, or appraisals were mentioned in the proxy statement as RBC is not soliciting any proxy from the stockholders.

However, RBC is aware that BPI, being a company that is listed with the Philippine Stock Exchange ("PSE"), has engaged an independent third-party consultant, FTI Consulting Philippines Inc. ("FTI Consulting"), to provide to BPI a fairness opinion and valuation services with respect to RBC and the number of BPI shares to be issued in relation to the merger transaction.

FTI Consulting is a corporate finance advisory firm that offers a wide array of services including valuation, transaction advisory, and mergers and acquisitions. With its resources of experienced corporate finance professionals, FTI Consulting has the requisite independence, resources, and accreditation to properly undertake the engagement.

FTI Consulting is accredited by the PSE for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the PSE in accordance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the SEC as a Professional Services Organization ("PSO") in accordance with SEC Memorandum Circular No. 2, Series of 2014.

To RBC's understanding, FTI Consulting was selected by BPI based on the qualifications of the principals, the company's record in issuing fairness opinions and valuation reports, and accreditation with the PSE and the SEC.

There is no material relationship between FTI Consulting Philippines. Inc. or its affiliates and RBC or its affiliates which existed during the past 2 years or is mutually understood to be contemplated and any compensation received or to be received as a result of such.

Likewise, no outside party recommended to RBC the valuation or amount of consideration.

The valuation or the amount of consideration to implement the proposed statutory merger between RBC and BPI with BPI as surviving entity was mutually determined and agreed upon by RBC and BPI under the plan of merger, subject to adjustments as may be determined by the parties. Specifically, the determination of the number of BPI common shares that will be issued pursuant to the statutory merger in exchange for such assets and liabilities of RBC is set out in Article II of the attached Plan of Merger, subject to adjustments as may be determined by the Parties.

Valuation is initially determined based on the price per book value of the constituent corporations as of 30 June 2022, subject to adjustments based on the due diligence that BPI is conducting on RBC and as may be agreed to by the Parties.

As furnished by BPI to RBC, a copy of FTI Consulting Philippines, Inc.'s Fairness Opinion is hereto attached as **Annex C-1.**

As stated in the FTI Consulting's Fairness Opinion, BPI was valued using the Volume Weighted Average Price (VWAP) Method and Gordon Growth Model. RBC, on the other hand, was valued using the Comparative Transactions Method and Gordon Growth Model. The estimated valuation ranges of BPI and RBC as of the valuation date are presented in Exhibits 1 and 2, respectively, of the Fairness Opinion. FTI Consulting further stated that given the range of market values for RBC and the range of market values per share of BPI as presented it in Exhibit 3 of the Report, it determined the range of BPI shares to be issued which it is considered fair from financial point of view. The Fairness Report further presented in its Exhibit 4 the comparison of the fair range of BPI shares calculated by FTI Consulting and the proposed number of shares to be issued by BPI in the statutory merger with RBC. Finally, FTI Consulting concluded that the proposed statutory merger of BPI and RBC with BPI as the surviving entity is fair from financial point of view given that the total number of shares to be issued by BPI falls within the computed range of the total number of shares that BPI can issue in exchange for the net assets of RBC.

i. A description of any past, present, or proposed material contract, arrangement, understanding, relationship, negotiation, or transaction during the past two fiscal years between the other person or its affiliates and the registrant or its affiliates such as those concerning a merger, consolidation, or acquisition; a tender offer or other acquisition of securities; an election of directors; or a sale or other transfer of a material amount of assets.

None.

j. As to each class of securities of the registrant or of the other person which is trading on an exchange or with respect to which a market otherwise exists, state the high and low sale prices as of the date, which shall be specified, preceding public announcement of the proposed transaction, or if no such public announcement was made, as of the date, which shall be specified, preceding the day the agreement or resolution with respect to the action was made.

Date of public announcement of the merger plans: 30 September 2022
BPI Share Price, as of closing of 30 September 2022: Php89.50
Past 12 months, highest closing price: Php102.00
Past 12 months, lowest closing price: Php80.50
Average past 12 months, closing price: Php93.55

RBC Share Price: Not listed

k. A statement as to whether or not representatives of the principal accountants for the current year and for the most recently completed fiscal year:

i. are expected to be present at the security holders' meeting;
ii. will have the opportunity to make a statement if they desire to do so; and
iii. are expected to be available to respond to appropriate questions

Representatives of SGV & Co., external auditors of RBC are not expected to be present in the special shareholders' meeting.

l. Furnish the information specified below for the registrant (RBC) and for the other person (BPI):

i. Information required by Part I, paragraphs (A), (B), and (C) of "Annex C", as amended, SRC Rule 12

For Robinsons Bank, please refer to ***Annex "D" of this Information Statement***
For BPI, please refer to ***Annex "D-1" of this Information Statement***

ii. Information required by Part II, paragraph (A) of "Annex C", as amended, SRC Rule 12 (market price of and dividends on the registrants' common equity and related stockholder matters)

For Robinsons Bank, please refer to ***Annex "E" of this Information Statement***

For BPI, please refer to ***<u>Annex "E-1" of this Information Statement</u>***

iii. Financial statements meeting the requirements of SRC Rule 68.

For Robinsons Bank, please refer to ***<u>Annexes "F" and "F-1" of this Information Statement</u>*** - Audited Financial Statement as of December 31, 2021 and SEC17-Q - Interim Financial Statement as of September 30, 2022
For BPI, please refer to ***<u>Annexes "F-2" and "F-3" of this Information Statement</u>*** – Audited Financial Statement and SEC 17-Q - Interim Financial Statement as of September 30, 2022as of September 30, 2022

iv. Information required by Part III, paragraphs (A) and (B) of "Annex C", as amended, SRC Rule 12

For Robinsons Bank, please refer to ***<u>Annex "G" of this Information Statement</u>***
For BPI, please refer to ***<u>Annex "G-1" of this Information Statement</u>***

v. Information required by Part IV, paragraph (A) of "Annex C", as amended, SRC Rule 12 (directors, executive officers, promoters)

For Robinsons Bank, please refer to ***<u>Annex "H" of this Information Statement</u>***
For BPI, please refer to ***<u>Annex "H-1" of this Information Statement</u>***

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken with respect to the acquisition or disposition of any property of the Bank.

Item 14. Restatement of Accounts

There are no matters or actions to be taken with respect to the restatement of any asset, capital, or surplus account of the Bank.

<u>C. OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The following item is to be submitted for approval during the special stockholders' meeting:

a.) Signed Minutes of the Annual Stockholders' Meeting conducted last June 29, 2022 (see **Annex "I")**

Item 16. Matters not Required to be Submitted

All matters or corporate actions that require the vote or written assent or ratification by the stockholders are to be submitted in the meeting.

Item 17. Amendment of Charter, Bylaws or Other Documents

Not applicable. No proposals to amend the Bank's Articles of Incorporation and/or By-Laws will be submitted to the stockholders for their ratification or approval.

Item 18. Other Proposed Action

There are no proposed actions other than those indicated in the Notice for this Special Stockholders' Meeting, specifically the following:

(a) Approval of the merger of Robinson Bank Corporation (RBC) into the Bank of the Philippine Islands (BPI) with BPI as the surviving entity;
(b) Approval of the plan of merger, articles of merger, and other relevant agreements to implement the proposed merger; and
(c) Approval of the authority of Mr. Elfren Antonio S. Sarte, President and Chief Executive Officer of RBC as RBC's signatory for the conclusion and execution of the plan of merger, articles of merger, and other relevant agreements to implement the proposed merger, and the authority of Mr. Sarte to designate such persons who will represent and act for and on behalf of RBC before the PCC, BSP, SEC, the Bureau of Internal Revenue ("BIR"), the Philippine Deposit Insurance Corporation ("PDIC"), the Philippine Stock Exchange ("PSE") and any other relevant regulatory agencies, as the case may be, among others.

Specifically, the proposed Articles of Merger and Plan of Merger of between Robinsons Bank Corporation and Bank of the Philippine Islands will be presented to the stockholders for approval.

Item 19. Voting Procedures

a. Quorum (Article III Section 5 of the Bank's Amended By-Laws)

Other than in the particular instance where the law requires a greater number, majority of the subscribed capital stocks, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders; less than a quorum may adjourn any meeting; no business may be transacted therein. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting except when the law provides otherwise.

For the proposed merger discussed under Item 12 and as well as those listed in Item 18 of this Information Statement, approval or affirmative votes of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation or the Bank is required to carry the proposals.

b. Voting (Section 23 of the Revised Corporation Code)

Section 23 of the Revised Corporation Code provides that in stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, That no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the bylaws, members of non-stock corporations may cast as many votes as there are trustees to be elected but may not cast more than one (1) vote for one (1) candidate. Nominees for directors or trustees receiving the highest number of votes shall be declared elected.

c. The method by which votes will be counted:

Article III, Section 7 of the registrant's Amended By-Laws provides that every stockholder shall be entitled to one vote for each share standing in his name on the books of the registrant unless existing laws provide otherwise. The Amended By-Laws of the Bank prohibits cumulative or split voting**.**

Second paragraph of Article III, Section 7 of the Amended By-Laws likewise provides that at all meetings of stockholders, a stockholder may by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact on forms prescribed by the Bank and to be filed with the Secretary of the Bank at lease seventy-two (72) hours before the meeting.

The Bank's Secretary shall record all the votes and proceedings of the shareholders and of the directors in book kept for that purpose.

d. Participation of Shareholders by Remote Communication

Section 23 and 57 of the Revised Corporation Code provides that a Corporation may allow a shareholder to cast his vote *in absentia* via modes which the Corporation shall establish, taking into account the Corporation's scale, number or shareholders or members, structure and other factors consistent with the basic right of corporate suffrage.

Please refer to **Annex "J"** for the Requirements and Procedure for Participation via Remote Communication, Voting *in absentia* and Thru Proxy in Stockholders' Meeting.

Item 20. Management Report.

Not Applicable. This was already presented during the Annual Stockholders' Meeting held on June 29, 2022. However, portions of the Management Report that were required to be disclosed under Item 12 of this Information Statement as discussed therein (Item 12).

Item 21. Statement of Management's Responsibility and Audited Financial Statements for the Fiscal Year Ended December 31, 2021 – attached and made an integral part hereof as Annex "F".

Item 22. Interim Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operation as of September 30, 2022 – attached and made an integral part hereof as Annex "F-1".

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in Quezon City on December 19, 2022.

By:

Atty. Roel S. Costuna
Corporate Secretary

ANNEX "A"

ARTICLES OF MERGER

Pursuant to Section 77 of Republic Act (R.A.) No. 11232, otherwise known as the Revised Corporation Code of the Philippines (the "**Revised Corporation Code**"), this Articles of Merger is executed and entered into this [●], at Makati City, by and between:

BANK OF THE PHILIPPINE ISLANDS, a universal banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at BPI Building, Ayala North Exchange Tower 1, Ayala Avenue cor. Salcedo St., Legaspi Village, Makati City, Metro Manila 1229, represented herein by its President & CEO, Jose Teodoro K. Limcaoco (hereinafter "**BPI**")

and

ROBINSONS BANK CORPORATION a commercial banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, represented herein by its President & CEO, Elfren Antonio S. Sarte (hereinafter "**RBC**")

(BPI and RBC are hereinafter referred to as the "**Constituent Banks**").

NOW THEREFORE, the Constituent Banks have mutually agreed to the following Articles of Merger:

I. Plan of Merger

The Plan of Merger of BPI and RBC, with BPI as the surviving bank, which is attached hereto as Annex "**A**", dated [●], was substantially approved by the majority of each of the boards of directors of BPI and RBC at the separate special meetings duly called for the purpose both held on 30 September 2022. The copies of the respective Directors' Certificates of BPI and RBC are attached hereto as Annexes "**B-1**" and "**B-2**".

II. Number of Outstanding Shares

As of the date of the meeting approving the Articles of Merger, the respective authorized capital stock, number of shares subscribed, amount paid, and number of treasury shares, if any, are as follows:

BPI

	Number of Shares	**Par Value in Philippine Pesos (Php)**	**Amount in Philippine Pesos (Php)**
Authorized Capital Stock	Common Shares: 5,000,000,000 Preferred A: 60,000,000	10.00 10.00	50,000,000,000.00 600,000,000.00

	Number of Shares	Par Value in Philippine Pesos (Php)	Amount in Philippine Pesos (Php)
Subscribed Capital Stock	Common Shares: [●]	10.00	[●]
Paid-Up Capital	Common Shares: [●]	10.00	[●]
Treasury Shares (if any)	406,179,276	10.00	4,061,792,760.00

RBC

	Number of Shares	Par Value in Philippine Pesos (Php)	Amount in Philippine Pesos (Php)
Authorized Capital Stock	Common Shares: 2,700,000,000	10.00	27,000,000,000.00
Subscribed Capital Stock	Common Shares: 1,500,000,000	10.00	15,000,000,000.00
Paid-Up Capital	Common Shares: 1,500,000,000	10.00	15,000,000,000.00
Treasury Shares (if any)	N/A	N/A	N/A

III. Number of Votes

1. At the separate special meeting of the stockholders of BPI held on [•] [at Makati City/via teleconferencing/through remote communication], at which quorum was present and acting throughout, the Plan of Merger was approved by the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of BPI. The copies of the Minutes of the Special Stockholders' Meeting and Secretary's Certificate are attached hereto as Annexes "**C-1**" and "**C-2**". The class and number of shares present, absent, voting for and against the approval of the Plan of Merger are as follows:

BPI

	Class	Number of Shares
Present	[•]	[•]
Absent	[•]	[•]
In favor of the Approval of the Plan of Merger	[•]	[•]
Against the Approval of the Plan of Merger	[•]	[•]

2. At the separate special meeting of the stockholders of RBC held on [•] [at Makati City/via teleconferencing/through remote communication], at which quorum was present and acting throughout, the Plan of Merger was approved by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock

of RBC. The copies of the Minutes of the Special Stockholders' Meeting and Secretary's Certificate are attached hereto as Annexes "**D-1**" and "**D-2**". The class and number of shares present, absent, voting for and against the approval of the Plan of Merger are as follows:

RBC

	Class	Number of Shares
Present	[●]	[●]
Absent	[●]	[●]
In favor of the Approval of the Plan of Merger	[●]	[●]
Against the Approval of the Plan of Merger	[●]	[●]

IV. Financial Information

1. The carrying amounts and fair values of the assets and liabilities of BPI and RBC as of [●] is attached herein as Annex "**E**".

2. The accounting method to be used in the merger of accounts of BPI and RBC is the acquisition method.

3. The pro forma values of BPI and RBC as merged using the acquisition method is attached herein as Annex "**F**".

V. Authorized Representatives

The respective stockholders of BPI and RBC, at their separate special stockholders' meeting as stated above, have authorized their respective presidents to sign, execute and deliver this Articles of Merger and the Plan of Merger. They likewise authorized their respective corporate secretaries to certify this Articles of Merger.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the duly authorized representatives of BPI and RBC have executed the foregoing Articles of Merger this [•] at Makati City.

BANK OF THE PHILIPPINE ISLANDS	**ROBINSONS BANK CORPORATION**
By:	By:
JOSE TEODORO K. LIMCAOCO President & CEO	**ELFREN ANTONIO S. SARTE** President & CEO

Certified Correct by:

BANK OF THE PHILIPPINE ISLANDS	**ROBINSONS BANK CORPORATION**
By:	By:
MA. LOURDES P. GATMAYTAN Corporate Secretary	**ROEL S. COSTUNA** Corporate Secretary

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

BEFORE ME, a Notary Public for and in the City of Makati City, this ___ day of _____________ 2022, personally appeared:

<table>
<tr><th rowspan="2">Affiant</th><th colspan="3">Competent Evidence of Identity</th></tr>
<tr><th></th><th>Type of ID</th><th>ID Number and Expiry Date (if applicable)</th></tr>
<tr><td rowspan="2">BANK OF THE PHILIPPINE ISLANDS

By
Jose Teodoro K. Limcaoco</td><td>1</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td></tr>
<tr><td rowspan="2">ROBINSONS BANK CORPORATION

By
Elfren Antonio S. Sarte</td><td>1</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td></tr>
<tr><td rowspan="2">Ma. Lourdes P. Gatmaytan</td><td>1</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td></tr>
<tr><td rowspan="2">Roel S. Costuna</td><td>1</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td></tr>
</table>

who represented to me that they executed the foregoing Articles of Merger for the purposes stated therein and acknowledged to me that the same is their free and voluntary act and deed and of the corporations they represent.

WITNESS MY HAND AND SEAL on the date and place first herein above stated.

Doc. No. ______;
Page No. ______; NOTARY PUBLIC
Book No. ______;
Series of 2022.

ANNEXES

A	**Plan of Merger**
B-1	**Directors' Certificate for BPI**
B-2	**Directors' Certificate for RBC**
C-1	**Minutes of the Special Stockholders' Meeting for BPI**
C-2	**Secretary's Certificate on the BPI Board of Directors and Stockholders' Approval of the Merger**
D-1	**Minutes of the Special Stockholders' Meeting for RBC**
D-2	**Secretary's Certificate on the RBC Board of Directors and Stockholders' Approval of the Merger**
E	**Carrying Amounts and Fair Values of the Assets and Liabilities of BPI and RBC as of [●]**
F	**Provisional or Pro Forma values of BPI and RBC, as merged, using the Acquisition Method**

ANNEX A
Plan of Merger

ANNEX B-1
Directors' Certificate for BPI

[To be attached after the Stockholders' Meeting.]

<u>ANNEX B-2</u>
Directors' Certificate for RBC

[To be attached after the Stockholders' Meeting.]

ANNEX C-1
Minutes of the Special Stockholders' Meeting for BPI

[To be attached after the Stockholders' Meeting.]

ANNEX C-2

Secretary's Certificate on the BPI Board of Directors and Stockholders' Approval of the Merger

[To be attached after the Stockholders' Meeting.]

ANNEX D-1
Minutes of the Special Stockholders' Meeting for RBC

[To be attached after the Stockholders' Meeting.]

<u>ANNEX D-2</u>

Secretary's Certificate on the RBC Board of Directors and Stockholders' Approval of the Merger

[To be attached after the Stockholders' Meeting.]

ANNEX E
Carrying Amounts and Fair Values of the Assets and Liabilities of BPI and RBC as of [●][1]

In Millions of Pesos

	BPI		RBC	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Assets				
Liabilities				

[1] Note: This will be updated once the Audited Financial Statements of BPI and RBC are approved and released.

ANNEX F

Provisional or Pro Forma values of BPI and RBC, as merged, using the Acquisition Method[2]

BANK OF THE PHILIPPINE ISLANDS **STATEMENTS OF CONDITION (In Millions of Pesos)** **As of [●]**	**BPI Solo (Pre-Merger)**	**Merger Entries Total**	**Combined BPI/RBC (Post-Merger)**
ASSETS			
CASH AND OTHER CASH ITEMS			
DUE FROM BANGKO SENTRAL NG PILIPINAS			
DUE FROM OTHER BANKS			
INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL			
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
INVESTMENT SECURITIES AT AMORTIZED COST, net			
LOANS AND ADVANCES, net			
ASSETS HELD FOR SALE, net			
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net			
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net			
ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS			
DEFERRED INCOME TAX ASSETS, net			
OTHER ASSETS, net			
Total assets			
LIABILITIES AND CAPITAL FUNDS			
DEPOSIT LIABILITIES			
DERIVATIVE FINANCIAL LIABILITIES			
BILLS PAYABLE AND OTHER BORROWED FUNDS			
DUE TO BANGKO SENTRAL NG PILIPINAS AND OTHER BANKS			
MANAGER’S CHECKS AND DEMAND DRAFTS OUTSTANDING			
ACCRUED TAXES, INTEREST AND OTHER EXPENSES			
LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS			
DEFERRED CREDITS AND OTHER LIABILITIES			
Total liabilities			
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI			
Share capital			
Share premium			
Treasury Shares, at Cost			
Reserves			
Accumulated other comprehensive loss			
Surplus			
Total capital funds			
Total liabilities and capital funds			

[2] Note: This will be updated once the Audited Financial Statements of BPI and RBC are approved and released.

ANNEX "B"

PLAN OF MERGER

This Plan of Merger (the "**Plan**") is executed this [●], at Makati City, to be implemented by and between:

> **BANK OF THE PHILIPPINE ISLANDS,** a universal banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at Ayala North Exchange Tower 1, Ayala Avenue cor. Salcedo St., Legaspi Village, Makati City, Metro Manila 1229, represented herein by its President & CEO, Jose Teodoro K. Limcaoco (hereinafter "**BPI**")

and

> **ROBINSONS BANK CORPORATION**, a commercial banking corporation duly organized and validly existing by virtue of the laws of the Republic of the Philippines, with principal office address at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, represented herein by its President &CEO, Elfren Antonio S. Sarte (hereinafter "**RBC**")

> (The above parties are hereinafter referred to singly as a "**Party**" and collectively as the "**Parties**").

WITNESSETH: That –

WHEREAS, the Parties deemed it prudent and in the best interests of each bank to merge pursuant to Sections 75 to 79 of Republic Act (R.A.) No. 11232, otherwise known as the Revised Corporation Code of the Philippines, in order to advance their long-term strategic business interests;

WHEREAS, the respective boards of directors of the Parties have determined that the business combination of BPI and RBC shall be effected through a merger, which merger (the "**Merger**") is in furtherance of and consistent with their respective business strategies and is in the best interests of their respective stockholders;

NOW, THEREFORE, for and in consideration of the foregoing premises, the Parties have mutually agreed and hereby agree to accomplish the Merger as follows:

TERMS OF THE MERGER

I. Acquisition of Assets

All the rights, privileges, immunities, powers, business, assets and properties of RBC including but not limited to all real and personal, tangible or intangible, and all receivables due on whatever account, including subscription to shares and choses in action, and all and every interest belonging to RBC as of [30 September 2022], up to Effective Date shall be deemed transferred to BPI without further deed or act.

II. Assumption of Liabilities

All liabilities and obligations of RBC as of [30 September 2022] up to the Effective Date shall be assumed by and become the liabilities and obligations of BPI in the same manner as if BPI has itself incurred such liabilities and obligations, and any such claim or action or proceeding against RBC shall be prosecuted by or against BPI; Provided however, that BPI may avail of all the defenses, rights, privileges, setoffs and counterclaims, which RBC may have under the premises.

It is expressly understood that the assets and liabilities referred to in the preceding paragraph that may not have been reflected in the Audited Financial Statements as of [30 September 2022], up to the Effective Date, or may have been omitted therefrom for any reason whatsoever, shall be deemed included in the transfer.

III. Issuance of Shares

1. In exchange for the assets and liabilities of RBC as of 30 September 2022, such number of fully paid common shares shall be issued by BPI to the shareholders of RBC based on the formula provided in this Article III, Section 2 below and subject to adjustment as provided in Section3 hereof, to be taken from the increase of capital stock of BPI. The excess net assets transferred shall be recorded in the books of BPI as additional paid-in capital.

   It is understood, however, that the valuation and exchange of shares shall be subject to whatever adjustments the Securities and Exchange Commission ("**SEC**") may make in order that it will approve the Merger. Should this happen, the Parties shall execute such documents and do all acts as may be necessary to implement such adjustment.

2. The procedure for determining the number of BPI common shares that will be issued pursuant to the Merger shall be as follows:

   a. The number of BPI common shares that will be issued pursuant to the Merger shall be equivalent to [6.0001%] of the issued and outstanding common shares of BPI as of the Effective Date excluding the portion of the issued and outstanding common shares of BPI resulting from subscriptions to BPI's employee stock incentive program (e.g., Executive Stock Purchase Plan, Executive Stock Option Plan) after the date of this [Plan of Merger].

   b. Any fractional shares resulting from the application of the formula provided in Article III, Section 2(a) above shall be disregarded and rounded down to the nearest whole number of BPI common shares.

3. The stockholders of BPI and RBC approved to delegate to the management of BPI and RBC, respectively, the determination of the adjustment that may be made to the Exchange Ratio, at any time prior to the Effective Date, under the following conditions:

a. Any findings of material liabilities (including liabilities for tax) as a result of BPI’s due diligence, review and investigation on RBC or otherwise discovered by other means prior to the Effective Date, which material liabilities were not considered in determining the valuation. For purposes of determining materiality which shall subject the Exchange Ratio to adjustment, it shall be understood that all findings of liabilities (including contingent liabilities) that will, individually or in the aggregate, amount to at least Php1,000,000,000.00 are material; or

b. Prior to the Effective Date, there is a material change in the preliminary assumptions which were used as the basis in determining the Exchange Ratio, the aggregate amount of which results to a reduction in the net asset value of RBC of at least Php1,000,000,000.00.

IV. Effective Date

The Merger shall become effective on the first day of the calendar quarter following the issuance by the SEC of a Certificate of Merger, subject to the approval of the Bangko Sentral ng Pilipinas (“**BSP**”), the Philippine Competition Commission (“**PCC**”) and the SEC (the “**Effective Date**”).

On the Effective Date, the separate existence of RBC shall cease, and its legal personality terminated; while BPI shall continue to exist.

UNDERTAKINGS AND ADDITIONAL AGREEMENTS

V. The Parties hereby undertake to:

1. Secure the conformity and approval of this Plan by their respective stockholders representing at least two-thirds (2/3) of their respective outstanding capital stock at their respective stockholders’ meetings called for such purpose;

2. Obtain any and all required consents, approvals, or waivers of other parties, including their respective creditors, to the Plan;

3. Secure the approval of the Merger and its related transactions from the government authorities as provided for in Article IV;

4. Execute and deliver, or cause to be executed and delivered, all deeds and other instruments and shall take, or cause to be taken, all such other and further acts desirable in order to fully carry out the intent and purposes of this Plan.

VI. Regulatory Matters

1. BPI shall cause the amendment of its amended articles of incorporation and file an application for increase of authorized capital stock, simultaneous with the filing of the application for Merger, to implement the Merger and its purpose.

2. Prior to the Effective Date, the Parties shall conduct their respective businesses in substantially the same manner as previously conducted and shall continue to preserve said businesses as a going concern. However, each of BPI and RBC shall give each other immediate notice of any claim, event or transaction which could or does materially and adversely affect their respective businesses, properties or financial condition.

3. The amended articles of incorporation and amended by-laws of BPI approved as of the Effective Date shall continue to be the articles of incorporation and by-laws of BPI until thereafter changed or amended in accordance with law.

4. The directors and officers of BPI as of the Effective Date shall continue to hold office in accordance with the amended articles of incorporation and amended by-laws of BPI and applicable law, and until their respective successors are duly elected and qualified.

   The Parties recognize that the approval of this Merger by the BSP and the SEC are based solely on the documents submitted by the Parties. Therefore, the Parties hereby undertake to indemnify, and hold free and harmless the BSP and the SEC and/or any of their officers, employees or representatives for any and all claims, demands, damages and reasonable expenses of any nature whatsoever, that may arise from or in connection with the approval of the Merger.

VII. Confidentiality

Unless otherwise required by law or regulation or as may be agreed upon by the Parties, each of the Parties shall keep confidential any information obtained from the other Party, and in the event the Merger is abandoned or not consummated, BPI and RBC shall return all documents and other written information and materials obtained in connection herewith, and all copies thereof.

VIII. Fees and Expenses

All fees, costs and expenses relating to the Merger shall be borne equally by BPI and RBC, unless otherwise agreed to be exclusively borne by a Party.

SPECIAL PROVISIONS

1. This Plan has been substantially approved by the respective boards of directors of the Parties and shall be submitted to their respective stockholders for approval in accordance with law and the respective by-laws of BPI and RBC; provided, that the approval of this Plan by the stockholders of both Parties shall constitute an authorization to their respective boards of directors by majority vote to amend, modify or supplement this Plan to correct typographical errors or clerical omissions in the Plan for the sole purpose of accurately reflecting the terms and conditions of the Plan as actually approved by the said stockholders; provided further, that such amendment,

modification or supplement shall not substantially change the terms of the Merger.

Any amendment to the Plan that will substantially change the terms of the Merger may be made, provided that such amendment is approved by the majority of the respective board of directors of BPI and RBC and ratified by the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

2. As soon as practicable after the Effective Date, BPI shall take such steps or measures as it may deem necessary or advisable to substitute itself in all suits and proceedings where RBC is a party and to substitute its name for RBC in all titles and registers.

3. As soon as practicable after the approval of this Plan by the required votes of stockholders of BPI and RBC during their respective stockholders' meetings called for the purpose, BPI shall apply for and avail itself of the merger incentives or other similar incentives granted by the BSP and other government agencies, as may be applicable or allowed under existing law, rules and regulations.

4. Upon approval of this Plan by the required number of stockholders from both Parties during their respective stockholders' meetings called for the purpose, the attached Articles of Merger marked as Annex "A" hereof and made as an integral part of this Plan shall be executed by BPI and RBC, to be signed by the President and certified by the Corporate Secretary of each of BPI and RBC setting forth this Plan, the number of shares outstanding of BPI and RBC, and the number of shares voting for and against this Plan, respectively.

5. In the event that the Merger is not consummated for whatsoever reason, each of BPI and RBC, their respective stockholders, directors and agents, successors and assigns shall hold each other free and harmless form any and all liabilities and damages arising from or incurred by reason of the non-consummation of the Merger.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the duly authorized representatives of BPI and RBC have executed the foregoing Articles of Merger this ________________ at Makati City.

BANK OF THE PHILIPPINE ISLANDS	**ROBINSONS BANK CORPORATION**
By:	By:
JOSE TEODORO K. LIMCAOCO President & CEO	**ELFREN ANTONIO S. SARTE** President & CEO

Certified Correct by:

BANK OF THE PHILIPPINE ISLANDS	**ROBINSONS BANK CORPORATION**
By:	By:
MA. LOURDES P. GATMAYTAN Corporate Secretary	**ROEL S. COSTUNA** Corporate Secretary

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

BEFORE ME, a Notary Public for and in the City of Makati City, this ___ day of _________ 2022, personally appeared:

Affiant	Competent Evidence of Identity		
		Type of ID	ID Number and Expiry Date (if applicable)
BANK OF THE PHILIPPINE ISLANDS By Jose Teodoro K. Limcaoco	**1**		
	2		
ROBINSONS BANK CORPORATION By Elfren Antonio S. Sarte	**1**		
	2		
Ma. Lourdes P. Gatmaytan	**1**		
	2		
Roel S. Costuna	**1**		
	2		

who represented to me that they executed the foregoing Plan of Merger for the purposes stated therein and acknowledged to me that the same is their free and voluntary act and deed and of the corporations they represent.

WITNESS MY HAND AND SEAL on the date and place first herein above stated.

NOTARY PUBLIC

Doc. No. ______;
Page No. ______;
Book No. ______;
Series of 2022.

<u>ANNEX A</u>
Articles of Merger

ANNEX “C”

Accounting Treatment of the Transaction in RBC Books

1. Merger of BPI and RBC

   Dr. Liabilities of RBC

   Dr. Equity of RBC

   Cr. Assets of RBC

ANNEX "C-1"

Fairness Opinion Report (Amended)

Property-for-Share Swap between Bank of the Philippine Islands and Robinsons Bank Corporation

FTI CONSULTING

9 December 2022

STRICTLY PRIVATE & CONFIDENTIAL

December 9, 2022

Board of Directors
Bank of the Philippine Islands
Ayala North Exchange Tower 1, Ayala Avenue cor. Salcedo St.
Legaspi Village, Makati City 1229 Philippines

Re: Fairness Opinion Report (Amended)

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. ("FTI Consulting") is pleased to submit this Fairness Opinion Report ("Report") dated 9 December 2022 covering the property-for-share swap transaction in relation to the merger between Bank of the Philippine Islands ("BPI"), a universal bank listed in the Philippine Stock Exchange ("PSE"), and Robinsons Bank Corporation ("RBank"), a commercial bank owned by the JG Summit Group of Companies.

BPI intends to acquire RBank through a merger. To effect the merger, BPI and RBank will execute a property-for-share swap transaction wherein BPI will issue primary common shares in exchange for the net assets of RBank (the "Transaction"). The merger was approved by the respective Boards of Directors of BPI and RBank on 30 September 2022. Article III Section 2 of the Plan of Merger stated that, "*The procedure for determining the number of BPI common shares that will be issued pursuant to the merger shall be as follows:*

a. The number of BPI common shares that will be issued pursuant to the merger shall be equivalent to 6.0001% of the issued and outstanding common shares of BPI as of the Effective Date (first day of the calendar quarter following the issuance by the Securities and Exchange Commission ("SEC") of a Certificate of Merger, subject to the approval of the Bangko Sentral ng Pilipinas, the Philippine Competition Commission and the SEC) excluding the portion of the issued and outstanding common shares of BPI resulting from subscriptions to BPI's employee stock incentive program (e.g., Executive Stock Purchase Plan, Executive Stock Option Plan) after the date of this Plan of Merger.

b. Any fractional shares resulting from the application of the formula provided in Article III, Section 2(a) above shall be disregarded and rounded down to the nearest whole number of BPI common shares."

In this regard, FTI Consulting has been asked to render an opinion on whether the proposed exchange of BPI shares for the net assets of RBank is fair from a financial point of view.

FTI Consulting conducted a valuation study of both BPI and RBank in accordance with the 2022 International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by BPI. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests

The Valuation Date is 30 June 2022, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value according to IVS is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The Philippine Stock Exchange, Inc.'s ("PSE") Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104) requires a fairness opinion covering the valuation of the shares for property-for-share swap transactions. Such fairness opinion must be supported by a valuation report. Section II No. 5 of the memo requires the valuation of the shares of the listed company and the consideration to be received under the Transaction covered by the listing application.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2022-0043 released on November 7, 2022) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

Summary of Findings

BPI was valued using the Volume Weighted Average Price (VWAP) Method and Gordon Growth Model. RBank, on the other hand, was valued using the Comparable Transactions Method and Gordon Growth Model. The estimated valuation ranges of BPI and RBank as of the Valuation Date are presented in Exhibits 1 and 2, respectively.

Exhibit 1. Valuation Summary – BPI

Method	Equity Value	Per Share Value
	PHP Mn	PHP/share
Market Approach		
Market Capitalization	382,713.28	84.80
VWAP Method		
30-day VWAP	412,223.89	91.34
90-day VWAP	428,907.36	95.04
1-year VWAP	415,970.18	92.17
Income Approach		
Gordon Growth Model	456,187.58	101.08
Final Valuation Range		
Low Estimate	**382,713.28**	**84.80**
High Estimate	**456,187.58**	**101.08**

Source: FTI Consulting Analysis

Exhibit 2. Valuation Summary – RBank

Method	Net Asset Value or Equity Value
	PHP Mn
Market Approach	
Comparable Transactions Method	25,391.19
Income Approach	
Gordon Growth Model	27,142.98
Final Valuation Range	
Low Estimate	**25,391.19**
High Estimate	**27,142.98**

Fair Range of BPI shares to be Exchanged

Given the range of market values for RBank and the range of market values per share of BPI, we determined the range of BPI shares to be issued which is considered fair from a financial point of view as shown in Exhibit 3.

Exhibit 3. Fair Range of BPI Shares to be Issued

Type of Shares	Net Asset Value or Equity Value (PHP)		Fair Range of Shares to be Issued*	
In Millions	**Low**	**High**	**Low**	**High**
Robinsons Bank Corporation Common	**25,391.19**	**27,142.98**	**251.20**	**320.08**

Source: FTI Consulting Analysis
**Calculated using the fair value range of BPI shares of PHP84.80 to PHP101.08 per share*

Valuation Conclusion and Fairness Opinion

Exhibit 4 shows the comparison of the fair range of BPI shares to be issued calculated by FTI Consulting and the proposed number of shares to be issued by BPI in the Transaction.

Exhibit 4. Comparison of the Fair Range of BPI Shares to be Issued and the Proposed Number of Shares to be Issued by BPI

Total Number of Shares	Fair Range of Shares to be Issued		Proposed Number of Shares to be issued by BPI*
In Millions	**Low**	**High**	
Total number of shares	**251.20**	**320.08**	**up to 318.91**

**BPI has treasury shares and common shares allocated for its executive share purchase plans (ESPP) and executive stock option plans (ESOP). Should the treasury shares be reissued, and employees entitled under the ESPP and ESOP exercise their options, the total proposed number of shares to be issued by BPI for the merger is up to 318,912,309 shares.*
Source: FTI Consulting Analysis, BPI Management

Given that the total number of shares to be issued by BPI (i.e., up to 318,912,309 shares) falls within our fair range of the total number of shares that BPI can issue in exchange for the net assets of RBank (as seen in Exhibit 4), the proposed Transaction is <u>fair from a financial point of view</u>.

Statement of Limitations

- This Report opines solely on the fairness of the consideration to be transferred by and consideration to be received by BPI. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the Valuation Report, FTI Consulting relied on available information and records, including but not limited on the representation of BPI and RBank, audited and unaudited financial statements, reports of competent entities and regulatory agencies, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council ("AASC"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of BPI and RBank or any financial or other information.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of BPI's or RBank's directors, officers, or employees relative to the compensation to BPI's or RBank's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction during the prior two years in which compensation was received or intended to be received that will impair the independence of FTI Consulting.
- Information with respect to BPI's and RBank's operations and account balances purported to be in effect and described in our Valuation Report was obtained primarily through analyses provided by and discussions with BPI's and RBank's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants and the CFA Institute Code of Ethics.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our Valuation Report.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.
Unit 1404, The Victor Hotel
7258 J. Victor Street, Makati City
1200 Metro Manila, Philippines
PSE Accreditation CN - No. 2022-0043
Validity Date: 7 November 2022 to 7 November 2023
SEC Accreditation No. 032
Validity Date: 29 October 2020 to 28 October 2025

John B. Balce
Senior Managing Director
Unit 1404, The Victor Hotel, 7258 J. Victor Street, Makati City
PRC License No: 0113153
Validity Date: until 27 June 2025
PTR Number: 8873904
TIN: 236-703-421

Dominador T. Gregorio III
Senior Managing Director
Unit 1404, The Victor Hotel, 7258 J. Victor Street, Makati City
PRC License No: 0057726
Validity Date: until 18 May 2025
PTR Number: 8880987
TIN: 177-088-250

Valuation Report

Property-for-Share Swap between Bank of the Philippine Islands and Robinsons Bank Corporation

FTI CONSULTING

9 December 2022

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Executive Summary

Executive Summary

- The Bank of the Philippine Islands (BPI) intends to acquire Robinsons Bank Corporation (RBank) through a property-for-share swap (the "Transaction"). After the Transaction, BPI will be the surviving entity.
- BPI is a universal bank publicly listed in the Philippine Stock Exchange (PSE). BPI offers a whole breadth of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution, and insurance services.
- RBank is a commercial bank owned by the JG Summit Group of Companies. RBank started as a savings bank and has grown to become one of the largest commercial banks in the Philippines. RBank currently owns 99.93 percent of Legaspi Savings Bank (LSB), 40 percent of Unicon Insurance Brokers Corporation (Unicon), and 20 percent of GoTyme Banking Corporation (GoTyme).
- FTI Consulting conducted a valuation study of both BPI and RBank in accordance with the 2022 International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by BPI.
- We considered different methodologies to value BPI and RBank such as the Volume Weighted Average Price (VWAP) Method, Comparable Transactions Method, and Gordon Growth Model using Justified Price-to-Book Value Method. Detailed discussion on the valuation methodologies considered in this valuation exercise is presented in *Valuation Approach* of this report.
- The Valuation Date of this engagement is 30 June 2022, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value is defined by the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently, and without compulsion.
- The succeeding sections present the valuation summary of BPI and RBank.

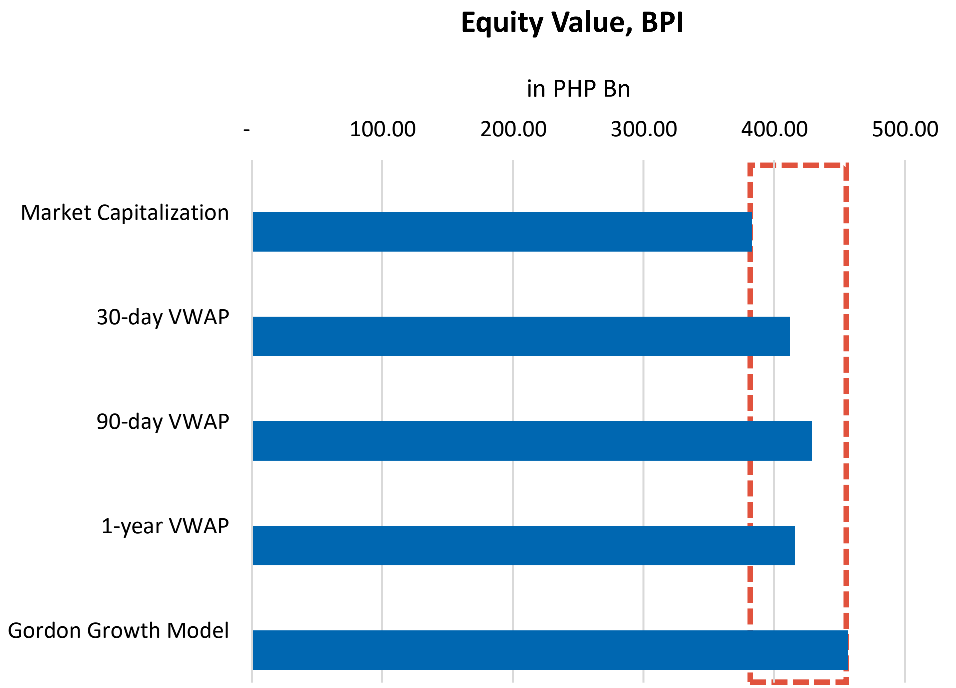
Executive Summary

Summary of Findings – BPI

- The following are the results of the valuation of BPI as of the Valuation Date.

Approach/Method	Equity Value	Value/Share	Implied PB
	PHP Mn	PHP/sh	[x]
Market Approach			
Market Capitalization	382,713.28	84.80	1.25
VWAP Method			
30-day VWAP	412,223.89	91.34	1.35
90-day VWAP	428,907.36	95.04	1.40
1-year VWAP	415,970.18	92.17	1.36
Income Approach			
Gordon Growth Model	456,187.58	101.08	1.49
Final Valuation Range			
Low Estimate	**382,713.28**	**84.80**	**1.25**
High Estimate	**456,187.58**	**101.08**	**1.49**
Book Value (PHP Mn)	306,245.85		
Total Outstanding Shares (in Mn)	4,513.13		

Source: BPI's Management, FTI Consulting Analysis

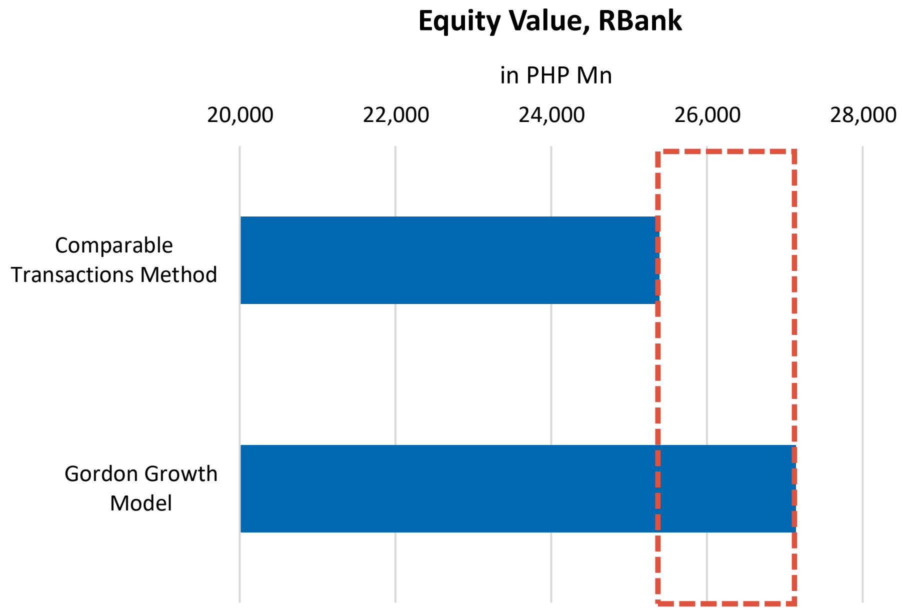


Executive Summary

Summary of Findings – RBank

- The following are the results of the valuation of RBank as of the Valuation Date.

Approach/Method	Net Asset Value or Equity Value	Implied PB
	PHP Mn	[x]
Market Approach		
Comparable Transactions Method	25,391.19	1.27
Income Approach		
Gordon Growth Model	27,142.98	1.36
Final Valuation Range		
Low Estimate	**25,391.19**	**1.27**
High Estimate	**27,142.98**	**1.36**
Book Value (PHP Mn)	19,945.18	



- The following are the conditions to the closing of the Transaction ("carved-out investments"):
  - RBank will transfer all of its shares in Unicon to JG Summit Holdings, Inc. ("JGSHI") or any other entity controlled by the Gokongwei Family;
  - RBank will transfer 19 percent of outstanding shares in GoTyme to BPI.
- Considering that RBank will receive cash equivalent to the carrying amount of carved out investments, it will not affect the valuation of RBank.

Source: RBank's Management, FTI Consulting Analysis

Executive Summary

Valuation Conclusion

- Based upon discussions with and representations of management, research conducted, and the valuation analyses performed and described herein, the range of market values of BPI and RBank are estimated as follows:

Entity	Equity or Net Asset Valuation Range		Price per Share	
Amounts in PHP Mn, except for price per share	Low Estimate	High Estimate	Low Estimate	High Estimate
Bank of the Philippine Islands (BPI)	**382,713.28**	**456,187.58**	**84.80**	**101.08**
Robinsons Bank Corporation (RBank)	**25,391.19**	**27,142.98**		

Source: FTI Consulting Analysis

Market Overview

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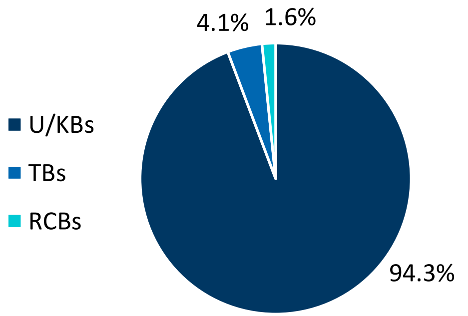
Market Overview | Philippine Banking System

Presented in this section is an overview of the Philippine Banking System. The succeeding pages also provide details on the different segments.

- The financial system, which is regulated by the Bangko Sentral ng Pilipinas (BSP), is composed of two general groups: banks and non-bank financial institutions.
- Philippine banking institutions consist of universal and commercial banks (U/KBs), thrift or savings banks (TBs), and rural and cooperative banks (RCBs). These institutions collect savings and time deposits to fund loans and perform the function of providing credit and payment services.
- Apart from the functions mentioned in the preceding paragraph, universal banks also engage in other intermediation activities, such as investment banking, and may offer other forms of portfolio investment instruments and insurance products.
- As of July 2022, U/KBs held the largest share of the Philippine banking system's total assets at 94.3 percent share, followed by TBs at 4.1 percent and RCBs at 1.6 percent.

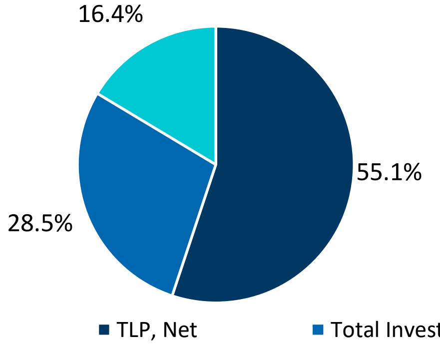
Asset Share of Banking Sector Segments as of July 2022



Segment	Total Assets (PHP Bn)
U/KBs	20,171.78
TBs	886.00
RCBs	345.00

- The total assets of the banking sector grew to PHP21.4 trillion as of July 2022, 8.1 percent higher than July 2021 values. The asset growth was mainly funded by deposit generation.
- Total Loan Portfolio (TLP) made up the largest share of the banking system's total assets as of July 2022, at 55.1 percent, followed by Investments in Securities and Other Assets with 28.5 percent and 16.4 percent share, respectively.

Banking Sector Asset Mix as of June 2022



Asset Class	Value (PHP Tn)	Growth (%, YoY)
TLP, Net	11.8	9.0
Investments in Securities, Net	6.1	22.1
Other Assets, including Cash & Due and ROPA	3.5	(0.2)

- The Philippine banking system's gross non-performing loans (NPL) ratio eased to 3.6 percent in July 2022 from the 4.5 percent ratio in July 2021, owing to less payment strain and heightened collection efforts.
- Compared with regional counterparts, the Philippine banking system's gross NPL ratio of 3.6 percent was higher with respect to Malaysia, Indonesia, and Thailand, which posted a 1.5 percent, 2.6 percent, and 3.1 percent gross NPL ratio in 2021, respectively.

Source: Bangko Sentral ng Pilipinas, International Monetary Fund, FTI Consulting Analysis

Market Overview | Philippine Banking System Segments

Universal and Commercial Banks (U/KBs)

- U/KBs' area of services include, but are not limited to, wholesale banking, retail banking, corporate banking, treasury, trade, underwriting, and investment advisory. As of June 2022, there are 45 U/KBs with 7,133 branches.
- In terms of total assets, BDO Unibank, Inc. remains the largest U/KB in the country. Other major players include Bank of the Philippine Islands, Landbank of the Philippines, and Metropolitan Bank & Trust Company.
- As of end-July 2022, U/KBs registered a year-on year (YoY) deposit growth rate of 9.7 percent. In terms of lending, real estate activities and the wholesale and retail trade and manufacturing sectors continued to have the largest shares in U/KBs.

Thrift or Savings Banks (TBs)

- TBs can be further categorized into private development banks, savings and mortgage banks, loan associations, and microfinance savings banks. As of June 2022, there are 43 TBs with 2,525 branches.
- Major activities of TBs include collection of deposits from small-savers and investing them into profitable portfolios, and the provision of services to small and medium-sized enterprises and individual entrepreneurs.
- As of end-July 2022, TBs' YoY deposits went down by 27.9 percent, owing to the 2021-2022 mergers of TB subsidiaries with their parent banks.
- In terms of lending, household consumption and the real estate industry held the largest share of the TLP of TBs. Moreover, majority of the TLP of TBs are loans to individuals, representing 67.2 percent.

Rural and Cooperative Banks (RCBs)

- RCBs provide basic financial services to rural areas for development. Rural and cooperative banks differ in their ownership. Rural banks are owned by private individuals, while cooperative banks are owned by cooperatives. As of June 2022, there are 406 RCBs with 3,015 branches.
- As of end-July 2022, RCBs registered a YoY deposit growth rate of 17.3 percent.
- Similar to TBs, loans for household consumption held the largest share of the TLP of RCBs, followed by wholesale and retail trade and agriculture, forestry, and fishing. Individuals also had the largest share of the TLP at 48.4 percent, while Micro, Small and Medium Enterprises (MSMEs) captured a substantial share of the segment's TLP at 34.1 percent.

Digital Banks

- Introduced by the BSP in December 2020 as an exclusive banking segment, digital banks offer financial products and services that are processed end-to-end through digital platforms or electronic channels, and with no physical branches.
- As of August 2022, there are 6 fully operational digital banks, three of which are already publicly launched.
- BSP reports that a total of 1.4 million transactions of electronic payment and financial services, valued at PHP8.45 billion, were processed by licensed digital banks as of end-June 2022.

Source: Bangko Sentral ng Pilipinas, FTI Consulting Analysis

Market Overview | Philippine Universal and Commercial Bank Segment

Universal and Commercial Banks (U/KBs)

- **Recent Policies Affecting U/KBs**
  - The Financial Institutions Strategic Transfers (FIST), signed in 2021, has been revised to require a master list of eligible non-performing assets (NPAs) for the application of a certificate of eligibility (COE) and for the availment of taxes and fee privileges. As of March 2022, six FIST stock corporations are authorized to acquire or invest in financial institutions' NPAs.
  - The BSP's key prudential relief measures, such as the Bayanihan to Heal as One Act and the Bayanihan to Recover as One Act, will remain in place until end-December 2022 to sustain the post-pandemic opening of the economy.
  - In March 2022, the BSP has published the digital financial marketplace model, a collaborative framework for U/KBs, DBs, and electronic money issuers (EMIs) guiding new financial services, business models, and commercial arrangements in shared digital platforms.
- **Financial Standing**
  - As of end-June 2022, the capital adequacy ratio (CAR) and common equity Tier 1 (CET1) ratio of U/KBs registered at 16.0 percent and 15.4 percent on a consolidated basis, respectively, which are well above the BSP's minimum requirements. These indicate resilience of U/KBs in withstanding possible shocks to their balance sheet.
  - As of end-July 2022, U/KBs posed an improved gross NPL ratio of 3.2 percent and an ample NPL coverage ratio of 105.0 percent, indicating a significant improvement in the segment's loan quality management.
  - As of end-June 2022, the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of U/KBs stood at 192.5 percent and 139.1 percent on consolidated bases, respectively, well above the minimum threshold of 100 percent. These high ratios indicate U/KBs' resilience to potential short-term and medium-term liquidity disruptions.
  - U/KBs registered the highest return on equity compared to other segments at 9.1 percent, as of end-December 2021.
- **Major Players**
  - Presented below are the top 10 U/KBs ranked according to total assets as of 30 June 2022.

Rank	Name of Bank	Total Assets (PHP Mn)
1	BDO Unibank, Inc.	3,661,570.82
2	Land Bank of the Philippines	2,803,643.64
3	Bank of the Philippine Islands	2,451,097.81
4	Metropolitan Bank & Trust Co.	2,353,735.12
5	Philippine National Bank	1,192,661.70
6	China Banking Corporation	1,124,083.69
7	Rizal Commercial Banking Corporation	1,030,220.93
8	Development Bank of the Philippines	971,347.99
9	Security Bank Corporation	796,777.07
10	Union Bank of the Philippines	769,157.72

Source: Bangko Sentral ng Pilipinas

Market Overview | Philippine Digital Bank Segment

Digital Banks (DBs)

- **Recent Policies Affecting DBs**
  - The BSP introduced DBs as a separate banking segment in December 2020 to hasten financial inclusion. The Bank has also published the Guidelines on Establishment of DBs and a Circular on Prudential Requirements for DBs in the same year.
  - The BSP, however, closed the window for establishment of new DBs in August 2021 to allow regulators to closely monitor developments of the six established DBs and ensure healthy competition among DBs and traditional lenders.
  - Aside from the existing digital banking and open finance frameworks for the newly-established DB industry, the BSP is currently developing the marketplace banking model and cybersecurity maturity model to further foster financial innovation and minimize possible industry losses from fraud and cybercriminal-related activities.
- **Financial Standing**
  - As of end-June 2022, Tonik Digital Bank and Overseas Filipino Bank (OFBank) reported PHP10.813 billion and PHP4.364 billion in total assets, respectively.
  - As of November 2022, UnionDigital Bank has acquired 1.73 million customers, reaching USD 70 million in loan book size and USD 50 million in deposits.
  - The remaining digital banks have yet to report their financial statements to the BSP due to nascency in operations.
  - While being a digital bank, Tonik Bank still ranks as the fourth largest RCB in total assets, while OFBank ranks as the 20th largest TB.
- **Trend in DBs**
  - As of end-August 2022, the Philippines has six fully operational digital banks, with Tonik Digital Bank and Maya Bank receiving their certificate of authority in the first quarter of 2022, OFBank and UNOBank receiving theirs in the second quarter, and UnionDigital Bank and GoTyme both receiving theirs in July 2022.
- **Major Players**
  - Presented below are the six BSP-licensed digital banks in order of their licensing date.

Order	Name of Bank	Date of Licensing
1	Tonik Digital Bank, Inc.	25 March 2021
2	Overseas Filipino Bank, Inc.	3 June 2021
3	UNObank, Inc.	3 June 2021
4	UnionDigital Bank, Inc.	15 July 2021
5	GoTyme Bank Corporation	12 August 2021
6	Maya Bank, Inc.	16 September 2021

  - Although not licensed by the BSP to operate as digital banks, ING Philippines, CIMB Bank, Komo, Diskar Tech, Sea Bank, and NetBank are U/KBs, TBs, and RCBs that are also offering digital banking and online banking services.

Source: Bangko Sentral ng Pilipinas

Market Overview | Outlook

Market Outlook

- According to the BSP's Financial Soundness Indicators analysis, the Philippine banking system (PBS) remains stable and resilient despite global uncertainties arising from the new variants of COVID-19, inflationary pressures, and the reopening of economies.
- BSP's key prudential relief measures, i.e., extension of credit, reduction of minimum thresholds, restructuring of loans, etc. would remain in place until end-December 2022. These policies are expected to sustain post-pandemic economic recovery and access to financial services.
- Banks are likewise expected to continue providing credit relief to their borrowers. As of end-July 2022, the PBS' volume of restructured loans continued to increase YoY to PHP342.0 billion, while volume of credit extensions increased to PHP566.1 billion as of end-March 2022.
- In October 2022, the BSP amended guidelines on banks' recovery plans towards more stringent and risk-averse policies, such as mandating banks to report within 24 hours if triggers in their recovery plans are breached, and to activate recovery measures within three days upon risk detection.
- Availment of the relief measure on using new or refinanced loans to MSMEs and large enterprises (LEs) as alternative compliance against deposit liabilities and substitutes continued to increase as of end-August 2022. The PBS allocated PHP219 billion and PHP64.6 billion to MSMEs and LEs, respectively.
- Evidenced by the decline in the gross NPL ratio and ample increase in NPL loan loss reserves across all bank segments, the loan quality of the PBS has improved and is expected to remain manageable amid improving economic conditions and recovery in credit activity.
- The successive tightening of the key policy rate during Q2 of 2022 is expected to continue amid sustained and broadening inflationary pressures, normalization of central banks' monetary policies, further depreciation of the peso, and continued domestic supply shocks. These are expected to have contractionary effects to the PBS, through higher borrowing rates and reduced loan funds available.
- A notable evidence for the expected rise in banks' lending rates is the upward trend of mean and median weighted average interest rates (WAIR) in 2022. These are expected to further increase amid policy rate hikes. Presented below are the comparative mean and median WAIR values since the start of the pandemic (in percent).

Type of Loans	End-March 2020		End-June 2021		End-June 2022	
	Mean WAIR	Median WAIR	Mean WAIR	Median WAIR	Mean WAIR	Median WAIR
Government	7.9	4.3	4.7	3.5	7.4	6.3
Private Corps	7.2	5.4	4.6	4.5	4.6	4.5
Contracts to Sell	6.1	6.8	7.1	6.6	5.9	6.3
Agricultural	6.4	5.3	4.3	4.3	4.5	4.5
SMEs	7.9	6.4	6.1	5.5	7.0	6.1
Microenterprise	10.9	8.4	8.4	6.8	10.4	7.0
Individuals	14.4	11.1	9.5	8.5	10.6	8.8
Overall	**8.2**	**5.8**	**5.2**	**4.9**	**6.1**	**5.2**

Source: Bangko Sentral ng Pilipinas

Market Overview | Mergers and Consolidation Among Philippine Banks

Mergers and Consolidation Among Philippine Banks

- Through mergers and consolidation, banks can harness their combined experience, expertise, technological capabilities, capital base and customer relationships. Accordingly, reform initiatives in the Philippines have always encouraged mergers and consolidation in order to promote financially strong and well-managed banking institutions.

BSP Incentive Programs

- Both the Manual of Regulations for Banking (MORB) and Manual of Regulation for Non-Banking Financial Institution (MORBFI), which serve a principal source of regulations for financial institutions under BSP, have consistently included in their sections and sub-sections, the manner and guidance in relation to mergers and consolidation.
- In pursuance of the policy, subject to prior approval of the Monetary Board, constituent entities may avail themselves of incentives or reliefs. The goal of these incentives and reliefs is to promote not only mergers and consolidations among banks and other financial intermediaries, but also purchases or acquisitions of majority or all of the outstanding shares a bank or quasi-bank, to develop larger and stronger financial institutions.
- The BSP has pushed for sector consolidation by incentivizing lenders partaking in mergers and consolidation with smaller players by allowing them to establish more branches in key areas in Metro Manila with branching restrictions, including the cities of Quezon, Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig and San Juan.
- Such incentive was provided on the premise that having fewer but stronger players would be beneficial for the whole industry.
- Overall, some of the incentives that merging/consolidating banks may avail themselves of include:
  - revaluation of bank premises, improvements, and equipment;
  - staggered booking of unbooked valuation reserves;
  - temporary relief from full compliance with the prescribed net worth to risk assets ratio;
  - amortization of goodwill up to a maximum of 40 years, if warranted;
  - payment in installments of outstanding penalties on legal reserves and interest on overdrafts with the BSP as of date of merger/consolidation;
  - higher rediscount ceiling with the BSP; restructuring/plan of payment of past due obligations of the proponents with the BSP as of date of merger/consolidation; and
  - concurrent officership at a merged/consolidated financial institution and another financial institution.

Source: Bangko Sentral ng Pilipinas, Bank for International Settlements

Valuation Approach

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Valuation Approach

In order to arrive at our estimates of value, we have considered the generally accepted approaches to valuation described below.

Approaches to Valuation
The generally accepted approaches to valuation are referred to as:
- Market Approach;
- Income Approach; and
- Cost Approach.

Within each category, a variety of methodologies exists to assist in the estimation of value. In selecting the appropriate valuation methodologies, we considered the following criteria:
- Availability of the reliable information needed to apply the methodology;
- Appropriateness of the methodology in view of the nature of the subject company; and
- The respective strengths and weaknesses of the possible valuation approaches and methods.

Based on the foregoing, we considered using the Volume Weighted Average Price (VWAP) Method, Comparable Transactions Method, and Gordon Growth Model using the Justified Price-to-Book Value Method in valuing BPI and RBank.

The succeeding sections contain a brief overview of the theoretical basis of each approach considered, as well as a discussion of the specific methodologies relevant to the analyses performed.

Market Approach

The Market Approach references actual transactions in the equity of the company being valued or transactions in similar companies that are traded in the public markets. Third-party transactions in the equity of a company generally represent the best estimate of fair market value if they are done at arm's length.

This approach should be used as the primary basis for valuation under the following circumstances:

- The subject company or asset has recently been sold in a transaction appropriate for consideration under the basis of value;
- The subject asset or substantially similar assets are actively publicly traded; and/or
- There are frequent and/or recent observable transactions in substantially similar assets.

Volume Weighted Average Price (VWAP) Method
This method involves analysis of the value of the company's shares based on its historical trading volume and price within appropriate period. Both trading volume and price were extracted from Bloomberg.

Valuation Approach

Comparable Transactions Method

This method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. The comparable public transactions method can use a variety of different comparable evidence, also known as units of comparison, which form the basis of the comparison. A few of the many common units of comparison used in business valuation include book value multiples, earnings multiples, revenue multiples and EBITDA multiples.

Once relevant comparable transactions are identified, valuation metrics derived from those transactions can be applied to the subject company's corresponding fundamental data to estimate the market value of its equity.

Income Approach

The Income Approach is based on the premise that the value of a subject company is the present value of the future earning capacity that is available for distribution to investors in the subject company.

The Income Approach should be used as primary basis of valuation under the following circumstances:

- The income-producing ability of the subject company or asset is the critical element affecting value from a participant perspective; and/or
- Reasonable projections of the amount and timing of future income are available for the subject company or asset, but there are few, if any, relevant market comparables.

Dividend Discount Model Method

This method involves forecasting the future dividend issuance of subject company over an appropriate period and discounting it back to present value using an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in the ownership of the subject company being valued.

One variant of the Dividend Discount Model is the Gordon Growth Model, which assumes future series of dividends growing at a constant rate in perpetuity in line with the going concern principle. Considering that BPI and RBank are classified as financial institutions, the Gordon Growth Model using the Justified Price-to-Book method was applied. This method measures the company's intrinsic value by using the forecasted fundamentals of the company such as the return on equity, expected growth rate, and required rate of return or cost of equity.

The expected growth rate is the rate at which the company will grow sustainably and is estimated based on the company's return on equity (RoE) and dividend payout ratio (DPR). The expected growth rate is calculated as follows:

$g = RoE * (1 - DPR)$

where: RoE = Return on Equity
DPR = Dividend Payout Ratio

Valuation Approach

The cost of equity was estimated using the Capital Asset Pricing Model or CAPM, and is calculated as follows:

$Re = Rf + \beta \times MRP + \alpha$

where: Rf = Risk-free rate
β = Levered Beta
MRP = Market risk premium
α = Alpha or specific risk premium

Risk-free rate represents the return that would be earned from an investment in risk-free assets such as government bonds.

A normalized risk-free rate (i.e., 5-year average of yields on 10-year government securities) was considered given that spot risk-free rates have deviated significantly from long-term levels due to central bank's monetary policy interventions as of the Valuation Date.

Market risk premium was obtained from Aswath Damodaran's study of equity risk premiums. Aswath Damodaran is a professor of Finance at the Stern School of Business at New York University.

Beta measures a stock's sensitivity of returns to changes in the market. It is a measure of systematic risk. Given BPI is listed in the PSE, its beta was derived by regressing its weekly stock returns against the index returns for the past ten years. For RBank, beta was estimated using the average levered betas from comparable public companies.

Please refer to Appendix F for the selection process of comparable companies and Appendix G for the details of the beta applied to RBank.

Lastly, an alpha risk premium is added to the cost of equity of RBank to account for company specific risks. Alpha is estimated using the Kroll's CRSP Deciles Size Study and size premia table.

Please refer to Appendix H for the supporting details of the alpha risk premium.

Bank of the Philippine Islands

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Valuation Analysis | BPI
Company Overview

Corporate Background

- Founded in 1851, **Bank of the Philippine Islands (BPI)** is the first bank in the Philippines and Southeast Asia. It is a publicly listed domestic commercial bank with an expanded commercial banking license and was registered with the Securities and Exchange Commission (SEC) on 4 January 1943. This license was extended for another 50 years on January 4, 1993.
- Currently, BPI is licensed as a universal bank by the BSP. BPI and its 21 subsidiaries (collectively referred to as the "BPI Group") provide a diverse range of financial products and services including: deposits, loans, cash management, payments, remittances, credit cards, asset management & trust, insurance, investment banking, securities brokerage, and foreign exchange. The BPI Group also serves its customers through alternative electronic banking channels such as telephone, mobile phone and the internet. Kindly refer to Appendix B for BPI Group's corporate structure overview.
- As of 30 June 2022, Ayala Corporation and its affiliates owned an effective interest of 48.5 percent in BPI. The Roman Catholic Archbishop of Manila (RCAM) owned 7.3 percent. Public investors held 39.2 percent, well above the required minimum public float of 10 percent.
- BPI has a strong capital position underpinned by stringent compliance and risk management regimes as illustrated by its investment-grade ratings of BBB+ (S&P) as of February 2022, BBB- (Fitch) as of May 2022, and Baa2 (Moody's) as of July 2022.
- As of 31 December 2021, the BPI Group has 18,619 employees and operates 1,176 branches and 2,457 automated teller machines (ATMs) and cash accept machines (CAMs) to support its delivery of services.

Valuation Analysis | BPI
Company Overview

Financial Highlights

The key highlights regarding BPI's financial position and performance are summarized below.

- *Financial Position*
  - Despite challenges in macro economy, BPI's total assets remained resilient and posted an increase of 1.75 percent from 2021 to 1H2022.
  - Total loans likewise improved by 5.45 percent from 2021 to 1H2022.
  - Liabilities marginally increased by 1.47 percent during the same period, with total deposits showing an increase of 1.93 percent.
- *Financial Performance*
  - Net income level has jumped from PHP23.33 billion in 2018 to an estimated LTM June 2022 figure of PHP32.75 billion.
  - This is mainly due to the consistent increase in Net Interest Income wherein even during the height of the pandemic, posted an increase of PHP6.69 billion from 2019 to 2020.

Statement of Financial Position Highlights

Amounts in PHP Mn	2018	2019	2020	2021	1H2022
ASSETS					
Cash and cash equivalents	316,243	300,027	331,571	369,394	291,246
Total investments, net	341,498	353,115	412,049	494,747	543,190
Loans and advances, net	1,354,896	1,475,336	1,407,413	1,476,527	1,557,016
Other assets, net	72,591	76,552	82,410	81,247	72,895
TOTAL ASSETS	**2,085,228**	**2,205,030**	**2,233,443**	**2,421,915**	**2,464,347**
LIABILITIES					
Deposit liabilities	1,585,746	1,695,343	1,716,177	1,955,147	1,992,937
Other borrowed funds	181,711	164,959	166,203	106,555	97,538
Other liabilities	66,233	71,694	69,106	65,057	67,625
TOTAL LIABILITIES	**1,833,690**	**1,931,996**	**1,951,486**	**2,126,759**	**2,158,101**
TOTAL EQUITY	**251,538**	**273,034**	**281,957**	**295,156**	**306,246**

Statement of Financial Performance Highlights

Amounts in PHP Mn	2018	2019	2020	2021	LTM-Jun 2022
Interest Income	79,471	100,487	96,308	84,617	89,555
Net Interest Income	55,617	65,575	72,264	69,583	75,056
EBIT	113,986	135,044	122,077	135,003	107,573
Net Income	23,329	29,083	21,652	24,110	32,749

Source: BPI Disclosures

Valuation Analysis | BPI
Volume Weighted Average Price (VWAP) Method

Valuation Results – BPI

- Since BPI is a listed entity in the local bourse, we valued BPI using the Volume Weighted Average Price (VWAP) method and its market capitalization.
- The VWAP method is computed using the following formula:

$$VWAP = \frac{\sum(Stock\ Price\ x\ Volume\ Traded)}{\sum Volume\ Traded}$$

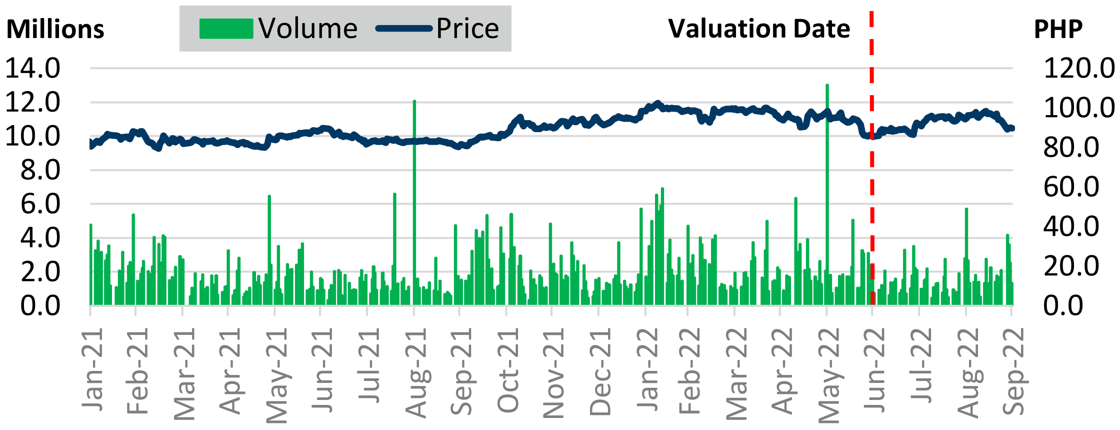
- We considered the stock prices and trading volume of BPI over a one-year period from the Valuation Date. Stock prices were extracted from Bloomberg and were weighted by their corresponding trading volume.
- Presented in the table to the right are the 30-day, 90-day and 1-year VWAPs of BPI as of the Valuation Date. For purposes of determining our range of values using the VWAP method, VWAPs closer to the Valuation Date such as the 30-day and 90-day VWAPs were considered as they would reflect the more current market sentiment on both past and forward-looking information of the company.
- Using the VWAP method, the market values of BPI's equity range from **PHP382,713.28 million** to **PHP428,907.36 million** or **PHP84.80** to **PHP95.04** per share.

VWAP Computation as of 30 June 2022

Period	VWAP (PHP/share)	Equity Value (PHP Mn)	Implied PB (x)
30-Days	91.34	412,223.89	1.35
90-Days	95.04	428,907.36	1.40
1-Year	92.17	415,970.18	1.36
As of 30 June 2022	84.80	382,713.28	1.25

Source: Bloomberg, FTI Consulting Analysis

Price and Volume Chart



Source: Bloomberg
Please refer to Appendix C for the one-year trading information of BPI.

Valuation Analysis | BPI
Gordon Growth Model using Justified PB Method

- The Gordon Growth Model under the Income Approach was likewise used to determine BPI's equity value. This is based on the justified price-to-book value method (RoE-g/CoE-g multiple). Key assumptions include return on equity (RoE), sustainable growth rate and cost of equity (CoE).
- **Return on equity:** We used BPI's 10-year historical average return on equity from 2010 to 2019, which are pre-pandemic years sourced from Bloomberg as the sustainable ROE level.
- **Sustainable growth rate**: The long-term growth rate of 8.95 percent was computed by multiplying the assumed RoE by one minus dividend payout ratio (DPR). The DPR was based on the average DPRs of BPI from 2018 to 1H2022 given its stable historical dividend distribution. Kindly refer to Appendix D for the details of BPI's historical dividend distribution.
- **Cost of equity**: We used a CoE of 12.50 percent computed using CAPM.
  - A normalized risk-free rate was estimated by calculating the 5-year average of yields on 10-year government securities.
  - Equity risk premium was based on the ERP study of Aswath Damodaran.
  - Beta was derived from the 10-year weekly beta of BPI obtained from Bloomberg.
- The estimated equity value of BPI using the Justified PB multiple based from Gordon Growth Model is **PHP456,187.58 million** or **PHP101.08** per share.

Justified Price-to-Book Analysis
(Book and Equity Values in PHP Mn)

Input	Value	Basis
Return on Equity (RoE)	14.24%	10-year historical average RoE
Cost of Equity (Ke)	12.50%	Computed using CAPM, rounded
Expected Growth Rate (g)	8.95%	RoE x [1-Dividend Payout Ratio]
Justified P/B Ratio	1.49	Computed using (RoE-g)/(Ke-g)
Book Value (BV) of BPI	306,246.85	Per unaudited financial statement
Estimated Equity Value	**456,187.58**	**Computed using Justified P/B x BV**
Est. Equity Value per share	**101.08**	**Per share value**
Return on Equity	14.24%	10-year historical average ROE
Dividend Payout Ratio	37.15%	Average DPRs, 2018-1H22
Expected Growth Rate	8.95%	RoE x [1-Dividend Payout Ratio]

Source: Bloomberg, Company Disclosures, FTI Consulting Analysis

Cost of Equity Computation

Input	Value	Basis
Risk-free Rate (RFR)	4.96%	5-year average of 10-year PH RFR rate as of Valuation Date
Market Risk Premium (MRP)	8.67%	Philippine ERP per Damodaran study
Company Beta (β)	0.87	10-year weekly beta of BPI
Cost of Equity (Ke)	**12.52%**	Computed using CAPM [RFR + β x MRP]
Cost of Equity, rounded	**12.50%**	

Source: Bloomberg, Aswath Damodaran, FTI Consulting Analysis

Valuation Analysis | BPI
Valuation Summary

- Based upon discussions with and representations of BPI's management, research conducted, and valuation analyses performed, the equity value of BPI as of the Valuation Date is reasonably estimated to be within the range of **PHP382,713.28 million** to **PHP456,187.58 million** with a share price range of **PHP84.80** to **PHP101.08** per share.

Method	Equity Value	Value/Share	Implied Price-to-Book Multiple
	PHP Mn	PHP/share	[x]
Market Approach			
Market Capitalization	382,713.28	84.80	1.25
VWAP Method			
30-day VWAP	412,223.89	91.34	1.35
90-day VWAP	428,907.36	95.04	1.40
1-year VWAP	415,970.18	92.17	1.36
Income Approach			
Gordon Growth Model	456,187.58	101.08	1.49
Final Valuation Range			
Low Estimate	**382,713.28**	**84.80**	**1.25**
High Estimate	**456,187.58**	**101.08**	**1.49**

Book Value (PHP Mn)	306,245.85
Total Outstanding Shares (in Mn)	4,513.13

Source: FTI Consulting Analysis, BPI Management

Robinsons Bank Corporation

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Valuation Analysis | RBank
Company Overview

Corporate Background

- **Robinsons Bank Corporation ("RBank")** started as a savings bank in November 1997 amid the backdrop of the Asian financial crisis. In 2002, then Robinsons Savings Bank acquired the branches of ABN Amro Savings Bank (Philippines), its licenses to operate the branches and its bank deposit portfolio.
- In February 2010, Robinsons Savings Bank acquired the controlling interest of the Royal Bank of Scotland (Philippines). In August of the same year, Royal Bank of Scotland (Philippines) was renamed as Robinsons Bank Corporation. In December 2010, Bangko Sentral ng Pilipinas (BSP) approved the merger of Robinsons Savings Bank and Robinsons Bank Corporation, with Robinsons Bank Corporation as the surviving entity.
- In 2012, BSP approved RBank's move to acquire Legazpi Savings Bank ("LSB"). The acquisition of LSB opened up business lines and grew the target market of the bank in the Bicol region.
- In 2021, the Gokongwei Group, in a joint venture with Tyme Global Ltd., launched GoTyme Bank Corp., a digital bank. The Gokongwei Group owns 60 percent with 20 percent stake held each by RBank, Robinsons Land Corporation, and Robinsons Retail Holdings, Inc. GoTyme is one of the six licensed digital banks by the BSP. RBank is expected to transfer one percent of its ownership stake in GoTyme to another investor.
- As of June 2022, RBank is the third largest commercial bank in the Philippines in terms of total assets.
- Currently, RBank offers savings and checking accounts, time deposits, corporate and consumer loans, trade facilities and export financing, payroll and bills payment services, credit card issuances, remittance facilities, foreign exchange hedging and fixed income securities, trust services, and electronic banking channels through RBank Digital.
- As of June 2022, the ownership structure of RBank is as follows: 60 percent owned by JG Summit Capital Services Corporation and 40 percent owned by Robinsons Retail Holdings Inc.

Sources: Bangko Sentral ng Pilipinas; Robinsons Bank 2021 Audited Financial Statements, Company Website

Valuation Analysis | RBank
Company Overview

Financial Highlights

The key highlights regarding RBank's financial position and performance are summarized below.

- *Financial Position*
  - The total assets of RBank has declined by PHP5.5 billion or 3.07 percent from 31 December 2021 to 30 June 2022. This is primarily driven by the decrease in Interbank Loans Receivable and Securities Purchased under Resale Agreement (under Other Assets, net) by PHP11.7 billion for the same period.
  - Total liabilities likewise decreased by PHP7.0 billion or 4.38 percent from 31 December 2022 to 30 June 2022. This is driven by the decrease in Deposit Liabilities by PHP15.0 billion during the same period.
  - Total equity posted an increase of PHP1.5 billion or 8.18 percent from 31 December 2022 to 30 June 2022 due to increase in retained earnings.
- *Financial Performance*
  - Net income level has jumped from PHP0.3 billion in 2018 to PHP1.2 billion in 2022 with an estimated LTM June 2022 figure of PHP1.5 billion. This is mainly due to the consistent increase in Net Interest Income wherein even during the height of the pandemic posted an increase of PhP1.5 billion from 2019 to 2020.

Statement of Financial Position Highlights

Amounts in PHP Mn	2018	2019	2020	2021	1H 2022
ASSETS					
Cash and Other Cash Items	2,300	3,176	2,750	3,828	3,039
Loans and Receivables	67,397	79,240	85,271	97,373	99,960
Investments, net	26,789	26,523	28,767	36,534	40,422
Other Assets, net	23,227	20,063	32,192	39,732	28,597
TOTAL ASSETS	**119,712**	**129,002**	**148,981**	**177,469**	**172,018**
LIABILITIES					
Deposit Liabilities	93,399	95,632	115,393	150,806	135,818
Other Borrowed Funds	8,157	13,005	11,104	3,566	11,567
Other Liabilities	5,779	3,305	4,158	4,659	4,687
TOTAL LIABILITIES	**107,335**	**111,942**	**130,655**	**159,031**	**152,072**
TOTAL EQUITY	**12,378**	**17,060**	**18,326**	**18,437**	**19,945**

Statement of Financial Performance Highlights

Amounts in PHP Mn	2018	2019	2020	2021	LTM-Jun 2022
Net Interest Income	3,366	3,915	5,445	6,522	6,982
Other Income and Opex, net	(2,933)	(3,057)	(4,532)	(4,988)	(5,143)
EBT	**434**	**858**	**913**	**1,533**	**1,838**
Income Tax	(116)	(139)	22	(317)	(357)
Net Income	**317**	**719**	**935**	**1,216**	**1,482**

Source: Company Disclosures, FTI Consulting Analysis

Valuation Analysis | RBank
Comparable Transactions Method

Valuation Results – RBank

- Under the Comparable Transactions Method, we selected transactions involving acquisitions and/or funding of common equity stake in universal, commercial and/or savings banks in the Philippines for the past five years from the Valuation Date.
- Please refer to Appendix E for the details of the transactions considered.
- The implied price-to-book multiples of these transactions were used to determine the implied net asset value of RBank.

Implied Price-to-Book Multiples of Comparable Transactions

Company / Target	Transaction Date	Investor	Implied Price-to-Book Multiple (x)
PR Savings Bank	Jan 2018	City Savings Bank, Inc.	2.46
Union Bank of the Philippines	Mar 2018	Aboitiz Equity Venture	0.49
Rizal Commercial Banking Corp.	Jun 2021	Sumitomo Mitsui Banking Corp.	0.88
Rizal Commercial Banking Corp.	Nov 2022	Sumitomo Mitsui Banking Corp.	1.27
Average			**1.27**

Source: Capital IQ, FTI Consulting Analysis

Implied Net Asset Value Using P/B Multiple of Comparable Transactions

Amounts in PHP Mn, except multiple and price per share	Value
Average P/B Multiple of Comparable Transactions	1.27
Book Value of Rbank	19,945.18
Implied Net Asset Value	**25,391.19**

Source: Company Disclosures, FTI Consulting Analysis

Valuation Analysis | RBank
Gordon Growth Model using Justified PB Method

Valuation Results – RBank

- We likewise used the Gordon Growth Model under the Income Approach to determine the market value of the net assets of RBank. Specifically, we calculated for RBank's justified price-to-book ratio, a derivation of the GGM, and multiplied the resulting ratio to the book value of the net assets of RBank as of Valuation Date. Key assumptions used include:
- **Return on equity**: We used RBank's RoE as published in the BSP as of the Valuation Date.
- **Sustainable growth rate:** The long-term growth rate of 6.81 percent was computed by multiplying the assumed RoE by one minus DPR. The DPR was based on the five-year average DPRs of comparable companies from the Valuation Date. We considered banks with licensed digital banking operations or with similar classification and size with RBank per the BSP as its comparable companies. Please refer to Appendix G for the list of comparable companies.
- **Cost of equity**: We used a CoE of 9 percent computed using the CAPM.
  - A normalized risk-free rate was estimated by calculating the 5-year average of yields on 10-year government securities.
  - Equity risk premium was based on the ERP sourced from the study of Aswath Damodaran.
  - Beta was derived from the average 10-year weekly levered betas of comparable companies.
  - Alpha risk premium was added to account for size premium as sourced from Kroll's size premia table.

Justified Price-to-Book Analysis
(Book and Net Asset Values in PHP Mn)

Input	Value	Basis
Return on Equity (RoE)	9.79%	RoE as published in BSP
Cost of Equity (Ke)	9.00%	Computed using CAPM
Expected Growth Rate (g)	6.81%	RoE x [1-Dividend Payout Ratio]
Justified P/B Ratio	1.36	Computed using (RoE-g)/(Ke-g)
Book Value (BV) of RBank	19,945.18	Per audited financial statement
Estimated Net Asset Value	**27,142.98**	**Computed using Justified P/B x BV**
Return on Equity	9.79%	RoE as reported to BSP
Dividend Payout Ratio	30.43%	5-year average DPR of comparables
Expected Growth Rate	6.81%	RoE x [1-Dividend Payout Ratio]

Source: Company Disclosures, FTI Consulting Analysis

Cost of Equity Computation

Input	Value	Basis
Risk-free Rate	4.95%	5-year average of 10-year PH RFR as of Valuation Date
Market Risk Premium	8.67%	Philippine ERP per Damodaran study
Beta	0.21	Average betas of comparable companies
Alpha Risk Premium	2.10%	Kroll's size premia table
Cost of Equity	**8.84%**	**Computed using CAPM [RFR + β x MRP + α]**
Cost of Equity, rounded	**9.00%**	

Source: Bloomberg, Aswath Damodaran, Kroll, FTI Consulting Analysis

Valuation Analysis | RBank
Valuation Summary

- Based upon discussions with and representations of RBank's management, research conducted, and valuation analyses performed, the net asset value of RBank as of the Valuation Date is reasonably estimated to be within the range of **PHP25,391.19 million** to **PHP27,142.98 million**.

Method	Net Asset or Equity Value	Implied PB
	PHP Mn	[x]
Market Approach		
Comparable Transactions Method	25,391.19	1.27
Income Approach		
Gordon Growth Model	27,142.98	1.36
Final Valuation Range		
Low Estimate	**25,391.19**	**1.27**
High Estimate	**27,142.98**	**1.36**
Book Value As of Valuation Date (PHP Mn)	19,945.18	

- The following are the conditions to the closing of the Transaction ("carved-out investments"):
  - RBank will transfer all of its shares in Unicon to JGSHI or any other entity controlled by the Gokongwei Family;
  - RBank will transfer 19 percent of outstanding shares in GoTyme to BPI.
- Considering that RBank will receive cash equivalent to the carrying amount of carved out investments, it will not affect the valuation of RBank.

Source: Company Disclosure, FTI Consulting Analysis

Valuation Conclusion

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Valuation Conclusion

- Based upon discussions with and representations of management, research conducted, and the valuation analyses performed and described herein, the range of market values of BPI and RBank are estimated as follows:

Entity	Equity or Net Asset Valuation Range		Price per Share	
Amounts in PHP Millions, except for price per share	Low Estimate	High Estimate	Low Estimate	High Estimate
Bank of the Philippine Islands (BPI)	**382,713.28**	**456,187.58**	**84.80**	**101.08**
Robinsons Bank Corporation (RBank)	**25,391.19**	**27,142.98**		

Source: FTI Consulting Analysis

Appendices

Appendix A
Glossary of Terms

Term	Definition
1H 2022	For the period ending June 2022
Book Value	Value of an asset or liability according to its balance sheet account balance
bps	Basis points
BSP	Bangko Sentral ng Pilipinas
Capital structure	Composition of the invested capital of a business enterprise; the mix of debt and equity financing
CAPM	Capital Asset Pricing Model; a model that calculates the expected return of an asset based on its beta and expected market return
Comparable Transactions Method	Valuation method that involves identification of transactions that are reasonably comparable to the subject company, and analysis of the valuation indications that the multiples of comparable transactions imply when applied to the subject company
Cost of equity	The return that stockholders require for a company; also called as required rate of return on equity
D:MC	Debt-to-Market Capitalization
DCF Method	Discounted Cash Flows Method; Valuation method that involves forecasting the appropriate cash flow stream over an appropriate period and discounting it to present value at an appropriate discount rate
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into present value
ECQ	Enhanced Community Quarantine
Equity value	Value of the company to its shareholders
Fairness Opinion	An opinion on whether the financial terms of a proposed corporate transaction are fair to the equity holders of an entity involved
GICS	Global Industry Classification Standard
Income Approach	Valuation approach based on the premise that the value of a security or asset is the present value of the future earning capacity that is available for distribution to investors in the security or asset
IVS	International Valuation Standards
Justified PB Method	Derivation of the Gordon Growth Model that measures the company's intrinsic value by using the forecasted fundamentals of the company such as the required rate of return, expected growth rate, and return on equity
LTM	Last twelve months
Levered beta	Beta of a company reflecting capital structure that includes debt

Appendix A
Glossary of Terms

Term	Definition
Market Approach	Valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available
Market capitalization	Measure of the value of a company's value obtained by multiplying the number of shares outstanding by the company's share price
MLR	Minimum Liquidity Requirement; Minimum stock of liquid assets that covered banks are required to maintain
Mn	Millions
PB	Price-to-Book
PHP	Philippine Peso
PSE	Philippine Stock Exchange
Raw beta	Historical beta that represents the relationship of a security's return and return of an index
Risk free rate	The rate of return with zero risk; represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time
Risk premium	Excess return above the risk-free rate of risky assets
RWA	Risk-weighted Assets; Used to determine the minimum amount of capital that must be held by banks and other financial institutions in order to reduce the risk of insolvency
SEC	Securities and Exchange Commission
TLP	Total Loan Portfolio
USD	United States Dollar
Valuation	The process of establishing the value of an entity or a specific asset/liability
Valuation Date	The date on which the opinion of value applies
VWAP	Volume Weighted Average Price
VWAP Method	Valuation method that involves analysis of the value of the subject company's shares based on its historical trading volume and price

Appendix B
BPI | Group Corporate Structure

Source: Company disclosures

Appendix C
BPI | One Year Trading Information

- The following table presents the historical trading information of BPI.

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
30-Jun-22	84.80	2,128,150	181,314,124	85.20
29-Jun-22	86.40	1,131,970	97,781,946	86.38
28-Jun-22	86.10	2,364,450	203,549,116	86.09
27-Jun-22	85.50	3,093,250	264,792,408	85.60
24-Jun-22	88.00	3,057,550	263,602,393	86.21
23-Jun-22	86.50	3,251,660	284,875,331	87.61
22-Jun-22	91.00	1,073,600	98,260,703	91.52
21-Jun-22	92.60	826,100	76,564,848	92.68
20-Jun-22	93.50	1,053,030	98,537,493	93.58
17-Jun-22	94.80	5,038,190	476,527,125	94.58
16-Jun-22	96.00	2,275,570	212,824,277	93.53
15-Jun-22	92.85	1,278,090	118,837,831	92.98
14-Jun-22	93.45	1,697,840	157,153,598	92.56
13-Jun-22	92.65	1,716,870	158,796,912	92.49
10-Jun-22	92.60	1,842,660	173,444,242	94.13
9-Jun-22	97.80	1,123,070	109,554,692	97.55
8-Jun-22	97.00	1,741,780	168,485,515	96.73
7-Jun-22	95.15	1,012,870	96,285,954	95.06
6-Jun-22	95.10	1,053,540	100,248,018	95.15
3-Jun-22	95.00	717,090	67,897,738	94.69
2-Jun-22	94.10	1,791,950	168,895,588	94.25
1-Jun-22	95.80	1,776,780	170,869,557	96.17
31-May-22	98.85	13,000,970	1,278,048,655	98.30
30-May-22	97.50	2,053,300	200,071,909	97.44
27-May-22	95.60	1,266,870	120,953,400	95.47
26-May-22	97.00	2,626,460	251,351,434	95.70
25-May-22	96.30	1,421,280	135,423,964	95.28
24-May-22	94.50	1,357,370	127,907,554	94.23
23-May-22	94.50	1,692,400	161,734,883	95.57
20-May-22	98.00	1,445,570	141,815,766	98.10
19-May-22	95.90	2,149,220	208,184,840	96.87

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
18-May-22	97.00	3,916,690	375,697,130	95.92
17-May-22	92.80	1,554,480	142,442,754	91.63
16-May-22	90.60	2,066,300	187,079,909	90.54
13-May-22	89.00	3,610,620	325,495,949	90.15
12-May-22	91.90	3,157,180	295,595,082	93.63
11-May-22	95.00	1,462,530	137,673,945	94.13
10-May-22	94.00	6,344,320	595,802,704	93.91
6-May-22	94.40	1,659,260	158,274,488	95.39
5-May-22	97.00	1,682,670	163,177,092	96.98
4-May-22	97.90	1,768,060	168,965,184	95.57
2-May-22	93.90	878,240	82,272,294	93.68
29-Apr-22	94.90	2,081,750	197,521,853	94.88
28-Apr-22	96.95	2,247,300	216,289,141	96.24
27-Apr-22	96.90	1,111,930	106,917,407	96.15
26-Apr-22	97.70	1,494,970	146,254,709	97.83
25-Apr-22	98.20	1,402,570	137,670,661	98.16
22-Apr-22	99.00	840,290	83,263,748	99.09
21-Apr-22	100.00	4,964,570	496,423,241	99.99
20-Apr-22	99.80	3,236,380	323,069,368	99.82
19-Apr-22	99.80	1,326,710	132,006,584	99.50
18-Apr-22	98.00	1,650,170	161,750,488	98.02
13-Apr-22	98.50	2,822,750	277,870,663	98.44
12-Apr-22	98.00	3,703,890	369,556,736	99.78
11-Apr-22	100.00	2,608,450	259,164,115	99.36
8-Apr-22	98.50	1,632,740	160,057,992	98.03
7-Apr-22	96.50	1,950,820	189,976,704	97.38
6-Apr-22	98.10	1,931,100	189,965,976	98.37
5-Apr-22	99.20	648,310	64,265,155	99.13
4-Apr-22	99.00	1,104,550	109,349,566	99.00
1-Apr-22	98.90	921,680	91,181,895	98.93
31-Mar-22	99.60	1,930,240	192,345,907	99.65

Source: Bloomberg

Appendix C
BPI | One Year Trading Information

- The following table presents the historical trading information of BPI.

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
30-Mar-22	98.50	1,015,840	100,587,867	99.02
29-Mar-22	100.00	976,790	97,407,941	99.72
28-Mar-22	100.00	1,126,500	111,794,761	99.24
25-Mar-22	99.90	895,640	89,070,950	99.45
24-Mar-22	99.00	1,188,020	117,673,143	99.05
23-Mar-22	98.95	827,410	81,718,569	98.76
22-Mar-22	99.00	1,263,860	123,830,096	97.98
21-Mar-22	97.75	1,078,130	105,136,974	97.52
18-Mar-22	97.80	4,140,630	405,440,138	97.92
17-Mar-22	99.90	3,713,500	369,368,848	99.47
16-Mar-22	95.00	3,890,000	369,680,315	95.03
15-Mar-22	96.00	1,821,230	171,558,955	94.20
14-Mar-22	92.00	2,413,010	223,478,267	92.61
11-Mar-22	97.00	2,678,900	255,252,557	95.28
10-Mar-22	95.00	2,078,020	197,002,530	94.80
9-Mar-22	93.25	3,577,590	333,216,375	93.14
8-Mar-22	91.00	4,010,280	376,807,513	93.96
7-Mar-22	98.50	1,177,790	115,176,791	97.79
4-Mar-22	98.45	1,622,730	159,787,789	98.47
3-Mar-22	98.50	2,951,750	290,679,780	98.48
2-Mar-22	98.15	2,466,100	242,057,826	98.15
1-Mar-22	98.50	2,327,610	229,666,210	98.67
28-Feb-22	100.00	4,682,250	463,319,407	98.95
24-Feb-22	98.00	1,462,430	143,380,878	98.04
23-Feb-22	98.35	1,140,700	112,278,645	98.43
22-Feb-22	99.00	2,795,720	277,040,755	99.09
21-Feb-22	99.70	1,767,770	176,254,801	99.70
18-Feb-22	99.40	1,779,600	177,152,595	99.55
17-Feb-22	100.00	2,123,540	212,132,939	99.90
16-Feb-22	100.00	3,882,050	386,549,306	99.57
15-Feb-22	99.00	3,026,990	301,203,667	99.51

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
14-Feb-22	100.00	1,316,530	131,422,739	99.83
11-Feb-22	98.30	6,888,020	683,881,887	99.29
10-Feb-22	101.00	5,904,940	595,842,104	100.91
9-Feb-22	101.10	5,548,200	560,939,665	101.10
8-Feb-22	101.90	4,484,290	459,431,206	102.45
7-Feb-22	102.00	6,528,860	664,201,820	101.73
4-Feb-22	100.00	4,975,060	497,374,161	99.97
3-Feb-22	99.75	2,619,540	260,770,492	99.55
2-Feb-22	100.60	3,487,990	351,624,272	100.81
31-Jan-22	98.10	1,705,620	167,755,232	98.35
28-Jan-22	99.30	5,702,070	560,605,284	98.32
27-Jan-22	95.00	1,253,510	119,020,649	94.95
26-Jan-22	95.00	1,812,560	171,592,155	94.67
25-Jan-22	94.90	1,264,700	119,435,612	94.44
24-Jan-22	93.60	788,300	73,952,473	93.81
21-Jan-22	94.70	1,234,260	116,806,787	94.64
20-Jan-22	95.00	982,920	93,275,569	94.90
19-Jan-22	94.30	818,950	77,333,858	94.43
18-Jan-22	95.00	1,087,450	103,255,661	94.95
17-Jan-22	94.70	1,440,910	136,357,636	94.63
14-Jan-22	94.90	1,238,160	117,799,533	95.14
13-Jan-22	96.20	3,731,700	356,353,840	95.49
12-Jan-22	94.95	1,493,410	141,960,568	95.06
11-Jan-22	94.90	1,752,590	165,946,613	94.69
10-Jan-22	94.70	1,540,450	145,393,987	94.38
7-Jan-22	92.50	1,217,450	112,343,121	92.28
6-Jan-22	92.80	1,248,040	115,416,368	92.48
5-Jan-22	92.90	1,338,830	123,089,085	91.94
3-Jan-22	91.05	856,210	78,135,841	91.26
31-Dec-21	92.15	1,604,100	148,836,258	92.78
29-Dec-21	95.60	1,511,260	144,078,995	95.34

Source: Bloomberg

Appendix C
BPI | One Year Trading Information

- The following table presents the historical trading information of BPI.

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
28-Dec-21	94.80	817,940	77,424,973	94.66
27-Dec-21	94.00	520,410	48,402,553	93.01
24-Dec-21	90.90	431,920	39,353,181	91.11
23-Dec-21	92.00	849,860	78,076,298	91.87
22-Dec-21	91.70	1,425,200	130,215,251	91.37
21-Dec-21	92.10	2,370,290	220,843,949	93.17
20-Dec-21	94.60	885,870	83,536,744	94.30
17-Dec-21	94.00	2,620,160	245,654,673	93.76
16-Dec-21	93.05	1,769,300	164,548,792	93.00
15-Dec-21	93.00	1,948,890	180,979,967	92.86
14-Dec-21	94.80	2,923,080	276,350,322	94.54
13-Dec-21	93.50	3,727,040	348,067,147	93.39
10-Dec-21	90.65	1,662,680	150,912,984	90.76
9-Dec-21	92.90	1,769,640	164,463,440	92.94
7-Dec-21	92.00	1,506,190	140,146,913	93.05
6-Dec-21	93.80	2,928,120	272,568,735	93.09
3-Dec-21	90.80	1,823,310	165,592,467	90.82
2-Dec-21	90.00	1,893,330	170,312,228	89.95
1-Dec-21	89.80	2,467,000	221,360,210	89.73
29-Nov-21	91.00	4,813,410	435,044,660	90.38
26-Nov-21	91.00	1,073,810	96,595,330	89.96
25-Nov-21	91.45	528,570	48,143,318	91.08
24-Nov-21	90.90	1,041,540	94,344,360	90.58
23-Nov-21	89.40	1,625,170	145,984,308	89.83
22-Nov-21	89.60	1,765,390	157,798,856	89.38
19-Nov-21	90.80	1,193,400	106,689,483	89.40
18-Nov-21	89.60	1,529,330	137,493,802	89.90
17-Nov-21	91.10	1,133,790	103,556,637	91.34
16-Nov-21	91.05	2,054,020	186,742,255	90.92
15-Nov-21	92.00	309,970	28,512,280	91.98
12-Nov-21	92.80	650,570	59,943,390	92.14

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
11-Nov-21	91.35	1,104,860	100,376,531	90.85
10-Nov-21	91.85	1,552,030	143,493,865	92.46
9-Nov-21	95.80	2,921,040	278,602,369	95.38
8-Nov-21	94.95	2,320,780	219,335,525	94.51
5-Nov-21	93.50	3,434,050	318,343,303	92.70
4-Nov-21	91.40	2,706,370	246,432,309	91.06
3-Nov-21	91.00	5,389,830	487,795,784	90.50
2-Nov-21	88.00	2,751,480	242,024,308	87.96
29-Oct-21	86.95	3,069,830	263,926,792	85.97
28-Oct-21	86.95	1,083,910	93,987,137	86.71
27-Oct-21	87.00	4,609,570	399,460,727	86.66
26-Oct-21	85.00	1,171,410	99,402,104	84.86
25-Oct-21	84.70	1,111,700	94,133,865	84.68
22-Oct-21	85.00	899,560	76,448,747	84.98
21-Oct-21	84.90	2,167,140	184,493,179	85.13
20-Oct-21	86.00	1,488,860	128,101,366	86.04
19-Oct-21	85.80	2,718,330	233,657,045	85.96
18-Oct-21	86.00	5,311,210	455,084,655	85.68
15-Oct-21	85.00	4,349,600	369,980,891	85.06
14-Oct-21	85.50	1,404,870	119,779,778	85.26
13-Oct-21	84.75	3,967,630	337,307,668	85.01
12-Oct-21	84.70	1,901,370	160,775,854	84.56
11-Oct-21	83.75	4,432,830	370,893,556	83.67
8-Oct-21	81.05	3,226,820	266,681,507	82.65
7-Oct-21	82.50	1,670,570	138,132,751	82.69
6-Oct-21	81.50	1,753,160	142,972,126	81.55
5-Oct-21	80.50	972,410	78,439,258	80.66
4-Oct-21	81.00	1,456,050	117,659,032	80.81
1-Oct-21	81.05	1,515,540	123,542,880	81.52
30-Sep-21	81.45	1,152,360	93,454,898	81.10
29-Sep-21	80.30	1,729,180	138,907,969	80.33

Source: Bloomberg

Appendix C
BPI | One Year Trading Information

- The following table presents the historical trading information of BPI.

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
28-Sep-21	80.45	1,408,310	113,419,372	80.54
27-Sep-21	80.30	4,715,640	380,563,937	80.70
24-Sep-21	82.00	575,040	47,277,201	82.22
23-Sep-21	82.05	703,490	57,789,874	82.15
22-Sep-21	81.50	782,750	64,320,994	82.17
21-Sep-21	82.85	659,880	54,495,992	82.58
20-Sep-21	82.40	651,170	53,745,618	82.54
17-Sep-21	83.20	1,450,510	120,659,949	83.18
16-Sep-21	83.50	489,120	40,748,734	83.31
15-Sep-21	83.00	821,470	68,200,411	83.02
14-Sep-21	82.45	2,790,570	231,213,235	82.86
13-Sep-21	82.90	878,030	72,832,501	82.95
10-Sep-21	82.80	1,367,310	113,320,055	82.88
9-Sep-21	82.90	671,340	55,869,049	83.22
8-Sep-21	83.60	906,160	75,739,209	83.58
7-Sep-21	83.60	859,660	71,736,134	83.45
6-Sep-21	83.25	1,070,680	89,137,322	83.25
3-Sep-21	83.50	1,030,240	85,817,859	83.30
2-Sep-21	82.20	1,583,240	131,115,229	82.81
1-Sep-21	82.30	1,023,650	84,740,204	82.78
31-Aug-21	83.20	12,072,220	1,003,602,280	83.13
27-Aug-21	82.90	1,117,210	92,612,128	82.90
26-Aug-21	82.65	842,210	69,777,435	82.85
25-Aug-21	83.00	751,000	62,278,853	82.93
24-Aug-21	82.85	1,603,120	132,065,026	82.38
23-Aug-21	81.80	1,380,960	113,699,823	82.33
20-Aug-21	82.15	1,289,620	107,276,782	83.18
19-Aug-21	84.40	1,044,480	88,036,190	84.29
18-Aug-21	84.00	6,581,910	552,737,613	83.98
17-Aug-21	83.20	2,315,870	193,505,528	83.56
16-Aug-21	84.00	842,120	70,582,877	83.82

Date	Closing Price	Volume	Trading Value (PHP)	VWAP
13-Aug-21	84.80	1,119,580	94,407,016	84.32
12-Aug-21	82.10	649,210	53,414,662	82.28
11-Aug-21	82.60	1,403,530	116,073,896	82.70
10-Aug-21	83.50	1,922,030	160,299,416	83.40
9-Aug-21	83.15	900,360	74,702,419	82.97
6-Aug-21	82.45	913,110	75,682,848	82.88
5-Aug-21	83.80	1,927,750	160,804,230	83.42
4-Aug-21	83.15	2,305,660	191,838,060	83.20
3-Aug-21	83.80	1,539,560	128,134,192	83.23
2-Aug-21	83.00	705,700	58,348,123	82.68
30-Jul-21	80.50	1,795,340	146,250,551	81.46
29-Jul-21	83.40	1,386,340	115,661,930	83.43
28-Jul-21	83.10	1,222,150	101,351,677	82.93
27-Jul-21	84.20	2,092,160	175,691,019	83.98
26-Jul-21	83.80	1,628,760	136,565,825	83.85
23-Jul-21	86.50	903,560	77,529,424	85.80
22-Jul-21	87.50	948,370	82,002,519	86.47
21-Jul-21	84.30	928,280	78,802,246	84.89
19-Jul-21	86.05	1,326,210	113,221,200	85.37
16-Jul-21	86.50	1,780,990	152,780,090	85.78
15-Jul-21	85.00	301,870	25,748,062	85.30
14-Jul-21	86.50	607,190	52,353,804	86.22
13-Jul-21	85.25	1,967,070	168,908,170	85.87
12-Jul-21	87.30	2,084,810	182,995,449	87.78
9-Jul-21	88.40	2,023,930	174,282,434	86.11
8-Jul-21	87.00	931,510	81,423,289	87.41
7-Jul-21	88.50	1,208,120	106,804,694	88.41
6-Jul-21	89.00	928,720	82,763,904	89.12
5-Jul-21	89.40	319,830	28,594,849	89.41
2-Jul-21	89.65	904,650	81,108,567	89.66
1-Jul-21	89.95	1,504,350	134,675,730	89.52

Source: Bloomberg

Appendix D
BPI| Historical Dividend Declaration

- Dividend declarations and corresponding dividend payout ratios of BPI from 2018 to 1H2022 are presented below.

Bank of the Philippine Islands Historical Dividend Declaration					
Amounts in PHP Mn	**2018**	**2019**	**2020**	**2021**	**1H2022**
Dividends	7,598	12,167	8,124	8,124	4,784
Net Income	23,329	29,083	21,652	24,110	11,923
Dividend Payout Ratio	32.6%	41.8%	37.5%	33.7%	40.1%

Source: Company Disclosures, FTI Consulting Analysis

Appendix E
RBank | Comparable Transactions

- Presented below are the selected comparable transactions for the valuation of RBank.

Date Announced	Target/Issuer	Buyer/Investor	Transaction Value	Implied Equity Value	Book value	Implied P/B (x)
January 2, 2018	PR Savings Bank	City Savings Bank, Inc.	PHP6.13 billion	PHP5.83 billion	PHP2.37 billion	2.46
March 13, 2018	Union Bank of the Philippines	Aboitiz Equity Ventures, Inc.	PHP0.28 billion	PHP36.22 billion	PHP74.25 billion	0.49
June 28, 2021	Rizal Commercial Banking Corporation	Sumitomo Mitsui Banking Corporation	PHP4.48 billion	PHP89.81 billion	PHP102.45 billion	0.88
November 2, 2022	Rizal Commercial Banking Corporation	Sumitomo Mitsui Banking Corporation	PHP27.13 billion	PHP180.84 billion	PHP142.79 billion	1.27

Source: Capital IQ, FTI Consulting Analysis, Business World Online, GMA News, RCBC's company website

Appendix F
RBank | Selection of Comparable Companies

- Using data from Bloomberg, we analyzed the population of possible comparable public companies in the Philippines, selecting those that were reasonably comparable to RBank in terms of industry classification and business operations. The following table presents the selection process of comparable public companies used in our analysis.

Robinsons Bank Corporation (RBank)

Selection Process of Comparable Companies	Number of Comparables Filtered out	Number of Comparables Remaining
(1) GICS Industry Classification: Banks (2) Geographic Location: Philippines		16
Classification: Universal/Commercial Banks with Similar Operation and Asset Size*	14	2
Final Number of Comparable Companies Used		**2**

* Given that RBank has a digital banking operation through GoTyme, we have selected UBP as a comparable company since this is the only publicly listed bank in the Philippines with a digital banking operation licensed by the BSP (same with GoTyme). Considering also that RBank is a commercial bank, we have looked at publicly listed commercial banks in the Philippines that are relatively comparable in terms of asset and equity size. There were two publicly listed commercial banks in the Philippines. These are Bank of Commerce and Philippine Bank of Communication. However, given that Bank of Commerce has just been listed this year, only Philippine Bank of Communication was considered.

Source: Bloomberg, BSP, PSE, FTI Consulting Analysis

Appendix G
RBank | Comparable Companies

- Presented below are the selected comparable companies for the valuation of RBank.

Comparable Companies	Country	Business Description	Raw Beta	Total Assets as of 30 June 2022
Philippine Bank of Communications	Philippines	Philippine Bank of Communications provides commercial banking services. Its services include deposits, loans and trade facilities, treasury and foreign exchange activities, and trust services.	0.16	PHP 116.06 billion
Union Bank of the Philippines	Philippines	Union Bank of the Philippines is a universal bank by franchise. The Company offers a wide range of financial and related products and services. Its core business is corporate finance and consumer finance. Union Bank also provides investment management, trust banking, insurance brokerage, currency brokerage, private banking services, and invests in real estate.	0.26	PHP 874.91 billion

Source: Bloomberg, FTI Consulting Analysis

Appendix H
RBank | Alpha Risk Premium

- The alpha risk premium used in the cost of equity computation was based on the size premia table from Kroll.
- To arrive at the amount of premium, the book value of RBank as of Valuation Date was converted to USD by using the PHP/USD exchange rate from the BSP. This resulted to a converted book value of USD 362.50 million. Using the table below from Kroll, we arrived at a size premium of 2.10 percent.

CRSP Deciles Size Premium

	Market Capitalization of Smallest Company (in USD millions)	Market Capitalization of Largest Company (in USD millions)	Size Premium (Return in Excess of CAPM)
Decile			
Mid Cap	3,281.009	16,738.364	0.6%
Low Cap	629.118	3,276.553	1.22%
Micro Cap	10.588	627.803	3.02%
Breakdown of CRSP Deciles 1 - 10			
1	36,160.584	2,324,390.219	-0.22%
2	16,759.390	36,099.221	0.43%
3	8,216.356	16,738.364	0.55%
4	5,019.883	8,212.638	0.54%
5	3,281.009	5,003.747	0.89%
6	2,170.315	3,276.553	1.18%
7	1,306.402	2,164.524	1.34%
8	629.118	1,306.038	1.21%
9	290.002	627.803	2.1%
10	10.588	289.007	4.8%

Source: Kroll, BSP, Company Disclosure, FTI Consulting Analysis

Appendix I
Bloomberg Overview

- Initial released in 1982, **Bloomberg terminal** is a computer system that allows users to access the Bloomberg data service.
- Developed by Michael Bloomberg, this popular hardware and software system let the users access to real-time market data, investing analytics, and proprietary trading platforms.
- This platform is typically used by large institutional investors, portfolio managers, and financial analysts.
- It offers investors independent stock research from more than 1,500 resources, charting tools, and trade analytics for both the buy-side and sell-side.
- It includes both a hardware and software system and is a Windows-based application, making it compatible with the Excel program.
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- Delivers unparalleled coverage of markets and securities with information across asset classes — from fixed income to equities, to foreign exchange, commodities and derivatives

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- **Build your network**
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Source: Bloomberg Professional Solution

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We assist clients in their financial modeling needs through either financial model construction or review. Financial model construction involves preparing a model based on the needs of the client, using the project documents and/or technical studies commissioned by a client to evaluate a project. Our expertise in building financial models allows us to conduct an effective review of the models of other parties. We provide critical feedback to clients by assessing the integrity and structure of the model, checking for calculation errors and documenting findings for immediate and future reference.

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1. Based on closing share price as of 7th December 2022

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1. Affiliate

Our Team

FTI CONSULTING

Dominador (Butch) Gregorio III

Senior Managing Director

+63.920.928.3514
butch.gregorio@fticonsulting-ph.com

Certifications

Certified Public Accountant
Licensed Real Estate Broker
Institute of Corporate Directors - Graduate Member

Professional Associations

Finance Executives of the Philippines
Philippine Institute of Certified Public Accountants

Education

MBA – Wharton Business School
MA in International Studies – Lauder Institute of Management and International Studies, University of Pennsylvania
BS Business Administration and Accountancy - University of the Philippines

Dominador (Butch) Gregorio III is a Senior Managing Director in the Corporate Finance & Restructuring Practice of FTI Consulting Philippines, Inc. ("FTI PH") and is based in Manila. His industry expertise includes financial institutions, manufacturing, retail, and real estate. He has more than 30 years of professional experience in restructuring, transaction support, M&A, and financial advisory.

Mr. Gregorio has advised clients in healthy and distressed situations in connection with mergers and acquisitions, debt restructuring, corporate reorganizations, recapitalizations, funds advisory, and strategic business issues.

Mr. Gregorio's experience covers all aspects of financial and operating transaction support, including business enterprise valuation, identifying value drivers and risk issues critical to the investment decision, structuring considerations, due diligence of the quality of earnings, cash flows and balance sheet, fairness opinions, project finance, supporting negotiating financing covenants, advice on sale and purchase agreements, forensic investigation, business process reviews, interim management roles, and corporate directorships.

Prior to joining FTI Consulting, Mr. Gregorio provided similar services as a partner and head of the Financial Advisory Services group for Deloitte in Almaty, Kazakhstan. From 2003 to 2007, he was the Chief Operating Officer and Managing Director of Ernst & Young Transaction Advisory Services, Inc. in the Philippines. He was a partner in SGV & Co.'s Corporate Finance Division.

Mr. Gregorio spent seven years with Citicorp Real Estate, Inc. (Citibank N.A.) in New York, Minneapolis, and Dallas, U.S.A. Mr. Gregorio represented a hedge fund as a member of the board of directors of a listed real estate company, which was eventually sold. He was an interim controller for a consortium of lenders for a Singapore chemical company with operations in Indonesia.

Mr. Gregorio holds an MBA from the Wharton School and an MA in International Studies from the Lauder Institute of Management and International Studies, University of Pennsylvania. He graduated from the University of the Philippines ("UP") with a Bachelor of Science degree in Business Administration and Accountancy, cum laude. In 2008, he was a UP Virata School of Business Distinguished Alumni Awardee. Mr. Gregorio is a Certified Public Accountant and a Licensed Real Estate Broker. He is a Graduate Member and Faculty Lecturer of the Institute of Corporate Directors ("ICD"). He was the past president and treasurer of Salt & Pepper Toastmasters Club.

Representative Engagements

- Buy-side M&A advisory for the acquisition of a software company by a Japanese Communications company. Including structuring, valuation, due diligence, negotiations until financial closing.
- Sell-side advisory for the disposition of 100% of a 36 branch Metro Manila based rural bank.
- Financial Advisory for unsolicited proposal by a consortium of conglomerates to rehabilitate, operate and maintain NAIA
- Assessment of financial condition and recommendations for debt restructuring of a listed agriculture company with its banks
- Restructuring advisor for a medical equipment distributor

John Balce

Senior Managing Director

+63.928.503.9492
john.balce@fticonsulting-ph.com

Certifications

Chartered Financial Analyst

Certified Public Accountant

Professional Associations

CFA Institute

CFA Society Philippines – Board Adviser

Philippine Institute of Certified Public Accountants

Financial Executives Institute of the Philippines

Education

Executive Masters in Business Administration, Asian Institute of Management

John Balce is a Senior Managing Director in the Corporate Finance & Restructuring Practice providing financial solutions to situations organizations face throughout its life cycle. His industry expertise includes infrastructure, energy, mining, and financial institutions. He has more than 15 years of professional experience in financial modeling, valuation, deal advisory, project finance, and corporate restructuring.

Mr. Balce has been involved in several deals, including mergers & acquisitions (“M&A”), capital raising, debt refinancing, public-private partnerships, non-performing loan (“NPL”) portfolio sales, and corporate rehabilitation. Mr. Balce has assisted in several cross-border engagements in the Philippines, China, Hong Kong, Indonesia, and Singapore.

Mr. Balce has extensive experience in building complex financial models for infrastructure and energy projects for purposes of assessing their financial viability in the context of contractual negotiations, market forces, and regulatory considerations. He likewise has extensive experience in performing valuation of companies in various industries, whether public or private, including embedded intangible assets in M&A transactions.

Prior to joining FTI Consulting, Mr. Balce was an Associate Director at Ferrier Hodgson. His career started in the Corporate Finance group of SGV / Ernst & Young Transaction Advisory Services, Inc. in Manila. During this period, he was heavily involved in several NPL deals onshore and offshore on behalf of selling banks and foreign investors.

Mr. Balce holds an executive master's degree in Business Administration, with honors, from the Asian Institute of Management. He graduated Magna Cum Laude from the University of the Philippines - Diliman with a bachelor's degree in Business Administration and Accountancy. He is a Certified Public Accountant and a Chartered Financial Analyst (“CFA”) Charterholder. He is a board adviser of the CFA Society Philippines. He is a member of the CFA Institute, the Philippine Institute of Certified Public Accountants, and the Finance Executives Institute of the Philippines.

Representative Engagements

- Spearheaded the team assisting a group of Philippine conglomerates which submitted an unsolicited proposal for the rehabilitation of the Ninoy Aquino International Airport
- Managed the team performing a valuation of a portfolio of onshore and offshore energy assets for purposes of a two-stage property-for-share swaps
- Spearheaded the team which built financial models for several coal-fired power plants on behalf of a major power generation company
- Managed the reorganization and sale the Philippines' second largest biodiesel producer owned by a Singapore-based hedge fund
- Managed the sale of a copper and zinc mine owned by an ASX-listed company undergoing provisional liquidation proceedings.

Certificate of Reliance

FTI CONSULTING

Certificate of Reliance

BPI

7 December 2022

FTI CONSULTING PHILIPPINES INC.
The Victor Hotel, 7258 J. Victor Street
Pio Del Pilar, Makati City

Attention: John B. Balce
Senior Managing Director

Subject: **Certificate of Reliance**

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement by Bank of the Philippine Islands ("BPI") to conduct a valuation and issue a fairness opinion in relation to the property-for-share swap between BPI and Robinsons Bank Corporation ("RBank").

This is to certify that to the best of my knowledge, the unaudited financial statements and other documents listed in Annex A submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") are true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware is relevant to the engagement. We have no knowledge of any significant matter contrary to your findings.

We further certify that information we disclosed about the current operations, ownership structure and organization, regulatory/legal disclosures, and other similar information of BPI are accurate to the best of our knowledge and belief at the time of the disclosure. Further, BPI shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation and issuance of fairness opinion in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

Eric Roberto M. Luchangco
Senior Vice President & Chief Finance Officer
Bank of the Philippine Islands

BANK OF THE PHILIPPINE ISLANDS
Tower One, Ayala North Exchange 6796 Ayala Avenue corner Salcedo St. Legaspi Village, Makati City 1226
Phone Banking: +632 889-10000 • www.bpi.com.ph

BPI

Annex A – List of Information Used for Valuation of BPI

Assets/ Company Name	File Name	Information
1. Bank of the Philippine Islands	BPI 2Q 2022 SEC Form 17Q.pdf	Unaudited Financial Statement of BPI as of Valuation Date (June 30, 2022)
2. Bank of the Philippine Islands	2021bpiauditedfinancialstatementssigned.pdf bpi2020afs.pdf acfs_december312019.pdf acfs_december312018.pdf acfs_december312017.pdf	Audited Financial Statements
3. Bank of the Philippine Islands	B.3 - B.4 Summary of Historical Dividends and Dividend Policy.pdf	Summary of Historical Dividends and Dividend Policy
4. Bank of the Philippine Islands and Robinsons Bank Corporation	C.1 Project Disney - Merger Agreement_(30 September 2022) - Executed Version.pdf	Merger Agreement
5. Bank of the Philippine Islands	C.2 GIS 2022 BPI - Amended 09212022.pdf	General Information Sheet

BANK OF THE PHILIPPINE ISLANDS
Tower One, Ayala North Exchange 6796 Ayala Avenue corner Salcedo St. Legaspi Village, Makati City 1226
Phone Banking: +632 889-10000 • www.bpi.com.ph

Certificate of Reliance

ROBINSONSBANK
A Commercial Bank

7 December 2022

FTI CONSULTING PHILIPPINES INC.
The Victor Hotel, 7258 J. Victor Street
Pio Del Pilar, Makati City

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with Bank of the Philippine Islands ("BPI") to conduct a valuation study on Robinsons Bank Corporation ("RBank") and issue a fairness opinion in relation to the property-for-share swap between BPI and RBank.

This is to certify that to the best of my knowledge, the Audited Financial Statements and other documents listed in Annex A submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") are true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware is relevant to the engagement. We have no knowledge of any significant matter contrary to your findings.

We further certify that information we disclosed about the current operations, ownership structure and organization, regulatory/legal disclosures, and other similar information of RBank are accurate to the best of our knowledge and belief at the time of the disclosure.

Sincerely,

Andro Yee (Dec 9, 2022 15:54 GMT+8)
Andro M. Yee
Executive Vice President and Chief Financial Officer
Robinsons Bank Corporation

ROBINSONS BANK CORPORATION
17/F Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, 1100
Tel. No. (02) 8702-9500
c3@robinsonsbank.com.ph

ROBINSONSBANK
A Commercial Bank

Annex A – List of Information Used for Valuation of RBank

	Assets/ Company Name	File Name	Information
1.	Robinsons Bank Corporation	Robinsons Bank Corporation and Subsidiary_2022-06-30_PDF Clients Copy.pdf	Audited financial statement of RBank as of valuation date (June 30, 2022)
2.	Robinsons Bank Corporation	A1 (34) 2022 GIS - RBC SEC-Received.pdf	2022 General Information Sheet of RBank
3.	Robinsons Bank Corporation	A7 (1) - 2021 SEC 17A - Robinsons Bank Corporation and Subsidiary_2021-12-31_PDF SEC Signed 17-A.pdf	Audited financial statement of RBank as of December 31, 2021
4.	Robinsons Bank Corporation	A7 (1) - 2020 SEC 17A Robinsons Bank Corporation_PDF SEC Copy.pdf	Audited financial statement of RBank as of December 31, 2020
5.	Robinsons Bank Corporation	A7 (1) 2019 SEC 17-A RBANK.pdf	Audited financial statement of RBank as of December 31, 2019

ROBINSONS BANK CORPORATION
17/F Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, 1100
Tel. No. (02) 8702-9500
c3@robinsonsbank.com.ph

Robinsonsbank
@RbankCorp
www.robinsonsbank.com.ph

Mandate Letter

Mandate Letter

FTI CONSULTING

FAIRNESS OPINION ENGAGEMENT LETTER

STRICTLY PRIVATE & CONFIDENTIAL

October 10, 2022

Eric Roberto M. Luchangco
Senior Vice President & Chief Finance Officer
Bank of the Philippine Islands
15/F Ayala North Exchange Tower 1,
Ayala Avenue cor. Salcedo St. Legaspi Village,
Makati City, Metro Manila 1229

Re: Fairness Opinion supported by Valuation Services

Dear Mr. Luchangco:

1. Introduction

We understand that Bank of the Philippine Islands ("BPI" or the "Company" or the "Client") intends to acquire Robinsons Bank Corporation ("RBank" or the "Target") through a property-for-share swap (the "Transaction"). After the Transaction, BPI will be the surviving entity.

We understand that aside from the commercial banking operations of the Target, it also owns (1) 100% of Legazpi Savings Bank, a thrift bank; (2) 40% equity stake in UNICON Insurance Brokerage Corporation ("UIBC"), an insurance brokerage company; and (3) 20% equity stake in GoTyme, a digital bank. The parties have agreed, however that UIBC will be carved-out of the Transaction, and hence will not be part of the merger.

The PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104) requires a fairness opinion for the property-for-share swap. Such fairness opinion must be supported by a valuation report(s). Section II No. 5 of the memo requires the valuation of both the Listed Company Shares and the Target Shares covered by the Transaction. The Securities and Exchange Commission ("SEC") also requires a valuation report for property-for-share swaps under SEC Memorandum Circular No. 2, Series of 2014.

Given the requirements above, we understand that BPI is looking for a Valuation Specialist with the proper accreditations, to conduct a valuation study of both the Listed Company Shares (i.e., BPI shares) and the Target Shares (i.e., RBank shares), and issue a fairness opinion, supported by a valuation report as of 30 June 2022 on whether the property-for-share swap exchange ratio agreed to by the parties is fair from a financial point of view.

FTI Consulting Philippines Inc

nsulting Philippines, Inc. ("FTI Consulting") is a corporate finance advisory firm ers a wide array of services including valuation, transaction advisory, and mergers uisitions. With our resources of experienced corporate finance professionals, FTI ing has the requisite independence, resources, and accreditation to properly ke this engagement.

nsulting is accredited by the Philippine Stock Exchange ("PSE") for purposes of fairness opinions and valuation reports of listed companies and prospective initial pplicants of the PSE in accordance with the PSE Memorandum on Guidelines for s Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also ed by the SEC as a Professional Services Organization ("PSO") in accordance with emorandum Circular No. 2, Series of 2014.

tter of engagement (the "Engagement") and the related Standard Terms and ons constitute the engagement contract (the "Engagement Contract") pursuant to ur services will be provided.

pe of Services, Reporting and Time Frame

firm that we have the expertise and resources to provide the following services (the s"):

Scope

Perform a valuation study of the following entities (collectively, the "Companies") using generally accepted valuation methodologies under the International Valuation Standards ("IVS"):

- Bank of the Philippine Islands (the "Listed Company")
- Robinsons Bank Corporation (the "Target Company")

Discuss with management of the Companies the business operations, key operating metrics, developments and plans, market dynamics, etc. to understand the business and operations of the Companies and the industry;
Review historical financial statements (particularly the balance sheet) of the Companies;
Review at least five-year financial forecasts including understanding of the basis of assumptions used, if available;
Conduct research on the Listed Company's historical trading prices and calculate volume-weighted average prices ("VWAPs");
Review articles of incorporation, by-laws, material contracts and related amendments affecting the business;
Review key documents and agreements entered into by the Companies such as board resolutions, memorandum of agreement, financing agreements, shareholders' agreements, investment agreements, and other agreements related to the Transaction;

- Review appraisal reports on land and property and equipment, if any;
- Conduct meetings and interviews with management and other Company advisors (legal, regulatory, tax, accounting, technical, etc.), as necessary;
- Based on inputs from Client's legal and tax counsel, consider the impact of related regulations pertaining to the acquisition, if any, to the valuation.

Valuation Approach

- Analyze and estimate a range of market values[1] of the Listed Company and the Target Company as a going concern as of June 30, 2022 (the "Valuation Date"), through the following valuation methodologies, as appropriate and applicable, with Philippine Peso ("PHP") as the Valuation Currency. (A detailed description our valuation approach especially for specific assets and liabilities of the Target Company and any bank subsidiaries are presented in Exhibit III).

  - **Cost Approach (Adjusted Book Value Method):** The Adjusted Book Value Method measures a company's value by subtracting the market value of its liabilities, including off-balance sheet items like operating leases, from the fair market value of its assets.
  - **Market Approach (Comparable Multiples Analysis / Comparable Transactions Analysis):** The Market Approach references either (1) publicly traded enterprises similar to the asset being valued or (2) actual transactions of similar enterprises that are traded in the public markets. When available, third-party arm's length transactions in the equity of the asset generally represent the best estimate of market value.
  - **Market Approach (Volume Weighted Average Price Method):** The VWAP method involves analysis of the value of the company's shares based on its historical trading volume and price. VWAP is commonly used for subject companies that are actively traded given that prices may already reflect past and forward-looking available information of the subject company. As such, this method may provide reliable basis of market value.
  - **Income Approach (Discounted Cash Flow / Dividend Discount Analysis):** The Discounted Cash Flow / Dividend Discount Analysis is based on the premise that the value of an asset is the present value of the future earning capacity that is available for distribution to investors in the asset. It involves forecasting a cash flow stream over a forecast period, and then discounting it back to present using an appropriate discount rate.

- Based on the range of market values calculated in the valuation of the Listed

[1] Market value, as defined by the IVS, is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Mandate Letter

Company and the Target Company, determine the range of exchange ratio deemed fair from a financial point of view for the Target Shares. The Client is responsible for determining the property-for-share swap exchange ratio. Depending on the final exchange ratio agreed to by the parties, it is possible that the exchange ratio does not fall within the range of exchange ratios computed based on the valuation results. If such is the case, we will not be able to issue an opinion that the transaction is fair from a financial point of view.

Excluded Services

- We note that our proposed scope of work does not include the independent verification of all the financial, technical, legal, regulatory, tax, accounting and other information provided to us. We will assume no responsibility and make no representations with respect to the truth, accuracy or completeness of information or materials provided to us.
- With regard to the financial forecast, our work will not constitute an examination, compilation or apply agreed-upon procedures in accordance with standards established by the Auditing and Assurance Standards Council, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of the expected results anticipated by the management of the Companies.
- Our Scope of Services does not include the provision of the valuation analysis model. We will include relevant analysis in our report.
- We also note that our proposed scope of work does not include the appraisal of land, property and equipment. The Companies shall be responsible for providing current appraisals for land, property and equipment.
- Our Scope of Services are not designed and are not likely to reveal fraud or misrepresentation. Accordingly, we cannot accept responsibility for detecting such acts.

Reporting

A. Internal

- Submit to the Client the draft valuation and fairness opinion report for your confirmation, correction and comments in relation to the materials provided by and opinions of BPI and RBank;
- Finalize the valuation study and fairness opinion report (the "Final Valuation and Fairness Opinion Report"); and
- Present the final results to management and the board of directors, if necessary.

B. Regulatory

- Submit the Final Valuation and Fairness Opinion Report that will be used in the regulatory filings of the Client to the SEC and the PSE;
- Coordinate with the Client on presentations to the SEC and the PSE, if necessary.

Indicative Timetable

Presented below is our indicative timetable.

Date (2022)	Activity	Responsible Party
2nd week of October	Information Gathering	FTI and Client
October 17 to November 18	FTI to conduct valuation analysis	FTI
November 21 to 24	Discussion of draft valuation results	FTI and Client
November 25	Submission of Draft Report	FTI
November 28 to December 8	Discussion with the RPT Committees and Board of Directors of BPI and/or RBank, if needed; Receipt of Comments on Draft Report and Preparation of the Final Report	FTI and Client
December 9	Submission of Soft Copy of the Final Report	FTI

Note: Our timetable might be affected by the confirmation of the PSE of our independence.
Please note that it will take 2-3 days from submission of the softcopy to deliver the hardcopies of the Final Report.

It is a requirement by the PSE that our independence be approved by the PSE. Based on our experience, approval from the PSE can take anywhere between two and four weeks.

This schedule assumes that (1) all required information and documents will be made available, on a timely basis, and (2) there will be no unexpected delays that may occur which are beyond our control. In any event, we shall exert our best efforts to ensure an efficient and concise process to meet your objectives.

3. Our Team

The Engagement Lead will be John Balce ("John"). John is a Senior Managing Director of FTI PH's Corporate Finance practice with extensive experience in Corporate Finance. He has an Executive MBA from Asian Institute of Management. He is a holder of the Chartered Financial Analyst ("CFA") designation and is a Certified Public Accountant ("CPA").

The Engagement Quality Control Reviewer will be Dominador T. Gregorio III ("Butch"). Butch is a Senior Managing Director of FTI PH's Corporate Finance practice. He is a CPA and has a Master in Business Administration degree from Wharton Business School, University of Pennsylvania.

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The engagement will be managed by Ace del Mundo ("Ace"), CPA, CFA. Ace is a Director of FTI PH's Corporate Finance practice with extensive experience in valuations and

al modelling. He has an executive MBA from Asian Institute of Management with stinction. He is a CPA and a CFA charterholder.

rking Arrangements

rformance of the Services is dependent upon the Client providing us with such ation and assistance as we may reasonably require from time to time. To facilitate rk, it is understood that the Client will appoint a contact person who will be the y point of contact for our information requirements and will coordinate meetings n our team and key persons such as management, technical advisors, legal advisors, ting/tax advisors, other financial advisors.

ence calls using the mutually preferred channel of communication shall be preferred ce-to-face meetings. We request that face-to-face meetings be limited on an as- basis. The Client agrees that, to expedite communication, correspondence, letters, , information and data requirements can be transmitted via electronic mail. We will it report in soft copy format. Hard copies will be provided if requested and given an riate lead time so that logistics can be arranged. Billings will be sent electronically ail. We request that payment of our bills be made via wire transfer to our designated ccount.

ient shall use reasonable skill, care and attention to ensure that all information we asonably require is provided on a timely basis and is accurate and complete. We will no responsibility and make no representations with respect to the accuracy or teness of information provided by the Client. You shall also notify us immediately subsequently learn that the information provided is incorrect or inaccurate or ise should not be relied upon.

r Responsibilities and Limitations

nsulting will rely, in whole or in part, on factual information provided by the Client advisors. For this purpose, FTI Consulting shall perform appropriate analysis to e inputs and assumptions, and their appropriateness for the valuation purpose. In the of our Engagement, we may also rely on work done by third-party service providers d or to be engaged by the Client. We will assume no responsibility and make no ntations with respect to the accuracy or completeness of information provided by the or the third-party service providers engaged by the Client.

rk does not include the provision of technical, accounting, tax, legal, and regulatory and we make no representations regarding questions of technical, accounting, tax, nd regulatory interpretation. We will consult with the Client's technical, accounting, gal advisor/s for any technical, accounting, tax, legal and regulatory assumptions in the valuation. The Client would be responsible for the selection and the

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Mandate Letter

engagement of the appraiser that will perform the appraisal of the properties included in the valuation.

FTI is engaged by the Client to provide fairness opinion. Accordingly, while we may from time to time suggest various options which may be available to you and further give our professional evaluation of each of these options, the ultimate decision as to which, if any, of these options to implement rests with the Client, its management and board of directors. FTI and its individual employees will not make any management decisions for the Client and will not be responsible for communicating information concerning the Company to the public or either company's shareholders.

The PSE and SEC require an independent assessment of the fairness of the exchange ratio in the property-for-share swap deal between the Listed Company Shares and the Target Shares. The results of our evaluation will be discussed with the Client and be reflected in our report accordingly.

6. Certificate of Reliance

The Scope of Services and the results will be based on information provided by BPI, RBank, and publicly available information. Prior to issuing the report, we will require that Client and Target management to provide us with a Certificate of Reliance, that any unaudited financial statements provided are to the best of their knowledge true, accurate and free from material misstatements, and that to the best of their knowledge, any projected financial statements and the underlying assumptions, for the purpose of valuation represents the best estimate as to the future operating performance, financial results and cash flows of said assets and are free from material misstatements due to fraud or error. Further, the Client shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation and issuance of a fairness opinion. A draft Certificate of Reliance is set out in Exhibit IV.

7. Professional Fees

For fairness opinion engagements, our fees are generally dependent on the number of companies to be valued, the estimated time to complete/urgency of the engagement, the availability of information, and risks related to the engagement.

For Services rendered in connection with this Engagement, we propose to charge a fixed fee of [redacted] net of value added taxes ("VAT") and other taxes. The fee shall be payable as follows:

- [redacted], net, upon signing of the Engagement Letter to cover the cost of mobilization, data gathering, review and coordination; and
- [redacted] net, prior to the release of the Final Valuation and Fairness Opinion Report.

Our proposed fee is based on the proposed scope of work for this Engagement. Should you wish to amend the scope or require us to perform additional tasks, the additional hours spent will be charged at our standard hourly rates [redacted] Furthermore, in the event that this Engagement is discontinued as a result of your decision not to proceed with our assistance relative to this Engagement, any prior billings shall be considered as our fees for services rendered thus far. In addition, we shall bill you for actual time charges incurred in excess of such prior billings and any unbilled out-of-pocket expenses ("OPEs").

Our proposed fees are exclusive of any applicable taxes (including, but not limited to, value-added taxes). We shall therefore add the 12 percent VAT to our billings for professional fees as required by existing regulations unless our billing qualifies for zero-rating.

For reference, presented below are our billing rates:

Staff Classification	Standard Hourly Rate (PHP)	Discounted Hourly Rate (PHP)
Senior Managing Director	[redacted]	
Managing Director		
Director		
Associate Director		
Manager		
Senior Associate II		
Senior Associate I		
Associate II		
Associate I		

Additional Fee for Meetings with SEC and PSE
After the completion of the engagement upon submission of the hard copy of the signed final report, if there is a need for us to meet with or make presentations to the SEC or PSE or other third parties, with your approval, we will comply with these requests. We will bill you for the additional time spent for the preparation, presentation and subsequent work that may be required by the SEC, PSE or other third parties. [redacted]

Out-of-Pocket Expenses
In addition, our fees do not yet include our disbursements for applicable OPEs for long-distance telephone calls, teleconference calls, courier services, travel, meals, accommodations, staff per diems (including overtime per diems), and other expenses specifically related to the Engagement. For this Engagement, we will charge advance OPEs of [redacted] to defray initial expenses. We note that we will discuss with you and obtain prior approval for any OPE in excess of [redacted] and if the total OPEs will exceed the initial OPE advance.

Other Related Matters
Further, if FTI Consulting and/or any of its employees are required to testify or provide evidence at or in connection with any judicial or regulatory proceeding relating to this Engagement, FTI Consulting will be compensated by you at its regular hourly rates and reimbursed for reasonable allocated and direct expenses (including counsel fees) with respect thereto.

Invoices for fees and expenses incurred in connection with this Engagement will be billed based on the payment milestones discussed above and are due upon receipt. If we do not receive payment of any invoice within 10 calendar days of the invoice date, we shall be entitled, without prejudice to any other rights that we may have and to immediately suspend provision of the Services until all sums due are paid in full. We will also charge interest on unpaid fees and expenses at an annual rate of [redacted]

If withholding taxes are required to be deducted from the amounts payable to FTI Consulting, the Client shall pay such taxes to the appropriate tax authority. The Client shall promptly submit to FTI Consulting the Certificate of Creditable Withheld at Source (BIR Form 2307) to enable FTI Consulting to claim a tax credit. If no certificate is issued, the Client shall pay the equivalent amount withheld as if no tax has been withheld.

The Client agrees to promptly notify FTI Consulting if the Client or any of its subsidiaries or affiliates extends (or solicits the possible interest in receiving) an offer of employment to a principal or employee of FTI Consulting involved in this Engagement and agrees that FTI Consulting has earned and will be entitled to a cash fee, upon hiring, equal to 150 percent of the aggregate first year's annualized compensation, including any guaranteed or target bonus and equity award, to be paid to FTI Consulting's former principal or employee that the Client or any of their subsidiaries or affiliates hires at any time up to one year subsequent to the date of the final invoice rendered by FTI Consulting with respect to this Engagement.

8. Terms and Conditions

The attached Standard Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter and the Standard Terms and Conditions attached comprise the entire Engagement Contract for the provision of the Services to the exclusion of any other express or implied terms, whether expressed orally or in writing, including any conditions, warranties and representations, and shall supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

Mandate Letter

9. Relationships with Other Parties

Based on our understanding of interested parties to this Transaction (the "Potentially Interested Parties"), we have undertaken a limited review of our records to determine FTI Consulting's professional relationships with the Client and the Target. From the results of such review, we were not made aware of any conflicts of interest or additional relationships that we believe would preclude us from performing the Services. However, as you know, we are a large consulting firm with numerous offices throughout the world. We are regularly engaged by new clients, which may include one or more of the Potentially Interested Parties. We will not knowingly accept an engagement that directly conflicts with this Engagement without your prior written consent, which you agree shall not be unreasonably withheld.

10. Other Matters

Accredited PSOs of the SEC may be required to submit copies of valuation reports that they have prepared for purposes of complying with the requirements of their accreditation.

Either of us may request changes to the Services and you understand that we are under no obligation to agree to any further or altered scope of Services. Changes must be agreed between us and will be subject to reasonable adjustments to fees and timetable. Changes which amount to the provision of significant additional services, rather than adjustments to the Services already agreed, must be agreed in writing. Any further Services we agree to carry out will not be subject to the terms of this Engagement unless otherwise agreed in writing.

* * * * *

If you have any questions, please call John B. Balce, Senior Managing Director, at +63.928.503.9492. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below and returned to us.

Yours sincerely,

FTI CONSULTING PHILIPPINES, INC.

By: ______________________

John B. Balce
Senior Managing Director

Confirmation of Terms of Engagement and Standard Terms and Condition

We agree to engage FTI Consulting Philippines, Inc. upon the terms set forth herein and in the attached Standard Terms and Conditions.

By: ______________________

Eric Roberto M. Luchangco
Senior Vice President & Chief Finance Officer
Bank of the Philippine Islands

Date: 20 October 2022

EXHIBIT I – STANDARD TERMS AND CONDITIONS

The following are the Standard Terms and Conditions on which we will provide the Services to you set forth within the attached Letter of Engagement with Bank of the Philippine Islands dated October 10, 2022. The Engagement Letter and the Standard Terms and Conditions (collectively the "Engagement Contract") form the entire agreement between us relating to the Services and replace and supersede any previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract.

1. Reports and Advice

1.1 **Reliance on drafts** – You acknowledge that no reliance shall be placed on draft reports, conclusions or advice, whether oral or written, issued by us as the same may be subject to further work, revision and other factors which may mean that such drafts are substantially different from any final report or advice issued.

1.2 **Use and purpose of advice and reports** – Any advice given or report issued by us is provided solely for your use and benefit and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you shall not provide any advice given or report issued by us to any third party or refer to us or the Services without our prior written consent, or the receipt of the signed third party release letter included in Exhibit II. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

1.3 **Scope of Analysis** – The value of any financial instrument or business is a matter of informed judgment. The valuation shall be prepared on the basis of information and assumptions set forth in the report, appendices, our underlying work papers, and the limiting conditions and assumptions.

1.4 **Going Concern Assumption, No Undisclosed Contingencies** – Our analysis: (i) assumes that as of the Valuation Date, the Company and its assets will continue to operate as configured as a going concern; (ii) is based on the past and present financial condition of the Company and its assets as of the Valuation Date; and (iii) assumes that the Company had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor had any litigation pending or threatened that would have a material effect on our analysis.

Mandate Letter

1.5 **Subsequent Events** – The terms of our engagement are such that we have no obligation to update the valuation report or to revise the valuation because of events and transactions occurring subsequent to the Valuation Date.

2. **Information and Assistance**

2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon you providing us with such information and assistance as we may reasonably require from time to time.

2.2 **Punctual and accurate information** – Each party shall use reasonable skill, care and attention to ensure that all information to which the other party may reasonably require is provided on a timely basis and is accurate and complete. Each party shall also notify the other party if such party subsequently learns that the information provided is incorrect or inaccurate or otherwise should not be relied upon.

2.3 **No assurance on financial data** – While our work may include an analysis of financial accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period, provided we will notify you of any such limitations. The Client will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile any such financial information. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on the financial statements or financial components of the Company.

2.4 **Prospective financial information** – In the event the Services involve prospective financial information, our work will not constitute an examination, compilation or apply agreed-upon procedures in accordance with standards established by the Philippine Institute of Certified Public Accountants, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of the expected results anticipated by the management of the Company.

2.5 **Legal Matters** – We assume no responsibility for legal matters including interpretations of either the law or contracts. We have made no investigation of legal title and have assumed that owner(s) claim(s) to property are valid. We have given no consideration to liens or encumbrances except as specifically stated. We assumed that all required licenses, permits, etc. are in full force and effect. We assume no responsibility for the acceptability of the valuation approaches used in our report as legal evidence in any particular court or jurisdiction. The suitability of our report and opinion for any legal forum is a matter for the client and the client's legal advisor to determine.

3. **Additional Services**

3.1 **Your responsibility for other parties** – You shall be solely responsible for the work and fees of any other party engaged by you to participate in the Engagement regardless of whether such party was introduced to you by us. Except as provided in the Letter of Engagement, we shall not be responsible for providing or reviewing specialist advice or services including legal, regulatory, accounting or taxation matters outside the scope of this Engagement. Further, we acknowledge that we are not authorized to engage any third party under our Engagement Contract without your written authorization.

4. **Confidentiality**

4.1 **Restrictions on confidential information** – Both parties agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving Services under this or any other contract between us. Except as provided below, neither party will disclose the other party's confidential information to any third party without the other party's consent. Confidential information shall not include information that:

4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this clause;

4.1.2 is acquired from a third party who, to the recipient party's knowledge, owes no obligation of confidence in respect of the information; or

4.1.3 is or has been independently developed by the recipient.

4.2 **Disclosing confidential information** – Notwithstanding clause 4.1 above, either party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by a valid legal process provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days' notice in writing is first given to the other party.

4.3 **Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, we may cite generally the performance of the Services to our clients and prospective clients as an indication of our experience, unless we both specifically agree otherwise in writing.

Fyle

4.4 **Internal quality reviews** – Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other FTI Consulting entity or use it for internal quality reviews.

4.5 **Maintenance of work papers** – Notwithstanding the above, we may keep one archival set of our working papers from the Engagement, including working papers containing or reflecting confidential information, in accordance with our professional standards and internal quality review.

4.6 **Data privacy** – Both parties are expected to comply strictly to the data protection requirements under applicable law and professional regulations, including but not limited to the Data Privacy Act of 2012.

5. **Termination**

5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon at least two (2) weeks' written notice to the other party. Upon receipt of such notice, we will stop all work immediately. You will be responsible for all fees and expenses reasonably incurred by FTI Consulting through the date of the effectivity of the termination, subject to any claims and liabilities you may have for antecedent breaches against FTI Consulting.

5.2 **Continuation of terms** – The terms of the Engagement Contract, including but not limited to, Clauses 4 and 5 of the Engagement Letter, and Clauses 1.2, 4, 6 and 7 of the Standard Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.

6. **Indemnification and Liability Limitation**

6.1 **Indemnification** – The Parties agree to indemnify and to hold harmless either Party and any of its officers, directors, principals, shareholders, agents, and employees (collectively "Indemnified Persons") from and against any and all claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys' fees and expenses and costs of investigation) arising out of or relating to the retention of FTI Consulting, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted.

Fyle

Mandate Letter

Promptly after the commencement of any action or proceeding against FTI Consulting which could give rise to a claim for indemnification under this Agreement, FTI Consulting shall give written notice to the Client if it wishes to assert a claim for indemnification under this Agreement. The Client shall then be entitled to participate in such action or proceeding and, to the extent that it shall wish, to assume the defense thereof and, after notice from the Client to FTI Consulting of its election so to assume the defense thereof, the Client shall not be liable to FTI Consulting for any fees of other counsel or any other expenses subsequently incurred by FTI Consulting in connection with the defense thereof.

6.2 **Limitation of liability** – The Parties agree that no Indemnified Person shall have any liability as a result of the retention of FTI Consulting, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted.

The Parties agree that our liability shall be limited to the extent of the fees actually paid to FTI Consulting. Without limiting the generality of the foregoing, in no event shall either Party be liable for consequential, indirect incidental, exemplary, or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind.

7. Governing Law and Jurisdiction

7.1 **Governing Law and Jurisdiction** - The Engagement Contract shall be governed by and interpreted in accordance with the laws of the Philippines. The Regional Trial Court of Makati City shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought to an inconvenient forum or to claim that those Courts do not have jurisdiction.

EXHIBIT II – STANDARD RELEASE LETTER
Report Access Requested by [CLIENT] for Nonclient

[Nonclient Recipient Letterhead]

[Date]

FTI Consulting Philippines, Inc.

Dear FTI CONTACT:

CLIENT has informed **[name of recipient]** that FTI Consulting Philippines Inc. ("FTI") has performed certain valuation services to assist CLIENT in connection with a proposed transaction. We understand that the work performed by FTI was performed in accordance with instructions provided by CLIENT and was performed exclusively for CLIENT's sole benefit and use.

CLIENT has requested that FTI provide **[name of recipient]** access to their report dated **[date]**. **[name of recipient]** acknowledges that this report was prepared for the benefit of CLIENT and may not include all assumptions or considerations deemed necessary for the purposes of **[name of recipient]**.

In consideration of FTI allowing **[name of recipient]** access to the report and, if requested by **[name of recipient]**, discussing the report, **[name of recipient]** agrees that it does not acquire any rights as a result of such access that it would not otherwise have had and acknowledges that FTI does not assume any duties or obligations to **[name of recipient]** in connection with such access.

[name of recipient] agrees to release FTI and its personnel from any claim by **[name of recipient]** that arises as a result of FTI permitting **[name of recipient]** access to the report. Further, **[name of recipient]** agrees not to disclose or distribute the report, or information received, orally or in writing from FTI to any other parties (including any other members of a lending syndicate) without FTI's prior written consent.

Fyc

Acknowledged by **[name of recipient]** representative:

By: ______________________
(Name of company official)

____
(Title)

____
(Date)

Fyc

Mandate Letter

EXHIBIT III – PROPOSED VALUATION METHODOLOGIES

A. **Cost Approach (Adjusted Book Value Method)**: The Adjusted Book Value Method measures a company's value by subtracting the market value of its liabilities, including off-balance sheet items like operating leases, from the market value of its assets.
- Analyze schedules from the Companies which provide breakdowns of the different assets and liabilities;
- Selection and application of the appropriate valuation method for each of the identified assets and liabilities, as illustrated below.

General Accounts	Proposed Approach
Cash and other cash items, Due from BSP and other banks, and Interbank loans receivable and Securities Purchased Under Resale Agreements ("SPURA")	the carrying values of which are assumed to be equivalent to their fair values due to their short-term nature
Financial assets at Fair Value through Profit or Loss ("FVPL") and Available-for-sale investments	prevailing market quotes for quoted securities; for unquoted securities, use of market comparables or discounted cash flow as appropriate
Loans and receivables	the fair value shall be determined by discounting the expected cash flows of fixed rate loans with maturities longer than one year from the Valuation Date using relevant market rates. For repriced loans and policy loans, the carrying values are assumed to be equivalent to their fair values
Property and equipment	the Cost Approach shall be used in estimating the fair value of these assets; specifically, the Depreciated Replacement Cost values indicated in their respective appraisal reports are used as the basis for fair value; we will rely on independent or in-house appraisals to be provided by the Client or the Target
Investment properties	the fair value is determined based on valuations indicated in their respective appraisal reports; we will rely on independent or in-house appraisals to be provided by the Client or the Target
Investment in Subsidiary and Associates	The fair value of LSB will be determined using the Adjusted Book Value method. GoTyme will be valued using the valuation approach that is appropriate for its stage of development (income approach, market approach or cost approach). UIBC will be carved out and will be valued based on the consideration to be received by RBank.
Deferred tax asset	To arise from differences between the book and fair values of assets and liabilities, as calculated by the Client's management
Deposit liabilities	the carrying value of which is assumed to be equivalent to its fair value for deposits with a short-term nature such as demand, savings deposit and time deposits with maturities of less than one year. On the other hand, the fair value of time deposits with maturities beyond one year are estimated using the discounted cash flows
Bills payable	the carrying values of which are assumed to be equivalent to their fair values due to their short-term nature

B. **Market Approach (Comparable Multiples Analysis / Comparable Transactions Analysis):** The Market Approach references either (1) publicly traded enterprises similar to the asset being valued or (2) actual transactions of similar enterprises that are traded in the public markets. When available, third-party arm's length transactions in the equity of the asset generally represent the best estimate of market value.

C. **Market Approach (Volume Weighted Average Price Method):** The VWAP method involves analysis of the value of the company's shares based on its historical trading volume and price. VWAP is commonly used for subject companies that are actively traded given that prices may already reflect past and forward-looking available information of the subject company. As such, this method may provide reliable basis of market value.

D. **Income Approach (Discounted Cash Flow / Dividend Discount Analysis)**: The Discounted Cash Flow / Dividend Discount Analysis is based on the premise that the value of an asset is the present value of the future earning capacity that is available for distribution to investors in the asset. It involves forecasting a cash flow stream over a forecast period, and then discounting it back to present using an appropriate discount rate.

EXHIBIT IV-A – CERTIFICATE OF RELIANCE

[Client Letterhead]

[Date]

FTI Consulting Philippines, Inc.
Makati City, Philippines

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement by Bank of the Philippine Islands ("BPI") to conduct a valuation and issue a fairness opinion in relation to the property-for-share swap between BPI and Robinsons Bank Corporation ("RBank").

This is to certify that to the best of my knowledge, the unaudited Financial Statements listed in Annex A submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") are to the best of my knowledge true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware is relevant to the engagement. We have no knowledge of any significant matters contrary to your findings.

We further certify that information we disclosed about the current operations, budgets, capital expenditures, structure and organization, regulatory/legal disclosures and other similar information of BPI are accurate to the best of our knowledge and belief at the time of the disclosure. Further, BPI shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation and issuance of a fairness opinion in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

[Name]
[Position]
Bank of the Philippine Islands

Mandate Letter

EXHIBIT IV-B – CERTIFICATE OF RELIANCE

[Client Letterhead]

[Date]

FTI Consulting Philippines, Inc.
Makati City, Philippines

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement by Bank of the Philippine Islands ("BPI") to conduct a valuation and issue a fairness opinion in relation to the property-for-share swap between BPI and Robinsons Bank Corporation ("RBank").

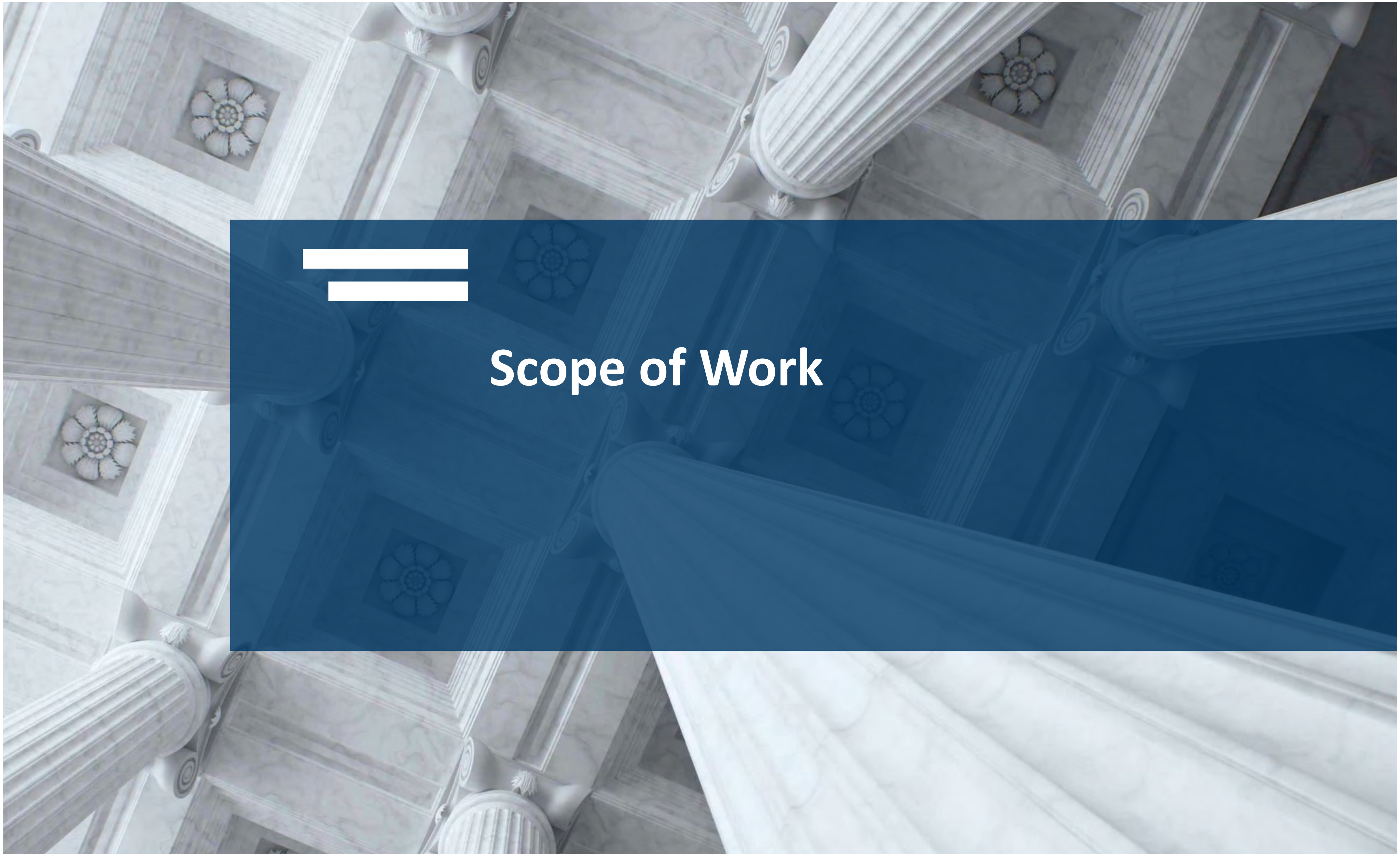
This is to certify that to the best of my knowledge, the unaudited Financial Statements listed in Annex A submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") are to the best of my knowledge true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware is relevant to the engagement. We have no knowledge of any significant matters contrary to your findings.

We further certify that information we disclosed about the current operations, budgets, capital expenditures, structure and organization, regulatory/legal disclosures and other similar information of RBank are accurate to the best of our knowledge and belief at the time of the disclosure. Further, RBank shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation and issuance of a fairness opinion in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

[Name]
[Position]
Robinsons Bank Corporation



Scope of Work

Scope of Work

General Scope

- Perform a valuation study of the following entities (collectively, the "Companies") using generally accepted valuation methodologies under the 2022 International Valuation Standards ("IVS"):
  - Bank of the Philippine Islands (the "Listed Company")
  - Robinsons Bank Corporation (the "Target Company")
- Discuss with management of the Companies to understand the business and dynamics of its industry;
- Review historical financial statements (particularly the balance sheet) of the Companies;
- Review at least five-year financial forecasts including understanding of the basis of assumptions used, if available;
- Conduct research on the Listed Company's historical trading prices and calculate volume-weighted average prices ("VWAPs");
- Review articles of incorporation, by-laws, material contracts and related amendments affecting the business;
- Review key documents and agreements entered into by the Companies such as board resolutions, memorandum of agreement, financing agreements, shareholders' agreements, investment agreements, and other agreements related to the Transaction;
- Review appraisal reports on land and property and equipment, if any;
- Conduct meetings and interviews with management and other Company advisors (legal, regulatory, tax, accounting, technical, etc.), as necessary;
- Based on inputs from Client's legal and tax counsel, consider the impact of related regulations pertaining to mergers of banks, including relevant tax regulations on mergers involving related parties, if any, to the valuation.

Valuation Approach

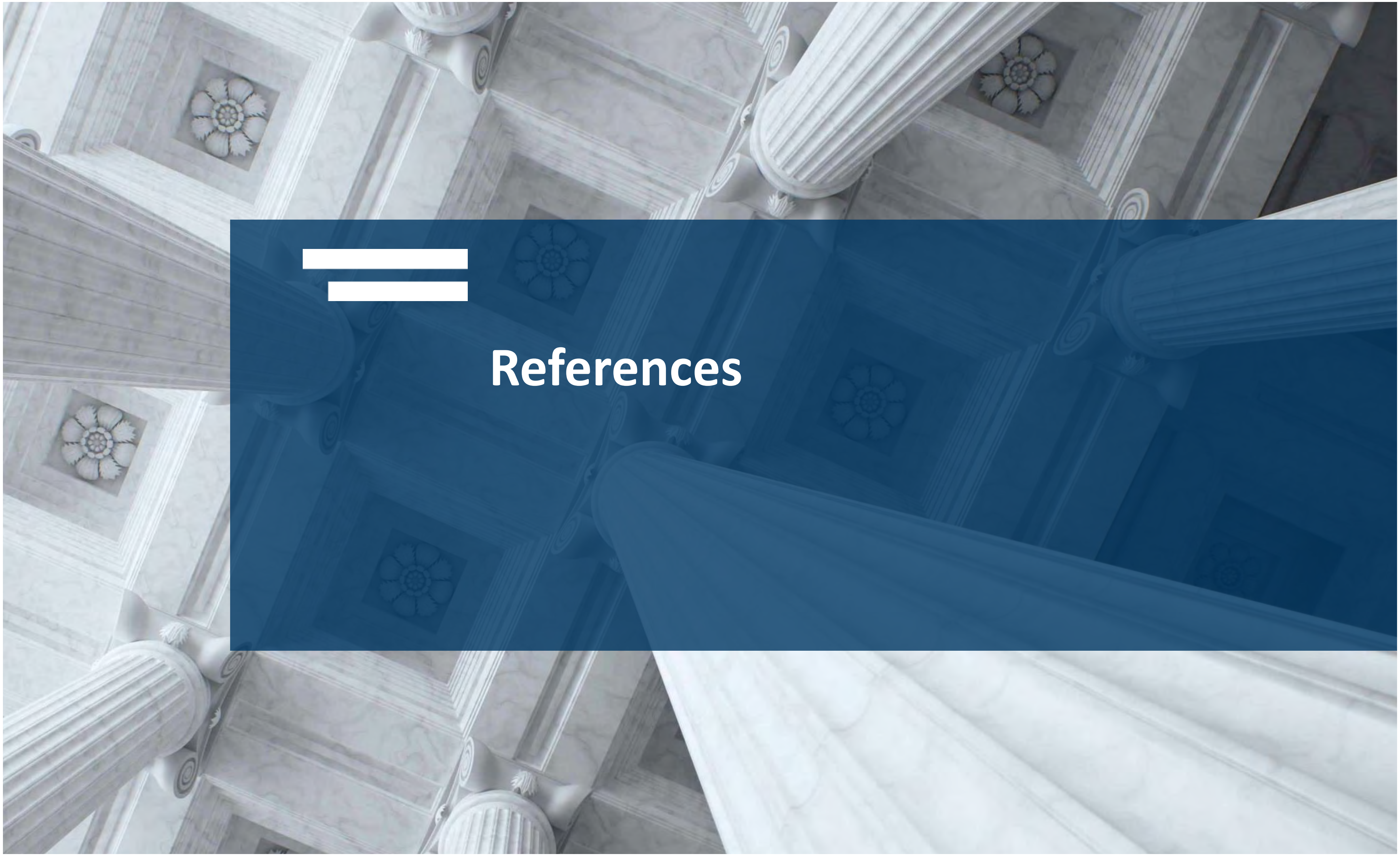
- Analyze and estimate a range of market values of the Listed Company and the Target Company as a going concern as of June 30, 2022 (the "Valuation Date"), through the following valuation methodologies, as appropriate and applicable, with Philippine Peso ("PHP") as the Valuation Currency. (A detailed description our valuation approach are the following).
  - **Market Approach (Comparable Multiples Analysis/Comparable Transactions Analysis)**: The Market Approach references either (1) publicly traded enterprises similar to the asset being valued or (2) actual transactions of similar enterprises that are traded in the public markets. When available, third-party arm's length transactions in the equity of the asset generally represent the best estimate of market value.

Scope of Work

  - **Market Approach (Volume Weighted Average Price Method)**: The VWAP method involves analysis of the value of the company's shares based on its historical trading volume and price. VWAP is commonly used for subject companies that are actively traded given that prices may already reflect pas and forward-looking available information of the subject company. As such, this method may provide reliable basis of market value.
  - **Income Approach (Discounted Cash Flow/Dividend Discount Analysis)**: The Discounted Cash Flow/Dividend Discount Analysis is based on the premise that the value of an asset is the present value of the future earning capacity that is available for distribution to investors in the asset. It involves forecasting a cash flow stream over a forecast period, and then discounting it back to present using an appropriate discount rate.
- Based on the range of market values calculated in the valuation of the Listed Company and the Target Company, determine the range of exchange ratio deemed fair from a financial point of view for the Target Shares. The Client is responsible for determining the property-for-share swap exchange ratio. Depending on the final exchange ratio agreed to by the parties, it is possible that the exchange ratio does not fall within the range of exchange ratios computed based on the valuation results. If such is the case, we will not be able to issue an opinion that the transaction is fair from a financial point of view.

Excluded Services

- We note that our proposed scope of work does not include the independent verification of all the financial, technical, legal, regulatory, tax, accounting and other information provided to us. We will assume no responsibility and make no representations with respect to the truth, accuracy or completeness of information or materials provided to us.
- With regard to the financial forecast, our work will not constitute an examination, compilation or apply agreed-upon procedures in accordance with standards established by the Auditing and Assurance Standards Council, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of the expected results anticipated by the management of the Companies.
- Our Scope of Services does not include the provision of the valuation analysis model. We will include relevant analysis in our report.
- We also note that our proposed scope of work does not include the appraisal of land, property and equipment. The Companies shall be responsible for providing current appraisals for land, property and equipment.
- Our Scope of Services are not designed and are not likely to reveal fraud or misrepresentation. Accordingly, we cannot accept responsibility for detecting such acts.



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ANNEX "D"

Information required by Part I, paragraphs (A), (B), and (C) of "Annex C", as amended, SRC Rule 12

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PART I - BUSINESS AND GENERAL INFORMATION

Business

(a) Form and Year of Organization

Robinsons Bank Corporation ("Bank"), as it is today, is the surviving entity of the merger on May 25, 2011 of "Robinsons Savings Bank Corp.", a savings bank organized on October 8, 1997 and "Robinsons Bank Corporation", formerly The Royal Bank of Scotland (Philippines), Inc., a commercial bank which was originally established on April 28, 1966.

(b) Bankruptcy, receivership and similar proceedings

The Bank is not subject to any bankruptcy, receivership or similar proceedings.

(c) Material reclassification, Merger, Consolidation, or Purchase or Sale of Assets

Robinsons Savings Bank, a bank which was 100% owned by JG Summit Capital Services Corporation (JGSCSC), opened its doors to business in November 1997. It has grown from a small savings bank with a single branch which soon increased to four (4) and by end of 2019 to a 161 branches-strong (148 of which belongs to the Bank and 13 to its subsidiary, Legazpi Savings Bank ("LSB") and 17 branch-lites (3 for the Bank and 14 for LSB) commercial bank through organic expansion, strategic acquisitions and merger.

The Bank started to grow its branches by bidding and winning from PDIC eight (8) branches of the former Prime Savings Bank. Then in 2002, Robinsons Savings Bank acquired nineteen (20) branches of ABN Amro Savings Bank (Philippines), its licenses to operate branches and its bank deposits. This acquisition made Robinsons Savings Bank the country's seventh largest thrift bank during the same year.

On April 28, 2010, the *Bangko Sentral ng Pilipinas* (BSP) approved the acquisition of The Royal Bank of Scotland (Philippines), Inc., a commercial bank, by JGSCSC and Robinsons Holdings, Inc. (RHI) on a 60:40 ratio.

On August 26, 2010, The Royal Bank of Scotland (Philippines), Plc. was renamed as "Robinsons Bank Corporation". And on December 17, 2010, the *Bangko Sentral ng Pilipinas* (BSP) endorsed to the Securities and Exchange Commission (SEC) the merger between Robinsons Bank Corporation, the commercial bank, and Robinsons Savings Bank, the savings bank, with Robinsons Bank Corporation as the surviving entity. On May 25, 2011, the SEC approved the merger of Robinsons Bank Corporation and Robinsons Savings Bank, with the former as the surviving entity. With this merger, the Bank became the 14th largest amongst commercial banks and the 31st largest bank in the Philippine banking system by the end of 2010.

In December 2012, Robinsons Bank Corporation acquired Legazpi Savings Bank, Inc. With the acquisition, Legazpi Savings Bank (LSB) became a wholly-owned subsidiary of Robinsons Bank Corporation (hereinafter collectively referred to as the "Group"). The acquisition of LSB opened up business lines and helped grew the target market for

Robinsons Bank in the Bicol region. Moreover, this has allowed the Bank to operate its countryside banking through LSB's branches and branch-lite units.

On June 27, 2018, the Bank's Board of Directors approved the increase of the Bank's Authorized Capital Stock from Php 15.00 billion to Php 27.00 billion divided into 2,700,000,000 common shares at Php10.00 par value per share, or a net increase of Php12.00 billion divided into 1,200,000,000 common shares at Php10.00 par value per share. This was approved on August 23, 2018 by the Bank's stockholders and later endorsed by the BSP to the SEC on December 12, 2018 and was subsequently approved by SEC on March 18, 2019.

On February 11, 2021, the Bank subscribed to 85,667 common shares worth Php8,566,700.00 of Unicon Insurance Brokers Corporation ("Unicon") which is equivalent to 40% ownership in Unicon. Likewise, on August 24, 2021, the BSP approved the Bank's Php250 million equity investment in GoTyme Bank Corporation ("GoTyme") which is equivalent to 20% ownership in GoTyme, a digital bank.

Based on the BSP's website, as of June 30, 2022, of the forty-five (45) universal and commercial banks operating in the Philippines, the Bank ranked 16th in terms of Total Assets at Php173 Billion; 17th in terms of Total Deposits at Php135.8 Billion; 15th in terms of Total Loans (net) at Php100.6 Billion; 15th in terms of Return on Equity (ROE) at 9.79%; and 15th in terms of Total Stockholder's Equity at Php19.665 Billion.

(d) Business of Issuer – Description of the Business and its Significant Subsidiaries

The Bank is the financial services arm of Gokongwei Group of companies. The Bank is 60.0% owned by JG Summit Capital Services Corp. (JGSCSC) and 40.0% owned by Robinsons Retail Holdings, Inc. (RRHI). It is a full-service commercial bank and has for its cornerstone a business portfolio of market leaders, a solid financial position and a formidable management team which serve the banking requirements of its customers, business partners and the general banking public through its wide array of products and services.

The Group, offers a full suite of deposit, lending (commercial and consumer), treasury, and trust products and services to corporate, commercial, and retail customers.

i. Principal Products and Services

Robinsons Bank offers a wide array of products and services that cater to a diverse range of clients – from large corporations, to SMEs, and consumer and retail markets:

A. DEPOSITS
   1. Savings Account
      Philippine Peso
      - Passbook Savings Account
      - ATM Savings Account
      - Tykecoon Savings Account
      - Special Savings Account
      - Simple Savings Account
      - IPONsurance Account
      - RRewards Savings Account

      Foreign Currency
      - US Dollar Savings Account

- Third Currency Account (EUR, JPY)

2. Checking Account
    - Regular Checking Account
    - Corporate Checking Account
3. Time Deposit
    - Peso Time Deposit
    - US Dollar Time Deposit
    - Third Currency Time Deposit (EUR, JPY)

B. LOANS
1. Corporate and SME Loans
    - Short Term Revolving Facilities
        - o Revolving Promissory Note Line (RPNL)
        - o Trade Check Discounting Line
        - o Packing Credit Line
        - o Domestic Bills Purchasing Line
    - Short-Term and Long-Term Loans
    - SME Loans
        - o GO! mSME Loan
        - o GO! Small Biz Loan Growing Opportunities
    - Trade Facilities
        - o Import/Domestic Trade Facilities
            - o Letter of Credit Line
            - o Trust Receipt (TR) Line
            - o Shipping Guarantee
        - o Export Financing
            - o Export Bills Purchase Line
        - o Others
            - o Standby LC Facility
            - o Bank Guarantee
2. Consumer Loans
    - GO! Housing Loan
    - GO! Auto Loan
    - GO! Personal Loan
    - GO! Motorsiklo Loan
    - Vehicle Fleet Financing
    - InstaBalé

C. CREDIT CARDS
1. UNO® Mastercard
2. UNO® Platinum Mastercard
3. DOS® Mastercard
4. DOS® Platinum Mastercard
5. Robinsons Cashback Card
6. Card Acquiring Services
7. PRU Life UK Mastercard

D. TREASURY AND GLOBAL MARKETS

1. Foreign Exchange
    - FX Spot
    - FX Forwards
2. Fixed Income
    - Peso Denominated Government Securities and Other Debt Instruments
        - Peso Sovereign Bonds (Treasury Bills, FXTNs, RTBs)
        - Peso Corporate Bonds
    - Foreign Currency Denominated Bonds
        - US$ Sovereign Bonds (ROPs and other Sovereign Bonds)
        - US$ Corporate Bonds
3. Investments
    - Peso, US$, EUR Time Deposit

E. CASH MANAGEMENT

1. Disbursement Facilities
    - Payroll Services
    - Electronic Crediting
    - eGov
    - Outsourced Manager's Check Printing
    - Outsourced Corporate Check Printing
    - SME Builder Check Pro
    - SME Builder HRIS
2. Collection Facilities
    - Bills Payment (Over-the-Counter, ATM, Online Banking)
    - Post Dated Check Warehousing
    - Reference Account Collection
    - Corporate Auto Debit Arrangement
3. Remittance
    - Western Union Remittance Facility
4. Liquidity and Account Management

F. PAYMENTS

1. Direct2Bank PesoNet
2. Direct2Bank InstaPay
3. Real-Time Gross Settlement (RTGS)
4. Philippine Domestic Dollar Transfer System (PDDTS)
5. SWIFT
6. QuickR

G. TRUST SERVICES

1. Unit Investment Trust Fund
2. Personal Management Fund
3. Personal & Corporate Investment Management
4. Escrows
5. Retirement Fund Management
6. Mortgage Trust Indentures
7. Safekeeping
8. Trust Products:
    a. Payday Money Market Fund
    b. Equity Index Feeder Fund

c. Equity Opportunity Feeder Fund

H. ELECTRONIC BANKING CHANNELS
1. ATM
2. RBank Digital
    a. Website
    b. Mobile Banking App
3. RBank Sign Up – Online Account Opening App
4. Corporate e2Banking
5. RBankMo Malapit Sayo – Agency Banking
6. RBank Remit

I. BANCASSURANCE
1. PRU Personal Accident
2. PRU Wellness
3. PRU Shield
4. PRU Life Care Series
5. PRU Term 15
6. Mortgage Redemption Insurance (MRI)

J. ANCILLIARY SERVICES
1. Manager's Check
2. Cash Acceptance Machine (Day & Night Depository)
3. Deposit Pick-Up and Delivery
4. Foreign Currency Conversion
5. Safety Deposit Box

ii. Subsidiaries and Investments

Legazpi Savings Bank, Inc.

LSB, a wholly owned subsidiary of the Bank, is a thrift bank primarily engaged in deposit-taking and lending activities. LSB was acquired in 2012 by the Bank under the BSP strengthening program for thrift and rural banks. LSB implemented various key expansion initiatives. In its nearly five decades of operating in the Bicol region, LSB took the opportunity to span its countryside reach in two of the fastest growing regions in the country – CALABARZON and the Central Luzon. This move made LSB's total network consisting of 14 branches and 5 Branch-Lite Units.

In 2021, LSB continues to focus on ramping up its high-yielding loan portfolio by aggressively growing the: Department of Education's Automatic Payroll Deduction System (DepEd APDS), Microfinance, and Consumer Loans. It can be recalled that LSB acquired accreditation for providing teacher's salary loans under the DepEd APDS in 2018.

Also, 2021, LSB felt the impact of the COVID-19 pandemic, particularly in its loan production and income generation. Moreover, the Bank's compliance with the "Bayanihan to Heal as One Act" and the "Bayanihan to Recover As One Act", affected its bottom line as it registered a net loss during the year, dragging down the parent bank's core income by Php51,034,028.00 whereas in 2019, it contributed Php125,666,513.00. Despite the effects of the pandemic, LSB continued its expansion by adding 1 Full Branch in Rizal and 1 Branch-Lite Unit in Bulacan in its aim to widen its reach and better serve its DepEd APDS and Microfinance clients, bringing the total branch/branch-lite network to 19. LSB also now has 19 ATMs as of December 31, 2021.

Unicon Insurance Brokers Corporation

On February 11, 2021, the Bank invested in Unicon Brokers Insurance Corporation ("Unicon") the amount Php8,566,700.00 covering 85,667 common shares which is equivalent to 40% ownership in Unicon. The remaining 60% is owned by JG Summit Holdings, Inc. Unicon is an insurance brokerage whose primary target market is to cater the insurance brokerage services needs of the Gokongwei Group.

GoTyme Bank Corporation

On August 24, 2021, the BSP approved the Bank's Php250 million equity investment in GoTyme Bank Corporation ("GoTyme") which is equivalent to 20% ownership in GoTyme. GoTyme is a digital bank which offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services. As such, GoTyme plans to leverage on the Gokongwei Group's business ecosystem. Its other stockholders are Robinsons Land Corporation – 20%; Robinsons Retail Holdings, Inc. – 20%; and Tyme Global Limited – 40%. The SEC approved GoTyme's incorporation last December 28, 2021.

iii. Percentage of Sales and Revenues

The income from the Bank's products and services are categorized into two, namely: First, interest income from the Bank's lending, investing, and trading activities which accounts for **90%** of the Bank's revenues; and Second, other income from commissions, fees, service charges, income from sale of assets, among others which account for the remaining **10%** of the Bank's revenues.

iv. Distribution Methods of Products and Services

The Group's products and services are made available to its corporate, commercial and retail clients through multiple channels: 190 branch networks in 2021 (of which 154 belongs to the Bank; 14 are LSB branches); 22 Branch-lite units (8 Bank, 14 LSB); 393 ATMs; online banking (https://www.robinsonsbank.com.ph); and mobile banking which are made available to and can be accessed by Android and iOS users. (include agency banking partners, i.e. Premiumbikes, GrowSari, and GoRewards)

Robinsons Bank's Branches and Branch-Lite Units Directory:

Metro Manila Branches as of September 30, 2022:

1. A. ARNAIZ AVENUE* - Unit 7A Commercial Space, The Beacon Makati, A. Arnaiz Avenue corner Chino Roces Ave, Makati City
2. ACACIA LANE - SHAW BOULEVARD* - G/F Padilla Bldg. 333 Shaw Boulevard, Brgy. Bagong Silang, Mandaluyong City
3. ADRIATICO* - G/F Robinsons Place Manila, Adriatico Street, Ermita, Manila City
4. ALABANG* - G/F Unit 4, El Molito Commercial Complex, Madrigal Avenue cor Alabang-Zapote Road, Alabang, Muntinlupa City
5. AMORSOLO* - G/F Don Pablo Building, 114 Amorsolo Street, Legaspi Village, Makati City
6. ASUNCION - BINONDO* - G/F Don Norberto & Doña Salustiana Ty Building, #403 Asuncion Street corner San Nicolas Street, Binondo, Manila
7. AYALA - RUFINO* - G/F Keyland Building, 6797 Ayala Avenue corner V.A. Rufino St., Makati City

8. BANAWE* - Store No. 2, LI Commercial Building, Lot 5 Block 240, Banawe Street, Brgy. Tatalon, Quezon City
9. BETTER LIVING* - G/F Triple M Commercial Building, Doña Soledad Avenue corner Australia Street, Better Living Subd, Parañaque City
10. BGC - BURGOS CIRCLE* - G/F Unit B, The Cresent Park Residences, 30th Street corner 2nd Avenue, Bonifacio Global City, Taguig City
11. BGC - RIZAL DRIVE* - G/F UDENNA tower, Rizal Drive corner 4th Avenue, Bonifacio South District, Bonifacio Global City, Taguig City
12. BGC 32ND STREET* - One World Place, 32nd Street, Bonifacio Global City, Taguig City
13. BGC 34TH STREET* - Shop 1 Panorama Tower, 34th Street corner Lane A, Bonifacio Global City, Taguig City
14. BINONDO* - GF01 MZ01 Pacific Centre Building, 460 Quintin Paredes corner Sabino Padilla Street, Binondo, Manila
15. BONIFACIO GLOBAL CITY* - Ground Level, Market Market Mall, Bonifacio Global City, Taguig City
16. BRIDGETOWNE - C5* - G/F Tera Tower, Ortigas Avenue Extension corner C5, Quezon City
17. CALOOCAN* - G/F Dona Lolita Bldg., 363 Rizal Avenue Extension, Caloocan City
18. CHINO ROCES AVENUE EXTENSION* - G/F 2308 Natividad Building, Chino Roces Avenue Extension, Makati City
19. CUBAO-P. TUAZON* - G/F & Mezzanine, Genato Building, 250 P. Tuazon Cor. 15th Avenue, Cubao, Quezon City
20. D. GUEVARA MANDALUYONG* - G/F RL Building, 50 D. Guevara Street, Mandaluyong City
21. DEL MONTE* - G/F EWELL Square Bldg., Del Monte Ave corner Biak-na-Bato, Quezon City
22. DOMESTIC ROAD* - G/F Cebu Pacific Airline Operations Center Building, Domestic Road, Pasay City
23. E. RODRIGUEZ SR. AVE* - G/F JCA Building, No. 1166 E. Rodriguez Sr. Avenue, New Manila, Quezon City
24. EASTWOOD CITY** - G/F IBM Plaza Building, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
25. EDSA CALOOCAN* - G/F Insular Life Building, 462 EDSA near corner Boni Serrano Street, Caloocan City.
26. ERMITA* - Level 1 Padre Faura Wing, Robinsons Place Ermita, Ermita, Manila
27. FILINVEST-ALABANG* - Unit 104, Civic Place Condominium, 2301 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City
28. JP RIZAL ST. - MAKATI* - Shop 1 & 2, MRJ Corporate Center, # 954 J.P. Rizal corner P. Gomez Street, Poblacion, Makati
29. KATIPUNAN* - G/F Torres Building, 321 Katipunan Avenue, Loyola Heights, Quezon City
30. LAS PIÑAS* - G86-G87 Robinsons Place Las Piñas, 345 Alabang-Zapote Road, Barangay Talon, Las Piñas City
31. LAS PIÑAS - DAANG HARI* - Southbend Building, Versailles Subdivision, Daang Hari, Brgy. Almanza Dos, Las Piñas City
32. LAS PIÑAS - PAMPLONA* - G/F South Park Highs, 262 Alabang-Zapote Road, Pamplona, Las Piñas City
33. LEGAZPI STREET, MAKATI* - G/F, Office 1, Man Tower Legazpi Building, 153 Legazpi Street, Legazpi Village, Makati City
34. MAGINHAWA ST.** - Stalls A & B #143 Maginhawa Street, Barangay Teachers Village, Quezon City
35. MAGNOLIA TOWN CENTER* - LGF - LG026 Robinsons Magnolia Town Center, Aurora Blvd. cor Dona Hemady and N. Domingo Streets, New Manila, Quezon City

36. MAIN OFFICE BRANCH*** - G/F Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City
37. MAKATI - EVANGELISTA* - G/F #1861 Evangelista Street, Brgy. Pio Del Pilar, Makati City
38. MALABON* - Level 1 – 01127, Robinsons Town Mall Malabon, #5 Governor Pascual Avenue corner Crispin Street, Tinajeros, Malabon City
39. MARIKINA* - VC Chan Bldg. No. 8 Bayan-Bayanan Avenue, Concepcion Uno, Marikina City
40. MCKINLEY WEST* - Lower G/F Cyber Sigma, Lawton Avenue, Bonifacio South, Taguig City
41. MERALCO AVENUE* - G01 & G02, Robins Design Center, 31 Meralco Avenue, Ortigas, Pasig City
42. MOA COMPLEX* - Unit 101, Tower 1 Oceanaire Residences, Sunshine Drive corner Road 23, Coral Way, MOA Complex, Pasay City
43. MUNTINLUPA BAYAN* - G/F Joval 1 Bldg. #52 National Highway Putatan, Muntinlupa City
44. N.S. AMORANTO SR. AVENUE* - G/F Unit 102 "R" Place Building, #255 N.S. Amoranto Sr. Avenue, Quezon City
45. NINOY AQUINO AVENUE* - G/F, Rooms 2 & 3, Sky Freight Building, Sky Freight Center, Ninoy Aquino Avenue, Parañaque City
46. NOVALICHES** - Level 1 - ERS1-016, Robinsons Novaliches, Barangay Pasong Putik, Quirino Highway, Novaliches, Quezon City
47. ORTIGAS GREENHILLS* - G/F Limketkai Building, Ortigas Avenue corner Roosevelt Street, Brgy. Greenhills, San Juan City
48. PASAY - LIBERTAD* - G/F Cementina Corporation Building, 160 A. Arnaiz Avenue corner Cuenca Street, Pasay City
49. PASIG** - L/G Robinsons Metro East, Marcos Highway, Barangay De la Paz, Pasig City
50. PASO DE BLAS* - 491 ESA Building, Paso De Blas Road, Brgy. Paso De Blas, Valenzuela City
51. PIONEER CYBERGATE* - Upper G/F, Robinsons Pioneer Cybergate Center 1, Pioneer Street, Mandaluyong City
52. QUEZON AVENUE* - G/F Q.C Avenue Mall, Quezon Avenue cor. Scout Borromeo St., South Triangle, Quezon City
53. REGALADO* - RS137-05 Robinsons Townville Regalado Fairview, Quezon City
54. ROOSEVELT AVENUE* - G/F MCCM Bldg. 311 Roosevelt Avenue, Quezon City
55. SAMSON ROAD* - G/F Units 3, 4 & 5 Samson Square Bldg, Samson Road corner Dagohoy Street, Caloocan City
56. SAN MIGUEL* - G/F Octagon Building, San Miguel Avenue, Ortigas Center, Pasig City
57. SANTOLAN - PASIG* - G/F AD Center Square, Amang Rodriguez corner Evangelista Street, Santolan, Pasig City
58. SEDEÑO SALCEDO VILLAGE* - G/F, Unit G-104, 88 Corporate Center, #141 Sedeño corner Valero Street, Salcedo Village, Makati City
59. SEN. GIL PUYAT AVE.* - G/F New Solid Realty Inc. Building, 357 Sen. Gil Puyat Avenue, Makati City
60. SHAW BOULEVARD* - G/F Pelbel Building I, #2019 Shaw Boulevard, Pasig City
61. SOLER* - G/F Filamco Building, #1220-1222, Soler corner Masangkay Streets, Binondo, Manila
62. SUCAT* - Units B13 & B17, JAKA Plaza Mall, Dr. A. Santos Avenue, Parañaque City
63. TOMAS MORATO* - JSB Building, Tomas Morato Avenue corner Scout Delgado Street, Quezon City
64. VALENZUELA* - Unit A South Supermarket, McArthur Highway, Karuhatan, Valenzuela City
65. VISAYAS AVENUE* - G/F M & L Building, Visayas Avenue corner Road 1, Quezon City

66. WEST AVENUE* - G/F Prosperity West Center Building, 92 A West Avenue, Quezon City
67. WHITE PLAINS* - Francisco Santos Building, 138 Katipunan Avenue, Barangay Saint Ignatius, Quezon City
68. WILSON ST. - GREENHILLS* - G/F, Wilson Corporate Center, Wilson Street, Greenhills, San Juan City

Provincial Branches as of September 30, 2022:

1. ANGELES* - LEVEL 1 ROBINSONS PLACE ANGELES, MCARTHUR HIGHWAY, BALIBAGO, ANGELES CITY, PAMPANGA
2. ANTIPOLO* - BASEMENT 002, ROBINSONS PLACE ANTIPOLO, SUMULONG HI-WAY/CIRCUMFERENCE AVENUE, BRGY. DELA PAZ, ANTIPOLO CITY
3. ANTIQUE* - LEVEL 1-116, 117 & 118 ROBINSONS PLACE ANTIQUE, BRGY. MAYBATO, SAN JOSE DE BUENAVISTA, ANTIQUE
4. BACOLOD* - LEVEL 1 C2002, THE CENTRAL CITYWALK, ROBINSONS PLACE BACOLOD, LACSON STREET, MANDALAGAN, BACOLOD CITY, NEGROS OCCIDENTAL
5. BACOLOD - CAPITOL SHOPPING CENTER** - R. PERFORMANCE BUILDING A 62-64 NARRA AVENUE, CAPITOL SHOPPING CENTER, BACOLOD CITY
6. BACOOR* - UNITS 1 & 2, APOLLO MART BUILDING, #369 GEN. AGUINALDO HIGHWAY, TALABA 4, BACOOR, CAVITE
7. BACOOR - MOLINO BLVD.* - G/F MAIN SQUARE BACOOR, MOLINO BOULEVARD, BACOOR CITY, CAVITE
8. BAGUIO* - G/F, ECCO/EDGARDOMCO REALTY CORP. BLDG., #43 ASSUMPTION ROAD, BAGUIO CITY
9. BAIS* - CORNER QUEZON AND BURGOS STREETS, BAIS CITY, NEGROS ORIENTAL
10. BALAGTAS* - G/F 103-1 BALAGTAS TOWN CENTER, MCARTHUR HIGHWAY, BOROL 1ST, BALAGTAS, BULACAN
11. BALANGA* - G/F, R & R BUILDING, DON MANUEL BANZON AVENUE, DOÑA FRANCISCA, BALANGA CITY, BATAAN
12. BALAYAN* - G/F STALLS NUMBERS 2, 3 & 4 BALAYAN PUBLIC MARKET, PLAZA MABINI STREET, BALAYAN BATANGAS
13. BATANGAS CITY* - G/F ODESTE BUILDING, P. BURGOS ST., BRGY. 15, BATANGAS CITY
14. BAYAWAN** - SHOP 3, BOLLOS STREET CORNER NATIONAL HIGHWAY, BRGY. POBLACION, BAYAWAN CITY, NEGROS ORIENTAL
15. BUTUAN** - LEVEL 1 - 01160, ROBINSONS PLACE BUTUAN, KM. 3 J.C AQUINO AVENUE, BRGY LIBERTAD, BUTUAN CITY, AGUSAN DEL NORTE
16. CABANATUAN* - G/F FRANKLIN DE GUZMAN BUILDING, KM. 114 MAHARLIKA HIGHWAY, BARANGAY ZULUETA, CABANATUAN CITY, NUEVA ECIJA
17. CAGAYAN DE ORO* - LEVEL 1 ROBINSONS SUPERCENTER, ROSARIO STREET, LIM KET KAI DRIVE, LAPASAN, CAGAYAN DE ORO CITY
18. CAINTA* - G/F GUSALI 888 BUILDING, ORTIGAS AVENUE EXTENSION, CAINTA, RIZAL
19. CALAMBA** - G/F FP PEREZ BUILDING, NATIONAL HIGHWAY, PARIAN, CALAMBA CITY, LAGUNA
20. CALAPAN* - G/F NEO CALAPAN MALL, LS 008, ROXAS DRIVE, BARANGAY STO. NIÑO, CALAPAN, ORIENTAL MINDORO
21. CALASIAO* - LEVEL 1 - 01134, ROBINSONS PLACE PANGASINAN, MAC ARTHUR HIGHWAY, BRGY. SAN MIGUEL, CALASIAO, PANGASINAN
22. CDO-DIVISORIA* - G/F PELAEZ COMMERCIAL ARCADE 1 CORNER TIANO BROS. AND CRUZ TAAL STREETS, DIVISORIA, CAGAYAN DE ORO CITY, MISAMIS ORIENTAL

23. CEBU - BANILAD* - SOUTH ARCADE 102, BANILAD TOWN CENTRE, GOV. M. CUENCO AVENUE, BANILAD, CEBU CITY
24. CEBU BUSINESS PARK* - RETAILS 1, 2 AND 3 GROUND FLOOR, LATITUDE CORPORATE CENTER, MINDANAO AVENUE, CEBU BUSINESS PARK, CEBU CITY
25. CEBU IT PARK* - G/F PARK CENTRALE TOWER, JOSE MARIA DEL MAR STREET, CEBU IT PARK, APAS LAHUG, CEBU CITY
26. CEBU MANDAUE* - G/F COTIAOKING BLDG, NORTH ROAD, TABOK, MANDAUE CITY, CEBU
27. CEBU OSMENA* - 2ND LEVEL ROBINSONS PLACE CEBU, FUENTE OSMEÑA AVENUE, CEBU CITY
28. CEBU, GARCIA - LLORENTE* - G/F ROBINSONS CYBERGATE, DON GIL GARCIA CORNER J. LLORENTE STREET, CAPITOL SITE, CEBU CITY
29. CEBU-GALLERIA* - B101 ROBINSONS GALLERIA CEBU, MAXILOM-OSMEÑA BOULEVARD, 13TH AVENUE & BENEDICTO STREET, NORTH RECLAMATION AREA, CEBU CITY
30. CLARK GLOBAL CITY* - TWO WEST AEROPARK, GATWICK GATEWAY, CLARK GLOBAL CITY, CLARK FREEPORT ZONE, MABALACAT, PAMPANGA
31. DAGUPAN* - GUANZON BUILDING, PEREZ BLVD, DAGUPAN CITY, PANGASINAN
32. DASMARIÑAS* - LEVEL 1 01302 ROBINSONS PLACE DASMARIÑAS, E. AGUINALDO HI-WAY CORNER GOVERNOR'S DRIVE, PALA-PALA, DASMARIÑAS, CAVITE
33. DAVAO* - DOOR 1 & 2, EDWARD V. A. LIM BUILDING, STA. ANA AVENUE, DAVAO CITY
34. DAVAO - BUHANGIN** - G/F GAISANO GRAND CITY GATE DAVAO, TIGATTO ROAD CORNER CABANTIAN ROAD, BRGY. BUHANGIN, DAVAO CITY
35. DAVAO CYBERGATE* - LEVEL 1, UNIT 109, ROBINSONS CYBERGATE DAVAO, J.P LAUREL AVE, DAVAO CITY
36. DAVAO-MONTEVERDE* - HAW BUILDING, T. MONTEVERDE AVENUE, DAVAO CITY
37. DOLORES - SFDO* - FRANDA BUILDING, MCARTHUR HIGHWAY, BARRIO DOLORES, CITY OF SAN FERNANDO, PAMPANGA
38. DUMAGUETE* - STALL AF 25-27 ROBINSONS DUMAGUETE, DUMAGUETE SOUTH ROAD CORNER PERDICES STREET, DUMAGUETE CITY, NEGROS ORIENTAL
39. GALLERIA SOUTH** - L2, ROBINSONS GALLERIA SOUTH, MANILA SOUTH ROAD, NUEVA, SAN PEDRO, LAGUNA
40. GENERAL SANTOS* - ROBINSONS PLACE GENERAL SANTOS, COR. J. CATOLICO AVE. AND BULA-LAGAO RD., GENERAL SANTOS CITY
41. GENERAL TRIAS* - LEVEL 1 - 155 & 156 ROBINSONS PLACE GENERAL TRIAS MALL, ANTERO SORIANO, EPZA-BACAO DIVERSION ROAD, BRGY. TEJERO, GENERAL TRIAS, CAVITE
42. ILIGAN* - LEVEL 1 L1 136 & 137 ROBINSONS PLACE ILIGAN, BARANGAY TUBOD, ILIGAN CITY, LANAO DEL NORTE
43. ILOCOS NORTE* - LEVEL 2, ROBINSONS PLACE SAN NICOLAS, BARANGAY 1, SAN NICOLAS, ILOCOS NORTE
44. ILOILO* - UNIT 189-190, G/F ROBINSONS PLACE ILOILO, CORNER MABINI-DEL LEON STREETS, ILOILO CITY, ILOILO
45. IMUS* - G/F ROBINSONS PLACE IMUS, EMILIO AGUINALDO HIGHWAY, IMUS, CAVITE CITY
46. JARO* - LEVEL 1 – UNIT G-17 B, ROBINSONS PLACE JARO, E. LOPEZ STREET, BRGY. SAN VICENTE, JARO, ILOILO
47. KABANKALAN* - G/F NZ BUSINESS CENTER (NZBC) BUILDING, JY PEREZ HIGHWAY, KABANKALAN CITY, NEGROS OCCIDENTAL
48. LA CARLOTA CITY* - YUNQUE CORNER VALOIS STREET, BARANGAY II, LA CARLOTA CITY, NEGROS OCCIDENTAL

49. LA UNION** - LEVEL 2, ROBINSONS PLACE LA UNION, NATIONAL HIGHWAY, BRGY. SEVILLA, SAN FERNANDO, LA UNION
50. LEGAZPI CITY* - G/F, YUZON COMMERCIAL BUILDING, QUEZON AVENUE, LEGAZPI CITY, ALBAY
51. LIPA** - G/F ROBINSONS PLACE LIPA, EXPANSION WING, J.P. LAUREL HIGHWAY, MATAAS NA LUPA, LIPA CITY, BATANGAS
52. LOS BAÑOS* - G/F LBDHMC MEDICAL ARTS III BUILDING, LOPEZ AVENUE, BATONG MALAKE, LOS BAÑOS, LAGUNA
53. LUCENA* - G/F AZDEMARK BUILDING, 11 QUEZON AVENUE, LUCENA CITY
54. LUISITA TARLAC* - UNIT 102 ROBINSONS LUISITA, MCARTHUR HIGHWAY, SAN MIGUEL, TARLAC CITY
55. MALOLOS* - LEVEL 1 – 01123 ROBINSONS PLACE MALOLOS, MC ARTHUR HIGHWAY, BARANGAY MABOLO, MALOLOS, BULACAN
56. MEYCAUAYAN* - G/F STERLING SQUARE, STERLING INDUSTRIAL PARK, BRGY. IBA, MEYCAUAYAN CITY, BULACAN
57. NAGA* - G/F CROWN HOTEL BUILDING, PEÑA FRANCIA AVENUE, NAGA CITY
58. OLONGAPO* - G/F 1370 RIZAL AVENUE EXTENSION, EAST TAPINAC, OLONGAPO CITY, ZAMBALES
59. ORMOC** - ROBINSONS PLACE ORMOC, PALO CARIGARA, ORMOC CITY ROAD, BRGY. COGON, ORMOC CITY, LEYTE
60. PALAWAN* - UNIT 220-222, 2/F, ROBINSONS PLACE PALAWAN MALL, PUERTO PRINCESA CITY, PALAWAN
61. PASSI** - UNITS G5-G6, GROUND FLOOR, GAISANO CAPITAL - PASSI, SIMEON AGUILAR STREET, PASSI CITY, ILOILO
62. PAVIA* - G/F ROBINSONS PLACE PAVIA, VICE PRESIDENT FERNANDO LOPEZ AVE., PAVIA, ILOILO CITY
63. ROBINSONS NORTH TACLOBAN* - G/F ROBINSONS NORTH TACLOBAN, BRGY. ABUCAY, TACLOBAN CITY
64. ROBINSONS PLACE NAGA* - LEVEL 1 UNIT 101 ROBINSONS PLACE NAGA, ROXAS AVENUE CORNER ALMEDA HIGHWAY, BRGY. TRIANGULO, NAGA CITY, CAMARINES SUR
65. ROBINSONS PLACE TUGUEGARAO** - G/F ROBINSONS PLACE TUGUEGARAO, BRGY. TANZA, TUGUEGARAO CITY, CAGAYAN
66. ROXAS* - LEVEL 1-1133B, ROBINSONS PLACE ROXAS, PUEBLO DE PANAY, BARANGAY LAWA-AN, ROXAS CITY, CAPIZ
67. SAN FERNANDO* - LEVEL I ROBINSONS STARMILLS, CANDABA GATE, OLONGAPO-GAPAN ROAD, SAN JOSE, SAN FERNANDO CITY, PAMPANGA
68. SAN JOSE CITY* - BELENA BUILDING, SAN JOSE-CARMEN ROAD (ROMANO ST. CORNER BONIFACIO ST.), BRGY. RAFAEL RUEDA, SAN JOSE CITY, NUEVA ECIJA
69. SAN JOSE DEL MONTE* - QUIRINO HIGHWAY, TUNGKONG MANGGA, SAN JOSE DEL MONTE CITY, BULACAN
70. SAN PABLO* - G/F ESTRELLADO BUILDING, PAULINO STREET, SAN PABLO CITY, LAGUNA
71. SAN PEDRO* - G/F SPACE 102, ETG BUSINESS CENTER, A. MABINI STREET, BARANGAY POBLACION, SAN PEDRO CITY, LAGUNA
72. SANTIAGO* - LEVEL 1-01103, ROBINSONS PLACE SANTIAGO, BARANGAY MABINI, SANTIAGO CITY, ISABELA
73. STA ROSA** - LEVEL 1 ROBINSONS STA. ROSA MARKET, OLD NATIONAL HIGHWAY, BO. TAGAPO, STA. ROSA CITY, LAGUNA
74. STA. ROSA ESTATES 2* - STA. ROSA-TAGAYTAY ROAD, STA. ROSA CITY, LAGUNA
75. STO. TOMAS* - GF UNIT 3, SIERRA MAKILING COMMERCIAL COMPLEX, MAHARLIKA HIGHWAY, BRGY. SAN ANTONIO, STO. TOMAS, BATANGAS

76. SUMULONG - ANTIPOLO* - G/F XENTRO MALL ANTIPOLO, MAMBUGAN, ANTIPOLO CITY
77. TACLOBAN** - ROBINSONS PLACE TACLOBAN, LEVEL 1-00103, NATIONAL HIGHWAY, TABUAN, MARASBARAS, TACLOBAN CITY
78. TAGAYTAY* - SPACE 2-00210, ROBINSONS TAGAYTAY, NATIONAL ROAD, BARRIO MAHARLIKA, TAGAYTAY CITY
79. TAGBILARAN* - G/F CASTELCELO BUILDING 1, C. GALLARES STREET CORNER J. S. TORRALBA STREET, POBLACION II, TAGBILARAN CITY, BOHOL
80. TAGUM* - LEVEL 1 – UNIT 167 ROBINSONS PLACE TAGUM, NATIONAL HIGHWAY, BRGY. VISAYAN VILLAGE, TAGUM, DAVAO DEL NORTE
81. TAYTAY* - RED RIBBON UPTOWN BUILDING, MANILA EAST ROAD, BARANGAY SAN JUAN, TAYTAY, RIZAL
82. TUGUEGARAO* - G/F, LUI BUILDING, BONIFACIO STREET, CENTRO 04, TUGUEGARAO CITY, CAGAYAN VALLEY
83. URDANETA* - G/F S-PLAZA BUILDING, MCARTHUR HIGHWAY, URDANETA, PANGASINAN
84. VALENCIA CITY** - G/F ROBINSONS PLACE VALENCIA, VALENCIA CITY, BUKIDNON
85. VIGAN** - LS1-08-2, XENTRO MALL VIGAN, QUEZON AVENUE, BRGY. III, VIGAN CITY, ILOCOS SUR
86. ZAMBOANGA CITY* - G/F THE GRAND ASTORIA HOTEL, MAYOR JALDON STREET, ZAMBOANGA CITY

Robinsons Bank Branch-lite Units as of September 30, 2022:

1. ANNAPOLIS* - THE MERIDIEN CONDOMINIUM, 29 ANNAPOLIS STREET, GREENHILLS, SAN JUAN CITY
2. BF HOMES PARAÑAQUE* - 180 J. ELIZALDE CORNER CONCHA CRUZ DRIVE, BF HOMES EXECUTIVE VILLAGE, PARAÑAQUE CITY
3. CEBU NUSTAR FOREX KIOSK - LEVEL 1, CASINO GAMING FLOOR, NUSTAR RESORT AND CASINO, SOUTH ROAD PROPERTIES, CEBU CITY, CEBU
4. GALLERIA** - BASEMENT 1, ROBINSONS GALLERIA, EDSA CORNER ORTIGAS AVENUE, QUEZON CITY
5. GAMMA* - G/F CYBERSCAPE GAMMA, RUBY STREET, ORTIGAS CENTER, BRGY. SAN ANTONIO, PASIG CITY
6. LIPA - J.P. LAUREL* - G/F MHIKAI BUILDING 1, J.P. LAUREL HIGHWAY, MARAWOY, LIPA CITY BATANGAS
7. N. DOMINGO* - #135 N. DOMINGO ST., BARANGAY BALONG-BATO, SAN JUAN CITY
8. PASIG - C. RAYMUNDO* - G/F MARIUS ARCADIA BUILDING, C. RAYMUNDO AVENUE CORNER PAG-ASA STREET, PASIG CITY

LSB Branches as of September 30, 2022:

1. ALBAY* - 738 bldg. Rizal St., Old Albay District, Legazpi City
2. CAINTA* - ECCOI Corporate Center, Ortigas Extension, St. Anthony Subdivision, Cainta, Rizal
3. DAET* - Subia Building, J. Lukban St., Brgy. 3, Daet, Camarines Norte
4. DARAGA* - Perete Bldg. Sta. Maria St. Brgy. San Roque Daraga, Albay
5. GUINOBATAN** - LSB Building, T. Paulate Street, Guinobatan, Albay
6. LEGAZPI CITY* - Corner Rizal and Mabini Streets, Dinagaan, Legazpi City
7. LUCENA CITY* - A. M. Lubi Bldg. M. L. Tagarao corner Elias St., Brgy. 5, Lucena City, Quezon
8. MASBATE CITY* - Unit 8 & 9 S & T Bldg., Cagba St., Brgy. Tugbo, Masbate City
9. NAGA CITY* - NEA Bldg., Central Business District 2, Triangulo, Naga City

10. POLANGUI* - National Road, Basud, Polangui, Albay
11. SAN FERNANDO CITY* - 4 AND 2 Bldg. Mc Arthur Highway Sindalan, City of San Fernando Pampanga
12. SORSOGON CITY* - CBA Building, Jamoralin Street, Burabod, Sorsogon
13. TABACO* - Ground Floor, NN Building A.A. Berces, Basud, Tabaco City, Albay
14. VIRAC* - G/F D&L Building, Cor. Surtida & Rizal Streets, San Jose, Virac, Catanduanes

LSB Branch-lite Units as of September 30, 2022:

1. CALAUAG* - Rizal St. Brgy. Sta. Maria Calauag Quezon
2. DASMARIÑAS CITY* - G/F Wincorp Bldg., Molino - Paliparan Road, Salawag, Dasmariñas, Cavite
3. GOA* – Unit 1 J. Quinzon Bldg., Bagumbayan Pequeno, Rizal Street, Goa Cam. Sur
4. IRIGA* - DLS Building, 121-Zone 6, Hi-Way 1, San Isidro, Iriga City
5. MALOLOS – Unit 8, MKTJ Building M2, Fausta Subdivision, Mabolo, Malolos Bulacan
6. STO.TOMAS - Kath's Place, A. Bonifacio Street, Poblacion 2, Sto. Tomas, Batangas.
7. PUERTO PRICESA - DRCM Riviera Complex, Unit 5, Brgy. San Manuel, Puerto Princesa City, Palawan
8. SAN JOSE NE - ARJ Bldg., San Roque corner Cardenas St., Brgy. Abar 1st., San Jose City, Nueva Ecija
9. KABANKALAN - Hernando Chua Bldg., Solar St., Kabankalan City, Negros Occidental
10. BINMALEY - D & M Realty Bld., Purok 6, Naguilan Highway, Binmaley, Pangasinan
11. SANTIAGO - Guevarra St., No. 1229, Perez St., Calao West, Santiago City, Isabela
12. JARO - EL 98 St., Jaro Iloilo City
13. CALAPAN - RR Paras Bldg., Leuterio St., San Vicente South, Calapan City, Oriental Mindoro
14. LIPA - RDL Bldg., 004 Pres. JP Laurel St., National Road, Marawoy, Lipa City

*One (1) ATM
**Two (2) ATMs
***Three (3) ATMs

Robinsons Bank – Off-site ATM Directory

Metro Manila Off-site ATMs as of September 30, 2022:

1. RET BRIDGEWAY - G/F Robinsons Equitable tower Ortigas, Pasig City
2. RETAIL 2 - Building 1, Robinsons Retail Group, 110 E. Rodriguez, Jr. Ave., Libis, Quezon City
3. RDS GALLERIA - Robinsons Dept. Store, 2F East Wing Entrance, Robinsons Galleria Edsa cor. Ortigas Ave Quezon City
4. RSC BF HOMES - Robinsons Supermarket, Gil Puyat St. cor. Elsie Gatches St., Bgy. BF Homes, BF Homes Subdivision, Sucat, Parañaque
5. RSC TANDANG SORA - 105 RMR Square Mall, Tandang Sora Ave., Brgy. Pasong Tamo, Quezon City
6. RSC MERVILLE - Robinsons Supermarket, Edison Ave. cor. West Service Rd, Brgy. Merville, Parañaque City
7. URC 2 - E. Rodriguez Ave. cor Pasig Blvd., Bagong Ilog, Pasig City
8. RSC GRACELAND - Robinsons Supermarket Graceland, JP Rizal St., Brgy. Malanday, Marikina City
9. DOMESTIC 2 - Basement 1 Cebu Pacific Air Head Office Domestic Airport Road, Pasay City
10. MS ESCRIVA - B2 L1 Escriva Drive cor. Lukban St., San Antonio, Pasig City
11. RSC MERCEDES - Robinsons Supermarket Mercedes, Mercedes Ave. Pasig City

12. RSC KARANGALAN - Robinsons Supermarket Karangalan, Magsaysay St. cor. Felix Ave., Manggahan, Pasig City
13. ST. FRANCIS - G/F St Francis Square Building, Bank Drive cor. Julia Vargas Ave., Mandaluyong City
14. RSC OTIS - 1536 Paz M. Guanzon St., 831 Zone 90, Paco, Manila
15. RETAIL 3 - Building 3, Robinsons Retail Group, 110 E. Rodriguez, Jr. Ave., Libis, Quezon City
16. RDS ANTIPOLO - G/F, Robinsons Dept. Store, Robinsons Place Antipolo, Circumference Ave., Sumulong Highway, Brgy. Dela Paz, Antipolo City
17. CYBER ALPHA - G/F, Cyberscape Alpha Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City
18. RSC FEDERAL BAY - Ground Floor of Royal Palm Tower, Macapagal Ave., Pasay City
19. MS GOLDEN GATE - Topland Ave, Las Pinas, Metro Manila
20. MS MALAYAN PLAZA - G/F Malayan Plaza Hotel Topaz rd., Ortigas Center Pasig City
21. RSC VALENZUELA - B.Hive Plaza, 108 Gen. T De Leon, Valenzuela, 1442 Metro Manila
22. EM LAGRO - G/F Sunset Bldg., Lagro Subd., Fairview, 1118
23. MS MERVILLE - KM12 Merville access rd. Brngy., 2014 Pasay City
24. MS GLORIA DIAZ - Gloria Diaz Ave. Coronelia St., BF Resort Las Piñas City
25. MS SIGNAL VILLAGE - Visayas cor. Ballester St., FTI Taguig
26. MS SUGARTOWNE - Sugartowne Homes, Filinvest 2 Rd, Quezon City
27. CEBPAC ASD OFFICE - Andrews Ave. NAIA Terminal 3, pasay city
28. CROWNE PLAZA - Ortigas Ave, Corner Asian Development Bank Ave, Quezon City
29. RSC ACACIA ESCALADES - Acacia Escalades Calle Industria Cor. Amang Rodriguez Ave., Pasig City
30. RE LOYOLA - 88 Rosa Alvero St., Loyola Heights., Quezon City
31. MS DIAN - Dian St. cor. Ampere St. Barangay Palanan, Makati City
32. URC BAGUMBAYAN (site under constrction) - 12 Calle Industria, Bagumbayan, Quezon City
33. MS SUN VALLEY - Sun Valley Dr. cor State Ave. Sun Valley Subdivison Parañaque City
34. MS TRES PALMAS - Commercial complex Levi Mariano ave. Brgy. Ususan Taguig City
35. GCF PASIG - Cor. Garnet Road, Ruby Rd, San Antonio, Pasig, 1605 Kalakhang Maynila
36. RSC DOÑA CARMEN - Shopking Commercial Center Cor. Doña Carmen Commonwealth Avenue, Quezon City
37. MS G SQUARE - G/F, G Square Arcade Barangka Drive, Plainview Mandaluyong
38. MS CUASAY - Blk 24 lot, MRT AVE., Brgy. Pinagsamahan Western Bicutan, Taguig City
39. MS LITTLE MARKET - Quirino Ave. Brgy., Daniel Fajardo Las Piñas City
40. MS VERGONVILLE - Naga road cor. Lotus St., Pulang Lupa Dos Las Piñas City
41. MS POBLACION - G/F SJG Center Bldg. Kalayaan Ave. cor. Don Pedro St. Makati City
42. RE ROOSEVELT - 192 Savers Appliance Depot, Roosevelt Ave. cor. Pitimini, Del Monte Q.C.
43. MS VICTORIA STATION - Victoria Station GMA drive cor. EDSA , Quezon City
44. MS MRT AVENUE - 5 MRT Ave., Purok 1, New Lower Bicutan, Taguig City, 1632, Metro Manila
45. MS GILMORE - G/F Gilmore Ave. Valencia, Quezon City
46. MS PTT MARIKINA - PTT Gas station Marikina B.G. Molina cor., Balagtas St., Parang, Marikina City
47. RE PEMBO - Block 26 Lot 12-14, #1218 Sampaguita St, Makati, Metro Manila

48. RSC BIGNAY - Ibaba St. Brgy Bignay Valenzuela City
49. RSC BLUEWAVE MARIKINA - Bluewave 2 Sumulong Highway Cor.Fernando Ave. Brgy. Sto. Niño Marikina City
50. RSC GALLERIA - Level 1 Robinsons Galleria, Edsa cor. Ortigas Ave., Quezon City
51. RETAIL H. O. - Building 1, Robinsons Retail Group, 110 E. Rodriguez, Jr. Ave., Libis, Quezon City
52. MS GALLERIA - Robinsons Galleria, Level 1, EDSA, Bo. Ugong Norte, Quezon City
53. RSC ERMITA - G/F Robinsons Supermarket Robinsons Place Ermita Manila
54. RDS MANILA - G/F Robinsons Dept Store Robinsons Place Ermita Manila
55. RDS METROEAST - G/F Robinsons Dept Store Robinsons MetroEast Pasig
56. ROCKWELL - 8th flr., Tower II, Rockwell Business Center, Ortigas, Pasig
57. RSC TUTUBAN - Robinsons Supermarket G/F Cluster bldg. Tutuban Center Manila
58. RDS MAGNOLIA - 3/F, Robinsons Dept. Store, Robinsons Magnolia Town Center, Aurora Blvd., New Manila, Quezon City
59. TERA TOWER - G/F, Tera Tower, Bridgetowne – C5 corner Ortigas Avenue Extension, Quezon City
60. CYBER SIGMA - The Northwest lobby Cyber Sigma, Lawton Ave., Bonifacio South, Taguig City

Provincial Off-site ATMs as of September 30, 2022:

1. RSC PULILAN - Robinsons Mall, Doña Remedios Trinidad Hi-way, Pulilan Junction, Bgy. Cutcot, Pulilan, Bulacan
2. RSC NUVALI - Robinsons Supermarket Nuvali, Tagaytay Rd. Sta. Rosa, Laguna
3. RSC MALOLOS - Robinsons Supermarket, Bulacan State University grounds, McArthur Highway, Guinhawa, Malolos, Bulacan
4. RSC PACITA - Robinsons Supermarket, Block 6 lot 3-A Pacita Ave. cor. 2nd St. Pacita Complex , San Pedro, Laguna
5. RSC MEYCAUAYAN - Robinsons Supermarket Meycauayan, EMA Town Center, El Camino Rd., Meycauayan, Bulacan
6. RSC CABUYAO - Robinsons Supermarket, Cabuyao Centro Mall, National Highway, Brgy. Pulo, Cabuyao City, Laguna
7. RSC MOLINO - 102 Molino Boulevard, Bacoor, Cavite
8. RSC SOUTHWOODS - G/F Southwoods Mall, Brgy. San Francisco,, Biñan, Laguna
9. RSC PACITA 2 - Robinsons Supermarket, Block 6 Lot 3-A Pacita Ave. cor. 2nd St. Pacita Complex, San Pedro, Laguna
10. MS RUBLOU - Bonifacio Ave. cor Buenmar St. Greenland Subdivision Cainta, Rizal
11. URC CALAMBA - National Hi-way Calamba Laguna
12. IQDI BOOMTOWN - Lot 1 Phase 1 Boomtown Industrial Estate, Tambobong, Bocaue Bulacan
13. RE ALIMA BACOOR - Alima Bay Residences and Commercial Complex in Gen. Evangelista St. Brgy. Alima Bacoor, Cavite
14. URC CANLUBANG - Km 50 Brgy., San Cristobal Canlubang Laguna
15. MS BANLIC - 216 Mamatid Rd. Brgy. Banlic Cabuyao Laguna
16. MS VALLEY GOLF - Valley Golf, Ortigas Ave. Ext, Cainta Rizal
17. MS SOUTH CITY - Sto. Tomas road Brgy. Calaboso South City Homes Biñan, Laguna
18. MS ADDAS - Molino Blvd. cor. Addas Greenfields Subd. Brgy. Mambog Bacoor Cavite
19. URC MAMPLASAN - LIIP, Barangay Mamplasan, Binan City, Laguna
20. MS GREENWOODS - Greenwoods Clubhouse, Tulip St. Phase 2, Greenwoods Executive Village Brgy. San Andres, Cainta, Rizal

21. URC SAN PEDRO - Maharlika Dr, United San Pedro Subdivision, Brgy. San Antonio San Pedro, Laguna
22. GREENWOODS CLUBHOUSE - Greenwoods Clubhouse, Tulip St. Phase 2, Greenwoods Executive Village Brgy. San Andres, Cainta, Rizal
23. MS SAN ISIDRO - San Isidro Rd., Brgy., San Isidro Cabuyao Laguna
24. MS PACITA - #58 Pacita Ave., cor. Macaria Ave., Pacita complex San Pedro Laguna
25. VENARE - Calamba - Tagaytay Road, Calamba, 4027 Laguna
26. MS BROOKSIDE - G/F Rublou Marketplace Brook Side Ortigas EXT. cor. Sunset Dr. Brookside Subd. San Juan, Cainta
27. MS MALITLIT - Blk. 12 Lot 41, Phase 1 San Lorenzo Rd., San Lorenzo Subd., Brgy., Malitlit Sta. Rosa Laguna
28. MS UNITED BAYANIHAN - Stop Light Commercial Bldg., Lot 7, Blk 7 Genesis United Bayanihan San Pedro Laguna
29. MS MARIA AURORA - Mabini St. cor. Aurora Heights ave, San Anthonio San Pedro, Laguna
30. STA ELENA - Sta. Elena Golf Club, Inc. Bo. Malitlit, Sta. Rosa Laguna
31. TREVEIA - Main Clubhouse, Treveia Nuvali Subdivision, Brgy. Canlubang, Calamba, Laguna
32. RE ANTIPOLO - Robinsons Easymart Antipolo Rodriguez road Barangay Sitio Parugan, San Jose, Antipolo City
33. MS KAPAYAPAAN - Sea Oil Gasoline station, Kapayapaan Road, Kapayapaan Village, Canlubang, Calamba Laguna
34. SHOPWISE ANTIPOLO - M. L. Quezon Ave, Antipolo, 1870 Rizal
35. RDS IMUS - 2nd Level Robinsons Dept Store, Robinsons Place Imus E.Aguinaldo Hiway,Imus Cavite
36. RSC DASMARIÑAS - Robinsons Supermarket Dasmariñas, E.Aguinaldo Highway cor. Governor's Drive, Pala-Pala, Dasmariñas, Cavite
37. URC CAVITE - First Cavite Industrial Estate, Langkaan, Dasmarinas, Cavite
38. RSC THE DISTRICT - Robinsons Supermarket, The District Dasmariñas, Molino-Paliparan Road, Dasmariñas, Cavite
39. RSC BUHAY NA TUBIG - Robinsons Supermarket, Palico Road, Barangay Buhay na Tubig, Imus City, Cavite
40. EM MALAGASANG - Phase 3 Greengate Subd., Brgy., Malagasang 2A, Imus, 4103 Cavite
41. RSC SILANG - Premier Plaza, Emilio Aguinaldo Highway, Brgy., Lucsuhin, Silang, 4118 Cavite
42. SSD GENERAL TRIAS - Governors Drive cor. CM Delos Reyes Ave., Mangahan Central Trias, Cavite
43. RE TANZA - San Agustin St. Poblacion II, Tanza, Cavite
44. RSC TWIN LAKES - Twin Lakes Shopping Village, Barangay Dayap-Itaas, Tagaytay-Nasugbu Highway, Laurel Batangas
45. MS FCIE - FCIE Compound, Governor's Dr, Langkaan 1, Dasmariñas, 4114 Cavite
46. RSC BUCANDALA - King Home Shopping Mall 137, Imus, 4103 Cavite
47. RPLACE ANTIPOLO - ATM Center, Unit 169-A, Robinsons Place Antipolo, Circumference Ave., Sumulong Highway, Brgy. Dela Paz, Antipolo City
48. RDS BACOLOD - Level 1 Robinsons Dept Store Robinsons Place Bacolod, Lacson St. Bacolod City
49. BACOLOD TELE - G/F Luxor Plaza IT Magsaysay Ave. cor Lacson St.Bacolod City
50. RSC MANSILINGAN - Alijis Road, Carmenville Subd., Brgy. Mansilingan,, Bacolod, 6100 Negros Occidental
51. RSC VILLAMONTE - East 3 Center, Narra Extension, Burgos Ave, Villamonte, Bacolod City

52. URC LA CARLOTA - Azucarera de La Carlota Brgy RSB, La Carlota City Negros Occidental
53. ILOILO (USA) - Robinsons Place Iloilo, Mabini cor. De Leon St., Iloilo City
54. RDS ILOILO - G/F Robinsons Dep Store,Robinsons Place Iloilo, Mabini St., Iloilo City
55. ILOILO-JB LACSON - John B Lacson Maritime University Sto Nino Sur Arevalo Iloilo City
56. JBL MOLO - JB Lacson Foundation Maritime University, San Juan St., Molo, Iloilo City
57. RSC MOLO - M. H. Del Pilar St., Molo, Iloilo City
58. RSC BASELINE - Base Line Centrale, Juana Osmeña St, Brgy, Cebu City, 6000 Cebu
59. JGC TACLOBAN - JGC Financing Company Building, Corner M. H. Del Pilar and P. Gomez Sts., Tacloban City, Leyte
60. RDS DUMAGUETE - G/F Robinsons Dept. Store Dumaguete, Dumaguete South Road cor. Perdices St., Dumaguete City
61. RSC PERDICES - Lower G/F, Mart One, Gov. Perdices St., Dumaguete City, Negros Oriental
62. URC PASSI - Imbang Pequeño, San Enrique, Iloilo 5036
63. PACCEMCO - Seaoil Gas Station, F Palmares Sr. Street Passi City Iloilo, 5037
64. CAISPA - Osmeña St. Pob. Centro, Calinog, Iloilo City
65. URSUMCO - URSUMCO cmpd., National Highway, Brgy. Alangilanan, Manjuyod, Negros Oriental
66. URC SONEDCO - San Juan, Barangay Camuga, Kabankalan
67. RSC CITY MALL ROXAS - Arnaldo Boulevard, Roxas City, Capiz
68. PUNTA DULOG - Punta Dulog Pueblo De Panay Roxas City, Capiz
69. BQ MALL - North 6300, Carlos P. Garcia East Avenue, Dakabayan sa Tagbilaran, 6300 Lalawigan ng Bohol
70. RSC ANTIQUE - G/F Robinsons Place Antique, Brgy. San Angel, San Jose De Buenavista, Antique
71. CEBU GALLERIA 2 - Level 1 ATM 3 Robinsons Galleria Cebu Maxilom-Osmena Blvd., 13th Ave., & Benedicto St., North Reclamation Area Cebu City
72. RSC CEBU TALAMBAN - Robinsons Supermarket Talamban, Cebu City
73. DUSIT MACTAN - Punta Engaño Road, Mactan Island, Lapu-lapu City, Cebu
74. RSC MACTAN - Robinsons Supermarket, Pueblo Verde, Mactan Economic Zone II, Patalinghug Hi-way, Barangay Basak, Lapu-lapu, Cebu City
75. NUSTAR 2 - The Mall at NuStar, Kawit Road, South Road Properties, Cebu City
76. NUSTAR 3 - The Mall at NuStar, Kawit Road, South Road Properties, Cebu City
77. NUSTAR BOH - L/G Back of house, The Mall at NuStar, Kawit Road, South Road Properties, Cebu City
78. RDS NORTH TACLOBAN - Level1 Robinsons North Tacloban, Brgy., Abucay, Tacloban City, Leyte
79. PEZA BAGUIO - Baguio Economic Zone, Loakan Rd., Baguio City
80. RSC SAN CARLOS - G/F San Carlos Town Center, Rizal Ave., corner Zamora St., San Carlos City, Pangasinan
81. RSC DAGUPAN - G/F Nepo Mall Arellano Street Brgy. Pantal, Dagupan City
82. RSC GUAGUA - Guagua Town Center Jose Abad Santos Ave,Brgy. San Matias Guagua, Pampanga
83. JG PETROCHEM - Barangay Simlong , Batangas City
84. RSC LEMERY - Xentro Mall, Ilustre Ave., Lemery,, Batangas,
85. URC BALAYAN - Barangay Caloocan, Balayan, Batangas
86. RSC LIPA - Level 1 Robinsons Supermarket., Robinsons Place JP Laurel Highway, Lipa City Batangas

87. RSC LIPA TOWN CENTER - Lipa Town Center, President Jose P. Laurel Hwy. Lipa City, Batangas
88. RSC LIMA EXCHAGE - Lima Technology Center, Barangay Santiago, Malvar, Batangas
89. MS LIPA - Robinsons Place, Lipa Mataas na lupa Lipa City Batangas
90. URC PAMPANGA - Universal Robina Corporation, Brgy. Del Rosario, City of San Fernando, Pampanga
91. RSC MABALACAT - Jomafer Bldg. Lot 1 Blk 65 Severa Subd. Brgy. Tabun, Mabalacat City, Pampanga
92. SSD ANGELES - South Star Drug Angeles - Fields Avenue Corner Teodoro Street Balibago, Angeles City, Pampanga.
93. MS FIELDS AVENUE - Fields ave. Narciso St. cor., Fields ave., Balibago, Angeles City
94. CLARK INTL AIRPORT 1 - Departure, Clark International Airport Andres Bonifacio Avenue, Zone, Clark Freeport, Mabalacat, 2023 Pampanga
95. CLARK INTL AIRPORT 2 - Arrival, Clark International Airport Andres Bonifacio Avenue, Zone, Clark Freeport, Mabalacat, 2023 Pampanga
96. RE FRIENDSHIP - 23 & 24 Volga Street Fil AM Friendship High Way Barangay Anunas Angeles City
97. MS PHILEXCEL - PhilExcel Comp. Ma. Roxas Hi-Way Clark Freeport Zone, Clarkefield, Pampanga
98. RSC TAGAYTAY - Robinsons Supermarket, Summit Ridge, Tagaytay City, Cavite
99. RDS CABANATUAN - 2nd Flr. Robinsons Dept. Store, km 111 Maharlika Hi way Cabanatuan Nueva Ecija
100. SSD CABANATUAN - Burgos St. cor Sanciango St. Cabanatuan City Nueva Ecija
101. RSC TARLAC - Robinsons Supermarket - Robinsons Luisita Mc Arthur Hi way San Miguel Tarlac City
102. EM SAN SEBASTIAN - San Sebastian Village Brgy. San Sebastian, Tarlac City
103. EM CONCEPCION - Cor. La Purisima St. San Nicolas, Poblacion, Concepcion, Tarlac
104. RSC METROTOWN - Mc Arthur Hiway Brgy. Sto Cristo, Tarlac City
105. RSC F TANEDO - F.Tanedo St. Brgy. Poblacion, Tarlac City
106. RSC BALAGTAS - Robinsons Supermarket, Balagtas Town Center, McArthur Highway, Borol 1st, Balagtas, Bulacan
107. RDS PALAWAN - G/F Robinsons Department Store, Robinsons Place Palawan Mall, Puerto Princesa, Palawan
108. RSC CALAPAN - Neo Calapan Mall, Roxas Drive, Brgy. Sto. Nino, Calapan City, Oriental Mindoro
109. RSC SANTIAGO - G/F Robinsons Place Santiago Mabini highway Santiago City
110. RDS SANTIAGO - 1st and 2nd level, Robinsons Place Santiago, Maharlika Highway, Brgy. Mabini, Santiago City, Isabela
111. RSC GENERAL TRIAS - Robinsons Supermarket, Robinsons Place General Trias Mall Brgy Tejero, General Trias, Cavite
112. RSC DOLORES - Mc Arthur Highway, Brgy., Dolores, San Fernando, 2000 Pampanga
113. EM STO TOMAS - La Corona san Matias Sto Tomas, Pampanga
114. RP NAGA OFF-SITE - L1 Unit 101 Robininsons Place Roxas Avenue cor. Almeda Highway Brgy., Triangulo, Naga City, Camarines Sur
115. RDS TUGUEGARAO - 2nd floor Robinsopns Department Store Robinsons Place Tuguegarao, Brgy. Tanza, Tuguegarao City, Cagayan
116. MS GALLERIA SOUTH - Km.31 National Highway Brgy. Nueva City of San Pedro, Laguna
117. RSC CDO - G/F Big R,Supercenter, Cagayan de Oro City

118. RSC GUSA - Robinsons Supermarket, Phase 2, Villa Ernesto Subd., National Highway, Cagayan de Oro City
119. RSC LIMKETKAI - Robinsons Supermarket, 1st Level, South Concourse, Limketkai Mall, Cagayan De Oro City
120. URC ESMO - Tambaling 2, Pedro Sa. Baculio, El Salvador City, Misamis Oriental
121. GRAND IMPERIAL OPOL - National Highway (Butuan-Cagayan de Oro-Iligan Road),Taboc, Opol, Misamis Oriental (Beside Petron)
122. GRAND IMPERIAL OPOL 2 - National Highway (Butuan-Cagayan de Oro-Iligan Road),Taboc, Opol, Misamis Oriental (Beside Petron)
123. RDS DAVAO - 2nd Flr Robinsons Department Store, Abreeza Mall, J.P. Laurel Ave., Davao City
124. SMPC BUHANGIN - Silangan Multi-Purpose Cooperative SPMC Bldg 2 KM.8 Carlos P. Garcia Highway Buhangin, Davao City
125. GRAND IMPERIAL 1 - Arradaza St, Lungsod ng General Santos, Soccksargen
126. GRAND IMPERIAL 2 - Arradaza St, Lungsod ng General Santos, Soccksargen
127. RSC GENSAN - Robinsons Supermarket General Santos, Corner J.Catolico Ave and Bula-lagao Rd Gen Santos City
128. RDS BUTUAN - G/F, Robinsons Deparment Store, Robinsons Place Butuan, J. C. Aquino St., Brgy. Libertad, Butuan City
129. RP ILIGAN - L1 Robinsons Place Iligan Brgy. Tubod, Iligan City, Lanao Del Norte
130. RDS ILIGAN - L1 136 & 137 Robinsons Place Iligan Brgy. Tubod,Iligan City, Lanao Del Norte
131. RSC ILIGAN - Robinsons Place Iligan Supermarket Tubod, Iligan City, Lanao del Norte 9200

Legend:

MS – Ministop
RDS – Robinsons Department Store
RE – Robinsons Easymart
RSC – Robinsons Supermarket Corporation
RP – Robinsons Place

URC – Universal Robina Corporation

(e) Status of Publicly Announced New Products and Services

Robinsons Bank introduced several products and services in 2021:

PRODUCTS AND SERVICES	DATE LAUNCHED
RBank Sign Up	April 24, 2020
QuickR	May 29, 2020
Sprout Solutions Partnership	July 10, 2020
SignUp Payroll	July 23, 2020
RRewards Savings Account	September 3, 2020
RBank Digital	September 25, 2020
Corporate ADA	November 11, 2020
Payday Money Market Fund	2021
Equity Index Feeder Fund	2021
Equity Opportunity Feeder Fund	2021

InstaBale	2021
PRU Life UK Mastercard	2021

(f) Competition

The Philippine banking industry is a mature market that has, in recent years, been subject to consolidation and liberalization, including liberalization of foreign ownership restrictions. As of December 31, 2021, there are 46 universal and commercial (local and foreign) banks in the Philippines, according to the BSP. The Bank faces significant levels of competition amid a number of these Philippine banks and the presence of branches of international banks. These include, but not limited to, banks with greater financial and capital resources, bigger market share, and larger brand recognition than the Bank.

Increased competition may arise from:

- other large Philippine banking and financial institutions with significant presence in Metro Manila and large country-wide branch networks;
- foreign banks, due to, among other things, relaxed foreign bank ownership standards permitting large foreign banks to expand their branch network through acquiring domestic banks;
- ability of the Bank's competitors to establish new branches in Metro Manila due to the removal of the existing new branch license restriction scheme in 2014;
- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources;
- continued consolidation in the banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions;
- the impact of financial technologies in developing and transforming banking products and services; and
- the entry of fintech companies offering financial services.

The Bank faces the challenges of such increased competition. In 2019, the Bank increased its equity by Php 3.0 billion in order to sustain the increasing size of its loan portfolio.

Per BSP data for the period 2015 to 2021, the ranking of the Bank in the last five years shows the competitive strength of Robinsons Bank against its peers.

The table below summarizes the Bank's ranking in the last five years in terms of total assets and total loans (net):

Year	Total Assets	Ranking
2016	75.9 billion	20th
2017	105.1 billion	19th
2018	121.4 billion	18th
2019	128.1 billion	18th
2020	148.9 billion	18th
2021	176.9 billion	17th

Total Loans (Net)	Ranking
37.8 billion	21st
58.6 billion	19th
67.7 billion	17th
79.7 billion	16th
87.7 billion	15th
109.7 billion	15th

(g) Transactions with and/or Dependence on Related Parties

Except those which were entered into in the ordinary course of business such as DOSRI loans and related party transactions (RPT), the Bank has no transactions with and/or dependence on its related parties.

(h) Trademarks, License, Franchises, etc.

Except for software license agreements which it entered into in the ordinary course of business with some information technology companies, the Bank's business and operations are not dependent upon any patents, trademarks, copyrights, licenses, franchises, and royalty agreements.

In 2018 and 2019, the SEC approved the following business names and styles of the Bank, namely: RBank, RBC, Robinsons Bank, RobinsonsBank, Robinsons Bank Corp., RBank Corp., RBank Corporation, RobinsonsBankCorp., and Robinsons Commercial Bank.

The Bank was also able to cause the registration of the trade names of its products before the Intellectual Property Office (IPO), namely:

No.	Trade Name	Brief Description	STATUS	Date of Registration	Terms
1.	**DOS** (figurative w/ word mark)	Unleash the power of 2-Gives! With Robinsons Bank DOS® Mastercard, all your purchases are automatically converted to a 2-month installment, with no added interest and no minimum amount required.	Registered	November 30, 2017	Ten years (until November 30, 2027)
2.	**UNO** (figurative w/ word mark)	Robinsons Bank Uno Mastercard offers the convenience of a regular credit card.	Registered	November 30, 2017	Ten years (until November 30, 2027)
3.	**DIRECT2BANK** (word mark)	A facility for retail and corporate interbank funds transfer via Instapay and Pesonet.	Registered	September 28, 2018	Ten years (until September 28, 2028)
4.	**SIMPLE SAVINGS** (word mark)	Open a savings account in the fastest and simplest way with only one (1) ID and P100. No minimum ADB required. Maximum of P45,000.	Registered	November 22, 2018	Ten years (until November 22, 2028)

5.	**IPONsurance** (word mark)	May savings ka na, may insurance ka pa! For a minimum deposit of Php 20,000, enjoy a FREE Life ins9urance that's up to 4x you Average Daily Balance.	Registered	April 28, 2019	Ten years (until April 28, 2029)
6.	**KNOWLEDGE BANK** (word mark)	A blog site featuring various articles on financial literacy, loans, and money management located in the corporate website of Robinsons Bank	Registered	December 29, 2019	Ten years (until December 29, 2029)
7.	**my Wealth** (word mark)	Website application of the Trust Group to provide real time updates on investments to select clients	Registered	October 18, 2020	Ten years (until October 18,2030)
8.	**RBank instaBalé** (word mark)	Instant cash loan to eligible clients using the online banking app	Registered	June 13, 2022	Ten years (until June 13 2032)
9.	**RBiz Digital** (word mark)	Digital 24x7x365 banking channel that enables retail banking customers to inquire balances, transfer money, pay bills, remit via Cebuana and many more!	Registered	August 18, 2022	Ten years (until August 18, 2032)
10.	**QuickR** (figurative w/ word mark)	Receive money in a flash without having to send your account number. Sender scans your QR internet banking facilities and funds are sent in real-time to your account.	Registered	April 18, 2021	Ten years (until April 18, 2031)
11.	**QuickR Way to Pay** (figurative w/ word mark)	Receive money in a flash without having to send your account number. Sender scans your QR internet banking facilities and funds are sent in real-time to your account.	Registered	April 18, 2021	Ten years (until April 18, 2031)
12.	**my Wealth** (figurative w/ word mark)	Website application of the Trust Group to provide real time updates on investments to select clients	Registered	April 18, 2021	Ten years (until April 18, 2031)

13.	**IPONsurance** (figurative w/ word mark)	May savings ka na, may insurance ka pa! For a minimum deposit of Php 20,000, enjoy a FREE Life insurance that's up to 4x you Average Daily Balance.	Registered	April 18, 2021	Ten years (until April 18, 2031)
14.	**Rbank Digital** (figurative w/ word mark)	Digital 24x7x365 banking channel that enables retail banking customers to inquire balances, transfer money, pay bills, remit via Cebuana and many more!	Registered	July 02, 2021	Ten years (until July 02, 2031)
15.	**Rbank Sign Up** (figurative w/ word mark)	Online account opening for retail banking customers that is accessible anytime, anywhere. Accounts are opened within minutes of completing required information.	Registered	July 23, 2021	Ten years (until July 23, 2031)
16.	**Rbank Remit** (figurative w/ word mark)	RBank Remit is a remittance facility within RDX that allows its users to send money via our remittance partners online.	Registered	July 23, 2021	Ten years (until July 23, 2031)
17.	**RBank Simple Pay** (word mark)	Not in use	Registered	August 06, 2021	Ten years (until August 06, 2031)
18.	**Simple Pay by Robinsons Bank** (word mark)	Not in use	Registered	August 06, 2021	Ten years (until August 06, 2031)
19.	**BusinessLinker** (word mark)	BusinessLinker is an online facility enabling participating clients to create, upload and electronically send invoices, and have easy- to-access payment options, dispute management and reports.	Registered	November 18, 2021	Ten years (until November 18, 2031)
20.	**Rwallet** (word mark)	A facility that allows employers to credit non-cash allowances/benefits (such as rice, medicine, etc.) to a cash card where acceptance is only through Robinsons	Registered	November 22, 2021	Ten years (until November 22, 2031)

		Retail Stores. Withdrawals are not allowed. This will be migrated to GoTyme.			
21.	**Rbank e-Ayuda** (word mark)	Karangalan ng Robinson Bank na maatasan ng DSWD na maging tagapaghatid ng SAP (RBank e-Ayuda) sa ating kababayan para makatulong sa pagsubok na ating nararanasan ngayon.Upang hindi maabala ang regular banking services, may mga ATM at teller na nakalaan para sa pagbibigay ng SAP payout.	Registered	November 27, 2021	Ten years (until November 27, 2031)
22.	**RRewards Savings** (figurative w/ word mark)	RRewards Savings is a collaboration between RBank and Robinsons GoRewards where customers can Earn GoRewards Points while Saving!	Registered	December 27, 2021	Ten years (until December 27, 2031)
23.	**Simple Savings** (figurative w/ word mark)	Open a savings account in the fastest and simplest way with only one (1) ID and P100. No minimum ADB required. Maximum of P45,000.	Registered	January 10, 2022	Ten years (until January 10, 2032)
24.	**RBank Mo** (figurative w/ word mark)	RBank's touchpoint beyond branches (agency banking) that allows most banking transactions such as cash in, cash out and bills payment, outside the premises of the Branch.	Registered	February 07, 2022	Ten years (until February 07, 2032)
25.	**Rkansya** (word mark)	Product that offers savings goals in the RBank Digital banking app	Registered	September 10, 2022	Ten years (until September 10, 2032)

(i) Sources and Availability of Raw Materials and the Names of Principal Suppliers

Not applicable.

(j) Disclosures on how Dependent the Issuer's Business is upon a Single Customer or a Few Customers

Not applicable. The Bank's business is not dependent upon a single or few customers.

(k) Need for any Government Approval of Principal Products or Services

The Bank is governed by the rules and regulations issued by the BSP and other government regulators. The Bank faithfully observes and complies with all government laws, rules and regulations that exist prior to the launch of any of its products or services.

(l) Effect of Existing or Probable Governmental Regulations on the Business

As a domestic commercial bank, the Bank is governed by the rules and regulations of the BSP and other government regulators. As such, the Bank ensures that its business operations comply with all applicable government laws, rules and regulations such as BSP mandate on financial inclusions, limits, circulars, Capital Adequacy Ratio, reserves, liquidity, AMLA, and other reportorial requirements.

(m) Amount Spent on Research and Development Activities

In 2021, the Bank had spent Php0.17 million on research and development activities.

(n) Cost and Effect of Compliance with Environmental Laws

Not applicable.

(o) Total Number of Employees

As of **September 30, 2022**, the Bank had **1,927** employees composed of **1063 officers** and **864 staff**, with **1,798 regular employees** and **129 probationary employees**.

The Bank projects an employee headcount of 2,178 in the next 12 months or by end of 2023.

The Bank has no existing employees' union. It has also no collective bargaining agreement.

In addition to salary, the Bank gives its employees fringe benefits, consisting of 13th month pay, mid-year bonus, Christmas bonus, promotion and merit increases, group life insurance, group hospitalization, personal accident insurance, car plan, motorcycle plan, hazard pay, tellers allowance, communication allowance, gas/transportation allowance, out-of-station allowance, relocation allowance, salary loans, housing loan, vehicle loan, and various leaves (sick, vacation, maternity, paternity, solo parent, among others).

(p) Risk Management

Robinsons Bank aims to be one of the top banks in the Philippines, offering innovative and competitive financial products and services to its clients. The Bank's strategic risk management is guided by the Bank's Vision, Mission, Core Values, and planned objectives in the formulation of its business plans.

The Bank's Risk Management is headed by the Chief Risk Officer (CRO) and is responsible for oversight of enterprise risk management, risk governance and control, framework, policies and practices. The CRO is supported by a dedicated team of risk management professionals organized to oversee risks arising from each of the Bank's risk categories.

The Bank takes a comprehensive approach to Risk Management with a defined framework and an articulated Risk Appetite Statement, which are approved by the Risk Oversight Committee (ROC) and the Board of Directors (Board).

i. Market and Liquidity Risk

Market Risk is defined by the Bank as the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. It is the exposure to the uncertain market value of a portfolio due to price fluctuations. The value of investments fluctuates over a given time period because of general market conditions, economic changes or the events that impact large portion of the market such as political events, natural calamities, and others. This risk arises from market-making, dealing, and position-trading and non-trading activities.

In managing Market Risk, the Bank considers the following factors in setting up the market limits: business prospects, present market conditions, expected returns and budget for the year, among others. It is the responsibility of the risk-taking personnel to request or renew market risk limits. The limits are approved by the Board through the Risk Oversight Committee.

The Board approves a set of risk control limits that are intended to prevent over-trading, excessive concentration, and limit financial loss arising from the Bank's exposure to market risk.

Liquidity Risk, on the other hand, is defined by the Bank as the current and prospective risks to earnings or capital arising from the Bank's inability to meet its obligations when they become due without incurring unacceptable losses. It includes the inability to manage unplanned decreases or changes in funding sources. It also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Bank's appetite for liquidity risk is measured through the limits set for each book/fund vehicle and for each liquidity target.

The Bank uses two approaches to liquidity measurement. The flow approach uses the maximum cumulative outflow (MCO) as a tool to measure liquidity gaps of maturing assets and liabilities. The stock approach is more traditional – it focuses on ratios, and generally stems from the assumption that past experience enables institutions to determine a ratio that would provide future liquidity.

The liquidity gap and balance sheet ratios are regularly measured, monitored and compared against their respective limits. These liquidity risk measures and other information on the liquidity position of the Bank are monitored weekly and reported to the ROC monthly and to the ALCO at least once a month.

ii. Credit Risk

Credit Risk is a probability of loss attributed to a counterparty's failure to meet the terms of any contract with the Bank or to perform otherwise as agreed. It arises once the funds of the Bank are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on – or off – balance sheet. Note that credit risk is not limited to loan portfolio but also covers investment portfolio.

The Bank's credit risk policies intend to maximize the return on the risk-adjusted capital by maintaining a credit risk exposure within defined parameters for asset quality and portfolio mix. To determine the (credit) risk weights, the Bank uses the Standardized Approach under Circular No. 538.

Credit Risk-Weighted Asset (CRWA) is an important risk measure of the Bank, as it is used primarily to determine the Bank's minimum capital requirement. The Bank's minimum capital requirement for credit risk is defined as 10% of the CRWA.

Pursuant to the Bank's policy, the credit ratings given by foreign and accredited local rating agencies were used to determine the credit risk weights of On-balance sheet, Off-balance sheet and counter party exposures.

For all rated credit exposures, regardless of currency, the Bank used the ratings of Standard & Poor's (S&P); Moody's, and Fitch Ratings. On the other hand, the credit rating given by Philippine Rating Services Corporation was used for Unquoted Debt Securities, certain Corporate Bonds, Peso-denominated exposures and loans to rated domestic private entities.

Given the implementation of a new accounting standard, the IFRS 9 - Financial Instruments, the Bank has developed its Expected Credit Loss (ECL) models. This is to allow the determination of loan loss provisioning based on a forward-looking approach. Corporate and Commercial loans, and Motorcycle loans, which cover a significant portion of the total loan portfolio, use sophisticated ECL models. The remaining portfolios, on the other hand, use simplified ECL models.

The Bank neither uses credit derivatives as credit risk mitigants, nor provides credit protection through credit derivatives. The Bank has no outstanding exposure to securitization structures and other types of structured products issued or purchased by the Bank.

iii. Operational and IT Risk

The Bank adopts the definition of BSP Circular 900 or Guidelines on Operational Risk Management, to wit; "Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems; or from external events. This includes legal risk, but excludes strategic and reputational risks."

The Bank further acknowledges that "operational risk is inherent in all activities, products, and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs."

The Bank has put in place different levels of control measures to address the operational risks on different phases. These controls are classified based on function as follows: directive, preventive, detective, and corrective. Identified controls are being assessed based on its effectiveness to mitigate a risk. Control effectiveness shall be evaluated based on two (2) factors:

- o Control Design – Considers how well the control is designed or should work in theory if applied as intended.
- o Control Performance – Considers the way in which the control is implemented or operated in practice.

The Bank adopts the Three Lines of Defense framework in managing operational risk. The framework is enumerated below:

First Line of Defense: Business and Service Units take ownership of the risk by identifying, assessing and managing the risks from the new activities, processes, products and systems they do and use.

Second Line of Defense: Operational and Information Technology Risk Management (OITRM) under Enterprise Risk Management Group, provides the tools and the consistency in risk management language such as results of internal/external audit and supervisory issues raised in the BSP Report of Examination (ROE), Risk & Control Self-Assessment (RCSA), Key Risk Indicators (KRI), Loss Events Database (LED) and Analysis, Business Impact Analysis (BIA) and Information Asset Inventory.

Guided by the Bank's policies and procedures, rules and regulations and with the aid of Technology and Systems as well as promotion of Risk awareness and establishment of culture and ethics, ORM and ITRM assist business units in defining the target risk exposure and reporting adequate risk-related information throughout the organization.

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Third Line of Defense: Internal Audit provides comprehensive assurance based on the highest level of independence and objectivity within the organization. Risk Management liaises with Internal Audit, through latter's reports, to perform validation, and development of accurate assessment and analysis of events, incidents and indicators.

IT Risk is defined as any potential adverse outcome, damage, loss, violation, failure, or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks.

IT Risk Management System enables the identification, measurement, monitoring and controlling IT-related risks covering at least the following areas:

1. Information Security
2. Project Management/Development and Acquisition
3. Change Management
4. IT Operations
5. IT Outsourcing/Vendor Management
6. Electronic Products and Services

The goal of IT Risk Management is to help the Bank accomplish its business objectives by better securing the information and information systems that store, process, or transmit Bank information.

With the emergence of new and breakthrough technologies, there are pressing needs to address the increasing risk of Cyber threats and/or Cyber-attacks. A Cybersecurity Framework and Roadmap were developed to protect the Bank's critical infrastructure against these risks, as well as to promote awareness, research, and provision of technical security measures. The framework is composed of the following cycles:

- Identify – Develop the organizational understanding to manage risk to systems, assets, data, and capabilities;
- Protect – Develop and implement the appropriate safeguards to ensure delivery of critical infrastructure services;
- Detect – Develop and implement the appropriate activities to identify the occurrence of an event;
- Respond – Develop and implement the appropriate activities to take action regarding a detected event; and
- Recover – Develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to event.

(q) Additional Requirements as to Certain Issues or Issuers

i. Debt Issues

The Bank's net worth exceeds P25 million has been in business for more than three years. As previously stated, on June 16, 2017, the Bank issued exempt securities in the form of Long-Term Negotiable Certificates of Deposits (LTNCDs) amounting to Php4,182,320,000. The following year, on July 16, 2018, the Bank issued another tranche of LTNCDs in the aggregate amount of Php1,781,750,000. On August 13, 2019, the Bank also issued a 5.125% Peso-denominated Fixed Rate Bonds due was due and settled in 2021 for the principal amount of P5,000,000,000. Later, on November 14, 2019, the Bank again issued a 4.300% Peso-denominated Fixed Rate Bonds which was due and settled in 2021 covering the principal amount of P5,000,000,000. All issues (LTNCDs and bonds) were listed with Philippine Dealing & Exchange Corp. (PDEx). The LTNCDs and bonds issued by the Bank were exempt securities pursuant to Section 9 (e) of the SRC.

ii. Investment Company Securities

Not applicable.

Properties

(a) Principal Properties Owned

i. Bank-owned Properties – Metro Manila

As of September 30, 2022, the Bank owns the following properties:

- A commercial condominium unit located at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City; and

There are no mortgages, liens, encumbrances or any limitations on the Bank's ownership of the foregoing properties.

ii. Leased Properties (Offices, Facilities, and Branches) - Metro Manila & Provincial

As of September 30, 2022, the Bank leases the following properties:

a. Offices

OFFICE	LOCATION	TERM	MONTHLY RENTAL (in Php)	EXPIRY DATE
Robinsons Bank Corp. Basement 1	Robinsons Galleria, EDSA Corner Ortigas Avenue, Quezon City	5 years	197,430.28	31-Oct-26
Robinsons Bank Corp. 27th-30th	Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 years	1,645,271.04	31-Aug-25
Robinsons Bank Corp. 26th	Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 years	648,735.70	31-Aug-25
Robinsons Bank Corp. 16th	Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 years	139,186.66	31-Aug-25
Robinsons Bank Corp. 24th R.E.T. office	Robinsons Equitable Tower, ADB Ave. cor, P. Poveda Road, Ortigas Center, Pasig, 1605 Metro Manila	5 years	1,462,964.78	15-Dec-23
Robinsons Bank Corp. – 6F GCC	6F Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 years	261,802.32	15-Oct-23
Robinsons Bank Corp. – 5F GCC	Unit 501 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 years	125,308.64	30-Jun-24
Robinsons Bank - Mailing Center	Robinsons Galleria, EDSA Corner Ortigas Avenue, Quezon City	3 years	27,600.25	31-Jan-23
Robinsons Bank Corp. 34th R.E.T.	Robinsons Equitable Tower, ADB Ave. cor, P. Poveda Road, Ortigas Center, Pasig, 1605 Metro Manila	1 yr. & 5 mos.	312,598.68	31-Jul-23

b. Facilities

Facilities	LOCATION	TERM	MONTHLY RENTAL (in Php)	EXPIRY DATE
Warehouse – Pasig City	No. 5 Mahogany St., Octagon Village, Brgy. Dela Paz, Pasig City	3 years	388,806.21	15-Jun-23
Parking Space – Basement 4 Cyberscape Beta	Cyberscape Beta, No. 10 Ruby Road, Ortigas Center, Pasig City	3 years	135,081.41	15-Mar-24
Parking Space – Podium 3, slot 23	Podium 3 Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	3 years	7,147.18	31-May-25
Parking Space – Podium 5, slot 35	Podium 6 Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	3 years	7,147.18	31-May-25
Signage – GCC Roofdeck	31F Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	5 years	204,205.05	01-Nov-22
Signage – GCC Drop-off	Level 1 Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	5 years	11,200.00	30-Jun-23
Warehouse – Balagtas	First Balagtas Industrial Complex, Barangay PulongGubat, Balagtas, Bulacan	3 years	140,000.00	15-Jun-25
Warehouse – Calamba	Barangay Parian, Calamba, Laguna	5 years	93,457.95	14-Jan-23
TIM DR – Data Center	Carmona City, Cavite	2 years	713,440.00	30-Apr-23
Warehouse – San Fernando	Barangay Panipuan, City of San Fernando Pampanga	3 years	133,740.97	26-Oct-22

Warehouse – Passi, Iloilo	Simeon Aguilar St., Passi City, Iloilo	1 year	5,000.00	15-Jul-23
Parking Space – Basement 2, slot 20, & Podium 5, slot 23	Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	3 years	14,294.36	4-Sep-25

c. Branches

BRANCH NAME	ADDRESS	TERM	MONTHLY RENTAL (in Php, VAT Inc.)	EXPIRY DATE
Acacia Lane - Shaw Boulevard	G/F Padilla Bldg. 333 Shaw Boulevard, Brgy. Bagong Silang, Mandaluyong City	5 Years	232,552.32	28-Feb-25
Adriatico	G/F Robinsons Place Manila, Adriatico Street, Ermita, Manila City	5 Years	542,734.17	30-Nov-23
Alabang	G/F Unit 4, El Molito Commercial Complex, Madrigal Avenue cor Alabang-Zapote Road, Alabang, Muntinlupa City	3 Years	200,923.76	28-Jun-25
Amorsolo	G/F Don Pablo Building, 114 Amorsolo Street, Legaspi Village, Makati City	5 Years	240,786.00	16-Apr-25
Angeles	Level 1 Robinsons Place Angeles, McArthur Highway, Balibago, Angeles City, Pampanga	5 Years	133,946.40	31-Mar-25
Antipolo	Unit 169-A, Robinsons Place Antipolo, Sumulong Highway/Circumference Avenue, Dela Paz, Antipolo City	5 Years	58,240.00	30-Apr-27
Antique	Level 1-116, 117 & 118 Robinsons Place Antique, Brgy. Maybato, San Jose de Buenavista, Antique	5 Years	116,424.56	31-Jul-25
Asuncion – Binondo	G/F Don Norberto & Doña Salustiana Ty Building, #403 Asuncion Street corner San Nicolas Street, Binondo, Manila	5 Years	115,832.51	31-May-24
Ayala	6780 G/F JAKA 1 Building, Ayala Avenue, Makati City	1 Year	322,091.11	30-Jun-23
Ayala - Rufino	G/F Keyland Building, 6797 Ayala Avenue corner V. A. Rufino St., Makati City	5 Years	291,371.67	30-Jun-26
Bacolod	Level 1 C2002, The Central Citywalk, Robinsons Place Bacolod, Lacson Street, Mandalagan, Bacolod City, Negros Occidental	5 Years	192,817.86	30-Jun-24
Bacolod - Capitol Shopping Center	R. PERFORMANCE Building A 62-64 Narra Avenue, Capitol Shopping Center, Bacolod City	5 Years	97,240.50	13-Sep-23
Bacoor	Units 1 & 2, Apollo Mart Building, #369 Gen. Aguinaldo Highway, Talaba 4, Bacoor, Cavite	5 Years	77,792.40	31-Dec-26
Bacoor - Molino Blvd.	G/F Main Square Bacoor, Molino Boulevard, Bacoor City, Cavite	5 Years	92,985.55	31-Jul-24
Baguio[1]	G/F, ECCO/EDGARDOMCO REALTY CORP. Bldg., #43 Assumption Road, Baguio City	10 Years	231,665.01	30-Jun-22
Bais	Corner Quezon and Burgos Streets, Bais City, Negros Oriental	5 Years	51,861.60	14-Aug-23

[1] Negotiation on renewal is still on-going due to planned relocation.

Balagtas	G/F 103-1 Balagtas Town Center, McArthur Highway, Borol 1st, Balagtas, Bulacan	5 Years	110,624.64	31-Jul-25
Balanga	G/F, R & R Building, Don Manuel Banzon Avenue, Doña Francisca, Balanga City, Bataan	5 Years	103,146.09	30-Apr-27
Balayan	G/F Stalls Numbers 2, 3 & 4 Balayan Public Market, Plaza Mabini Street, Balayan Batangas	10 Years	84,672.00	15-Apr-27
Banawe	Store No. 2, LI Commercial Building, Lot 5 Block 240, Banawe Street, Brgy. Tatalon, Quezon City	5 Years	225,136.07	15-Mar-25
Batangas City[2]	G/F Odeste Building, P. Burgos St., Brgy. 15, Batangas City	5 Years	81,349.63*	15-Oct-21
Bayawan	Shop 3, Bollos Street corner National Highway, Brgy. Poblacion, Bayawan City, Negros Oriental	5 Years	102,201.75	30-Sep-26
Better Living	G/F Triple M Commercial Building, Doña Soledad Avenue corner Australia Street, Better Living Subd, Parañaque City	5 Years	140,736.49	31-May-23
BGC - Burgos Circle	G/F Unit B, The Cresent Park Residences, 30th Street corner 2nd Avenue, Bonifacio Global City, Taguig City	5 Years	222,644.80	31-Dec-25
BGC - Rizal Drive	G/F UDENNA tower, Rizal Drive corner 4th Avenue, Bonifacio South District, Bonifacio Global City, Taguig City	5 Years	326,151.84	31-Jul-24
BGC 32nd Street	One World Place, 32nd Street, Bonifacio Global City, Taguig City	5 Years	428,064.00	15-Sep-25
BGC 34th Street	Shop 1 Panorama Tower, 34th Street corner Lane A, Bonifacio Global City, Taguig City	5 Years	456,335.74	30-Jun-25
Binondo	GF01 MZ01 Pacific Centre Building, 460 Quintin Paredes corner Sabino Padilla Street, Binondo, Manila	5 Years	289,293.86	31-Jan-24
Bonifacio Global City	Ground Level, Market Market Mall, Bonifacio Global City, Taguig City	1 Year	281,563.80	31-Dec-22
Bridgetowne - C5	G/F Tera Tower, Ortigas Avenue Extension corner C5, Quezon City	5 Years	211,474.79	30-Jun-25
Butuan	Level 1 - 01160, Robinsons Place Butuan, Km. 3 J.C Aquino Avenue, Brgy Libertad, Butuan City, Agusan del Norte	5 Years	142,819.71	31-Jan-24
Cabanatuan	G/F Franklin de Guzman Building, Km. 114 Maharlika Highway, Barangay Zulueta, Cabanatuan City, Nueva Ecija	5 Years	105,840.00	30-Apr-26
Cagayan De Oro	Level 1 Robinsons Supercenter, Rosario Street, Lim Ket Kai Drive, Lapasan, Cagayan De Oro City	5 Years	182,866.94	31-Jul-25
Cainta	G/F Gusali 888 Building, Ortigas Avenue Extension, Cainta, Rizal	5 Years	108,008.11	15-Apr-24
Calamba	G/F FP Perez Building, National Highway, Parian, Calamba City, Laguna	5 Years	134,400.00	31-Dec-26
Calapan	G/F Neo Calapan Mall, LS 008, Roxas Drive, Barangay Sto. Niño, Calapan, Oriental Mindoro	5 Years	125,145.76	31-Jan-23
Calasiao	Level 1 - 01134, Robinsons Place Pangasinan, Mac Arthur Highway,	5 Years	135,794.23	28-Feb-24

[2] Negotiation is still on-going due to lack of documentation provided by owner's representative due to different owners for branch and parking lots.

	Brgy. San Miguel, Calasiao, Pangasinan			
Caloocan	G/F Dona Lolita Bldg., 363 Rizal Avenue Extension, Caloocan City	5 Years	169,860.66	28-Feb-23
CDO-Divisoria	G/F Pelaez Commercial Arcade 1 corner Tiano Bros. and Cruz Taal Streets, Divisoria, Cagayan De Oro City, Misamis Oriental	5 Years	123,340.91	14-Nov-26
Cebu - Banilad	South Arcade 102, Banilad Town Centre, Gov. M. Cuenco Avenue, Banilad, Cebu City	5 Years	87,537.87	31-Jan-23
Cebu Business Park	Retails 1, 2 and 3 Ground Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Cebu City	5 Years	505,686.72	15-Mar-26
Cebu IT Park	G/F Park Centrale Tower, Jose Maria Del Mar Street, Cebu IT Park, Apas Lahug, Cebu City	5 Years	146,115.20	15-Mar-26
Cebu Mandaue	G/F Cotiaoking Bldg, North Road, Tabok, Mandaue City, Cebu	5 Years	54,191.91	31-Jan-24
Cebu Osmena[3]	2nd Level Robinsons Place Cebu, Fuente Osmeña Avenue, Cebu City	5 Years	120,036.87	30-Jun-22
Cebu, Garcia - Llorente	G/F Robinsons Cybergate, Don Gil Garcia corner J. Llorente Street, Capitol Site, Cebu City	5 Years	95,997.72	29-Feb-24
Cebu-Galleria	B101 Robinsons Galleria Cebu, Maxilom-Osmeña Boulevard, 13th Avenue & Benedicto Street, North Reclamation Area, Cebu City	5 Years	170,065.10	31-Mar-26
Chino Roces Avenue Extension	G/F 2308 Natividad Building, Chino Roces Avenue Extension, Makati City	5 Years	153,446.19	31-Jul-23
Clark Global City	Two West Aeropark, Gatwick Gateway, Clark Global City, Clark Freeport Zone, Mabalacat, Pampanga	5 Years	71,709.75*	14-Feb-25
Cubao-P. Tuazon	G/F & Mezzanine, Genato Building, 250 P. Tuazon Cor. 15th Avenue, Cubao, Quezon City	5 Years	179,200.00	14-Sep-25
D. Guevara Mandaluyong	G/F RL Building, 50 D. Guevara Street, Mandaluyong City	5 Years	116,907.68*	31-May-23
Dagupan[4]	Guanzon Building, Perez Blvd, Dagupan City, Pangasinan	2 Years	121,125.80	31-Dec-22
Dasmariñas	Level 1 01302 Robinsons Place Dasmariñas, E. Aguinaldo Hi-way corner Governor's Drive, Pala-Pala, Dasmariñas, Cavite	5 Years	174,230.43	30-Nov-26
Davao	Door 1 & 2, Edward V. A. Lim Building, Sta. Ana Avenue, Davao City	5 Years	123,656.09	30-Nov-25
Davao - Buhangin	G/F Gaisano Grand City Gate Davao, Tigatto Road corner Cabantian Road, Brgy. Buhangin, Davao City	5 Years	88,905.60	30-Nov-23
Davao Cybergate	Level 1, Unit 109, Robinsons Cybergate Davao, J.P Laurel Ave, Davao City	5 Years	144,086.34	7-May-26
Davao-Monteverde	HAW Building, T. Monteverde Avenue, Davao City	5 Years	178,679.42	30-Nov-26
Del Monte	G/F EWELL Square Bldg., Del Monte Ave corner Biak-na-Bato, Quezon City	5 Years	198,570.01	30-Sep-26

[3] Renewal on hold due to pending request to RLC to waive the security deposit.
[4] On-going negotiation: subject for relocation.

Dolores - SFDO	Franda Building, McArthur Highway, Barrio Dolores, City of San Fernando, Pampanga	5 Years	195,638.63	20-Jun-26
Domestic Road	G/F Cebu Pacific Airline Operations Center Building, Domestic Road, Pasay City	3 Years	93,108.55	31-Jul-25
Dumaguete	Stall AF 25-27 Robinsons Dumaguete, Dumaguete South Road corner Perdices Street, Dumaguete City, Negros Oriental	2 Years	148,539.08	31-May-23
E. Rodriguez Sr. Ave	G/F JCA Building, No. 1166 E. Rodriguez Sr. Avenue, New Manila, Quezon City	5 Years	200,822.05	15-Jun-23
Eastwood City	G/F IBM Plaza Building, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	5 Years	498,037.12	31-Jan-26
EDSA Caloocan	G/F Insular Life Building, 462 EDSA near corner Boni Serrano Street, Caloocan City.	5 Years	95,629.50	16-Apr-27
Ermita	Level 1 Padre Faura Wing, Robinsons Place Ermita, Ermita, Manila	5 Years	195,981.71	31-May-24
Filinvest-Alabang	Unit 104, Civic Place Condominium, 2301 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City	5 Years	60,292.11	30-Nov-26
Galleria South	L2, Robinsons Galleria South, Manila South Road, Nueva, San Pedro, Laguna	5 Years	208,813.92	31-Jul-24
General Santos	Robinsons Place General Santos, cor. J. Catolico Ave. and Bula-Lagao Rd., General Santos City	3 Years	86,233.49	31-Dec-24
General Trias	Level 1 - 155 & 156 Robinsons Place General Trias Mall, Antero Soriano, EPZA-Bacao Diversion Road, Brgy. Tejero, General Trias, Cavite	5 Years	195,872.19	31-Mar-26
Iligan[5]	Level 1 L1 136 & 137 Robinsons Place Iligan, Barangay Tubod, Iligan City, Lanao Del Norte	5 Years	91,392.00	31-Jul-22
Ilocos Norte	Level 2, Robinsons Place San Nicolas, Barangay 1, San Nicolas, Ilocos Norte	5 Years	187,068.52	28-Feb-26
Iloilo	Unit 189-190, G/F Robinsons Place Iloilo, Corner Mabini-Del Leon Streets, Iloilo City, Iloilo	5 Years	196,421.57	31-Mar-24
Imus	G/F Robinsons Place Imus, Emilio Aguinaldo Highway, Imus, Cavite City	5 Years	260,900.64	31-Dec-23
Jaro	Level 1 – Unit G-17 B, Robinsons Place Jaro, E. Lopez Street, Brgy. San Vicente, Jaro, Iloilo	5 Years	149,965.70	30-Sep-26
JP Rizal St. - Makati	Shop 1 & 2, MRJ Corporate Center, # 954 J.P. Rizal corner P. Gomez Street, Poblacion, Makati	5 Years	205,094.40	30-Sep-25
Kabankalan	G/F NZ Business Center (NZBC) Building, JY Perez Highway, Kabankalan City, Negros Occidental	5 Years	48,617.80	30-Aug-23
Katipunan	G/F Torres Building, 321 Katipunan Avenue, Loyola Heights, Quezon City	5 Years	174,254.08	30-Sep-26
La Carlota City	Yunque corner Valois Street, Barangay II, La Carlota City, Negros Occidental	5 Years	61,739.01	14-Jun-26

[5] Renewal is on hold due to pending request to RLC for a rental reduction.

La Union	Level 2, Robinsons Place La Union, National Highway, Brgy. Sevilla, San Fernando, La Union	5 Years	92,936.48	30-Apr-26
Las Piñas	G86-G87 Robinsons Place Las Piñas, 345 Alabang-Zapote Road, Barangay Talon, Las Piñas City	5 Years	145,483.40	31-Mar-25
Las Piñas - Daang Hari	Southbend Building, Versailles Subdivision, Daang Hari, Brgy. Almanza Dos, Las Piñas City	5 Years	125,883.67	14-Mar-24
Las Piñas - Pamplona	G/F South Park Highs, 262 Alabang-Zapote Road, Pamplona, Las Piñas City	5 Years	147,231.84	31-Dec-25
Legazpi City	G/F, Yuzon Commercial Building, Quezon Avenue, Legazpi City, Albay	5 Years	138,936.17	30-Sep-25
Legazpi Street, Makati	G/F, Office 1, Man Tower Legazpi Building, 153 Legazpi Street, Legazpi Village, Makati City	5 Years	199,667.16	28-Oct-23
Lipa	G/F Robinsons Place Lipa, Expansion Wing, J.P. Laurel Highway, Mataas na Lupa, Lipa City, Batangas	5 Years	197,635.33	31-Jan-25
Los Baños	G/F LBDHMC Medical Arts III Building, Lopez Avenue, Batong Malake, Los Baños, Laguna	5 Years	123,631.57	31-Jul-23
Lucena[6]	G/F AZDEMARK Building, 11 Quezon Avenue, Lucena City	2 Years	97,149.17	30-Sep-22
Luisita Tarlac	Unit 102 Robinsons Luisita, McArthur Highway, San Miguel, Tarlac City	5 Years	70,812.60	31-Oct-23
Maginhawa St.	Stalls A & B #143 Maginhawa Street, Barangay Teachers Village, Quezon City	5 Years	134,503.06	31-Oct-26
Magnolia Town Center	LGF - LG026 Robinsons Magnolia Town Center, Aurora Blvd. cor Dona Hemady and N. Domingo Streets, New Manila, Quezon City	5 Years	246,693.89	31-Aug-24
Main Office Branch	G/F Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City	5 Years	501,630.55	31-Dec-23
Makati - Evangelista	G/F #1861 Evangelista Street, Brgy. Pio Del Pilar, Makati City	5 Years	80,752.00	
Malabon	Level 1 – 01127, Robinsons Town Mall Malabon, #5 Governor Pascual Avenue corner Crispin Street, Tinajeros, Malabon City	5 Years	186,160.80	31-Jan-24
Malolos	Level 1 – 01123 Robinsons Place Malolos, Mc Arthur Highway, Barangay Mabolo, Malolos, Bulacan	5 Years	221,785.54	31-Jan-24
Marikina[7]	VC Chan Bldg. No. 8 Bayan-Bayanan Avenue, Concepcion Uno, Marikina City	5 Years	113,701.37	31-Oct-21
McKinley West	Lower G/F Cyber Sigma, Lawton Avenue, Bonifacio South, Taguig City	5 Years	161,154.01	1-Jul-27
Meralco Avenue[8]	G01 & G02, Robins Design Center, 31 Meralco Avenue, Ortigas, Pasig City	2 Years	268,654.41	15-Jun-22
Meycauayan	G/F Sterling Square, Sterling Industrial Park, Brgy. Iba, Meycauayan City, Bulacan	10 Years	87,494.40	30-Sep-29

[6] On-going negotiation for lease extension: slated for relocation to/consolidation with LSB Lucena.
[7] Negotiation is still on-going due to sudden death of owner due to covid. Lease renewal offer is not yet issued by the heirs.
[8] Negotiation on renewal is still on-going due to planned relocation.

MOA Complex	Unit 101, Tower 1 Oceanaire Residences, Sunshine Drive corner Road 23, Coral Way, MOA Complex, Pasay City	2 Years	197,285.76	31-May-24
Muntinlupa Bayan	G/F Joval 1 Bldg. #52 National Highway Putatan, Muntinlupa City	5 Years	106,921.76	16-May-27
N.S. Amoranto Sr. Avenue	G/F Unit 102 "R" Place Building, #255 N.S. Amoranto Sr. Avenue, Quezon City	5 Years	84,707.41	31-Mar-23
Naga	G/F Crown Hotel Building, Peña Francia Avenue, Naga City	5 Years	153,395.63	30-Nov-25
Ninoy Aquino Avenue	G/F, Rooms 2 & 3, Sky Freight Building, Sky Freight Center, Ninoy Aquino Avenue, Parañaque City	5 Years	273,033.78	15-May-24
Novaliches	Level 1 - ERS1-016, Robinsons Novaliches, Barangay Pasong Putik, Quirino Highway, Novaliches, Quezon City	5 Years	181,854.62	31-Aug-26
Olongapo	G/F 1370 Rizal Avenue Extension, East Tapinac, Olongapo City, Zambales	2 Years	116,254.50*	14-Nov-24
Ormoc	Robinsons Place Ormoc, Palo Carigara, Ormoc City Road, Brgy. Cogon, Ormoc City, Leyte	5 Years	89,372.64	30-Apr-23
Ortigas Greenhills	G/F Limketkai Building, Ortigas Avenue corner Roosevelt Street, Brgy. Greenhills, San Juan City	5 Years	157,137.12	14-Mar-25
Palawan	Unit 220-222, 2/F, Robinsons Place Palawan Mall, Puerto Princesa City, Palawan	5 Years	203,825.66	31-May-24
Pasay - Libertad	G/F Cementina Corporation Building, 160 A. Arnaiz Avenue corner Cuenca Street, Pasay City	5 Years	122,523.03	15-Jun-25
Pasig	L/G Robinsons Metro East, Marcos Highway, Barangay De la Paz, Pasig City	4 Years	302,602.61	30-Jan-24
Paso De Blas	491 ESA Building, Paso De Blas Road, Brgy. Paso De Blas, Valenzuela City	5 Years	106,186.63	15-Mar-23
Passi	Units G5-G6, Ground Floor, Gaisano Capital - Passi, Simeon Aguilar Street, Passi City, Iloilo	5 Years	64,113.30	17-Dec-26
Pavia	G/F Robinsons Place Pavia, Vice President Fernando Lopez Ave., Pavia, Iloilo City	5 Years	74,614.18	30-Jun-23
Pioneer Cybergate	Upper G/F, Robinsons Pioneer Cybergate Center 1, Pioneer Street, Mandaluyong City	3 Years	169,596.50	30-Jun-24
Quezon Avenue[9]	G/F Q.C Avenue Mall, Quezon Avenue cor. Scout Borromeo St., South Triangle, Quezon City	5 Years	138,859.44	27-Dec-22
Regalado	RS137-05 Robinsons Townville Regalado Fairview, Quezon City	5 Years	142,942.80	28-Feb-26
Robinsons North Tacloban[10]	G/F Robinsons North Tacloban, Brgy. Abucay, Tacloban City	5 Years	92,054.59	31-Dec-22
Robinsons Place Naga	Level 1 Unit 101 Robinsons Place Naga, Roxas Avenue corner Almeda Highway, Brgy. Triangulo, Naga City, Camarines Sur	5 Years	94,342.08	31-Aug-27
Robinsons Place Tuguegarao	G/F Robinsons Place Tuguegarao, Brgy. Tanza, Tuguegarao City, Cagayan	5 Years	110,582.30	25-Jul-23

[9] Awaiting renewal terms and conditions from the lessor.
[10] Awaiting renewal terms and conditions from RLC.

Roosevelt Avenue	G/F MCCM Bldg. 311 Roosevelt Avenue, Quezon City	5 Years	150,090.72	28-Feb-23
Roxas	Level 1-1133B, Robinsons Place Roxas, Pueblo de Panay, Barangay Lawa-an, Roxas City, Capiz	5 Years	183,846.77	29-Feb-24
Samson Road	G/F Units 3, 4 & 5 Samson Square Bldg, Samson Road corner Dagohoy Street, Caloocan City	5 Years	121,200.55	30-Nov-26
San Fernando	Level I Robinsons Starmills, Candaba Gate, Olongapo-Gapan Road, San Jose, San Fernando City, Pampanga	5 Years	132,740.72	31-Jan-23
San Jose City	Belena Building, San Jose-Carmen Road (Romano St. corner Bonifacio St.), Brgy. Rafael Rueda, San Jose City, Nueva Ecija	5 Years	93,350.88	1-Apr-23
San Jose Del Monte	Quirino Highway, Tungkong Mangga, San Jose Del Monte City, Bulacan	5 Years	120,344.00	22-Apr-23
San Miguel	G/F Octagon Building, San Miguel Avenue, Ortigas Center, Pasig City	7 Years	373,503.76	31-Aug-25
San Pablo	G/F Estrellado Building, Paulino Street, San Pablo City, Laguna	5 Years	126,076.20	31-Oct-24
San Pedro	G/F Space 102, ETG Business Center, A. Mabini Street, Barangay Poblacion, San Pedro City, Laguna	10 Years	70,560.00	15-Nov-26
Santiago	Level 1-01103, Robinsons Place Santiago, Barangay Mabini, Santiago City, Isabela	5 Years	165,016.05	29-Feb-24
Santolan - Pasig	G/F AD Center Square, Amang Rodriguez corner Evangelista Street, Santolan, Pasig City	5 Years	136,814.73	15-Mar-24
Sedeño Salcedo Village	G/F, Unit G-104, 88 Corporate Center, #141 Sedeño corner Valero Street, Salcedo Village, Makati City	5 Years	374,776.58	15-Aug-23
Sen. Gil Puyat Ave.	G/F New Solid Realty Inc. Building, 357 Sen. Gil Puyat Avenue, Makati City	5 Years	226,220.90	14-Aug-26
Shaw Boulevard	G/F Pelbel Building I, #2019 Shaw Boulevard, Pasig City	5 Years	152,947.87	31-Jul-23
Soler	G/F Filamco Building, #1220-1222, Soler corner Masangkay Streets, Binondo, Manila	2 Years	233,871.34	30-Nov-23
Sta Rosa	Level 1 Robinsons Sta. Rosa Market, Old National Highway, Bo. Tagapo, Sta. Rosa City, Laguna	5 Years	167,960.24	30-Apr-25
Sta. Rosa Estates 2[11]	Sta. Rosa-Tagaytay Road, Sta. Rosa City, Laguna	8 Years	204,873.82	1-Oct-22
Sto. Tomas[12]	GF Unit 3, Sierra Makiling Commercial Complex, Maharlika Highway, Brgy. San Antonio, Sto. Tomas, Batangas	1 Year	90,757.80	14-Nov-22
Sucat	Units B13 & B17, JAKA Plaza Mall, Dr. A. Santos Avenue, Parañaque City	5 Years	181,592.25	14-Dec-23
Sumulong - Antipolo	G/F Xentro Mall Antipolo, Mambugan, Antipolo City	5 Years	84,646.72	31-Jan-26
Tacloban	Robinsons Place Tacloban, Level 1-00103, National Highway, Tabuan, Marasbaras, Tacloban City	5 Years	162,449.28	31-May-26
Tagaytay	Space 2-00210, Robinsons Tagaytay, National Road, Barrio Maharlika, Tagaytay City	5 Years	100,245.60	31-Jul-25

[11] On-going negotiation.
[12] Awaiting renewal terms and conditions from the lessor.

Tagbilaran	G/F Castelcelo Building 1, C. Gallares Street corner J. S. Torralba Street, Poblacion II, Tagbilaran City, Bohol	5 Years	135,575.24	30-Sep-24
Tagum	Level 1 – Unit 167 Robinsons Place Tagum, National Highway, Brgy. Visayan Village, Tagum, Davao del Norte	5 Years	110,194.78	30-Apr-26
Taytay	Red Ribbon Uptown Building, Manila East Road, Barangay San Juan, Taytay, Rizal	4 Years	116,169.98	15-Jun-23
Tomas Morato	JSB Building, Tomas Morato Avenue corner Scout Delgado Street, Quezon City	10 Years	251,140.36	31-May-23
Tuguegarao	G/F, Lui Building, Bonifacio Street, Centro 04, Tuguegarao City, Cagayan Valley	5 Years	173,954.26	28-Feb-25
Urdaneta	G/F S-Plaza Building, McArthur Highway, Urdaneta, Pangasinan	5 Years	123,420.28	14-Sep-26
Valencia City	G/F Robinsons Place Valencia, Valencia City, Bukidnon	5 Years	128,840.77	31-Dec-23
Valenzuela[13]	Unit A South Supermarket, McArthur Highway, Karuhatan, Valenzuela City	2 Years	110,185.07	14-Nov-22
Vigan[14]	LS1-08-2, Xentro Mall Vigan, Quezon Avenue, Brgy. III, Vigan City, Ilocos Sur	5 Years	140,493.08	28-Nov-22
Visayas Avenue	G/F M & L Building, Visayas Avenue corner Road 1, Quezon City	5 Years	215,117.50	31-Jan-24
West Avenue	G/F Prosperity West Center Building, 92 A West Avenue, Quezon City	5 Years	152,473.10	28-Feb-23
White Plains	Francisco Santos Building, 138 Katipunan Avenue, Barangay Saint Ignatius, Quezon City	5 Years	154,379.02	1-May-25
Wilson St. - Greenhills	G/F, Wilson Corporate Center, Wilson Street, Greenhills, San Juan City	5 Years	284,004.00	31-May-25
Zamboanga City	G/F The Grand Astoria Hotel, Mayor Jaldon Street, Zamboanga City	5 Years	128,940.91	30-Nov-23

All lease contracts have renewal options upon their termination under terms and conditions mutually acceptable to the Bank and the lessors. All monthly rentals are inclusive of VAT except for those with asterisk *(Baguio, Batangas City, Clark Global City, D. Guevara Mandaluyong and Olongapo Branches)*.

d. Robinsons Bank Branch-Lite Units

BRANCH NAME	ADDRESS	TERM	MONTHLY RENTAL (in Php, VAT Inc.)	EXPIRY DATE
Annapolis	The Meridien Condominium, 29 Annapolis Street, Greenhills, San Juan City	5 Years	162,993.60	31-Oct-24
BF Homes Parañaque	180 J. Elizalde corner Concha Cruz Drive, BF Homes Executive Village, Parañaque City	5 Years	111,132.00	14-Apr-25
Cebu Nustar Forex Kiosk	Level 1, Casino gaming floor, NuStar Resort and Casino, South Road Properties, Cebu City, Cebu	9 Months	56,000.00	31-Jan-23

[13] On-going negotiation: subject for relocation.
[14] Awaiting renewal terms and conditions from XRC.

Galleria	Basement 1, Robinsons Galleria, EDSA corner Ortigas Avenue, Quezon City	5 Years	113,317.68	31-Oct-26
Gamma	G/F Cyberscape Gamma, Ruby Street, Ortigas Center, Brgy. San Antonio, Pasig City	5 Years	216,511.80	14-Mar-24
Lipa - J.P. Laurel	G/F Mhikai Building 1, J.P. Laurel Highway, Marawoy, Lipa City Batangas	5 Years	54,454.68	31-May-23
N. Domingo	#135 N. Domingo St., Barangay Balong-Bato, San Juan City	5 Years	111,720.00	30-Sep-25
Pasig - C. Raymundo[15]	G/F Marius Arcadia Building, C. Raymundo Avenue corner Pag-Asa Street, Pasig City	5 Years	118,041.95	31-Dec-22

iii. LSB-owned Properties - Provincial Branches

As of September 30, 2022, the following properties are LSB-owned:

a. Legazpi Branch

Corner, Rizal and Mabini Sts., Dinagaan, Legazpi City 100 and 72

b. Guinobatan Branch

Paulate St., Pobalcion, Guinobatan Albay 294

iv. LSB Leased Properties (Head Office & Branches) - Provincial

As of September 30, 2022, LS leases the following properties:

a. Head Office

OFFICE	LOCATION	TERM	MONTHLY RENTAL (in Php)	EXPIRY DATE
Head Office & Main Branch	738 Bldg. Rizal St. Old Albay District Legazpi (City/Capital) Albay	10 years	303,390.36	01-Sept-2027
Office Space	Galleria Corporate Center Condominium	5 years	87,750.00	14-Apr-2023

b. Facilities

FACILITIES	LOCATION	TERM	MONTHLY RENTAL (in Php)	EXPIRY DATE
Parking Space – Podium 2 Cyberscape Beta	Cyberscape Beta, No. 10 Ruby Road, Ortigas Center, Pasig City	3 years	6,921.60	29 – Feb-2024
Cable Riser - GCC	21F Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	3 years	10,080.00	16-Apr-2025

[15] Awaiting renewal terms and conditions from the lessor.

Warehouse - Legazpi	318 Peñaranda Ext, Bonot, Legazpi City, Albay	5 years	20,000.00	30-Jan-2024

c. Branches

NAME OF BRANCH	LOCATION	TERM	MONTHLY RENTAL (in Php)	EXPIRY DATE
Daraga Branch	Sta. Maria St. Brgy. San Roque Daraga Albay	10 years	78,761.77	1-Mar-2029
Cainta Branch	ECCOI Corporate Center, Ortigas Extension, St. Anthony Subd. Cainta, Rizal	7 years	105,000.00	28-Feb-2027
Tabaco Branch	NN Bldg. A.A. Berces Basud Tabaco City Albay	10 years	44,434.74	30-Jun-2022
Polangui Branch	National Road Basud Polangui Albay	3 years	90,750.01	20-Dec-2022
Sorsogon Branch	Cba Building Jamoralin Street Burabod Sorsogon (City/Capital)	10 years	53,482.28	27-Oct-2027
Daet Branch	Subia Bldg. J. Lukban St. Brgy. 3, Daet (Capital) Camarines Norte	15 years	46,394.83	30-Apr-2027
Virac Branch	G/F D & L Bldg. Corner Surtida & Rizal St. San Jose Virac (Capital)	5 years	73,684.21	31-Dec-2026
Masbate Branch	Unit 8 & 9 S & T Bldg. Cagba St. Brgy. Tugbo Masbate (City/Capital)	6 years	96,559.74	14-Jul-2027
Naga Branch	NEA Bulding Cbc Terminal Triangulo Naga City, Camarines Sur	5 years	114,354.83	15-Apr-2024
Lucena Branch	A.M. Lubi Bldg. Corner Tagarao & Elias Streets Barangay 5 Lucena (City/Capital) Quezon	10 years	73,889.99	15-Oct-2026
Pampanga Branch	4 & 2 Bldg. Mc Arthur Highway Sindalan San Fernando Pampanga	10 years	72,930.38	5-Dec-2022

d. Branch-Lite Units

NAME OF BRANCH	LOCATION	TERM	MONTHLY RENT (in Php)	EXPIRY DATE
Goa Branchlite	Unit 1 J. Quinzon Bldg. Riza St. Bagumbayan Pequeño Goa Camarines Sur	5 years	52,631.58	31-Aug-2026
Calauag Branchlite	Rizal St. Brgy. Sta. Maria Calauag Quezon	5 years	47,187.66	23-Aug-2026
Dasmariñas Branch	G/F Wincorp Bldg. Molino Paliparan Road Salawag Dasmariñas City Cavite	5 years	50,892.22	01-May-2023
Iriga Branch	Dls Building 121 Zone 6 Highway 1 San Isidro	5 years	35,000.00	15-Aug-2023

	Iriga (City) Camarines Sur			
Malolos Branch	Unit 8, MTKJ Building M2, Fausta subdivision, Mabolo Street, Malolos City	5 years	14,560.00	30-Sept-2025
Sto. Tomas BLU	Kath's Place, A. Bonifacio Street, Poblacion 2, Sto. Tomas, Batangas	5 years	14,000.00	14-Oct-25
Puerto Princesa BLU	DRCM Riviera Complex, Unit 5, Brgy. San Manuel, Puerto Princesa City, Palawan	5 years	16,800.00	30-Nov-25
San Jose BLU	ARJ Bldg., San Roque corner Cardenas St., Brgy. Abar 1st., San Jose City, Nueva Ecija	3 years	15,000.00	14-Jan-24
Kabankalan BLU	Hernando Chua Bldg., Solar St., Kabankalan City, Negros Occidental	5 years	13,384.21	31-Jan-26
Binmaley BLU	D & M Realty Bld., Purok 6, Naguilan Highway, Binmaley, Pangasinan	5 years	13,384.21	04-Jan-26
Santiago BLU	Guevarra St., No. 1229, Perez St., Calao West, Santiago City, Isabela	5 years	28,000.00	28-Feb-26
Jaro BLU	EL 98 St., Jaro Iloilo City	5 years	35,000.00	28-Feb-26
Calapan BLU	RR Paras Bldg., Leuterio St., San Vicente South, Calapan City, Oriental Mindoro	5 years	29,842.10	31-Mar-26
Lipa BLU	RDL Bldg., 004 Pres. JP Laurel St., National Road, Marawoy, Lipa City	3 years	36,842.10	14-Jun-24

All lease contracts have renewal options upon their termination under terms and conditions mutually acceptable to LSB and its lessors.

(b) Limitations on Properties

There are no mortgages, liens, encumbrances or any limitations on the Bank’s ownership of the foregoing properties.

(c) Description of Property the Bank Intends to Acquire in the Next 12 Months

The Bank has future plans to acquire properties but no details as of yet as to the description, nature, and location of the properties as of this time.

Legal Proceedings

Except for cases or proceedings which are incidental to its business such as suits for sums of money, foreclosures, writs of possession, employee relations, and other cases arising from loan transactions and operations, the Group has no material pending legal proceedings to which the Bank or any of its subsidiaries or affiliates is a party or which any of its property is the subject.

ANNEX "D-1"

BANK OF THE PHILIPPINE ISLANDS
Information required by Part I, paragraphs (A), (B), and (C) of "Annex C", as amended, SRC Rule 12

PART I - BUSINESS AND GENERAL INFORMATION

A. Description of business

As the first bank in the Philippines and in Southeast Asia, Bank of the Philippine Islands has established a history of client trust, financial strength, and innovation. Since 1851, the Bank's business, products, and services have created sustainable value and played a significant role in every Filipino's daily life, as well as in the country's growing economy.

A fully diversified universal bank and a recognized leader in the banking industry, BPI offers a diverse range of products and services in consumer and corporate banking as well as in asset management, payments, insurance, investment banking, foreign exchange, leasing, and securities distribution. BPI is focused on leveraging digital technology to provide its clients across all segments - corporate, consumer, and small, medium and micro-entrepreneurs - outstanding customer journeys anchored on trust and best digital offerings.

As of September 30, 2022, the Bank has 18,340 employees serve over 9.10 million customers through its digital platforms and the 1,178 branches of BPI and BPI Direct BanKo.

Principal Subsidiaries

BPI's principal subsidiaries are:

1. BPI Capital Corp. ("BPI Cap") is an investment house that offers a full suite of services covering a comprehensive program: from corporate finance and capital markets advisory, project finance and loan syndication, to debt and equity underwriting and securities distribution. It began operations in December 1994. BPI Cap wholly owns BPI Securities Corp., a stock brokerage.

2. BPI Direct BanKo, Inc., A Savings Bank ("BanKo"), serves microfinance customers through branch, digital, and partnership channels. Founded in July 2009 as BPI Globe BanKO, it is now wholly owned, following a September 2016 purchase of stakes owned by Ayala Corp. (20%) and Globe Telecom, Inc. (40%) and a December 2016 merger with BPI Direct Savings Bank, Inc.;

3. BPI International Finance Limited ("BPI IFL"), originally established in August 1974, is a deposit-taking company authorised and regulated by the Hong Kong Monetary Authority. It is also licensed by the Securities and Futures Commission of Hong Kong to undertake Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. Its principal business activities are: 1) providing banking services mainly in relation to term deposits and loans; 2) providing securities brokerage services in relation to dealing and advising on securities; and 3) providing asset management services;

4. BPI Remittance Centre Hong Kong Ltd. ("BERC HK") is a licensed money service operator in Hong Kong servicing the remittance services to beneficiaries residing throughout the Philippines. On November 21, 2018, BPI IFL distributed its shares in BERC HK as a property dividend to the Parent Bank. BERC HK became an immediate subsidiary of the Parent Bank following this;

5. BPI (Europe) Plc ("BPI Europe") is a UK-licenced bank authorised by the PRA, jointly regulated by the PRA and the Financial Conduct Authority (FCA). It has been in operation since 2007, and started off with a paid-up capital of £20 million, subsequently increased to £100 million after equity infusions in 2020 and 2021. The bank offers simple retail deposit products, and engages in the proprietary trading of fixed income securities, foreign exchange and syndicated loans;

6. BPI/MS Insurance Corp. ("BPI MS") is a non-life insurance company. It is a joint venture with Mitsui Sumitomo Insurance Co. (who owns a 49% stake), and is the result of a merger of FGU Insurance Co. and FEB Mitsui Marine Insurance Co., which was acquired as a subsidiary of Far East Bank in 2000;

7. BPI Asset Management and Trust Corporation ("BPI AMTC") is a Stand Alone Trust Corporation (SATC) serving both individual and institutional investors with a full suite of local and global investment solutions. BPI AMTC commenced operations on February 1, 2017;

8. BPI Investment Management Inc. ("BIMI") is a wholly owned subsidiary of the Bank and serves as the Bank's fund manager, investment advisor and principal distributor of the ALFM & PAMI Mutual Funds – open-end investment companies registered with, and regulated by, the Securities and Exchange Commission (SEC).

1. Principal Products & Services

The Bank offers a wide range of corporate and retail banking products. The Bank has two major categories for products and services. The first category covers its core financial intermediation business, which includes, deposit taking, lending, and securities investments. As of September 30, 2022, revenue from this category is collectively termed as net interest income and accounts for 70% of net revenues. The second category covers services ancillary to the Bank's financial intermediation business, and from which it derives transaction-based commissions, service charges and other fees. These include investment banking and corporate finance fees, asset management and trust fees, stock brokerage fees, credit card-related fees, rental of bank assets, income from insurance subsidiaries and service charges or commissions earned on international trade transactions, drafts, fund transfers, various deposit-related services, and revenues from transactions on the digital channels. Commissions, service charges, and other fees, when combined with trading gains and losses arising from the Bank's fixed income and foreign exchange operations, constitute non-interest income, which accounts for the remaining 30% of net revenues.

2. Percentage of Revenues and Net Income Contributed by Foreign sales for each of the last 3 full years

	2019	2020	2021
Share in Total Revenue (%)	0.47	0.42	0.68
Hong Kong	0.31	0.27	0.49
USA	(0.00)	0.00	0.00
Europe	0.16	0.15	0.18
Share in Total Net Income (%)	(0.28)	(0.05)	0.66
Hong Kong	(0.32)	(0.14)	0.54
USA	(0.06)	0.00	0.00
Europe	0.09	0.10	0.12

3. Distribution Network

BPI has 869 branch licenses as of September 30, 2022. With the decline in over-the-counter transactions and the shift to digital, the Bank has also begun branch network optimization by co-locating 109 branches and consolidating 7 branches for cost efficiency and higher productivity, resulting in 753 physical locations nationwide. Additionally, there are 309 BPI Direct BanKo branches and Branch-Lite Units (BLUs) set up in strategic locations in the country. Overseas, BPI has three branch licenses, while total physical locations is two, composed of 2 London branches co-located and one Hong Kong office (BPI IFL).

BPI maintains a specialized network of overseas offices to service Filipinos working abroad. To date, BPI has three Remittance Centers located in Hong Kong and two representative offices located in UAE and Japan. BPI also maintains remittance tie-up arrangements with various foreign entities in several countries to widen its network in serving the needs of Filipinos overseas.

BPI's ATM network has a total of 2,077 terminals as of September 30, 2022, of which 1,741 are ATMs and 336 are Cash Accept Machines (CAMs).

4. Status of Publicly-Announce New Products or Services

The Bank announced the launch of the sixth installment of its seven customer engagement platforms last October 2022. The current platforms include:

- BPI Mobile and BPI Online for retail clients
- BPI Trade for investors in the stock market
- TODO Savings, a BanKo app, for self-employed micro-entrepreneurs
- BizLink for corporate clients
- VYBE, BPI's e-wallet, for broad market

The Bank have 6 platforms available and expect to soft launch its 7th platform designed for High Net Worth clients in December, with a full launch early next year. The Bank also expects to launch the BPI Trade App.

5. Competition

With 45 universal and commercial banks operating in the Philippines as of 30 September 2022, the banking industry in the Philippines is characterized by high levels of regulation and highly competitive pricing and service offerings. BPI competes against domestic and foreign banks that offer similar products and services as BPI. Since the further liberalization of the Philippine banking industry in 2014, foreign banks have expanded from their traditional focus on Metro Manila and large-scale corporations to building their own networks to increase market share, primarily through acquisitions of small domestic savings banks. Foreign banks tend to benefit from the support of their parent companies or established regional operations, but they are limited by local regulations to a maximum of six Philippine branches in order to protect the growth and participation of local banks.

In addition, the prevalence of smartphones and other connectivity devices and mobile data applications has increased the number of platforms providing online payment solutions, electronic money and wallets, and other similar services and products. The emergence of such web- and app-based products and services has significantly increased competition with those traditionally provided by banks, such as BPI. The quarantine and other movement restrictions imposed in connection with the COVID-19 pandemic also serve to increase demand for such digital and online solutions. Banks compete with expanding financial technology (fintech) solutions covering (i) mobile payment or e-wallet applications such as but not limited to GCash and PayMaya and (ii) peer-to-peer lending platforms, among others. Moreover, to date, the BSP has granted six (6) digital bank licenses in addition to banks offering no-branch banking services through their respective mobile apps which provide all-online retail banking services despite having existing commercial and universal banking licenses.

According to data available from the Bangko Sentral ng Pilipinas, the Bank is the third largest universal bank in the country in terms of total assets which stood at ₱2.53 trillion as of 30 September 2022. The Bank also holds a significant market share in the deposit, lending, and asset management markets. According to industry data on Philippine publicly listed banks, the Bank is the Philippines' second largest in terms of gross customer loans and assets under management with market shares of 14.6% and 18.0%, respectively, and third largest in terms of deposits at 12.2% as of 30 September 2022. The Bank also enjoys a significant presence in the finance and operating lease business, government securities dealership, securities distribution and foreign exchange business. It is also a market leader in electronic banking where it has been a first mover and innovator in the use of automated teller machines (ATMs), cash acceptance machines (CAMs), point-of-sale debit systems, kiosk banking, phone banking, internet banking and mobile banking.

6. Sources and availability of raw materials and the names of principal suppliers.

Not applicable.

7. Dependence on One or a Few Major Customers and Identification of Such

The Bank monitors its large exposures to individual borrowers and borrower groups as the BSP generally prohibits any bank from maintaining a financial exposure to any single person or group of connected persons in excess of

25% of its net worth. The Bank is committed to ensure strict compliance with laws, regulations and reporting requirements relating to single borrower limits.

8. Related Parties

In the ordinary course of business, BPI has entered into various transactions with its Directors, Officers, Stockholders and their Related Interest ("DOSRI"), including loan transactions. BPI and all its subsidiaries have always been in compliance with the General Banking Act, BSP Circulars and regulations on DOSRI loans and transactions. As of December 31, 2021, DOSRI loans amounted to 1.0% of loans and advances as per Note 25, 31, and 32 of the 2021 audited consolidated financial statement.

9. Patents, Trademarks, Licenses, Franchises, etc.

BPI sells its products and services through the BPI trademark and/or trade name. All its major financial subsidiaries carry the BPI name prefix and so do its major product and service lines.

Following are some of BPI's trademarks for its products and services:

a) BPI Express Assist ("BEA"), for its branch queuing facility
b) BPI Debit and BPI Debit Cards, for its debit cards
c) BPI Credit and BPI Credit Cards, for its credit cards
d) Express Cash, My ePrepaid, and BPI ePay, for its prepaid cards
e) BPI Phone Banking, for its contact center facility
f) BPI Online, for its internet-based transaction platform for retail customers
g) BPI Mobile, for its mobile banking facility
h) Bizlink, for its internet banking platform for business and corporate clients, including the BizLink mobile app
i) Express Collect, for its bills collection agreements

All BPI's trademark registrations are valid for 10 years with years of expiration varying from year 2021 to 2030. Trademarks intended to be used or maintained by BPI are so maintained and renewed in accordance with applicable Intellectual Property laws and regulations. BPI closely monitors the expiry and renewal dates of its trademarks to protect BPI's brand equity.

In terms of business licenses, BPI has an expanded commercial banking license while BanKo have savings bank license. BPI Capital has an Investment House license engaged in dealing Government Securities and as Mutual Fund Distributor. BPI AMTC has a trust license, securities custodian license and is a PERA-accredited administrator while BIMI has an investment company adviser license, mutual fund distributor license, and is a registered transfer agent. BPI MS was granted by the Insurance Commission a Certificate of Authority to transact and sell non-life insurance products.

For foreign business licenses, BPI (Europe) Plc is a UK-licensed bank authorized by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). Meanwhile, BPI IFL is a deposit-taking company authorized and regulated by the Hong Kong Monetary Authority. It is also licensed by the Securities and Futures Commission of Hong Kong to undertake Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

10. Need for any Government Approval of Principal Products or Services

The Bank is a domestic commercial bank with an expanded banking license and was registered with the Securities and Exchange Commission (SEC) on January 4, 1943. The Parent Bank's license was extended for another 50 years on January 4, 1993.

11. Effect of Existing or Probable Governmental Regulations on the Business

Under the General Banking Act, the Monetary Board of the BSP is responsible for regulating and supervising financial intermediaries like BPI. The implementation and enforcement of the BSP regulations is primarily the responsibility of the supervision and examination sector of the BSP.

BPI, as a publicly listed company ("PLC"), is also governed by SEC memorandum circulars and BIR revenue regulations.

12. Research and Development Activites (3 years)

BPI spent the following for the last three years on Personnel Training and on Systems/Application Software:

	In Million Pesos	% of Revenues
2019 (as restated)	1,018.8	1.1
2020	1,303.0	1.3
2021	1,870.7	1.9

13. Costs and effects of compliance with environmental laws

Not applicable

14. Employees

Below is a breakdown of the manpower complement of BPI in 2020, 2021, and September 25, 2022:

	December 31, 2020 Actual			December 31, 2021 Actual			September 25, 2022 Actual		
	Officers	Staff	Total	Officers	Staff	Total	Officers	Staff	Total
Unibank	6,825	12,562	19,387	6,646	11,967	18,613	6,743	11,058	17,801
Consumer	4,553	11,093	15,646	3,820	9,353	13,173	3,816	8,597	12,413
Corporate	906	816	1,722	895	582	1,477	931	541	1,472
Investment	393	193	586	377	142	519	417	137	554
Support	973	460	1,433	1,554	1,890	3,444	1,579	1,783	3,362
Insurance Companies	123	442	565	123	445	568	119	420	539
TOTAL	6,948	13,004	19,952	6,769	12,412	19,181	6,862	11,478	18,340

Majority or 75% of the staff in the Unibank are members of various unions and are subject to Collective Bargaining Agreements (CBAs). The current CBA of the parent company was concluded / signed last July 22, 2021, which covers the period of April 1, 2021 to March 31, 2024.

CBA for BPI Family Savings Bank was concluded/ signed last December 2, 2020. The BFSB CBA covers the period November 1, 2020 to October 31, 2023.

15. Enterprise Risk Management

The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational and IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in securities, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMCom). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMCom in identifying, measuring, controlling, monitoring, and reporting the Bank's financial and non-financial risks exposures. The Bank has established risk management policies and standards ensuring that controls are generally in place and working effectively. These allow the Bank and its key subsidiaries to manage credit, market and liquidity, operational and information technology (IT) risks, as well as emerging risks such as environmental and social risks, within the RMCom-approved risk appetite (BPI subsidiary Board-level RMComs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization.

The heightened uncertainties continued to be observed in the global and local financial markets have resulted in more active risk management strategies in the Bank. Sensitivity analyses, forward-looking simulations and stress testing, regular risk monitoring and escalation procedures, risk MIS reporting and in-depth discussions involving business units, Senior Management, and the Board of Directors, are measures to strengthen the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank continues to implement a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-looking macroeconomic assumptions and scenarios on the lingering impact of COVID-19, rising interest and inflation rates, Peso depreciation, and geopolitical events, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.

The Bank is able to manage overall credit risks and maintain asset quality for the period, evidenced by generally acceptable NPL ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to BSP guidelines and regulatory ceilings on credit risk (including single borrower's limit and related party transactions). The Bank's NPL ratio was at 1.94% as of September 2022. Review of credit portfolios, products and programs, internal and regulatory credit stress tests, and risk reporting to Senior Management and the RMCom are regularly conducted to ensure that the Bank practices sound credit risk management. Since January 2018, the Bank adopted the accounting standards on classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed by BSP 1011. In view of the lingering COVID-19 pandemic and recent economic developments, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. Industry risk assessments, proactive collection and loan restructuring measures, and disciplined loan loss provisioning are being strictly observed to mitigate the effects of the COVID-19 pandemic, credit vulnerabilities due to recent economic developments, and industry risks on the Bank's borrowing accounts.

The Bank closely monitors the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk exposures are measured using the historical simulation Value-at-Risk (VaR) model complemented by several risk metrics such as Stop Loss and DV01. For the third quarter of 2022, the Philippine Government Securities (GS)/PHP BVAL rates and US treasury rates continued to increase with levels up by an average of around 222 bps and 275 bps across the curve year-to-date, driven by persistently high levels of inflation, aggressive hikes and hawkish expectations in foreign and domestic policy rates, and the continued heightened geopolitical tensions and confrontations which have an adverse impact on the Bank's trading and securities/investment portfolios. Given the uncertainties, the Bank prudently manages its trading positions and ensures that its activities are within its set risk appetite, with its trading VaR levels well within the RMCom-approved limits as of end of the third quarter of 2022.

The Bank also conducts regular price stress tests that measure the potential impact of adverse movements in interest rates and other risk factors on the Bank’s trading and banking books, and the corresponding impact to the Bank’s CAR and CET1 ratios. The stress-testing activities are useful to help better assess how extreme yet plausible conditions and external events may potentially affect the Bank’s resilience and financial condition. The results of the third quarter 2022 price stress test on both the trading and banking books showed that the Bank’s post-shock CAR and CET1 levels are expected to be well above the minimum regulatory requirement given adverse movements in risk factors.

Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the short- to medium- term horizon (i.e., those occurring in the next one to three years) due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the third quarter of 2022, BPI Group's BSVaR and EaR levels are well within the RMCom-approved limits.

The Bank’s liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank’s liquidity risk profile and requires the Bank to hold an adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the third quarter of 2022, BPI Group’s MCLG is well above the RMCom-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP.

The Bank regularly reviews its risk models and assumptions to assess performance, accuracy and/or effectiveness, from which recalibration or update is conducted, as necessary. Model validation is performed by a team independent of development, guided by an established framework and standards. Independent validation reports are presented to the Bank's RMCom and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank’s risk data aggregation initiatives towards the completeness, accuracy, timeliness and quality of risk data, dashboards, and reporting.

On the Bank’s management of operational and IT risks, for the third quarter of 2022, the Bank has maintained estimated operational and IT losses related to the Bank’s operating activities to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RMCom's conservative and prudent risk appetite and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The Bank is conscientiously aware of new and emerging industry-wide risks, and duly considers these in regular risk assessments and in updating the Bank’s risk strategies.

With the increased vulnerability to cyber-attacks as a result of the increasing amount of employees working remotely and evolving threat landscape, investments in technology-based defenses remain to be a core cyber security strategy of the Bank. The 24/7 Cyber Security Operations Center enables the Bank to detect and respond to attacks when these happen. The Bank continues to deploy new technical tools to protect against email- and network-based attacks as well as expanding the coverage and depth of threat intelligence, with specific focus on combating phishing attacks.

The Bank continues to also put premium on building and maintaining a cyber-aware organization and has invested accordingly in an Information Security Awareness Program to ensure that employees are aware of the importance of protecting information. Awareness campaigns are also conducted for clients to combat fraud, which has risen with the increased adoption of online services by the public, and these have been intensified with sustained engagement in social media, BPI websites, press releases, e-mail bulletins and media outings.

For personnel safety and welfare given the COVID-19 pandemic, the Bank continues to fully comply with health and medical guidelines from the DOH and DOLE. Vaccines and booster shots are continuously provided to its employees and dependents, and lesser density in the corporate offices is maintained complying with the social distancing rules through work from home arrangement and split operations using the BCP sites, newly established alternate work sites, and/or mobility areas.

Considering the Bank's operational-related risk losses, both actual and hypothetical losses from the scenario analysis exercise, the Bank is sufficiently capitalized to cover both the expected and unexpected operational related losses.

B. Description of Property

The Bank does not have any material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

In view of the planned re-development of the BPI Head Office building located at 6768 Ayala Avenue, Makati City, BPI's executive office and select business and support units have relocated to the Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City and BPI Buendia Center, located at Sen. Gil J. Puyat Avenue, Makati City. The remaining business and support units have also relocated to various other sites in Makati, San Juan, Quezon City, and Muntinlupa.

The rest of the business and support units have also temporarily relocated to BPI Buendia Center and various other sites in Makati, San Juan, Quezon City, and Muntinlupa. As of September 30, 2022, of the Bank's 869 branch licenses excluding BanKo (753 physical branches, excluding BanKo), 459 operate in Metro Manila/Greater Metro Manila Area and 410 in the provincial area. BPI owns 32% of these physical branch locations and leases the 68%. On January 1, 2019, the Bank adopted PFRS 16: Leases which requires recognition of both right-of-use assets and lease liability arising from long-term leases. As of December 31, 2021, right-of-use assets and lease liabilities amounted to ₱6,631 million and ₱7,326 million, respectively.

These offices and branches are maintained in good condition for the benefit of both the employees and the transacting public. The Bank enforces standards for branch facade, layout, number and types of equipment and upkeep of the premises. As it adjusts to the needs of its customers, the Bank also continuously reconfigures the mix of its traditional branches, kiosk branches, and branch-lite units, while complemented by its digital channels.

BPI (as lessee) has various lease agreements which mainly pertain to branch premises and equipment that are renewable under certain terms and conditions. Rental contracts are typically made for fixed periods of 4 to 6 years. Further details pertaining to leases under PFRS 16 are reflected in Note 20 of the 2021 Audited Financial Statements.

C. Legal Proceedings

The Bank does not have any material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

ANNEX "E"

Information required by Part II, paragraph (A) of "Annex C", *as amended, SRC Rule 12 (*Market price of and dividends on the registrants' common equity and related stockholder matters)

===

Market for Issuer's Common Equity and Related Stockholder Matters

(a) Market Information

i. Principal market where the equity is traded

Not applicable. The Bank's equity is not listed or traded in any Exchange.

ii. Market Value

Not applicable. The Bank's equity is not listed or traded in any Exchange.

(b) Holders

The following are the stockholders of record as of September 30, 2022:

Name of Stockholder	Common Shareholdings	Total Par Value	% To Total Issued Capital Stock
JG Summit Capital Services Corp.	899,986,468	10	60%
Robinsons Retail Holdings, Inc.	599,988,780	10	40%
Ignacio Mamaril, Jr.	19,887	10	0%
Vicente Pang	4,854	10	0%
Lance Y. Gokongwei	1	10	0%
Frederick D. Go	1	10	0%
Elfren Antonio S. Sarte	1	10	0%
Robina Y. Gokongwei-Pe	1	10	0%
Patrick Henry C. Go	1	10	0%
Omar Byron T. Mier	1	10	0%
Catalino S. Abacan	1	10	0%
Teodoro M. Panganiban	1	10	0%
David C. Mercado	1	10	0%
Hermogenes S. Roxas	1	10	0%
Ernesto C. Santiago	1	10	0%
TOTAL	1,500,000,000		100%

Effect of Proposed Merger on the Amount and Percentage of Ownership of Current Shareholders of Robinsons Bank Corporation (RBC)

Under the proposed statutory merger between BPI and RBC, the number of BPI common shares that will be issued to RBC shareholders shall be one (1) BPI common share for every 5.2070 shares of RBC subject to adjustment as provided in the plan of merger.

Once the statutory merger becomes effective, the current controlling shareholders of RBC, namely, JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc., will become minority shareholders of BPI and their combined potential shareholdings of only 6% in BPI will not be able to elect one (1) board seat.

Also, the directors and nominees of RBC who are holding one (1) common share will not be able to receive a BPI common share under the statutory merger.

Likewise, RBC has not made any commitment to its directors and officers as a group with respect to issuance of any BPI shares to them.

The total amount of BPI common shares to be issued in accordance with proposed statutory merger shall, more or less, be equivalent to 6.0001% of the resulting outstanding common shares of BPI.

(c) Dividends

The Bank has not declared any dividends in the last two (2) years.

Further, future subscribers and common stockholder of the newly issued common shares are entitled to receive dividends. The Board, however, may only declare dividends out of its surplus profits or unrestricted retained earnings and after making due provisions for the necessary reserves (losses and bad debts) and compliance with relevant provisions of the Revised Corporation Code, Securities Regulation Code, General Banking Law, Manual of Regulations for Banks, and all regulations and circulars issued by the regulatory bodies (SEC & BSP).

Apart from the above, there are no more restrictions that limit the Bank's ability to declare and pay dividends on the common shares.

(d) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no unregistered securities sold by the Bank in the past three (3) years.

However, on March 2019, the Bank issued additional common shares to the controlling stockholders as a result of the approval by SEC of the increase in authorized capital stock from Php15 Billion to Php27 Billion. The Bank being the issuer, the additional common shares were exempt securities under Section 9 (e) of the Securities Regulation Code.

Also, on June 16, 2017, the Bank issued exempt securities in the form of Long-Term Negotiable Certificates of Deposits (LTNCDs) amounting to Php4,182,320,000. The following year, on July 16, 2018, the Bank issued another tranche of LTNCDs in the aggregate amount of Php1,781,750,000.

Likewise, on August 13, 2019, the Bank also issued a 5.125% Peso-denominated Fixed Rate Bonds which became due and were redeemed on 2021 for the principal amount of ₱5,000,000,000. Later, on November 14, 2019, the Bank again issued a 4.300% Peso-denominated Fixed Rate Bonds which became due and were redeemed on 2021 covering the principal amount of ₱5,000,000,000.

All the Bank's LTNCs and corporate bond issues were listed with Philippine Dealing & Exchange Corp. (PDEx). As a banking institution, the Bank's LTCNDs and corporate bonds issues are exempt securities under Section 9 (e) of the Securities Regulation Code.

(e) Free Float Level

Not applicable. The Bank's equity is not listed or traded in any Exchange.

ANNEX "E-1"

BANK OF THE PHILIPPINE ISLANDS

Information required by Part II, paragraph (A) of "Annex C", market price of and dividends on the registrants' common equity and related stockholder matters

Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

The common shares of BPI has been listed on the Philippine Stock Exchange (PSE) since 1971.
The table below shows the high and low prices of BPI shares transacted at the PSE for each quarter within the last two (2) fiscal years and first three (3) quarters of 2022.

Period	In Pesos	
	High	Low
Year Ended December 31, 2020		
1st Quarter	89.00	51.40
2nd Quarter	78.00	57.00
3rd Quarter	75.00	61.00
4th Quarter	88.60	64.50
Year Ended December 31, 2021		
1st Quarter	89.00	79.45
2nd Quarter	89.00	80.00
3rd Quarter	89.95	80.30
4th Quarter	95.80	80.50
Nine Months ended September 30, 2022		
1st Quarter	102.00	91.00
2nd Quarter	100.00	84.80
3rd Quarter	98.25	86.00

The high and low prices of BPI at the PSE on November 22, 2022 were P98.40 and P97.30, respectively, with a closing price of P97.80.

2. Holders of Common Equity

There were approximately 11,912 common shareholders of BPI as of September 30, 2022.

Please refer to Exhibit A for the top twenty (20) shareholders with their corresponding shares and percentage ownership of BPI.

Please see Exhibit B for a Statistical Report by Sharelots as of September 30, 2022.

3. Dividends

The Bank's practice is to declare cash dividends to its common stockholders on a regular basis as may be determined by the Board of Directors. As its dividend payout history shows, the Bank has consistently paid at least P1.80 per share in annual dividends. At the regular meeting of BPI's Board of Directors held on 18 May 2022, the Board approved dividend policy based on a dividend payout ratio of 35% to 50% of previous year's earnings. For the first semester of 2022, the Bank declared and paid 1.06 dividend per share, for total of Php 4.8 billion.

The Bank evaluates its dividend payments from time to time in accordance with business and regulatory requirements and cannot make explicit warranties about the quantum of future dividend payments.

Cash dividends declared and paid during the years ending December 31, 2020, 2021, and in the first semester of 2022 are as follows:

Date Declared	Date of Payment	Amount of Dividends	
		Per Share	Total (in Million Pesos)
May 15, 2019	June 19, 2019	0.90	4,056
November 20,2019	December 27, 2019	0.90	4,057
May 20, 2020	June 26, 2020	0.90	4,062
October 21, 2020	November 26, 2020	0.90	4,062
May 19, 2021	June 23, 2021	0.90	4,062
November 17, 2021	December 24, 2021	0.90	4,062
May 18, 2022	June 22, 2022	1.06	4,784

There are no known restrictions or impediments to the Bank's ability to pay dividends on common equity, whether current or future.

Dividend declaration is ultimately the responsibility of BPI and the BPI Board of Directors which has the authority to declare dividends as it may deem appropriate. Banks that meet the prequalification criteria including capital adequacy requirements and applicable laws and regulations of the BSP can declare and pay dividends without prior BSP verification.

4. Recent Sales of Unregistered or Exempt Securities

Details on shares issued to/subscribed by the Bank's executives as a result of the Executive Stock Option Plan ("ESOP") and the Executive Stock Purchase Plan ("ESPP") are reflected in Note 18 of the 2021 Audited Financial Statements.

EXHIBIT A

BPI STOCK TRANSFER OFFICE
BANK OF THE PHILIPPINE ISLANDS
TOP 20 STOCKHOLDERS
AS OF SEPTEMBER 30, 2022

RANK	STOCKHOLDER NAME	OUTSTANDING SHARES	PERCENTAGE	TOTAL
1	AYALA CORPORATION	1,390,531,096	30.8108%	1,390,531,096
2	LIONTIDE HOLDINGS INC.	904,194,682	20.0348%	904,194,682
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	868,481,502	19.2434%	868,481,502
4	PCD NOMINEE CORPORATION (FILIPINO)	799,328,313	17.7112%	799,328,313
5	ROMAN CATHOLIC ARCHBISHOP OF MANILA	327,904,251	7.2656%	327,904,251
6	MICHIGAN HOLDINGS, INC.	92,684,989	2.0537%	92,684,989
7	MERCURY GRP. OF COMPANIES, INC	7,653,853	0.1696%	7,653,853
8	ESTATE OF VICENTE M. WARNS	7,550,868	0.1673%	7,550,868
9	BPI - ESPP 2019	5,591,260	0.1239%	5,591,260
10	SOCIAL SECURITY SYSTEM	4,180,200	0.0926%	4,180,200
11	BPI GROUP OF COMPANIES RETIREMENT FUND	4,174,243	0.0925%	4,174,243
12	XAVIER P. LOINAZ AND/OR MA. TERESA J. LOINAZ	3,938,203	0.0873%	3,938,203
13	BPI - ESPP 2018	3,817,820	0.0846%	3,817,820
14	BPI - ESPP 2017	2,965,550	0.0657%	2,965,550
15	HERMANN BARRETTO WARNS	2,920,000	0.0647%	2,920,000
16	BLOOMINGDALE ENTERPRISES INC	2,685,225	0.0595%	2,685,225
17	SOCIAL SECURITY SYSTEM ASSIGNED TO EMPLOYEES COMPENSATION FUND	2,666,900	0.0591%	2,666,900
18	SAHARA MGT. & DEV. CORP.	2,535,146	0.0562%	2,535,146
19	LA FILIPINA UY GONGCO CORPORATION	2,299,790	0.0510%	2,299,790
20	FORESIGHT REALTY & DEVELOPMENT CORPORATION	1,958,595	0.0434%	1,958,595
GRAND TOTAL				**4,438,062,486**

BANK OF THE PHILIPPINE ISLANDS

StockTransfer

USER ID : SK192045
RUN DATE : 10/27/2022

STATISTICAL REPORT BY SHARELOTS

BANK OF THE PHILIPPINE ISLANDS

As of September 30, 2022

SHARE LOTS	NUMBER OF STOCKHOLDERS	
1 - 100	1,576	57,540
101 - 500	4,058	1,056,879
501 - 1,000	1,970	1,433,614
1,001 - 5,000	2,871	6,216,266
5,001 - 10,000	558	3,837,479
10,001 - 50,000	607	13,059,821
50,001 - 100,000	106	7,167,121
100,001 - 500,000	129	26,388,582
500,001 - 1,000,000	12	8,470,163
1,000,001 - 5,000,000	16	41,519,976
5,000,001 - 10,000,000	3	20,795,981
10,000,001 - 50,000,000	0	0
50,000,001 - UP	6	4,383,124,833
GRAND TOTAL	**11,912**	**4,513,128,255**

ROBINSONSBANK

ANNEX "F"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Robinsons Bank Corporation (the Bank) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, 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 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 Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors (BOD) is responsible for overseeing the Bank's financial reporting process.

The BOD reviews and approves the financial statements including the schedules attached therein, and submits the same to stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Given this 13 APR 2022 at ~~Quezon City~~ MAKATI CITY

Lance Y. Gokongwei
Chairman of the Board

Elfren Antonio S. Sarte
President and Chief Executive Officer

Andro M. Yee
EVP and Chief Financial Officer

Irma D. Velasco
FVP and Controller

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
~~Quezon City~~ MAKATI CITY) S. S.

BEFORE ME, Notary Public for and in Quezon City this 13 APR 2022, personally appeared the following, who are identified through competent evidence of identity, to wit:

Name	Valid IDs
Lance Y. Gokongwei	TIN 116-312-586
Elfren Antonio S. Sarte	TIN 107-790-157
Andro M. Yee	TIN 117-686-278
Irma D. Velasco	TIN 150-387-989

known to me to be the same person who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

ATTY. AILEEN MARY S. CARDENAS-EJERCITO
NOTARY PUBLIC FOR AND IN MAKATI CITY
Unit 30G, The Grand Midori Tower 2, Legazpi St.,
Legazpi Village, Makati City
Roll No. 58364; Appointment No. M-067
IBP No. 177291; 02-07-2022; Northern Samar
PTR No. 2465976; 01-13-2022; Quezon City
MCLE Compliance No. VI-0007404; 04-11-2018
Commission is valid until December 31, 2023

Doc. No. 164;
Page No. 33;
Book No. I;
Series of 2022.

Robinsons Bank Corporation and Subsidiary

Financial Statements
December 31, 2021 and December 31, 2020
and for the Years Ended December 31, 2021,
2020 and 2019

and

Independent Auditor's Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2	9	3	1	6						

COMPANY NAME

ROBINSONS BANK CORPORATION AND SUBSIDIARY

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.robinsonsbank.com.ph	8702-9500	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
15	Last week of June	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Irma D. Velasco	Irma.Velasco@robinsonsbank.com.ph	8702-9515	09988403139

CONTACT PERSON's ADDRESS

17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Robinsons Bank Corporation
17th Floor, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Robinsons Bank Corporation and its subsidiary (the Group) and the parent company financial statements of Robinsons Bank Corporation (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2021 and 2020, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Applicable to the Audit of the Consolidated and Parent Company Financial Statements

Allowance for Credit Losses on Loans and Receivables

The Group's and the Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2021 for the Group and the Parent Company amounted to ₱2.39 billion and ₱2.12 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2021 amounted to ₱1.30 billion and ₱1.27 billion, respectively.

The disclosures in relation to the allowance for credit losses on loans and receivables are included in Note 14 to the financial statements.

Audit Response

We updated our understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments* to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the Group's and Parent Company's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and effects of credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the reasonableness of forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, management is responsible for assessing the Group's and the Parent Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company 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 PSAs 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 consolidated and parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company 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 Company'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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and parent company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other amatters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Reports on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations 15-2010

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 BSP Circular No. 1074 in Note 33 and Revenue Regulations 15-2010 in Note 32 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Robinsons Bank Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo Maminta.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854326, January 3, 2022, Makati City

March 23, 2022

ROBINSONS BANK CORPORATION AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

	Consolidated		Parent Company	
	December 31	December 31	**December 31**	December 31
	2021	2020	**2021**	2020
ASSETS				
Cash and Other Cash Items	**₱3,934,989,886**	₱2,863,029,038	**₱3,828,341,816**	₱2,749,958,446
Due from Bangko Sentral ng Pilipinas (Note 15)	**15,781,690,745**	20,367,518,731	**15,381,126,153**	19,922,550,239
Due from Other Banks (Note 6)	**5,066,292,206**	3,904,608,310	**4,987,507,377**	3,809,357,748
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Note 6)	**14,881,826,705**	4,495,757,260	**14,764,230,901**	4,366,091,085
Financial Assets at Fair Value Through Profit or Loss (Note 7)	**1,912,412**	87,076,733	**1,912,412**	87,076,733
Financial Assets at Fair Value Through Other Comprehensive Income (Notes 7 and 27)	**26,529,627,158**	19,315,805,963	**26,559,827,158**	19,346,005,963
Investment Securities at Amortized Cost (Note 7)	**8,474,858,779**	8,049,365,423	**8,454,860,679**	8,029,367,323
Loans and Receivables (Note 8)	**99,211,620,970**	86,880,366,557	**97,373,458,296**	85,270,984,824
Investments in Associates and Subsidiary (Note 9)	**212,009,893**	–	**1,517,769,316**	1,305,019,936
Property and Equipment and Right-of-Use Assets (Note 10)	**1,333,352,694**	1,357,662,566	**1,209,790,544**	1,219,213,655
Investment Properties (Note 11)	**786,054,165**	464,890,897	**689,338,223**	359,077,184
Branch Licenses (Note 12)	**1,001,290,316**	1,000,737,944	**380,380,316**	379,827,944
Goodwill (Note 9)	**244,327,006**	244,327,006	–	–
Deferred Tax Asset - net (Note 25)	**709,044,297**	761,032,257	**732,623,798**	798,705,161
Other Assets (Note 13)	**1,600,912,671**	1,354,575,272	**1,587,415,350**	1,337,392,783
	₱179,769,809,903	₱151,146,753,957	**₱177,468,582,339**	₱148,980,629,024
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 15 and 26)				
Demand	**₱27,391,606,583**	₱21,792,821,094	**₱27,167,701,634**	₱21,624,134,226
Savings	**104,013,916,574**	73,394,200,507	**102,339,934,817**	71,870,501,340
Time	**15,632,738,812**	16,322,680,395	**15,350,209,898**	15,960,403,645
Long-term negotiable certificates of deposit	**5,948,312,591**	5,937,710,710	**5,948,312,591**	5,937,710,710
	152,986,574,560	117,447,412,706	**150,806,158,940**	115,392,749,921
Bonds Payable (Note 17)	–	9,951,888,873	–	9,951,888,873
Bills Payable (Note 18)	**2,500,000,000**	–	**2,500,000,000**	–
Manager's Checks	**1,066,036,319**	1,152,343,055	**1,066,036,319**	1,152,343,055
Accrued Expenses (Note 19)	**1,003,366,425**	1,026,878,765	**983,182,735**	1,006,227,172
Other Liabilities (Note 19)	**3,776,713,461**	3,242,616,181	**3,676,085,207**	3,151,805,626
	161,332,690,765	132,821,139,580	**159,031,463,201**	130,655,014,647
Equity				
Common stock (Note 21)	**15,000,000,000**	15,000,000,000	**15,000,000,000**	15,000,000,000
Surplus	**3,853,493,610**	2,621,857,074	**3,853,493,610**	2,621,857,074
Surplus reserves (Notes 21 and 27)	**519,845,104**	535,376,596	**519,845,104**	535,376,596
Remeasurement losses on retirement plan (Note 22)	**(55,294,513)**	(31,841,311)	**(49,242,065)**	(26,750,527)
Remeasurement losses on subsidiary's retirement plan (Note 22)	**–**	–	**(6,052,448)**	(5,090,784)
Net unrealized gains (losses) on financial assets at FVOCI (Note 7)	**(907,253,190)**	223,680,755	**(907,253,190)**	223,680,755
Cumulative translation adjustments	**26,328,127**	(23,458,737)	**26,328,127**	(23,458,737)
	18,437,119,138	18,325,614,377	**18,437,119,138**	18,325,614,377
	₱179,769,809,903	₱151,146,753,957	**₱177,468,582,339**	₱148,980,629,024

See accompanying Notes to Financial Statements

ROBINSONS BANK CORPORATION AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated			Parent Company		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
INTEREST INCOME ON						
Loans and receivables (Note 8)	**₱6,823,094,568**	₱6,610,326,864	₱6,060,079,146	**₱6,499,125,796**	₱6,242,583,242	₱5,729,777,274
Investment securities (Note 7)	**1,197,747,932**	963,915,243	1,041,551,648	**1,196,853,098**	960,320,904	1,033,201,341
Interbank loans receivable/Securities purchased under resale agreements (Note 6)	**218,581,434**	176,769,283	64,535,367	**216,422,605**	172,755,151	58,732,167
Due from Bangko Sentral ng Pilipinas and other banks (Note 6)	**72,986,811**	85,998,369	32,594,850	**66,205,304**	76,355,724	22,261,229
	8,312,410,745	7,837,009,759	7,198,761,011	**7,978,606,803**	7,452,015,021	6,843,972,011
INTEREST EXPENSE ON						
Deposit liabilities (Notes 15 and 26)	**1,025,484,452**	1,375,240,744	2,482,399,046	**995,154,005**	1,343,523,076	2,455,641,962
Bonds payable (Note 17)	**404,956,621**	538,439,589	141,116,925	**404,956,621**	538,439,589	141,116,925
Lease liability (Note 23)	**42,911,819**	46,351,280	51,627,485	**38,320,827**	41,572,352	47,292,619
Bills payable (Note 18)	**18,293,385**	83,744,050	285,373,713	**18,293,385**	83,744,050	285,373,713
	1,491,646,277	2,043,775,663	2,960,517,169	**1,456,724,838**	2,007,279,067	2,929,425,219
NET INTEREST INCOME	**6,820,764,468**	5,793,234,096	4,238,243,842	**6,521,881,965**	5,444,735,954	3,914,546,792
Service fees and commission income (Note 24)	**619,362,748**	398,347,991	462,302,868	**617,785,879**	396,966,418	460,630,646
Service fees and commission expense (Note 24)	**205,178,039**	166,465,129	192,232,154	**197,080,257**	162,637,217	183,879,745
NET SERVICE FEE AND COMMISSION INCOME	**414,184,709**	231,882,862	270,070,714	**420,705,622**	234,329,201	276,750,901
Trading and securities gains - net (Note 7)	**354,168,869**	748,311,268	397,719,878	**354,168,869**	748,311,268	397,719,878
Foreign exchange gains (losses) - net	**51,023,324**	(93,066,592)	50,966,589	**51,023,324**	(93,066,592)	50,966,589
Gains on sale of investment securities at amortized cost (Note 7)	–	193,846,467	62,879,198	–	190,914,608	62,879,198
Loss on loan modification (Note 8)	–	(273,536,633)	–	–	(194,323,399)	–
Miscellaneous (Note 24)	**137,926,499**	(20,796,077)	(24,592,824)	**95,872,738**	(39,973,015)	(64,392,723)
TOTAL OPERATING INCOME	**7,778,067,869**	6,579,875,391	4,995,287,397	**7,443,652,518**	6,290,928,025	4,638,470,635
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 22 and 26)	**1,587,686,651**	1,438,673,152	1,301,011,664	**1,463,371,168**	1,312,593,031	1,182,876,007
Provision for credit and impairment losses (Note 14)	**1,304,264,925**	1,102,054,520	127,472,603	**1,275,553,174**	1,050,618,813	126,876,761
Depreciation and amortization (Note 10)	**738,412,604**	686,938,574	635,540,354	**691,106,117**	644,224,626	598,557,494
Taxes and licenses	**625,883,099**	615,142,199	580,554,943	**604,163,357**	597,714,584	554,997,936
Information technology	**330,620,656**	336,216,069	169,702,015	**313,480,424**	321,227,844	159,445,700
Insurance	**311,847,345**	244,027,024	173,895,313	**303,967,045**	236,180,659	167,358,089
Occupancy and equipment-related costs (Notes 23 and 26)	**310,040,086**	255,422,315	268,852,494	**290,912,513**	236,460,734	246,358,925
Security, messengerial and janitorial	**222,744,576**	237,278,850	285,094,136	**178,752,902**	201,519,001	238,237,964
Communication	**108,408,425**	117,167,165	118,926,128	**105,516,520**	113,683,485	114,073,623
Entertainment, amusement, and recreation (Note 25)	**99,916,160**	97,929,702	96,414,705	**98,450,224**	96,087,509	94,335,734
Management and professional fees	**24,461,259**	24,870,525	29,872,898	**21,781,328**	22,878,680	27,875,761
Miscellaneous (Note 24)	**594,484,348**	518,947,164	426,923,664	**568,307,067**	493,797,443	395,190,872
TOTAL OPERATING EXPENSES	**6,258,770,134**	5,674,667,259	4,214,260,917	**5,915,361,839**	5,326,986,409	3,906,184,866
INCOME BEFORE SHARE IN NET INCOME OF ASSOCIATES AND SUBSIDIARY	**1,519,297,735**	905,208,132	781,026,480	**1,528,290,679**	963,941,616	732,285,769
SHARE IN NET INCOME (LOSS) OF AND ASSOCIATES AND SUBSIDIARY (Note 9)	**3,145,148**	–	–	**5,144,344**	(51,034,028)	125,666,513
INCOME BEFORE INCOME TAX	**1,522,442,883**	905,208,132	781,026,480	**1,533,435,023**	912,907,588	857,952,282
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)	**306,337,839**	(29,378,785)	61,599,972	**317,329,979**	(21,679,329)	138,525,774
NET INCOME	**₱1,216,105,044**	₱934,586,917	₱719,426,508	**₱1,216,105,044**	₱934,586,917	₱719,426,508

See accompanying Notes to Financial Statements.

	Consolidated			Parent Company		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
NET INCOME	**₱1,216,105,044**	₱934,586,917	₱719,426,508	**₱1,216,105,044**	₱934,586,917	₱719,426,508
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Item that may not be reclassified to profit or loss						
Change in remeasurement gains (losses) on retirement plan net of tax (Note 22)	**(23,453,202)**	7,330,199	(39,529,507)	**(22,491,538)**	8,454,575	(34,300,897)
Change in remeasurement losses on associate and subsidiary's retirement plan net of tax (Note 22)	**–**	–	–	**(961,664)**	(1,124,376)	(5,228,610)
Change in net unrealized losses on equity financial assets at fair value through other comprehensive income (Note 7)	**(5,250,000)**	(4,014,940)	11,007,376	**(5,250,000)**	(4,014,940)	11,007,376
Items that may be reclassified to profit or loss						
Change in allowance on debt financial assets at fair value through other comprehensive income (Note 7)	**2,929,559**	1,364,730	2,070,586	**2,929,559**	1,364,730	2,070,586
Change in net unrealized gains (losses) on debt financial assets at fair value through other comprehensive income (Note 7)	**(1,128,613,504)**	238,455,320	1,010,804,502	**(1,128,613,504)**	238,455,320	1,010,804,502
Translation adjustments	**49,786,864**	87,417,783	9,141,111	**49,786,864**	87,417,783	9,141,111
	(1,104,600,283)	330,553,092	993,494,068	**(1,104,600,283)**	330,553,092	993,494,068
TOTAL COMPREHENSIVE INCOME	**₱111,504,761**	₱1,265,140,009	₱1,712,920,576	**₱111,504,761**	₱1,265,140,009	₱1,712,920,576

See accompanying Notes to Financial Statements.

ROBINSONS BANK CORPORATION AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY

	Consolidated							
	Common Stock (Note 21)	**Surplus (Note 21)**	**Surplus Reserves (Notes 21 and 27)**	**Remeasurement Gains (Losses) on Retirement Plan (Note 22)**	**Net Unrealized Gains (Losses) on Financial Assets At Fair Value Through Other Comprehensive Income**	**Cumulative Translation Adjustments**	**Total**	
Balance at January 1, 2021	**₱15,000,000,000**	**₱2,621,857,074**	**₱535,376,596**	**(₱31,841,311)**	**₱223,680,755**	**(₱23,458,737)**	**₱18,325,614,377**	
Total comprehensive income (loss) for the year	−	**1,216,105,044**	−	**(23,453,202)**	**(1,130,933,945)**	**49,786,864**	**111,504,761**	
Appropriations for expected credit losses and trust reserves (Note 21)	−	**15,531,492**	**(15,531,492)**	−	−	−	−	
Balance at December 31, 2021	**₱15,000,000,000**	**₱3,853,493,610**	**₱519,845,104**	**(₱55,294,513)**	**(₱907,253,190)**	**₱26,328,127**	**₱18,437,119,138**	**₱535,452,922**
Balance at January 1, 2020	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱39,171,510)	(₱12,124,355)	(₱110,876,520)	₱17,060,474,368	
Total comprehensive income for the year	−	934,586,917	−	7,330,199	235,805,110	87,417,783	1,265,140,009	
Appropriations for expected credit losses (Note 21)	−	14,419,956	(14,419,956)	−	−	−	−	
Balance at December 31, 2020	₱15,000,000,000	₱2,621,857,074	₱535,376,596	(₱31,841,311)	₱223,680,755	(₱23,458,737)	₱18,325,614,377	
Balance at January 1, 2019	₱12,000,000,000	₱1,427,893,601	₱105,326,644	₱357,997	(₱1,036,006,819)	(₱120,017,631)	₱12,377,553,792	
Total comprehensive income (loss) for the year	−	719,426,508	−	(39,529,507)	1,023,882,464	9,141,111	1,712,920,576	
Conversion of deposit for future stock subscription to equity (Note 21)	3,000,000,000	(30,000,000)	−	−	−	−	2,970,000,000	
Appropriations for expected credit losses (Note 21)	−	(444,469,908)	444,469,908	−	−	−	−	
Balance at December 31, 2019	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱39,171,510)	(₱12,124,355)	(₱110,876,520)	₱17,060,474,368	

See accompanying Notes to Financial Statements.

	Parent							
	Common Stock (Note 21)	**Surplus (Note 21)**	**Surplus Reserves (Notes 21 and 27)**	**Remeasurement Gains (Losses) on Retirement Plan (Note 22)**	**Remeasurement Gains (Losses) on Associate and Subsidiary's Retirement Plan (Note 22)**	**Net Unrealized Gains (Losses) on Financial Assets At Fair Value Through Other Comprehensive Income**	**Cumulative Translation Adjustments**	**Total**
Balance at January 1, 2021	**₱15,000,000,000**	**₱2,621,857,074**	**₱535,376,596**	**(₱26,750,527)**	**(₱5,090,784)**	**₱223,680,755**	**(₱23,458,737)**	**₱18,325,614,377**
Total comprehensive income (loss) for the year	**–**	**1,216,105,046**	**–**	**(22,491,538)**	**(961,664)**	**(1,130,933,945)**	**49,786,864**	**111,504,761**
Appropriations for expected credit losses and trust reserves (Note 21)	**–**	**15,531,492**	**(15,531,492)**	**–**	**–**	**–**	**–**	**–**
Balance at December 31, 2021	**₱15,000,000,000**	**₱3,853,493,610**	**₱519,845,104**	**(₱49,242,065)**	**(₱6,052,448)**	**(₱907,253,190)**	**₱26,328,127**	**₱18,437,119,138**
Balance at January 1, 2020	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱35,205,102)	(₱3,966,408)	(₱12,124,355)	(₱110,876,520)	₱17,060,474,368
Total comprehensive income (loss) for the year	–	934,586,917	-	8,454,575	(1,124,376)	235,805,110	87,417,783	1,265,140,009
Appropriations for expected credit losses (Note 21)	–	14,419,956	(14,419,956)	–	–	–	–	–
Balance at December 31, 2020	₱15,000,000,000	₱2,621,857,074	₱535,376,596	(₱26,750,527)	(₱5,090,784)	₱223,680,755	(₱23,458,737)	₱18,325,614,377
Balance at January 1, 2019	₱12,000,000,000	₱1,427,893,601	₱105,326,644	(₱904,205)	₱1,262,202	(₱1,036,006,819)	(₱120,017,631)	₱12,377,553,792
Total comprehensive income (loss) for the year	–	719,426,508	–	(34,300,897)	(5,228,610)	1,023,882,464	9,141,111	1,712,920,576
Conversion of deposit for future stock subscription to equity (Note 21)	3,000,000,000	(30,000,000)	–	–	–	–	–	2,970,000,000
Appropriation for trust reserves (Notes 21 and 27)	–	(444,469,908)	444,469,908	–	–	–	–	–
Balance at December 31, 2019	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱35,205,102)	(₱3,966,408)	(₱12,124,355)	(₱110,876,520)	₱17,060,474,368

ROBINSONS BANK CORPORATION AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱1,522,442,883	₱905,208,132	₱781,026,480	₱1,533,435,023	₱912,907,588	₱857,952,282
Adjustments for:						
Provision for credit and impairment losses (Notes 7,13 and 14)	1,304,264,925	1,102,054,520	127,472,603	1,275,553,173	1,050,618,813	126,876,761
Depreciation and amortization (Note 10)	738,412,604	686,938,574	635,540,354	691,106,117	644,224,626	598,557,494
Gain on sale of financial assets at FVOCI (Note 7)	348,228,663	(719,488,025)	(331,145,509)	348,228,663	(719,488,025)	(331,145,509)
Loss (gain) on sale of investment properties (Note 24)	(13,874,289)	(3,560,023)	(17,356,519)	(13,874,289)	(3,560,023)	(5,144,094)
Loss (gain) on initial recognition of investment properties (Note 24)	(83,805,485)	48,301,239	(33,889,780)	(77,809,494)	48,659,416	(21,471,508)
Retirement expense (Note 22)	55,920,782	60,060,465	67,805,248	50,676,995	55,587,638	63,397,367
Amortization of premium or discount on financial assets and liabilities (Notes 17 and 18)	48,111,127	71,547,766	19,131,555	48,111,127	71,547,766	19,131,555
Interest on lease liability (Note 23)	42,911,819	46,351,280	51,627,485	38,320,827	41,572,352	47,292,619
Gain on sale of property and equipment (Notes 10 and 24)	(30,413,144)	(1,909,732)	(7,251,188)	(30,015,977)	(1,705,218)	(6,490,889)
Loss on sale of repossessed chattels (Note 24)	126,254,759	119,281,078	102,709,347	142,438,995	120,922,822	102,752,315
Share in net loss (income) of subsidiary and associates (Note 9)	(3,145,148)	–	–	(5,144,344)	51,034,028	(125,666,513)
Net unrealized loss (gain) on fair value of financial assets at fair value through profit or loss and derivative assets (Note 7)	(1,990,536)	1,019,209	(733,965)	(1,990,536)	1,019,209	(733,965)
Gain on sale of investment securities at amortized cost (Note 7)	–	(193,846,467)	(62,879,198)	–	(190,914,608)	(62,879,198)
Loss on initial recognition of repossessed chattels (Note 24)	17,915,263	511,114	81,969,450	17,915,263	511,114	81,969,450
Net unrealized loss (gain) on derivative liability (Note 7)	–	(556,022)	(529,710)	–	(556,022)	(529,710)
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Loans and receivables	(15,391,071,796)	(7,872,786,380)	(13,161,884,110)	(15,001,165,226)	(7,898,662,835)	(12,601,576,997)
Financial assets at fair value through profit or loss	87,154,857	(83,160,060)	4,467,134	87,154,857	(83,160,060)	4,467,134
Interbank loans receivable/securities purchased under resale agreements	–	–	23,500,000	–	–	23,500,000
Other assets	(219,710,083)	199,535,193	(135,146,899)	(341,077,968)	(57,871,322)	(135,577,310)
Increase (decrease) in:						
Deposit liabilities	35,539,163,754	19,845,784,861	2,595,234,110	35,413,409,019	19,761,198,639	2,232,602,436
Manager's checks	(86,306,736)	77,828,510	354,613,209	(86,306,736)	77,828,510	354,613,209
Accrued expenses and other liabilities	398,241,068	856,769,634	(194,812,825)	395,514,769	870,598,744	(216,585,038)
Net cash provided by (used in) operations	24,398,705,287	15,145,884,866	(9,100,532,728)	24,484,480,258	14,752,313,152	(8,994,688,109)
Income taxes paid	(255,097,058)	(273,884,962)	(256,312,142)	(251,552,000)	(265,809,493)	(244,400,553)
Contributions paid on retirement plan	–	(528,706,790)	–	–	(264,353,395)	–
Net cash provided by (used in) operating activities	24,143,608,229	14,343,293,114	(9,356,844,870)	24,232,928,258	14,222,150,264	(9,239,088,662)
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Financial assets at FVOCI	(23,550,379,091)	(24,733,662,297)	(19,958,612,995)	(23,550,379,091)	(24,733,662,297)	(19,958,612,995)
Investment securities at amortized cost	(912,516,473)	(860,922,314)	(129,009,307)	(912,516,473)	(860,922,314)	(129,089,188)
Invesment in associates (Note 9)	(212,009,893)	–	–	(212,009,893)	–	–
Software costs (Note 13)	(164,410,549)	(111,931,805)	(45,775,767)	(162,431,815)	(110,572,277)	(44,666,874)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
Property and equipment (Notes 10 and 30)	**(₱184,873,542)**	(₱119,669,900)	(₱215,147,471)	**(₱170,252,443)**	(₱99,074,005)	(₱181,834,691)
Branch license (Note 12)	**(552,372)**	(809,575)	(46,589)	**(552,372)**	(499,575)	(46,589)
Proceeds from sale of:						
Financial assets at FVOCI	**15,553,852,614**	20,343,881,852	20,454,895,615	**15,553,852,613**	20,343,881,852	20,454,895,615
Investment securities at amortized cost	**−**	3,727,059,369	1,174,374,755	**−**	3,543,816,428	1,174,374,755
Property and equipment	**63,926,034**	3,593,886	16,078,471	**63,538,822**	3,352,387	13,987,306
Investment properties	**71,889,150**	18,176,350	52,526,662	**48,722,312**	8,212,177	19,038,051
Repossessed chattels	**516,657,918**	254,814,691	261,277,560	**497,722,070**	374,095,767	260,850,561
Proceeds from maturity of:						
Investment securities at amortized cost (Note 7)	**487,023,117**	633,340,923	257,010,000	**487,023,117**	633,340,923	257,010,000
Net cash provided by (used in) investing activities	**(8,331,393,087)**	(846,128,820)	1,867,570,934	**(8,357,283,153)**	(898,030,934)	1,865,905,951
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable (Note 18)	**2,500,000,000**	−	400,000,000	**2,500,000,000**	−	400,000,000
Payments of bills payable (Note 18)	**(10,000,000,000)**	(2,050,000,000)	(5,800,000,000)	**(10,000,000,000)**	(2,050,000,000)	(5,800,000,000)
Payments of lease liability (Note 23)	**(328,115,803)**	(241,916,872)	(279,375,984)	**(312,183,240)**	(230,799,333)	(271,088,889)
Proceeds from bonds payable (Note 17)	**−**	−	9,874,305,237	**−**	−	9,874,305,237
Payments for issuance of common stock	**−**	−	(30,000,000)	**−**	−	(30,000,000)
Net cash provided by (used in) financing activities	**(7,828,115,803)**	(2,291,916,872)	4,164,929,253	**(7,812,183,240)**	(2,280,799,333)	4,173,216,348
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**49,786,864**	87,417,783	9,141,111	**49,786,864**	87,417,783	9,141,111
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,033,886,203**	11,292,665,205	(3,315,203,572)	**8,113,248,729**	11,130,737,780	(3,190,825,252)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**2,863,029,038**	3,249,359,133	2,370,171,189	**2,749,958,446**	3,176,490,713	2,300,112,472
Due from Bangko Sentral ng Pilipinas	**20,367,518,731**	12,216,191,774	16,108,207,737	**19,922,550,239**	11,824,524,807	15,586,846,184
Due from other banks	**3,904,608,310**	2,463,991,767	3,010,162,780	**3,809,357,748**	2,374,076,786	2,944,176,334
Interbank loans receivable and Securities purchased under resale agreements (Note 6)	**4,495,757,260**	2,408,705,460	2,164,910,000	**4,366,091,085**	2,342,127,432	2,076,910,000
	31,630,913,339	20,338,248,134	23,653,451,706	**30,847,957,518**	19,717,219,738	22,908,044,990
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**3,934,989,886**	2,863,029,038	3,249,359,133	**3,828,341,816**	2,749,958,446	3,176,490,713
Due from Bangko Sentral ng Pilipinas	**15,781,690,745**	20,367,518,731	12,216,191,774	**15,381,126,153**	19,922,550,239	11,824,524,807
Due from other banks	**5,066,292,206**	3,904,608,310	2,463,991,767	**4,987,507,377**	3,809,357,748	2,374,076,786
Interbank loans receivable and securities purchased under resale agreements (Note 6)	**14,881,826,705**	4,495,757,260	2,408,705,460	**14,764,230,901**	4,366,091,085	2,342,127,432
	₱39,664,799,542	₱31,630,913,339	₱20,338,248,134	**₱38,961,206,247**	₱30,847,957,518	₱19,717,219,738
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest received	**₱8,318,359,037**	₱7,341,053,981	₱7,071,263,588	**₱7,963,790,795**	₱7,004,365,929	₱6,715,151,747
Interest paid	**1,545,086,731**	2,109,289,105	2,941,451,067	**1,508,913,442**	2,072,101,259	2,914,000,598

See accompanying Notes to Financial Statements

ROBINSONS BANK CORPORATION AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Bank Corporation (the Parent Company or the Bank) was domiciled and incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on April 28, 1966 and acquired its license from Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank on March 1, 2002. On March 21, 2013, the SEC granted the license extending the Bank's corporate life for another fifty (50) years. Presently, the Bank's corporate life is perpetual pursuant to the Revised Corporation Code.

The registered address and principal place of business of the Parent Company is at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

The Parent Company is 60.00% and 40.00% owned by JG Summit Capital Services Corp. (JGSCSC) and Robinsons Retail Holdings, Inc. (RRHI), respectively. The ultimate parent company of the Bank is JG Summit Holdings, Inc. The Parent Company has several debt issuances that were listed in the Philippine Dealing and Exchange Corporation (PDEx).

The Parent Company and its subsidiary and associates (collectively referred to as the "Group") which are all incorporated in the Philippines are engaged in the following businesses:

			Effective Percentage of Ownership	
Subsidiary and Associates	Principal place of business	Line of Business	**December 31, 2021**	December 31, 2020
Legazpi Savings Bank (LSB)	738 Building, Rizal Street, Barangay Sagpon, Old Albay, Legazpi City	Banking	**99.93**	99.93
Unicon Insurance Brokers Corporation	34th floor Robinsons Equitable Tower, ADB Avenue corner Poveda St. Ortigas Center, Pasig City	Insurance Broker	**40.00**	–
GoTyme Bank Corporation	30F Robinsons Cyberscape Gamma, Topaz & Ruby Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Philippines,1605	Digital Banking	**20.00**	–

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Group and of the Parent Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value.

The financial statements of the Parent Company reflect the accounts of the Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see accounting policy on Foreign Currency Translation). The financial statements individually prepared for these units are combined and inter-unit accounts and transactions are eliminated.

The financial statements are presented in PHP, and all amounts are rounded to the nearest peso (₱), except when otherwise indicated.

Statement of Compliance
The financial statements of the Group and of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Presentation of Financial Statements
The Group and the Parent Company present its statements of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within twelve (12) months after the statement of financial position date (current) and more than twelve (12) months after the statement of financial position date (non-current) is presented in Note 20.

The Group and the Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and of the Parent Company. This is not generally the case with master-netting agreements, where the related assets and liabilities are presented gross in the statement of financial position.

Basis of Consolidation
The consolidated financial statements of the Group are prepared for the same reporting period as the subsidiary, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary ceases when control is transferred out of the Parent Company. The results of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

A change in the Parent Company's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest of a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:
- derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or surplus;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in statement of income.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments,Interest Rate Benchmark Reform – Phase 2*
- Amendments to PFRS 16, Leases, *COVID-19-related Rent Concessions beyond June 30, 2021*

Significant Accounting Policies

Fair Value Measurement
For measurement and disclosure purposes, the Group determines the fair value of an asset or a liability at initial measurement date or at each statement of financial position date. Fair value is the estimated 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If the asset or liability measured at fair value has a bid and ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value, regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the measurement is unobservable.

External appraisers are involved for valuation of significant non-financial assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For purposes of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy (see Note 5).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

Foreign Currency Translation
The consolidated financial statements are presented in Philippine peso (PHP), which is the Parent Company's functional currency.

Transactions and balances
The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD. For financial reporting purposes, FCDU accounts and the foreign currency-denominated monetary assets and liabilities in the RBU are translated into their PHP equivalents based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of financial position date and for, foreign currency-denominated income and expenses based on the spot exchange rate at the date of the transaction. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities in the RBU are credited to or charged against the statement of income under 'Foreign exchange gain (loss) - net' in the year in which the rates change. Foreign exchange differences arising on translation of FCDU accounts to peso are taken to other comprehensive income (OCI) under 'Translation adjustments'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, interbank loans receivable and Securities Purchased Under Resale Agreements (SPURA) with original maturities of three (3) months or less from dates of placements and that are subject to insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

Repurchase and Reverse Repurchase Agreements
Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as 'Securities sold under repurchase agreements (SSURA)', reflecting the economic substance of such transaction.

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statement of financial position. The corresponding cash paid, including accrued interest, is recognized in the statement of financial position as SPURA, and is considered a loan to the counterparty.

The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest rate (EIR) method.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial instruments that require delivery of assets within the time frame established by regulation or convention in the market are recognized on the settlement date. Settlement date accounting refers to (a) recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Deposits, amounts due from banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers. Derivatives are recognized on a trade date - the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVTPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or computed based on valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which are not observable from the market, the difference between the transaction price and the model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of 'Day 1' difference.

Classification and Measurement of Financial Assets

Classification and measurement

The classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

As part of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (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 (e.g. if there are repayments of principal or amortization of the premium or discount).

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 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
- 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 'stresscase' 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 newly purchased financial assets going forward.

The Group's measurement categories are described below:

Investment securities at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

As of December 31, 2021 and December 31, 2020, the Group's investment securities at amortized cost are presented in the statement of financial position as 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and SPURA', 'Investment securities at amortized cost', 'Loans and receivables', 'Accrued interest receivables' and certain accounts under 'Other assets'.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL.

Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in profit or loss. Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL and gains or losses arising from disposals of these instruments are included in ‘Trading and securities gains - net’ account in the statements of income.

Interest recognized based on the modified effective interest rate of these investments is reported in statements of income under ‘Interest income’ account while dividend income is reported in statements of income under ‘Miscellaneous income’ account when the right of payment has been established.

Financial assets at FVOCI - equity investments
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI, however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in ‘Net unrealized gains (losses) on financial assets at FVOCI’ in the statements of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on financial assets at FVOCI account is not reclassified to profit or loss, but is reclassified directly to Surplus free account. Any dividends earned on holding these equity instruments are recognized in profit or loss under ‘Miscellaneous Income’ account.

Financial assets at FVOCI - debt investments
The Group applies the new category under PFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in 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. The ECL calculation for financial assets at FVOCI is explained in the ‘Impairment of Financial Assets’ section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) 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 characteristic of the instrument’s contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group’s business model will be effected only at the beginning of the next reporting period following the change in the business model.

Derivatives recorded at FVTPL
The Parent Company is a counterparty to derivative contracts, such as currency forwards and currency swaps. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives are taken directly to the statement of income and are included in 'Trading and securities gains - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Reclassification of financial assets
The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) 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 characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group and the Parent Company assess that they have currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group, the Parent Company and all of the counterparties.

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and the Parent Company.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
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 asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control over the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that 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 that the Group could be required to repay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:
- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liability
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

<u>Impairment of Financial Assets</u>
The Group and the Parent Company record the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVTPL, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under PFRS 9.

ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment
A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) past due up to 30 days except for microfinance loans wherein days past due for Stage 1 accounts is 0 - 6 days; (ii) accounts tagged as 'Current' are tagged as Stage 1 accounts; (iii) no significant increase in the probability of default. The Group recognizes a 12-month ECL for Stage 1 financial instruments.

- Stage 2 is comprised of all financial instruments which have experienced a SICR since initial recognition. A SICR is generally deemed present in accounts with: (i) more than 30 days up to 90 days past due, except for microfinance loans; (ii) loan especially mentioned or substandard; or (iii) which credit rating has deteriorated by at least two (2) notches down; or (iv) in specific industries specifically identified by the Group to have been heavily impacted by the pandemic. For the commercial loans, stage 2 criteria (i), (ii), (iii) and (iv) are considered; while for the retail loans, only stage 2 criteria (i) is used. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of "default" and "restored"
The Group classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Significant increase in credit risk
The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio.

The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The Group segmented its LGD based on homogenous risk characteristics and calculated the corresponding averages based on security.

EAD is 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, and expected drawdowns on committed facilities.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group applied the general approach for its receivable from customer. The Group used sophisticated method on its large-scale and medium-scale businesses and motorcycle loans. While simplified models using vintage loss rate approach was used for the remaining portfolios (i.e., home, auto, personal loans (secured and unsecured), microfinance and small-scale business).

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Consumer loans and credit card receivables
The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing

or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is up to five years.

Restructured loans
Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered as past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur.

Write-offs
Financial assets are written off either partially or in their entirety when the Group no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, 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 and credit losses' account.

Investment in Subsidiary
Subsidiary pertains to entity over which the Parent Company has control. Investment in a subsidiary in the separate financial statements is accounted for using the equity method. Under the equity method, the investment in a subsidiary is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group and the Parent Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of income reflects the Parent Company's share of the results of operations of the subsidiary. Any change in OCI of the investee is presented as part of the Group and the Parent Company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Parent Company's share of profit or loss of a subsidiary is shown on the face of the statement of income under 'Share in net income (loss) of a subsidiary' and represents profit or loss after tax in the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Parent Company determines whether it is necessary to recognize an impairment loss on its investment in a subsidiary. At each statement of financial position date, the Parent Company determines whether there is objective evidence that the investment in a subsidiary is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, then recognizes the loss in the statement of income.

Upon loss of control over the subsidiary, the Parent Company measures and recognizes any retained investment at its fair value.

As of December 31, 2021 and December 31, 2020, the sole and wholly owned subsidiary of the Parent Company is LSB (see Note 9).

Investment in Associates
Associates pertain to all entities over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investment in associates is accounted for under the equity method of accounting.

The Parent Company's investments in its associates are accounted for using the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated and parent company statement of financial position at cost plus post-acquisition changes in the Parent Company's share in the net assets of the associates. The consolidated and parent company statement of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognized in the investees' other comprehensive income, the Parent Company recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income. Profits and losses arising from transactions between the Parent Company and the associate are eliminated to the extent of the interest in the associates.

Upon loss of significant influence over the associate, the Parent Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment and Right-of-Use Assets
Land is stated at cost less any impairment in value. Depreciable property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The estimated useful lives of property and equipment follow:

Building	25 years
Transportation equipment	5 years
Leasehold improvements	5 years
Furniture, fixtures and equipment	3 to 5 years

The useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statement of income (see accounting policy on Impairment of Non-financial Assets).

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any less any lease incentives received and estimate of costs to be incurred by the lessee 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.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified as ‘Investment properties’ upon: a) entry of judgment in case of judicial foreclosure; b) execution of the Sheriff’s Certificate of Sale in case of extra-judicial foreclosure; or c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

The difference between the fair value of the asset acquired and the carrying amount of the asset given up is recognized as ‘Gain (loss) on initial recognition of investment properties’ under ‘Miscellaneous income’ in the statement of income.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

Investment properties are derecognized when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income under ‘Miscellaneous income’ in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against income in the year in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed ten (10) years for buildings and condominium units.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property, the deemed cost of the property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in compliance with the policy stated under property and equipment up to the date of change in use.

Other Assets - Repossessed Chattels

Repossessed chattels represent other properties acquired in settlement of loan receivables comprising mainly of repossessed vehicles. Repossessed chattels are stated at cost less accumulated depreciation and impairment in value. Depreciation is calculated on a straight-line basis using the remaining useful lives of the vehicles from the time of acquisition. The useful lives of repossessed chattels are estimated to be three (3) to five (5) years.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in the statement of income in the year of acquisition.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Parent Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if event or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated at each of the Parent Company’s cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger that an operating segment in accordance with PFRS 8, *Operating Segments*.

Where goodwill has been allocated to a CGU and part of the operation within the unit is disposed of, the goodwill associated with the operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and net assets plus cumulative translation differences and goodwill is recognized in the statement of income.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Branch licenses
Branch licenses arise from the acquisition of branches and lincenses of a local bank by Group. The Group's branch licenses have indefinite useful lives and are subject to annual individual impairment testing. These are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Software costs
Software costs are carried at cost less accumulated amortization and any impairment loss. Software costs are amortized on a straight-line basis over the estimated useful life which ranges from three (3) to seven (7) years.

Impairment of Non-financial Assets
Property and equipment, right-of-use assets, investment in subsidiary and associates, investment properties and repossessed chattels
At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down

to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is charged to operations in the year in which it arises. An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset (or CGU) is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group concluded that it is acting as a principal in all of its revenue arrangements except for commission income arrangements.

PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:
a. Identify the contract(s) with a customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligation in the contract
e. Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues within the scope of PFRS 15

Service fees and commission income
Fees earned for the provision of services over a period of time are accrued over that period. These fees include investment fund fees, custodian fees, fiduciary fees, portfolio fees, commission income, credit-related fees and other service and management fees. Fees on deposit-related accounts are

recognized only upon collection or accrued when there is reasonable degree of certainty as to its collection.

Income from sale of property and equipment, investment properties and repossessed chattels
Income from sale of property and equipment, investment properties and repossessed chattels is recognized at point-in-time upon completion of the earning process and the collectability of the sales price is reasonably assured.

Other income
Other income is recognized when earned at a point in time and is recorded under 'Miscellaneous income' in the statement of income.

Revenues outside the scope of PFRS 15

Interest income
For all financial instruments measured at amortized cost and interest-bearing financial instruments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes 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.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income'.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Interest income - finance lease
The excess of aggregate lease rentals plus the estimated residual value over the cost of the leased investment property constitutes the unearned lease income. Residual values represent estimated proceeds from the disposal of investment property at the time lease is estimated. The unearned lease income is amortized over the term of the lease, commencing on the month the lease is executed using the EIR method.

Unearned lease income ceases to be amortized when the lease contract receivables become past due for more than three months.

Dividend income
Dividend income, included in 'Miscellaneous income', is recognized when the Group's right to receive payment is established.

Trading and securities gains - net
Trading and securities gains - net represents results arising from disposal of AFS and HTM investments and trading activities including all gains and losses from changes in fair value of financial assets at FVTPL.

Gains on sale of investment securities at amortized cost
Gains on sale of investment securities at amortized cost is recognized when the risk and rewards of the amortized cost securities are transferred to the buyer at an amount equal to the difference of the selling price and the carrying amount of the securities.

Rental income
Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Miscellaneous income'.

<u>Expense Recognition</u>
Expenses are recognized when it is probable that decrease in future economic benefits related to the decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Group include, among others, the operating expenses on the Group's operation.

Operating expenses
Operating expenses constitute costs which arise in the normal business operation and are recognized when incurred.

Taxes and licenses
This includes all other taxes, local and national, including gross receipts taxes (GRT), documentary stamp taxes, real estate taxes, licenses and permit fees and are recognized when incurred.

<u>Leases</u>
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as lessor
Finance leases, where the Group transfers substantially all the risks and benefits incidental to ownership of the leased item to the lessee, are included in the statement of financial position under 'Loans and receivables' account. A lease receivable is recognized at an amount equal to the net investment in the lease. All income resulting from the receivables is included in 'Interest income on loans and receivables' in the statement of income.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

Group as lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are presented under 'Property and equipment' in the consolidated and parent company statement of financial position and are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities are presented under 'Other liabilities' in the consolidated and parent company statement of financial position.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option), except for office/building, parking and ATM spaces. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Cost
The Group has a noncontributory defined benefit retirement plan. The retirement cost of the Group is actuarially determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the

statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of income.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Income Taxes

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the statement of financial position date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused net operating loss carryover (NOLCO) and carryforward of unsed tax benefits from excess of the minimum corporate income tax (MCIT) over regular corporate income tax (RCIT).

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settles, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. If the Group changes the structure of its internal organization in a manner that causes the composition of its reportable segment to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Financial information on business segments is presented in Note 29.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective:

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments and Estimates

The preparation of the Group's financial statements requires the management of the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities at the statement of financial position date. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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>Judgments</u>

a) *Estimating the incremental borrowing rate - leases*
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjjustments (such as the credit spread for a stand-alone credit rating, or to reflect the terms and conditions of the lease).

b) *Contingencies*
The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations.

It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 28).

c) *Evaluation of business model in managing financial instruments*
The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

The Parent Company's BOD approved its documentation of business models which contains broad categories of business models. The business model includes the Parent Bank's lending activities as well as treasury business activities broken down into liquidity and investment portfolios.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an 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 certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In 2020, the Parent Company sold peso-currency denominated securities under HTC portfolio with carrying value of ₱3.35 billion resulting in a gain on disposal amounting to ₱190.91 million. Prior to the disposal, the Parent Company noted significant withdrawals from depositors because of the imposition of the community quarantine protocols. The Parent Company anticipated further pressures to liquidity because of the implementation of the Republic Act No. 11468 or the "Bayanihan To Heal as One Act" which grants a moratorium on all loan payments falling due within the period of enhanced community quarantine for a minimum of thirty (30) days without incurring interests, penalties, fees, or other charges. The remaining HTC securities of the Parent Company will remain to be under a HTC business model. Details of the disposal of HTC are included in Note 7.

In 2019, the Parent Company sold various foreign-currency denominated securities under its HTC portfolio. The sale was driven by the change in investment policy with respect to additional Risk Aceptance Criteria (RAC) for bonds booked under HTC. This is in anticipation of new regulations in country risk and Interest Rate Risk in the Banking Books (IRRBB) to be issued that push for a more robust risk management for investments. The Parent Company disposed all of its foreign-currency denominated HTC securities with tenor of more than fifteen (15) years. Effectively, the Parent Company abandoned its foreign currency denominated HTC portfolio with a tenor of more than 15 years. The remaining securities in the HTC portfolio will continue to be measured at amortized cost. Details of the disposal of foreign-currency denominated securities under HTC portfolio are included in Note 7.

e) *Significant influence over an associate*
In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Group a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

Estimates

a) *Expected credit losses on financial assets*
The Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:
- whether a financial asset has had a significant increase in credit risk since initial recognition; whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of
- default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the
- components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss
- should be recognized and the applicable loss rate

In 2021 and 2020, the Group also identified specific accounts within industries that would need to be assessed separately for ECL purposes. The status of the accounts and the potential impact of the pandemic to these accounts were considered by the Group in the assessment. The group also considered the potential direction of the maccroeconomic indicators because of the pandemic in the scenario generation and the assignment of probabilities for each scanerio.

The details of the expected credit losses on financial assets are presented in Notes 7, 8, and 14.

b) *Impairment of non-financial assets*

Investment properties and repossessed chattels

The Group assesses impairment on investment properties and repossessed chattels whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

a. significant underperformance relative to expected historical or projected future operating results;
b. significant changes in the manner of use of the acquired assets or the strategy for overall business; and
c. significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the fair value less costs to sell for investment properties and repossessed chattels. Recoverable amounts are estimated for individual assets.

The carrying values of and the allowance for impairment losses, if any, on investment properties and repossessed chattels of the Group and of the Parent Company are disclosed in Notes 11, 13 and 14.

Branch licenses

Branch License is considered an intangible asset with an indefinite useful life and it is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. The recoverable amount of the CGU, the Branch Banking Unit, has been determined based on a value in use calculations using cash flow projections from financial budgets approve by senior management covering a five-year period. The Group used the cost of equity as discount rate. Key assumptions used in the value in use calculation are pre-tax discount rate and growth rate, which are at 13.83% and 4.46%, respectively in 2021 and 12.89% and 4.90%, respectively in 2020. Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGUs to exceed their recoverable amount. The carrying values of and allowance for impairment losses on branch licenses of the Group are disclosed in Note 12.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events of changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The Group estimated the discount rate used for the computation of the net present value be referenced to industry cost of capital. The recoverable amount of the CGU, the Investment in Subsidiary, has been determined based on a value in use calculations using cash flow projections from financial budgets approve by senior management covering a five-year period. Average growth rate was derived from the average increase in annual income during the last five (5) years. Key assumptions used in the value in use calculation are pre-tax discount rate and growth rate, which are at 12.80% and 5.06%, respectively in 2021 and 12.51% and 4.90%, respectively in 2020. Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGUs to exceed their recoverable amount.

The carrying values of goodwill of the Group are disclosed in Note 9.

c) *Recoverability of deferred tax assets*
Deferred tax assets are recognized for temporary differences, unused tax losses and excess of MCIT over RCIT to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits available which is primarily derived from interest income on loans and receivables and affected by expected future market or economic conditions and the expected performance of the Group and the Parent Company together with future tax planning strategies.

The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The primary source of the income of the Group and Parent Company is coming from interest income from loans and receivables, Management uses historical information and and forecast of future economic conditions as basis of growth in projecting future taxable income. Growth rate applied to the projections in 2021 and 2020 are 17.87% and 33.88%%, respectively. Details of recognized and unrecognized deferred tax on temporary differences are disclosed in Note 25.

d) *Present value of retirement liability*
The cost of defined benefit retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumed discount rates were determined using market yields on Philippine government bonds with terms consistent with the expected employee benefit payouts as of the statement of financial position date.

The present values of the Group and the Parent Company's defined benefit obligation as of December 31, 2021 and December 31, 2020 are disclosed in Note 22.

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4. Financial Risk Management Objectives and Polices

The main risks arising from the Group's financial instruments are credit, market and liquidity risks. In general, the Group's risk management objective is to ensure that risks taken are within the Group's risk appetite, which is assessed based on the Group's capital adequacy framework. The risk management process involves risk identification, measurement, control and monitoring.

The Group recognizes that risk management is the responsibility of the entire organization. Accordingly, all employees are expected to manage risks relating to their own responsibilities. Still, there are specialized entities within the Group that perform certain rl0isk management functions.

The Board of Directors (BOD) ultimately oversees and approves significant matters related to risk management throughout the Parent Company, upon the review and recommendation of various committees composed of members of the BOD and Senior Management. Among the Parent Company's committees are:
- the Corporate Governance Committee, which ensures the BOD's effectiveness and due observance of the corporate governance principles and guidelines;
- the Risk Oversight Committee (ROC), which is responsible for the development and oversight of the Parent Company's risk management program;
- the Audit Committee, which examines the Parent Company's framework of risk management, control and governance process to ensure that these are adequate and functional; and

- the Credit Committee, which recommends credit policies and evaluates credit applications.

The following units within the Parent Company jointly perform risk management functions on a daily basis:
- Compliance for regulatory risk;
- Treasury for funding and liquidity risk;
- Credit Management Group for credit risk;
- Enterprise Risk Management Group (ERMG) for various risks, including market risk; credit and operational risks; and
- Internal Audit for the evaluation of the adequacy of internal control systems, covering operational risk.

These units submit various risk reports to the Management Committee, the ROC and the BOD, among others.

Further specific risk management disclosures, including mitigation, measurement and control, are in the succeeding sections.

Credit Risk

Credit risk may be defined as the possibility of loss due to the failure of a customer/borrower or counterparty to perform its obligation to the Group.

The Group has several credit risk mitigation practices:
- The Group offers a variety of loan products with substantial collateral values. The latter part of this credit risk section discusses collateral and other credit enhancements.
- Limits are set on the amount of credit risk that the Group is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Group also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Group employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio

In view of the heightened credit risk arising from the pandemic, at the start of the Enhanced Community Quarantine (ECQ), the Group conducted a credit risk assessment or rapid review process to assess the effect of the pandemic on loan portfolios. Account assessment during the onset of the pandemic is an inherent process in the conduct of credit assessment of borrowers within the bounds of the existing credit policies. The Group identified and segmented borrowers based on the following major factors: (a) ownership, (b) payment performance, (c) financials or financial condition of borrower, (d) industry where the borrower operates in, as well as industry prospects, (e) the effect of the pandemic and the ECQ on the operations of the borrower, and (f) collateral position. This has enabled the Group to focus on potential major risks and the comparison of all borrowers or credit exposures across business lines and borrower credit worthiness. The Group also revisited the credit risk rating to capture risk level.

Maximum exposure to credit risk

The table below shows the Group's net credit risk exposure for financial assets with maximum exposure to credit risk different from its carrying amounts after considering the financial effect of collateral and other credit enhancements:

	Consolidated			
	December 31, 2021			
	Carrying Amount	**Fair Value of Collateral**	**Financial Effect of Collateral**	**Maximum Exposure to Credit Risk**
Interbank loans receivables and SPURA	**₱14,881,826,705**	**₱117,595,804**	**₱117,595,804**	**₱14,764,230,901**
Loans and receivables:				
Receivables from customers:				
Commercial	**56,604,768,568**	**26,619,399,677**	**25,245,413,866**	**31,359,354,702**
Real estate	**29,222,292,971**	**44,506,945,629**	**27,293,001,211**	**1,929,291,760**
Consumption	**10,321,390,441**	**3,052,894,035**	**2,624,172,960**	**7,697,217,481**
Domestic bills purchased	**516,654,187**	**516,654,187**	**516,654,187**	**–**
Other receivables:				
Accrued interest receivable	**1,355,330,553**	**–**	**–**	**1,355,330,553**
Accounts receivable	**1,050,502,948**	**–**	**–**	**1,050,502,948**
Sales contract receivable	**140,681,302**	**339,352,955**	**140,681,302**	**–**
	₱114,093,447,675	**₱75,152,842,287**	**₱55,937,519,330**	**₱58,155,928,345**

	Parent Company			
	December 31, 2021			
	Carrying Amount	**Fair Value of Collateral**	**Financial Effect of Collateral**	**Maximum Exposure to Credit Risk**
Interbank loans receivables and SPURA	**₱14,764,230,901**	**₱–**	**₱–**	**₱14,764,230,901**
Loans and receivables:				
Receivables from customers:				
Commercial	**56,615,522,242**	**26,347,645,112**	**25,188,197,923**	**31,427,324,319**
Real estate	**29,081,206,269**	**44,203,874,077**	**27,151,914,509**	**1,929,291,760**
Consumption	**8,663,099,856**	**2,827,605,266**	**2,515,817,477**	**6,147,282,379**
Domestic bills purchased	**516,654,187**	**516,654,187**	**516,654,187**	**–**
Other receivables:				
Accrued interest receivable	**1,325,679,161**	**–**	**–**	**1,325,679,161**
Accounts receivable	**1,049,046,613**	**–**	**–**	**1,049,046,613**
Sales contract receivable	**122,249,968**	**245,516,474**	**122,249,968**	**–**
	₱112,137,689,197	**₱74,141,295,116**	**₱55,494,834,064**	**₱56,642,855,133**

	Consolidated			
	December 31, 2020			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱4,495,757,260	₱4,356,755,246	₱4,356,755,246	₱139,002,014
Loans and receivables:				
Receivables from customers:				
Commercial	50,675,925,746	20,609,092,071	20,254,834,500	30,421,091,246
Real estate	23,693,225,684	25,812,580,155	19,131,128,527	4,562,097,157
Consumption	9,884,643,409	9,377,871,442	6,448,470,383	3,436,173,026
Domestic bills purchased	447,884,707	447,884,707	447,884,707	–
Other receivables:				
Accrued interest receivable	1,359,688,647	–	–	1,359,688,647
Accounts receivable	771,218,230	–	–	771,218,230
Sales contract receivable	47,780,134	197,231,123	47,780,134	–
	₱91,376,123,817	₱60,801,414,744	₱50,686,853,497	₱40,689,270,320

	Parent Company			
	December 31, 2020			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱4,366,091,085	₱4,356,755,246	₱4,356,755,246	₱9,335,839
Loans and receivables:				
Receivables from customers:				
Commercial	50,677,307,096	20,328,513,674	20,197,720,179	30,479,586,917
Real estate	23,609,739,288	25,614,887,630	19,047,642,131	4,562,097,157
Consumption	8,462,649,904	9,172,357,896	6,307,299,696	2,155,350,208
Domestic bills purchased	447,884,707	447,884,707	447,884,707	–
Other receivables:				
Accrued interest receivable	1,313,141,054	–	–	1,313,141,054
Accounts receivable	732,990,953	–	–	732,990,953
Sales contract receivable	27,271,822	84,350,341	27,271,822	–
	₱89,637,075,909	₱60,004,749,494	₱50,384,573,781	₱39,252,502,128

Offsetting of financial assets and financial liabilities

The Group has derivative financial instruments with various counterparties transacted under the International Swaps and Derivatives Association (ISDA) which are subject to enforceable master netting agreements. Under the agreements, the Group has the right to settle its derivative financial instruments either: (1) upon election of the parties; or (2) in the case of default and insolvency or bankruptcy. The Parent Company, however, has no intention to net settle or to gross settle the accounts simultaneously.

The following table shows the effect of rights of set-off associated with the recognized financial assets and financial liabilities of the Group:

	Consolidated					
	Gross amounts of recognized financial instruments	**Gross amounts set-off in accordance with the PAS 32 offsetting criteria**	**Net amount presented in statements of financial position**	**Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria**		
				Financial instruments	**Financial collateral**	**Net exposure**
December 31, 2021						
Financial Assets						
SPURA (Note 6)	**₱117,595,804**	**₱–**	**₱117,595,804**	₱–	**₱117,595,804**	₱–
Derivative assets (Note 7)	**–**	–	–	–	–	–
Total	**₱117,595,804**	**₱–**	**₱117,595,804**	₱–	**₱117,595,804**	₱–
Financial Liabilities						
Derivative liabilities (Note 7)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
December 31, 2020						
Financial Assets						
SPURA (Note 6)	₱3,482,833,472	₱–	₱3,482,833,472	₱–	₱3,482,833,472	₱–
Derivative assets (Note 7)	556,022	–	556,022	–	–	556,022
Total	₱3,483,389,494	₱–	₱3,483,389,494	₱–	₱3,482,833,472	₱556,022
Financial Liabilities						
Derivative liabilities (Note 7)	₱–	₱–	₱–	₱–	₱–	₱–

	Parent Company					
	Gross amounts of recognized financial instruments	Gross amounts set-off in accordance with the PAS 32 offsetting criteria	Net amount presented in statements of financial position	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria: Financial instruments	Financial collateral	Net exposure
December 31, 2020						
Financial Assets						
SPURA (Note 6)	₱3,353,167,297	₱–	₱3,353,167,297	₱–	₱3,353,167,297	₱–
Derivative assets (Note 7)	556,022		556,022	–	–	556,022
Total	₱3,353,723,319	₱–	₱3,353,723,319	₱–	₱3,353,167,297	₱556,022
Financial Liabilities						
Derivative liabilities (Note 7)	₱–	₱–	₱–	₱–	₱–	₱–

Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of credit risk. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Mortgages over real estate and vehicle for consumer lending
- Chattels over inventory and receivable for commercial lending
- Government securities for interbank lending

It is the Group's policy to dispose repossessed properties in an orderly fashion. In general, the proceeds are used to reduce or repay the outstanding claim, and are not occupied for business use.

Concentration of credit

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The tables below show the distribution of maximum exposure to credit risk by industry sector of the Group before taking into account collateral held and other credit enhancements (in millions):

	Consolidated		
	December 31, 2021		
	Loans and Receivables*	**Investment Securities****	**Total**
Financial and insurance activities	**₱42,376**	**₱210**	**₱42,586**
Real estate activities	**19,014**	**3,126**	**22,140**
Manufacturing	**14,572**	**1,042**	**15,614**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**13,460**	**–**	**13,460**
Transportation and storage	**9,246**	**809**	**10,055**
Electricity, gas, steam and air conditioning supply	**6,070**	**4,882**	**10,952**
Construction	**3,729**	**–**	**3,729**
Agriculture, forestry and fishing	**780**	**–**	**780**
Other service activities	**41,467**	**24,938**	**66,405**
	150,714	**35,007**	**185,721**
Less allowance for credit losses	**(2,385)**	**(1)**	**(2,386)**
	₱148,329	**₱35,006**	**₱183,335**

**All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines*

***Financial assets at FVTPL, FVOCI and amortized cost*

	Parent Company		
	December 31, 2021		
	Loans and Receivables*	**Investment Securities****	**Total**
Financial and insurance activities	**₱41,785**	**₱240**	**₱42,025**
Real estate activities	**18,827**	**3,126**	**21,953**
Manufacturing	**14,566**	**1,042**	**15,608**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**13,265**	**-**	**13,265**
Transportation and storage	**9,244**	**809**	**10,053**
Electricity, gas, steam and air conditioning supply	**6,070**	**4,882**	**10,952**
Construction	**3,710**	**–**	**3,710**
Agriculture, forestry and fishing	**705**	**–**	**705**
Other service activities	**39,831**	**24,918**	**64,749**
	148,003	**35,017**	**183,020**
Less allowance for credit losses	**(2,121)**	**(1)**	**(2,122)**
	₱145,882	**₱35,016**	**₱180,898**

**All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines*

***Financial assets at FVTPL, FVOCI and amortized cost*

	Consolidated		
	2020		
	Loans and Receivables*	Investment Securities**	Total
Real estate activities	₱27,214	₱1,338	₱28,552
Financial and insurance activities	34,280	215	34,495
Wholesale and retail trade, repair of motor vehicles, motorcycles	11,067	–	11,067
Electricity, gas, steam and air conditioning supply	7,144	4,681	11,825
Transportation and storage	4,400	–	4,400
Manufacturing	7,511	–	7,511
Construction	3,569	–	3,569
Agriculture, forestry and fishing	7,043	–	7,043
Others	24,077	21,221	45,298
	126,305	27,455	153,760
Less allowance for credit losses	(1,804)	(3)	(1,807)
	₱124,501	₱27,452	₱151,953

**All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines*

***Financial assets at FVTPL, FVOCI and amortized cost*

	Parent Company		
	2020		
	Loans and Receivables*	Investment Securities**	Total
Real estate activities	₱27,090	₱1,338	₱28,428
Financial and insurance activities	33,610	245	33,855
Wholesale and retail trade, repair of motor vehicles, motorcycles	10,855	–	10,855
Electricity, gas and water	7,150	4,681	11,831
Transportation and storage	4,397	–	4,397
Manufacturing	7,502	–	7,502
Construction	3,547	–	3,547
Agriculture, hunting and forestry	6,964	–	6,964
Others	22,672	21,202	43,874
	123,787	27,466	151,253
Less allowance for credit losses	(1,568)	(3)	(1,571)
	₱122,219	₱27,463	₱149,682

**All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines*
***Financial assets at FVTPL, FVOCI and amortized cost*

Credit quality
Parent Company
The credit quality of financial assets is managed by the Parent Company using an internal credit rating system for the purpose of measuring credit risk in a consistent manner as accurately as possible. The model on risk ratings is assessed regularly because the Parent Company uses this information as a tool for business and financial decision making.

The rating categories are further described below.

Grades	**Categories**	**Description**
High grade		
Risk rating 1	Excellent	Lowest probability of default; exceptionally strong capacity for financial commitments; highly unlikely to be adversely affected by foreseeable events.
Risk rating 2	Super Prime	Very low probability of default; very strong capacity for payment of financial commitments; less vulnerable to foreseeable events.
Risk rating 3	Prime	Low probability of default; strong capacity for payment of financial commitments; may be more vulnerable to adverse business/economic conditions.
Risk rating 4	Very Good	Moderately low probability of default; more than adequate capacity for payment of financial commitments; but adverse business/economic conditions are more likely to impair this capacity.
Risk rating 5	Good	More pronounced probability of default; business or financial flexibility exists which supports the servicing of financial commitments; vulnerable to adverse business/economic changes.

Grades	Categories	Description
Standard		
Risk rating 6	Satisfactory	Material probability of default is present, but a margin of safety remains; financial commitments are currently being met although the capacity for continued payment is vulnerable to deterioration in the business/economic condition.
Risk rating 7	Average	Greater probability of default which is reflected in the volatility of earnings and overall performance; repayment source is presently adequate; however, prolonged unfavorable economic period would create deterioration beyond acceptable levels.
Risk rating 8	Fair	Sufficiently pronounced probability of default, although borrowers should still be able to withstand normal business cycles; any prolonged unfavorable economic/market conditions would create an immediate deterioration of cash flow beyond acceptable levels.
Sub-standard grade		
Risk rating 9	Marginal	Elevated level of probability of default, with limited margin; Repayment source is adequate to marginal.
Risk rating 10	Watchlist	Unfavorable industry or company specific risk factors represent a concern, financial strength may be marginal; will find it difficult to cope with significant downturn.
Risk rating 11	Special mention	Loans have potential weaknesses that deserve close attention; borrower has reached a point where there is a real risk that the borrower's ability to pay the interest and repay the principal timely could be jeopardize due to evidence of weakness in the borrower's financial condition.
Risk rating 12	Substandard	Substantial and unreasonable degree of risk to the institution because of unfavorable record or unsatisfactory characteristics; with well-defined weakness(es) that jeopardize their liquidation. e.g. negative cash flow, in case of fraud.
Past due and impaired		
Risk rating 13	Doubtful	Weaknesses similar to "Substandard", but with added characteristics that make liquidation highly improbable.
Risk rating 14	Loss	Uncollectible or worthless.

The Parent Company's ICRR system intends to provide a structure to define the credit portfolio, and consists of an initial rating for the borrower risk adjusted for the facility risk. Inputs include an assessment of management, credit experience, financial condition, industry outlook, documentation, security and term.

Below is the staging parameters adopted by the Parent Company:

Staging Parameter	Stage	Description
Staging by Days Past Due		*Applicable to all loan products.*
	1	Accounts with 0 – 30 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 1 accounts is 0 – 6 days).
	2	Accounts with 31 – 90 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 2 accounts is 7 – 10 days).
	3	Accounts with days past due of 91 days and above (applicable for all loan products except for microfinancing loans wherein days past due for Stage 3 accounts is 11 days and above).
Staging by Status		*Applicable to all loan products except for Microfinance.*
	1	Accounts tagged as Current in its Status are classified under Stage 1.
	2	Accounts tagged as Past due performing in its Status are classified under Stage 2.
	3	Accounts tagged as ITL and NPL in its Status are classified under Stage 3.
Staging by Origination Rating vs Current Rating		*Applicable to Commercial Loans (Large Scale and Medium Scale) only.*
	1	If no movement in the ratings from origination rating against the latest rating, the staging will be based on the current ICRRS rating. If the account's current rating is either Excellent, Super Prime, Prime, Very Good, Good, Satisfactory, Average, Fair, the account will be tagged under Stage 1.
	2	If the account's current rating/equivalent Risk Level deteriorates by 2 notches from its origination rating/equivalent Risk Level, the account is tagged under Stage 2. If no movement in the ratings from origination rating against the latest rating, the staging will be based on the latest ICRRS rating. If the account's latest Rating is either Marginal, Watchlist or Especially Mentioned, account will be tagged under Stage 2.
	1	If maturity date of the account is after the cut-off date of the ECL Calculation and if the days leading up to the cut-off date of the ECL Calculation from the maturity date is less than 30 days, the account is tagged under Stage 1 (For Microfinance loans, if maturity date of the account is after the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 7 days, the account is tagged under Stage 1).

Staging Parameter	Stage	Description
	3	If maturity date of the account is prior to the cut-off date of the ECL Calculation and if the days leading up to the cut-off date of the ECL Calculation from the maturity date is more than 30 days, the account is tagged under Stage 3 (For Microfinance loans, if maturity date of the account is prior the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 10 days, the account is tagged under Stage 3).

The following tables show the credit quality per class of loans and receivables, gross of allowance for credit losses and unearned interest and discount of the Group and Parent Company (in millions):

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	₱16,742	₱2,273	₱–	₱19,015
Standard	17,118	10,304	–	27,422
Substandard	2,564	7,786	–	10,350
Unrated	179	–	–	179
Past due but not impaired	–	25	–	25
Past due and impaired	–	–	888	888
	36,603	20,388	888	57,879
Real estate				
Neither Past Due nor Impaired				
High grade	–	–	–	–
Standard	233	–	–	233
Substandard	16	–	–	16
Unrated	26,536	–	–	26,536
Past due but not impaired	–	1,314	–	1,314
Past due and impaired	–	–	1,619	1,619
	26,785	1,314	1,619	29,718
Consumption				
Neither Past Due nor Impaired				
High grade	19	–	–	19
Standard	1,716	–	–	1,716
Substandard	77	–	–	77
Unrated	7,867	171	–	8,038
Past due but not impaired	–	472	–	472
Past due and impaired	–	–	776	776
	9,679	643	776	11,098
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	489	–	–	489
Standard	28	–	–	28
Substandard	–	–	–	–
Unrated	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	–	–
	517	–	–	517
Total receivable from customers	73,584	22,345	3,283	99,212
Other receivables:				
Neither Past Due nor Impaired				
High grade	623	17	–	640
Standard	514	72	–	586
Substandard	18	111	–	129
Unrated	505	8	–	513
Past due but not impaired	–	45	–	45
Past due and impaired	–	–	766	766
	1,660	253	766	2,679
	₱75,244	₱22,598	₱4,049	₱101,891

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	**₱16,742**	**₱2,273**	**₱–**	**₱19,015**
Standard	**17,066**	**10,304**	**–**	**27,370**
Substandard	**2,630**	**7,786**	**–**	**10,416**
Unrated	**179**	**–**	**–**	**179**
Past due but not impaired	**–**	**25**	**–**	**25**
Past due and impaired	**–**	**–**	**839**	**839**
	36,617	**20,388**	**839**	**57,844**
Real estate				
Neither Past Due nor Impaired				
High grade	**–**	**–**	**–**	**–**
Standard	**109**	**–**	**–**	**109**
Substandard	**–**	**–**	**–**	**–**
Unrated	**26,537**	**–**		**26,537**
Past due but not impaired	**–**	**1,312**		**1,312**
Past due and impaired	**–**	**–**	**1,618**	**1,618**
	26,646	**1,312**	**1,618**	**29,576**
Consumption				
Neither Past Due nor Impaired				
High grade	**19**	**–**	**–**	**19**
Standard	**116**	**–**	**–**	**116**
Substandard	**17**	**–**	**–**	**17**
Unrated	**7,777**	**172**	**–**	**7,949**
Past due but not impaired	**–**	**439**	**–**	**439**
Past due and impaired	**–**	**–**	**607**	**607**
	7,929	**611**	**607**	**9,147**
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	**489**	**–**	**–**	**489**
Standard	**28**	**–**	**–**	**28**
Substandard	**–**	**–**	**–**	**–**
Unrated	**–**	**–**	**–**	**–**
Past due but not impaired	**–**	**–**	**–**	**–**
Past due and impaired	**–**	**–**	**–**	**–**
	517	**–**	**–**	**517**
Total receivable from customers	**71,709**	**22,311**	**3,064**	**97,084**
Other receivables:				
Neither Past Due nor Impaired				
High grade	**623**	**17**	**–**	**640**
Standard	**484**	**72**	**–**	**556**
Substandard	**8**	**111**	**–**	**119**
Unrated	**494**	**8**	**–**	**502**
Past due but not impaired	**–**	**42**	**–**	**42**
Past due and impaired	**–**	**–**	**734**	**734**
	1,609	**250**	**734**	**2,593**
	₱73,318	**₱22,561**	**₱3,798**	**₱99,677**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	₱19,997	₱2,590	₱–	₱22,587
Standard	20,851	3,271	–	24,122
Substandard	2,215	1,837	–	4,052
Unrated	194	–	–	194
Past due but not impaired	–	89	–	89
Past due and impaired	–	–	470	470
	43,257	7,787	470	51,514
Real estate				
Neither Past Due nor Impaired				
High grade	18	–	–	18
Standard	147	7	–	154
Substandard	12	–	–	12
Unrated	20,848	547	198	21,593
Past due but not impaired	–	1,211	1,159	2,370
Past due and impaired	–	–	10	10
	21,025	1,765	1,367	24,157

(Forward)

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Consumption				
Neither Past Due nor Impaired				
High grade	₱127	₱–	₱–	₱127
Standard	1,268	–	–	1,268
Substandard	132	–	–	132
Unrated	7,316	207	40	7,563
Past due but not impaired	2	540	766	1,308
Past due and impaired	–	–	204	204
	8,845	747	1,010	10,602
Domestic bills purchased				
Neither Past Due nor Impaired				
Standard	460	–	–	460
Substandard	20	–	–	20
	480	–	–	480
Total receivable from customers	73,607	10,299	2,847	86,753
Other receivables:				
Neither Past Due nor Impaired				
High grade	451	433	–	884
Standard	507	70	–	577
Substandard	70	42	–	112
Unrated	418	27	–	445
Past due but not impaired	–	74	–	74
Past due and impaired	–	–	210	210
	1,446	646	210	2,302
	₱75,053	₱10,945	₱3,057	₱89,055

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	₱19,997	₱2,590	₱–	₱22,587
Standard	20,775	3,271	–	24,046
Substandard	2,281	1,837	–	4,118
Unrated	193	–	–	193
Past due but not impaired	–	83	–	83
Past due and impaired	–	–	403	403
	43,246	7,781	403	51,430
Real estate				
Neither Past Due nor Impaired				
High grade	18	–	–	18
Standard	77	7	–	84
Unrated	20,847	547	197	21,591
Past due but not impaired	–	1,211	1,159	2,370
Past due and impaired	–	–	9	9
	20,942	1,765	1,365	24,072
Consumption				
Neither Past Due nor Impaired				
High grade	127	–	–	127
Standard	48	–	–	48
Substandard	16	–	–	16
Unrated	7,226	207	40	7,473
Past due but not impaired	2	518	766	1,286
Past due and impaired	–	–	9	9
	7,419	725	815	8,959
Domestic bills purchased				
Neither Past Due nor Impaired				
Standard	460	–	–	460
Substandard	20	–	–	20
	480	–	–	480
Total receivable from customers	72,087	10,271	2,583	84,941
Other receivables:				
Neither Past Due nor Impaired				
High grade	451	433	–	884
Standard	457	70	–	527
Substandard	27	42	–	69
Unrated	424	27	–	451
Past due but not impaired	–	71	–	71
Past due and impaired	–	–	161	161
	1,359	643	161	2,163
	₱73,446	₱10,914	₱2,744	₱87,104

External ratings
In ensuring a quality investment portfolio, the Parent Company monitors credit risk from investments using credit ratings primarily based on Standard and Poor (S&P), Moody's and/or Fitch when available; otherwise, rating is based on mapped internal credit risk ratings (ICRRS). When the counterparty has no available external or internal ratings, it is included under "Unrated".

Credit quality of due from BSP and other banks and interbank loans receivable are based on available accredited international and local credit raters using Fitch as standard of rating.

The Parent Company assigns the following credit quality groupings based on ratings prior to PFRS 9 adoption as follows:

Credit Quality	**Fitch**	**Moody's**	**S&P**	**Stage**
High Grade	AAA to A-	Aaa to A3	AAA to A-	1
Standard Grade	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	1
Substandard Grade	B+ to C-	B1 to Ca	B+ to C	2
Past due and impaired	D	C	D	3

The following tables show the credit quality per class of financial assets other than receivables from customers and other receivables of the Group and Parent Company (in millions):

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVTPL				
Standard	**₱2**	**₱–**	**₱–**	**₱2**
Financial assets at FVOCI				
Government securities				
Standard	**15,090**	–	–	**15,090**
Private bonds				
Standard	**11,229**	–	–	**11,229**
Investment securities at amortized cost				
Government securities				
Standard	**6,656**	–	–	**6,656**
Private bonds				
Standard	**1,820**	–	–	**1,820**
Loans and receivables:				
Due from BSP				
Standard	**15,782**	–	–	**15,782**
Due from other banks				
Standard	**5,066**	–	–	**5,066**
Interbank loans receivable and SPURA				
Standard	**14,882**	–	–	**14,882**
Other assets:				
Refundable deposits				
Standard	**72**	–	–	**72**
	₱70,599	**₱–**	**₱–**	**₱70,599**

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVTPL				
Standard	**₱2**	**₱–**	**₱–**	**₱2**
Financial assets at FVOCI				
Government securities				
Standard	**15,090**	**–**	**–**	**15,090**
Private bonds				
Standard	**11,229**	**–**	**–**	**11,229**
Investment securities at amortized cost				
Government securities				
Standard	**6,656**	**–**	**–**	**6,656**
Private bonds				
High	**–**	**–**	**–**	**–**
Standard	**1,800**	**–**	**–**	**1,800**
Loans and receivables:				
Due from BSP				
Standard	**15,381**	**–**	**–**	**15,381**
Due from other banks				
Standard	**4,988**	**–**	**–**	**4,988**
Interbank loans receivable and SPURA				
Standard	**14,764**	**–**	**–**	**14,764**
Other assets:				
Refundable deposits				
Standard	**69**	**–**	**–**	**69**
	₱69,979	**₱–**	**₱–**	**₱69,979**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	₱87	₱–	₱–	₱87
Financial assets at FVOCI				
Government securities				
Standard	9,055	–	–	9,055
Private bonds				
High	5,410	–	–	5,410
Standard	4,564	74	–	4,638
Investment securities at amortized cost				
Government securities				
Standard	6,252	–	–	6,252
Private bonds				
High	900	–	–	900
Standard	900	–	–	900
Loans and receivables:				
Due from BSP				
Standard	20,368	–	–	20,368
Due from other banks				–
Standard	3,905	–	–	3,905
Interbank loans receivable and SPURA	–			–
Standard	4,496	–	–	4,496
Other assets:				–
Refundable deposits				–
Standard	68	–	–	68
	₱56,005	₱74	₱–	₱56,079

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	₱87	₱–	₱–	₱87
Financial assets at FVOCI				
Government securities				
Standard	9,055	–	–	9,055
Private bonds				
High	5,410	–		5,410
Standard	4,564	74		4,638
Investment securities at amortized cost				
Government securities				
Standard	6,232	–	–	6,232
Private bonds				
High	900	–	–	900
Standard	900	–	–	900
Loans and receivables:				
Due from BSP				
Standard	19,923	–	–	19,923
Due from other banks				
Standard	3,809	–	–	3,809
Interbank loans receivable and SPURA				
Standard	4,366	–	–	4,366
Other assets:				
Refundable deposits				
Standard	66	–	–	66
	₱55,312	₱74	₱–	₱55,386

As of December 31, 2021, the Group's and Parent Company's commitments and guaranty issued amounting to ₱5.45 billion, ₱0.20 billion and ₱3.86 billion have a risk rating class of High Grade, Standard Grade and Unrated, respectively (see Note 28).

As of December 31, 2020, the Group's and Parent Company's commitments and guaranty issued amounting to ₱4.61 billion, ₱1.21 billion and ₱2.96 billion have a risk rating class of High Grade, Standard Grade and Unrated, respectively (Note 28).

Liquidity Risk

Liquidity risk may be defined as the possibility of loss due to the Group's inability to meet its financial obligations when they become due. Liquidity risk is considered in the Group's assets and liabilities management. The Group seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market.The Parent Company's Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Parent Company also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Parent Company.

The Parent Company also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Bank, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Group's net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Group. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk.

To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one (1) year.

Analysis of financial instruments by remaining maturities
The table below summarized the maturity profile of the Group's financial instruments based on contractual undiscounted cash flows except for financial assets at FVTPL which and based on expected disposal (in millions):

	Consolidated					
	2021					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	**₱3,935**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,935**
Due from BSP	**15,782**	**–**	**–**	**–**	**–**	**15,782**
Due from other banks	**5,073**	**–**	**–**	**–**	**–**	**5,073**
Interbank loans receivable and SPURA*	**–**	**14,885**	**–**	**–**	**–**	**14,885**
Financial assets at FVTPL*	**–**	**2**	**–**	**–**	**–**	**2**
Financial assets at FVOCI*	**–**	**388**	**1,151**	**10,218**	**19,933**	**31,690**
Investment securities at amortized cost*	**–**	**867**	**410**	**6,058**	**2,589**	**9,924**
Loans and receivables*	**246**	**18,977**	**15,772**	**30,423**	**39,704**	**105,122**
Refundable deposits	**–**	**2**	**4**	**35**	**31**	**72**
	25,036	**35,121**	**17,337**	**46,734**	**62,257**	**186,485**
Financial Liabilities						
Deposit liabilities*	**₱93,884**	**₱42,473**	**₱9,598**	**₱10,164**	**₱5**	**₱156,124**
Bills payable*	**–**	**23**	**69**	**2,684**	**–**	**2,776**
Manager's checks	**–**	**1,066**	**–**	**–**	**–**	**1,066**
Lease liabilities*	**–**	**–**	**20**	**962**	**14**	**996**
Accrued expenses and other liabilities*	**32**	**4,697**	**–**	**59**	**–**	**4,788**
	93,916	**48,259**	**9,687**	**13,869**	**19**	**165,750**
Committed credit lines	**7,660**	**–**	**–**	**–**	**–**	**7,660**
	101,576	**48,259**	**9,687**	**13,869**	**19**	**173,410**
	(₱76,540)	**(₱13,138)**	**₱7,650**	**₱32,865**	**₱62,238**	**₱13,075**

**Includes future interest*

	Parent Company					
	December 31, 2021					
	On demand	**Up to 3 months**	**Over 3 up to 12 months**	**Over 1 to 5 Years**	**Over 5 years**	**Total**
Financial Assets						
Cash and other cash items	**₱3,828**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,828**
Due from BSP	**15,381**	–	–	–	–	**15,381**
Due from other banks	**4,988**	–	–	–	–	**4,988**
Interbank loans receivable and SPURA*	–	**14,767**	–	–	–	**14,767**
Financial assets at FVTPL*	–	**2**	–	–	–	**2**
Financial assets at FVOCI*	–	**388**	**1,151**	**10,218**	**19,933**	**31,690**
Investment securities at amortized cost*	–	**867**	**409**	**6,037**	**2,589**	**9,902**
Loans and receivables*	–	**18,977**	**15,772**	**30,423**	**39,704**	**104,876**
Refundable deposits	–	**2**	**4**	**32**	**31**	**69**
	24,197	**35,003**	**17,336**	**46,710**	**62,257**	**185,503**
Financial Liabilities						
Deposit liabilities*	**₱91,976**	**₱42,120**	**₱9,358**	**₱9,695**	**₱2**	**₱153,151**
Bills payable*	–	**23**	**69**	**2,684**	–	**2,776**
Manager's checks	–	**1,066**	–	–	–	**1,066**
Lease liabilities*	–	–	**20**	**903**	**14**	**937**
Accrued expenses and other liabilities*	–	**4,659**	–	–	–	**4,659**
	91,976	**47,868**	**9,447**	**13,282**	**16**	**162,589**
Committed credit lines	**7,660**	–	–	–	–	**7,660**
	99,636	**47,868**	**9,447**	**13,282**	**16**	**170,249**
	(₱75,439)	**(₱12,865)**	**₱7,889**	**₱33,428**	**₱62,241**	**₱15,254**

**Includes future interest*

	Consolidated					
	2020					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	₱2,823	₱–	₱–	₱–	₱–	₱2,823
Due from BSP	20,368	–	–	–	–	20,368
Due from other banks	3,907	–	–	–	–	3,907
Interbank loans receivable and SPURA	–	4,496	–	–	–	4,496
Financial assets at FVTPL	–	86	–	–	1	87
Financial assets at FVOCI	–	7,151	1,282	5,794	10,384	24,611
Investment securities at amortized cost	–	190	614	5,637	3,261	9,702
Loans and receivables	283	20,218	17,605	37,060	36,610	111,776
Other assets	–	2	4	32	29	67
	27,381	32,143	19,505	48,523	50,285	177,837
Financial Liabilities						
Deposit liabilities	₱50,304	₱48,137	₱8,411	₱10,672	₱5	₱117,529
Bonds payable	–	78	10243	–	–	10,321
Manager's checks	1,152	–	–	–	–	1,152
Lease liabilities	2	6	35	896	39	978
Accrued expenses and other liabilities	14	3,203	–	31	–	3,248
	51,472	51,424	18,689	11,599	44	133,228
Commitments	6,945	–	–	–	–	6,945
	58,417	51,424	18,689	11,599	44	140,173
	(₱31,036)	(₱19,281)	₱816	₱36,924	₱50,241	₱37,664

	Parent Company					
	December 31, 2020					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	₱2,750	₱–	₱–	₱–	₱–	₱2,750
Due from BSP	19,923	–	–	–	–	19,923
Due from other banks	3809	–	–	–	–	3,809
Interbank loans receivable and SPURA	–	4,366	–	–	–	4,366
Financial assets at FVTPL	–	86	–	–	1	87
Financial assets at FVOCI	–	7,151	1,282	5,772	10,384	24,589
Investment securities at amortized cost	–	190	614	5,637	3,261	9,702
Loans and receivables	–	20,117	17,324	35,533	36,448	109,422
Other assets	–	2	4	31	29	66
	26,482	31,912	19,224	46,973	50,123	174,714
Financial Liabilities						
Deposit liabilities	₱49,017	₱47,886	₱8,197	₱10,316	₱3	₱115,419
Bonds payable	–	78	10,243	–	–	10,321
Manager's checks	1,152	–	–	–	–	1,152
Lease liabilities	2	4	27	863	25	921
Accrued expenses and other liabilities	–	3,182	–	–	–	3,182
	50,171	51,150	18,467	11,179	28	130,995
Commitments	6,945	–	–	–	–	6,945
	57,116	51,150	18,467	11,179	28	137,940
	(₱30,634)	(₱19,238)	₱757	₱35,794	₱50,095	₱36,774

Market Risk

Market risk may be defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

The Parent Company observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on the Parent Company's existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. The Parent Company calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology

VaR is used by the Parent Company to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. The Parent Company uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, the Parent Company assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis per Parent Company policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions
Discussed below are the limitations and assumptions applied by the Parent Company on its VaR methodology:

a. VaR is a statistical estimate; thus, it does not give the precise amount of loss the Parent Company may incur in the future;
b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a Parent Company's exposure to market risk;
c. Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
d. VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
e. The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the ROC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. The Parent Company performs monthly back testing.

The Parent Company's VaR figures are as follows (in millions):

	December 31, 2021			
	Average Daily	**Lowest**	**Highest**	**December 31**
Local interest rates	**(0.0470)**	**(1.3386)**	**(0.0006)**	**–**
Foreign interest rate	**($0.0011)**	**($0.0274)**	**($0.0004)**	**($0.0004)**

	December 31, 2020			
	Average Daily	Lowest	Highest	December 31
Local interest rates	₱1.2249	₱12.5745	₱0.0103	₱0.9802
Foreign interest rate	$0.0041	$0.0294	$0.0004	$0.0047

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The sensitivity analysis below shows the impact of movement in interest rates on FVOCI investments of the Parent Company as of December 31, 2021 and 2020 (in millions).

December 31, 2021	**Net Carrying Value**	**+100 bps parallel shift in yield curve**	**-100 bps parallel shift in yield curve**
Peso Denominated FVOCI	**₱12,737**	**(₱704)**	**₱704**
Dollar Denominated FVOCI (in PHP)	**13,584**	**(1,427)**	**1,427**

December 31, 2020	Net Carrying Value	+100 bps parallel shift in yield curve	-100 bps parallel shift in yield curve
Peso Denominated FVOCI	₱9,689	(₱410)	₱410
Dollar Denominated FVOCI (in PHP)	9,501	(901)	901

The effects of the movement in interest rates on FVOCI investments are recorded under ‘other comprehensive income’.

The Parent Company’s ALCO surveys the interest rate environment, adjusts the interest rates for the Parent Company’s loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. The Parent Company uses Earnings-at-Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book.

Equity price risk
Equity price risk is the risk that the fair values of the equities will decrease as a result of changes in the levels of equity indices and the value of the individual stocks. As of December 31, 2021 and December 31, 2020, the Group’s FVOCI equity investments (mainly quoted equity securities) amounted to ₱177.45 million and ₱180.25 million, respectively. Management assessed that the equity price risk on these equity securities to be insignificant.

Earnings-at-Risk objectives and methodology
EaR is a statistical measure of the likely impact of changes in interest rates to the Bank’s net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that the Parent Company’s NII could decline if interest rates decrease upon repricing. A negative repricing gap implies that the Parent Company’s NII could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the ROC monthly.

The Parent Company’s EaR figures are as follows (in millions):

	December 31, 2021			
	Average	**Highest**	**Lowest**	**December 31**
Instruments sensitive to local interest rates	**₱311.64**	**₱520.74**	**₱101.98**	**₱355.16**
Instruments sensitive to foreign interest rates	**$2.45**	**$2.99**	**$2.12**	**$2.99**

	December 31, 2020			
	Average	Highest	Lowest	December 31
Instruments sensitive to local interest rates	₱292.75	₱450.47	₱197.00	₱450.47
Instruments sensitive to foreign interest rates	$1.32	$2.16	$0.17	$2.16

Economic value of equity
Economic value of equity or EVE, a complement of EaR, has been started to be utilized by the Bank to measure IRRBB on a quarterly basis starting December 31, 2021. Consistent with Basel guidelines for calculating EVE, the measure compute for the change in the net present value of the bank's assets, liabilities, and off-balance sheet items subject to specific interest rate shock and stress scenarios throughout their remaining life. It measures the theoretical change in the net present value of the balance sheet excluding equity and therefore depicts the change in equity value resulting from an interest rate shock, called ΔEVE. Under this method, the value of equity under alternative stress scenarios is compared with the value under a base scenario. As of December 31, 2021 and 2020, the Bank's EVE stood at 11.61% and 13.74%, respectively; of the Bank's Tier 1 Capital, well-within the Basel-recommended threshold of 15%.

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The BOD has set limits on positions by currency. In accordance with the Parent Company's policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

December 31, 2021		**Statement of Comprehensive Income**
+10% USD appreciation	**USD**	(₱33,990,798)
	Other Foreign Currencies*	(3,846,934)
-10% USD depreciation	**USD**	33,990,798
	Other Foreign Currencies*	3,846,934

**Significant position held in EUR, GBP and AUD*

December 31, 2020		Statement of Comprehensive Income
+10% USD appreciation	USD	(₱33,301,868)
	Other Foreign Currencies*	(3,481,676)
-10% USD depreciation	USD	33,301,868
	Other Foreign Currencies*	3,481,676

**Significant position held in EUR, GBP and AUD*

5. Fair Value Measurement

The methods and assumptions used by the Group in estimating the Group's assets and liabilities are:

Cash and other cash items, due from BSP, due from other banks, interbank loans receivable/securities purchased under resale agreements, accrued interest receivables, accounts receivable, savings and demand deposits
Carrying value approximates fair value given the short-term nature of these financial assets and financial liabilities and insignificant risk of changes in value.

Trading and investment securities
Fair values of debt securities and equity investments are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment. For equity investments that are not quoted, the fair value are derived using the net asset value method.

Derivative instruments
Fair values of quoted warrants are based on quoted market prices. Other derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Receivables from customers
Fair values are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of receivables at current market rates ranging from 4.77% to 42% in December 31, 2021 and 4.38% to 42% in December 31, 2020. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Other receivables - Accounts receivable and accrued interest receivable
Carrying amounts approximate fair values given their short-term nature.

Investment properties
Fair value of investment properties are based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Refundable deposits
Fair values are estimated using the discounted cash flow methodology, using the average market price for similar types of receivables with maturities consistent to the receivable being valued. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Time deposits
Fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Long-term negotiable certificates of deposit (LTNCD)
Fair values of LTNCD are estimated using quoted price for identical assets or liabilities in markets that are not active.

Bonds payable
Fair Values of the bonds payable are estimated using quoted price for identical assets or liabilities in markets that are not active.

Other financial liabilities
Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

The following tables show the Group's assets and liabilities carries at fair value and those whose fair value are required to be disclosed, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1); and
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Consolidated				
	December 31, 2021				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets					
At FVPL	**₱1,912,412**	**₱–**	**₱1,912,412**	**₱–**	**₱1,912,412**
At FVOCI:					
Government securities	**15,090,212,356**	**2,593,217,459**	**12,496,994,897**	–	**15,090,212,356**
Private bonds	**11,229,006,713**	**7,972,124,726**	**3,256,881,987**	–	**11,229,006,713**
Quoted equity securities	**177,450,000**	**177,450,000**	–	–	**177,450,000**
Unquoted equity securities	**32,958,089**	–	–	**32,958,089**	**32,958,089**
	₱26,531,539,570	**₱10,742,792,185**	**₱15,755,789,296**	**₱32, 958,089**	**₱26,531,539,570**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	**₱8,474,858,779**	**₱3,771,254,829**	**₱4,562,093,154**	**₱–**	**₱8,333,347,983**
Loans and receivables:					
Receivables from customers:					
Commercial	**56,604,768,568**	–	–	**58,004,035,901**	**58,004,035,901**
Real estate	**29,222,292,971**	–	–	**29,929,438,297**	**29,929,438,297**
Consumption	**10,321,390,441**	–	–	**10,853,525,958**	**10,853,525,958**
Domestic bills purchased	**516,654,187**	–	–	**516,654,187**	**516,654,187**
Other receivables:					
Sales contract receivable	**140,804,584**	–	–	**175,883,210**	**175,883,210**
Accrued interest receivables	**55,838,963**	–	–	**55,838,963**	**55,838,963**
Accounts receivable	**16,173,645**	–	–	**16,173,645**	**16,173,645**
Refundable deposits	**71,920,404**	–	–	**69,706,696**	**69,706,696**
Non-Financial Asset					
Investment properties	**786,054,165**	–	–	**2,769,953,736**	**2,769,953,736**
	₱106,210,756,707	**₱3,771,254,829**	**₱4,562,093,154**	**₱102,391,210,593**	**₱110,724,558,576**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	**₱27,391,606,583**	**₱–**	**₱–**	**₱27,391,606,583**	**₱27,391,606,583**
Savings	**104,013,916,574**	–	–	**104,013,916,574**	**104,013,916,574**
Time	**15,632,738,812**	–	–	**16,405,343,121**	**16,405,343,121**
Long-term negotiable certificates of Deposits	**5,948,312,591**	–	**5,914,739,244**	–	**5,914,739,244**
Bills payable	**2,500,000,000**	–	–	**2,465,960,727**	**2,465,960,727**
	₱155,486,574,560	**₱–**	**₱5,914,739,244**	**₱150,276,827,005**	**₱156,191,566,249**

	Parent Company				
	December 31, 2021				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	**₱1,912,412**	**₱–**	**₱1,912,412**	**₱–**	**₱1,912,412**
At FVOCI:					
Government securities	**15,090,212,356**	**2,593,217,459**	**12,496,994,897**	**–**	**15,090,212,356**
Private bonds	**11,229,006,713**	**7,972,124,726**	**3,256,881,987**	**–**	**11,229,006,713**
Quoted equity securities	**177,450,000**	**177,450,000**	**–**	**–**	**177,450,000**
Unquoted equity securities	**63,158,089**	**–**	**–**	**63,158,089**	**63,158,089**
	₱26,561,739,570	**₱10,742,792,185**	**₱15,755,789,296**	**₱63,158,089**	**₱26,561,739,570**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	**₱8,454,860,679**	**₱3,751,469,379**	**₱4,562,093,154**	**₱–**	**₱8,313,562,533**
Loans and receivables:					
Receivables from customers:					
Commercial	**56,615,522,242**	**–**	**–**	**57,902,064,735**	**57,902,064,735**
Real estate	**29,081,206,269**	**–**	**–**	**29,787,672,177**	**29,787,672,177**
Consumption	**8,663,099,856**	**–**	**–**	**8,997,339,919**	**8,997,339,919**
Domestic bills purchased	**516,654,187**	**–**	**–**	**516,654,187**	**516,654,187**
Other receivables:					
Sales contract receivable	**122,249,968**	**–**	**–**	**162,009,310**	**162,009,310**
Refundable deposits	**69,493,297**	**–**	**–**	**67,643,236**	**67,643,236**
Non-Financial Assets					
Investment properties	**689,338,223**	**–**	**–**	**2,573,567,472**	**2,573,567,472**
	₱104,212,424,721	**₱3,751,469,379**	**₱ 4,562,093,154**	**₱100,006,951,036**	**₱108,320,513,569**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	**₱27,167,701,634**	**₱–**	**₱–**	**₱27,167,701,634**	**₱27,167,701,634**
Savings	**102,339,934,817**	**–**	**–**	**102,339,934,817**	**102,339,934,817**
Time	**15,350,209,898**	**–**	**–**	**16,122,814,207**	**16,122,814,207**
Long-term negotiable certificates of deposits	**5,948,312,591**	**–**	**5,914,739,244**	**–**	**5,914,739,244**
Bills payable	**2,500,000,000**	**–**	**–**	**2,465,960,727**	**2,465,960,727**
	₱153,306,158,940	**₱–**	**₱5,914,739,244**	**₱148,096,411,385**	**₱154,011,150,629**

	Consolidated				
	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	₱87,076,733	₱79,888,254	₱7,188,479	₱–	₱87,076,733
At FVOCI:					
Government securities	9,055,104,132	8,206,318,663	848,785,469	–	9,055,104,132
Private bonds	10,048,183,691	8,339,427,854	1,708,755,837	–	10,048,183,691
Quoted equity securities	180,250,000	180,250,000	–	–	180,250,000
Unquoted equity securities	32,268,140	–	–	32,268,140	32,268,140
	₱19,402,882,696	₱16,805,884,771	₱2,564,729,785	₱32,268,140	₱19,402,882,696
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	₱8,049,365,423	₱3,315,813,283	₱4,734,104,150	₱–	₱8,049,917,433
Loans and receivables:					
Receivables from customers:					
Commercial	50,634,079,692	–	–	51,486,066,085	51,486,066,085
Real estate	23,692,354,265	–	–	26,119,095,618	26,119,095,618
Consumption	9,843,355,861	–	–	10,356,323,964	10,356,323,964
Domestic bills purchased	444,528,161	–	–	447,884,707	447,884,707
Other receivables:					
Sales contract receivable	52,290,582	–	–	52,290,582	52,290,582
Accrued interest receivables	52,725,905	–	–	52,725,905	52,725,905
Accounts receivable	38,227,277	–	–	47,780,134	47,780,134
Refundable deposits	67,694,161	–	–	67,151,383	67,151,383
Non-Financial Assets					
Investment properties	464,497,172	–	–	2,363,076,665	2,363,076,665
	₱93,339,118,499	₱3,315,813,283	₱4,734,104,150	₱90,992,395,043	₱99,042,312,476

(Forward)

	Consolidated				
	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	₱21,792,821,094	₱–	₱–	₱21,792,821,094	₱21,792,821,094
Savings	73,394,200,507	–	–	73,394,200,507	73,394,200,507
Time	16,322,680,395	–	–	17,076,254,138	17,076,254,138
Long-term negotiable certificates of deposits	5,937,710,710	–	6,100,494,209	–	6,100,494,209
Bonds payable	9,951,888,873	10,132,484,510	–	–	10,132,484,510
	₱127,399,301,579	₱10,132,484,510	₱6,100,494,209	₱112,263,275,739	₱128,496,254,458

	Parent Company				
	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	₱87,076,733	₱79,888,254	₱7,188,479	₱–	₱87,076,733
At FVOCI:				–	
Government securities	9,055,104,132	8,206,318,663	848,785,469	–	9,055,104,132
Private bonds	10,048,183,691	8,339,427,854	1,708,755,837	–	10,048,183,691
Quoted equity securities	180,250,000	180,250,000	–	–	180,250,000
Unquoted equity securities	62,468,140		–	62,468,140	62,468,140
	₱19,433,082,696	₱16,805,884,771	₱2,564,729,785	₱62,468,140	₱19,433,082,696
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	₱8,029,367,323	₱3,296,370,815	₱4,734,104,150	₱–	₱8,030,474,965
Loans and receivables:					
Receivables from customers:					
Commercial	50,677,307,096	–	–	51,313,102,927	51,313,102,927
Real estate	23,609,739,288	–	–	25,999,397,171	25,999,397,171
Consumption	8,462,649,904	–	–	8,632,904,359	8,632,904,359
Domestic bills purchased	447,884,707	–	–	444,528,161	444,528,161
Other receivables:					
Sales contract receivable	31,782,270	–	–	31,782,270	31,782,270
Refundable deposits	65,725,442	–	–	65,725,442	65,725,442
Non-Financial Assets					
Investment properties	359,077,184	–	–	2,152,190,529	2,152,190,529
	₱91,683,533,214	₱3,296,370,815	₱4,734,104,150	₱88,639,630,859	₱96,670,105,824

Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	₱21,624,134,226	₱–	₱–	₱21,624,134,226	₱21,624,134,226
Savings	71,870,501,340	–	–	71,870,501,340	71,870,501,340
Time	15,960,403,645	–	–	16,713,977,388	16,713,977,388
Long-term negotiable certificates of deposits	5,937,710,710	–	6,100,494,209	–	6,100,494,209
Bonds payable	9,951,888,873	10,132,484,510	–	–	10,132,484,510
	₱125,344,638,794	₱10,132,484,510	₱6,100,494,209	110,208,612,954	126,441,591,673

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2021 and 2020.

Description of significant unobservable inputs to valuation:

Consolidated

Accounts	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.77% - 42.00% incremental lending rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.00% - 8.00% risk premium rate
Time deposits	Discounted cash flow method	0.25% - 3.90% risk premium rate
Unquoted equity instruments	Adjusted net asset value method	30% degree of lack of marketability

Parent Company

Accounts	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.77% - 42.00% incremental lending rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.00% - 1.75% risk premium rate
Unquoted equity instruments	Adjusted net asset value method	30% degree of lack of marketability

Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties. Significant increase (decrease) in degree of lack of marketability would result in lower (higher) fair value of unquoted equity securities. Significant increase (decrease) in the risk premium would result in lower (higher) fair value of loans and receivables and refundable deposits.

Significant unobservable inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.

Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Degree of lack of marketability	Marketability is the degree to which ownership interest can be converted to cash quickly without unreasonable experience and with certainty of the amount of proceeds.
Risk premium	A risk premium is the investment return an asset is expected to yield in excess of the risk-free rate of return.

6. Due from Other Banks, Interbank Loans Receivable and Securities Purchased Under Resale Agreement

Due from Other Banks

This account consists of:

	Consolidated		Parent Company	
	December 31, 2021	December 31. 2020	**December 31, 2021**	December 31. 2020
Foreign banks	**₱3,558,915,203**	₱2,484,030,720	**₱3,558,915,203**	₱2,484,030,720
Local banks	**1,507,377,003**	1,420,577,590	**1,428,592,174**	1,325,327,028
	₱5,066,292,206	₱3,904,608,310	**₱4,987,507,377**	₱3,809,357,748

For the years ended December 31, 2021, 2020 and 2019, peso-denominated due from other banks bear nominal interest rates ranging from 0.10% to 0.625%, 0.05% to 0.25% and 0.10% to 1.00%, respectively, while foreign currency-denominated due from other banks bear nominal interest rates ranging from 0.10% to 0.17%, 0.03% to 0.25% and 0.10% to 0.25%, respectively.

Total interest income on ‘Due from other banks’ earned by the Group amounted to ₱2.39 million, ₱4.80 million and ₱20.59 million for the years ended December 31, 2021, 2020 and 2019, respectively, while total interest income earned by the Parent Company amounted to ₱2.32 million, ₱4.70 million and ₱20.47 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Total interest income on ‘Due from Bangko Sentral ng Pilipinas (BSP)’ earned by the Group amounted to ₱70.59 million, ₱81.20 million and ₱12.00 million for the years ended December 31, 2021, 2020 and 2019, respectively, while total interest income earned by Parent Company earned ₱63.89 million, ₱71.66 million and ₱1.79 million for the years ended December 31, 2021, 2020 and 2019, respectively, presented in ‘Interest income on Due from Bangko Sentral ng Pilipinas (BSP) and other banks’ in the statements of income.

Interbank Loans and Receivable and Securities Purchased Under Resale Agreement

This account consists of:

	Consolidated		Parent Company	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Interbank loans receivable	**₱14,764,230,901**	₱1,012,923,788	**₱14,764,230,901**	₱1,012,923,788
Securities purchased under resale agreements	**117,595,804**	3,482,833,472	**–**	3,353,167,297
	₱14,881,826,705	₱4,495,757,260	**₱14,764,230,901**	₱4,366,091,085

Interbank loans receivable of the Parent Company from the BSP has a remaining maturity of three (3) days and one (1) to five (5) days as at December 31, 2021 and December 31, 2020, respectively.

The Securities Purchased under Resale Agreement (SPURA) of the Group is composed of reverse repurchase placements (RRP) with the BSP. As of December 31, 2021 and December 31, 2020, placement on SPURA with the BSP had a remaining maturity of one (1) day to three (3) days and one (1) day to six (6) days, respectively. The fair value of the related collateral of SPURA is disclosed in Note 4.

The interest income of the Group for the years ended December 31, 2021, 2020 and 2019 from interbank loan receivable and SPURA amounted to ₱218.58 million, ₱176.77 million and ₱64.54 million, respectively.

The interest income of Parent Company for the years ended December 31, 2021, 2020 and 2019 from interbank loan receivable and SPURA amounted to ₱216.42 million, ₱172.76 million and ₱58.73 million, respectively.

7. Investment Securities

Financial Assets at FVTPL

This account consists of investments by the Parent Company in:

	December 31, 2021	December 31, 2020
Government securities	**₱1,912,412**	₱86,520,711
Derivatives assets	**−**	556,022
	₱1,912,412	₱87,076,733

Derivative assets are composed of foreign currency swaps. Currency swaps represent commitments to purchase/sell foreign currency on a future date at an agreed exchange rate.

The nominal annual interest rates of peso-denominated government securities is at 2.63% to 8.13% in December 31, 2021, 8.00% in December 31, 2020, and from 3.25% to 8.00% in December 31, 2019. The nominal annual interest rates of foreign currency-denominated government securities is 2.75% to 6.75% in December 31, 2021, and range from 3.00% to 3.75% in 2020 and from 3.00% to 8.38% in 2019.

The table below shows the fair values of derivative financial instruments entered into by the Parent Company, recorded as derivative assets/liabilities, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2021 and December 31, 2020 and are not indicative of either market risk or credit risk.

	December 31, 2020				
	Assets	Liabilities (Note 19)	Average Forward Rate	Notional Amount	Maturity Date
Freestanding Derivatives					
Currency Swaps					
Sold:					
JPY/USD	₱242,143	₱−	103.67	$4,823,043	January 12, 2021
JPY/USD	313,879	−	103.64	$4,824,536	January 12, 2021
	₱556,022	₱−			

Movements in the Group's and Parent Company's derivative financial instruments follow:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**₱556,022**	₱529,710
Fair value changes during the year	**−**	17,078,269
Settled transactions	**(556,022)**	(17,051,957)
Balance at end of the year	**₱−**	₱556,022

The Parent Company's subsidiary has nil financial assets at FVTPL as of December 31, 2021 and December 31, 2020.

Financial Assets at Fair Value through Other Comprehensive Income
The financial assets at fair value through other comprehensive income of the Group and Parent Company consist of the following as of:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Government securities	**₱15,090,212,356**	₱9,055,104,132	**₱15,090,212,356**	₱9,055,104,132
Private bonds	**11,229,006,713**	10,048,183,691	**11,229,006,713**	10,048,183,691
Quoted equity securities	**177,450,000**	180,250,000	**177,450,000**	180,250,000
Unquoted equity securities	**32, 958,089**	32,268,140	**63,158,089**	62,468,140
	₱26,529,627,158	₱19,315,805,963	**₱26,559,827,158**	₱19,346,005,963

As of December 31, 2021 and December 31, 2020, the quoted equity securities of the Group consist of preferred shares of stocks in a publicly listed corporation.

Investments in unquoted equity securities include investment in shares of stock of Philippine Clearing House Corporation (PCHC), BancNet, and LGU Guarantee Corporation. These investments are required to be held by the Parent Company as part of its operations. The Parent Company does not have any plans to sell these shares in the future. Fair values of these securities are derived based on the adjusted net asset value method.

As of December 31, 2021 and December 31, 2020, the unquoted equity securities of the Parent Company include redeemable preferred shares of LSB amounting to ₱30.20 million equivalent to 30,200 shares.

The range of the Group's effective interest rate on government securities are as follows:

	2021	2020	2019
Peso-denominated securities	**2.63%-8.13%**	1.89%-5.09%	3.29%-8.00%
Foreign currency-denominated securities	**2.75%-6.75%**	2.86%-6.47%	3.83%-7.75%

The range of the Group's effective interest rate on the private bonds are as follows:

	2021	2020	2019
Peso-denominated securities	**3.63%-6.49%**	3.15%-5.32%	4.20%-6.49%
Foreign currency-denominated securities	**3.30%-7.25%**	1.92%-7.25%	4.38%-7.38%

In 2021, 2020 and 2019, dividend income from equity securities presented under 'Miscellaneous income - others' of the Group amounted to to ₱13.04 million, ₱14.89 million and ₱10.18 million, respectively (see Note 24).

Movements in net unrealized losses of the Group and the Parent Company included in the carrying value of ‘FVOCI investments’ follow:

	December 31, 2021	December 31, 2020
Balance at beginning of year	**₱223,680,755**	(₱12,124,355)
Fair value gains (losses) during the year	**(1,482,092,167)**	953,928,405
Realized losses (gains) taken to profit or loss	**348,228,663**	(719,488,025)
Change in unrealized losses on FVOCI investments	**(910,182,749)**	222,316,025
Provision for impairment loss	**2,929,559**	1,364,730
Balance at end of year	**(₱907,253,190)**	₱223,680,755

The Parent Company’s subsidiary has nil financial assets at FVOCI as of December 31, 2021 and December 31, 2020.

Investment Securities at Amortized Cost

The investment securities at amortized cost of the Group and Parent Company consist of the following as of:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Government securities	**₱6,655,527,338**	₱6,251,706,056	**₱6,655,527,338**	₱6,231,706,056
Private bonds	**1,820,142,305**	1,800,257,800	**1,800,142,305**	1,800,257,800
	8,475,669,643	8,051,963,856	**8,455,669,643**	8,031,963,856
Less allowance for impairment losses (Note 14)	**810,864**	2,598,433	**808,964**	2,596,533
	₱8,474,858,779	₱8,049,365,423	**₱8,454,860,679**	₱8,029,367,323

In 2021 and 2020, investment securities at amortized cost were carried at Stage 1 and there were no transfers into and out of Stage 1.

The effective interest rates for peso-denominated investment securities at amortized cost of the Group range from 3.25% to 8.13% in 2021, 0.00% to 5.80% in 2020 and 3.25% to 8.13% in 2019. The effective interest rates for foreign currency-denominated investment securities at amortized cost of the Group range from 2.75% to 7.25% in 2021, 2.62 to 5.31% in 2019 and 2.75% in 2019. Interest income on investment securities of the Group and the Parent Company consists of:

	Consolidated			**Parent Company**		
	December 31, 2021	December 31, 2020	December 31, 2019	**December 31, 2021**	December 31, 2020	December 31, 2019
Financial assets at FVOCI	**₱881,815,686**	₱600,818,834	₱550,579,895	**₱881,815,686**	₱599,893,471	₱550,579,895
Investment securities at amortized cost	**306,095,545**	359,266,259	486,140,405	**305,200,711**	356,597,283	477,790,098
Financial assets at FVTPL	**372,066**	3,830,150	4,831,348	**372,066**	3,830,150	4,831,348
Others	**9,464,635**	–	–	**9,464,635**	–	–
	₱1,197,747,932	₱963,915,243	₱1,041,551,648	**₱1,196,853,098**	₱960,320,904	₱1,033,201,341

Trading and securities gains - net' of the Group and the Parent Company consist of:

	2021	2020	2019
Net realized gains on financial assets at FVOCI taken to profit or loss	**₱348,228,663**	₱719,488,025	₱331,145,509
Net realized gains (losses) on sale of financial assets at FVTPL	**3,949,670**	13,346,517	21,324,814
Unrealized mark-to-market gains (losses) on financial assets at FVTPL	**1,990,536**	(1,575,231)	204,255
Realized gain (losses) on derivatives	−	16,495,935	44,515,590
Net unrealized gains (losses) on derivatives	−	556,022	529,710
	₱354,168,869	₱748,311,268	₱397,719,878

In 2020, the Parent Company sold peso-currency denominated securities under HTC portfolio with carrying value of ₱3.35 billion resulting in a gain on disposal amounting to ₱190.91 million. Prior to the disposal, the Parent Company noted significant withdrawals from depositors because of the imposition of the community quarantine protocols. The Parent Company anticipated further pressures to liquidity because of the implementation of the Republic Act No. 11468 or the "Bayanihan To Heal as One Act" which grants a moratorium on all loan payments falling due within the period of enhanced community quarantine for a minimum of thirty (30) days without incurring interests, penalties, fees, or other charges. The remaining HTC securities of the Parent Company will remain to be under a HTC business model.

Furthermore, LSB also disposed peso-currency denominated securities under the HTC portfolio with carrying value of ₱180.98 million, resulting in a gain on disposal amounting to ₱2.93 million in 2020. The sale was due to a change in LSB's intention on the instruments from holding to collect principal and interest to realizing the gains from the disposal of the securities in view of the impact of the COVID-19 pandemic. The remaining HTC securities of LSB will remain to be under a HTC business model.

In 2019, the Parent Company disposed USD-denominated securities under HTC portfolio with carrying value of ₱1.11 billion resulting in a gain on disposal amounting to ₱62.88 million. As a result of the Parent Company's change in investment policy to prepare for the implementation of IRRBB measured using EVE in accordance with the provisions under BSP Circular No. 1044, *Guidelindes on the Management of Interest Rate Risk in the Banking Book and amendment of the Guidelines on Market Risk Management*, it abandoned the HTC business model for its foreign currency denominated HTC securities with tenor of more than fifteen (15) years. The remaining HTC securities of the Parent Company in 2019 amounting to USD8 million remained to be under a HTC business model.

8. Loans and Receivables

This account consists of:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Receivables from customers:				
Commercial (Note 26)	**₱57,879,055,931**	₱51,513,965,048	**₱57,845,038,489**	₱51,430,098,318
Real estate	**29,718,350,075**	24,157,056,273	**29,575,845,505**	24,072,333,415
Consumption	**11,098,264,008**	10,602,028,512	**9,147,205,107**	8,959,088,079
Domestic bills purchased (Note 26)	**516,654,187**	480,028,717	**516,654,187**	480,028,717
	99,212,324,201	86,753,078,550	**97,084,743,288**	84,941,548,529
Other receivables:				
Accrued interest receivable	**₱1,440,257,258**	₱1,446,205,550	**₱1,384,418,422**	₱1,369,602,414

	Consolidated		Parent Company	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Accounts receivable	**1,088,396,700**	802,116,021	**1,078,613,211**	761,739,902
Sales contract receivable	**149,161,833**	53,593,782	**130,607,217**	31,782,270
	101,890,139,992	89,054,993,903	**99,678,382,138**	87,104,673,115
Less: Unearned interest and discount	**293,352,196**	370,769,671	**184,000,588**	265,368,658
	101,596,787,796	88,684,224,232	**99,494,381,550**	86,839,304,457
Less: Allowance for credit losses (Note 14)	**2,385,166,826**	1,803,857,675	**2,120,923,254**	1,568,319,633
	₱99,211,620,970	₱86,880,366,557	**₱97,373,458,296**	₱85,270,984,824

On May 26, 2017, the Parent Company entered into a purchase of receivables agreement with Robinsons Land Corporation (RLC) whereby, the Parent Company will purchase, on a without recourse basis, certain finance lease receivables of RLC up to an aggregate amount of ₱2.00 billion. On June 29, 2018, the Bank entered into an agreement with RLC thereby increasing the aggregate amount of lease receivables to be purchased to ₱3.00 billion. In 2021 and 2020, total lease receivable purchased by the Parent Company amounted ₱8.9 million to and nil, respectively.

The Parent Company's acquisition cost of the lease receivables approximate the fair value at the acquisition date. As of December 31, 2021 and 2020, the carrying amount of these receivables amounting to ₱1.10 billion and ₱1.47 billion, respectively, is included under 'Real estate' loans of the Parent Company.

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	December 31, 2021	Dcember 31, 2020	December 31, 2019	**December 31, 2021**	Dcember 31, 2020	December 31, 2019
Receivables from customers:						
Commercial	**₱3,172,436,964**	₱1,422,641,207	₱1,076,020,078	**₱3,167,128,114**	₱3,245,475,026	₱3,162,141,109
Consumption	**1,762,786,129**	1,918,354,973	1,806,095,578	**1,455,557,940**	1,578,947,654	1,491,361,934
Real Estate	**1,882,471,009**	3,264,858,500	3,173,161,721	**1,873,906,913**	1,416,120,522	1,073,851,062
Domestic bills purchased	**113,598**	73,149	459,690	**113,598**	73,149	459,690
Others	**5,286,868**	4,399,035	4,342,079	**2,419,231**	1,966,891	1,963,479
	₱6,823,094,568	₱6,610,326,864	₱6,060,079,146	**₱6,499,125,796**	₱6,242,583,242	₱5,729,777,274

Receivables from customers earns annual effective interest rates, as follow:

	Consolidated			Parent Company		
	December 31, 2021	Dcember 31, 2020	December 31, 2019	**December 31, 2021**	Dcember 31, 2020	December 31, 2019
Effective interest rate	**0.58%-99.87%**	2.00%- 56.10%	2.00%- 60.95%	**1.30% – 73.04%**	2.00%- 56.10%	2.00%- 60.95%

Others consist of sales contract receivables and lease receivables.

The range of effective interest rates of the Group’s sales contract receivables are as follows:

Year	Interest Rate
2021	**8.75% to 54.18%**
2020	6.50% to 54.18%
2019	6.50% to 54.18%

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Group, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the following:
- Restructuring of existing receivables including extension of payment terms
- Relief for principal and interest repayments

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. Total modification loss on receivables from customers recognized in the statement of income for the Company amounted to nil and ₱273.54 million for the Group and nil and ₱194.32 million for the Parent Company for the years ended December 31, 2021 and 2020, respectively. Accretion of interest on receivables from customers amounted to ₱125.70 and ₱199.53 million for the Group and ₱107.96 million and ₱144.09 million for the Parent Company for the years ended December 31, 2021 and 2020, respectively.

9. Investment in Associates and Subsidiary

This account consists of investments in:

	% of Ownership		Consolidated		Parent Company	
	2021	2020	**2021**	2020	**2021**	2020
Subsidiary:						
Cost:						
LSB	**100.00**	100.00	**₱–**	₱–	**₱1,131,000,000**	₱1,131,000,000
Accumulated equity in net income						
Balance at beginning of year			**–**	–	**179,110,720**	230,144,748
Share in net income (loss)			**–**	–	**1,999,196**	(51,034,028)
Balance at end of year			**–**	–	**181,109,916**	179,110,720
Accumulated equity in OCI						
Balance at beginning of year					**(5,090,784)**	(3,966,408)
Remeasurement gains on defined benefit plans			–	–	**(1,259,709)**	(1,124,376)
Balance at end of year			–	–	**(6,350,493)**	(5,090,784)
			–	–	**₱1,305,759,423**	1,305,019,936
Associates:						
Cost:						
UIBC	**40.00**	–	**₱8,566,700**	–	**₱8,566,700**	–
GoTyme	**20.00**	–	**200,000,000**	–	**200,000,000**	–
			208,566,700	–	**208,566,700**	–
Accumulated equity in net income						
Balance at beginning of year			**₱–**	₱–	**₱–**	₱–
Share in net income (loss)			**3,145,148**	–	**3,145,148**	–
Balance at end of year			**3,145,148**	–	**3,145,148**	–

(Forward)

	% of Ownership		Consolidated		Parent Company	
	2021	2020	**2021**	2020	**2021**	2020
Accumulated equity in OCI						
Balance at beginning of year			**₱–**	₱–	**₱–**	₱–
Remeasurement gains on defined benefit plans			**298,045**	–	**298,045**	–
Balance at end of year			**298,045**	–	**298,045**	–
			₱212,009,893	₱–	**₱1,517,769,316**	₱1,305,019,936

<u>Investment in Subsidiary</u>
On December 26, 2012, the MB of the BSP approved the share purchase agreement (SPA) covering the Parent Company's acquisition of the 100.00% common shares of LSB. The deeds of sale to implement the SPA were executed afterwards.

In addition to the approval of the acquisition, the MB of the BSP approved the following merger incentives:

1. Grant of several branch licenses to the Parent Company in restricted areas and waiver of corresponding ₱20.00 million special branch licensing fee for each restricted branch license, subject to the following conditions: (a) the establishment of the awarded branches in restricted areas shall be subject to compliance with all other applicable provisions on branch establishment prescribed under Section X151 of the Manual of Regulations for Banks (MORB); and (b) branches shall be opened within three (3) years from BSP final approval of the Parent Company's acquisition of LSB.

2. Waiver of (a) the monetary penalties aggregating ₱6.40 million as of November 30, 2012 for violation of laws assessed by BSP on LSB, except penalties accruing to other parties, e.g., Micro, Small and Medium Enterprises Development Council Fund. Such waiver shall not preclude BSP from pursuing watchlisting and imposition of non-monetary and administrative sanctions (e.g., fines, disqualifications, suspensions and/or removal from office) against the directors and officers of LSB in accordance with applicable banking laws and regulations, without prejudice to the filing of criminal cases against liable persons under Section 34, 35 and 36 of Republic Act No. 7653 (the New Central Bank Act); (b) the applicable restrictions/ceilings on transactions between the Parent Company and LSB, for a period of three months, with respect to the Parent Company's liquidity support to LSB (through deposits to and/or purchase of receivables from LSB).

3. Staggered booking, up to five (5) years from final BSP approval of the Parent Company's acquisition of LSB, of the ₱274.10 million required allowance for probable losses on LSB's risk assets. The periodic amortization shall be charged against current operations, in accordance with the regulatory accounting guidelines for deferred loss recognition under Appendix 56a (to Subsection X394.10) of the MORB. The unamortized losses shall be deducted from qualifying capital for purposes of capital adequacy ratio computation and from computation of LSB's unimpaired capital under Subsection X116.1 of the MORB.

4. Retention of the thrift branch license of LSB on its existing eleven (11) branches, for its operations as a wholly-owned subsidiary of the Parent Company to pursue microfinance and country-side banking.

5. Approval of the following interlocking positions:
   a. concurrent assignment of the Parent Company's Head of Legal Services as Corporate Secretary of LSB;
   b. secondment of the officers of the Parent Company to LSB to assume the position of President and Chief Compliance Officer subject to the condition that these officers shall (i) relinquish all their duties, responsibilities, and signing authorities in the Parent Company and (ii) receive compensation/salaries and other emoluments from LSB; and
   c. notation of the interlocking directorships and officership-directorships of the Parent Company.

Based on the foregoing events, the Parent Company acquired effective control and management of LSB as of December 26, 2012. Accordingly, in accordance with PFRS 3, *Business Combinations*, the Parent Company's date of acquisition of LSB is December 26, 2012. However, for convenience purposes, the Group used December 31, 2012 as the cut-off in determining the fair value of the net assets of LSB. Therefore, only the fair values of the identifiable assets and liabilities of LSB as December 31, 2012 were consolidated and the profit and loss of LSB for the year ended December 31, 2012 were excluded from the Group's consolidated financial statements as of December 31, 2012.

The acquisition resulted in recognition of goodwill amounting to ₱244.33 million. As of December 31, 2021 and December 31, 2020, goodwill amounted to ₱244.33 million.

The financial highlights of LSB as of and for the years ended December 31, 2021 and December 31, 2020 follow:

	December 31,2021	December 31, 2020
Total assets	**₱2,961,377,520**	₱2,821,392,805
Total liabilities	**2,345,156,121**	2,205,910,893
Net assets	**616,221,399**	615,481,912
Net income (loss)	**1,999,196**	(51,034,028)

Investment in Associates

Unicon Insurance Brokers Corporation
On February 11, 2021, the Parent Company entered into a subscription agreement with Unicon Insurance Brokers Corporation (UIBC), a related party, to subscribe 85,667 common shares out of the unissued authorized capital stock, representing forty percent (40.00%) of UIBC's issued and outstanding shares. The subscription price for the subscribed shares is P100 per share or an equivalent amount of ₱8.57 million based on the book value of UIBC as of December 31, 2020. The subscription of the Parent Company with UIBC was approved by the BSP. The Parent Company accounted for the investment in UIBC as an investment in associate.

GoTyme Bank Corporation
On February 18, 2021, the Parent Company entered into a joint venture agreement with Robinsons Land Corporation (RLC), Robinsons Retail Holdings, Inc (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required the Parent Company, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.25 billion.

The shareholder percentage of the Parent Company, RLC, RRHI and TGL upon incorporation shall be 20.00%, 20.00%, 20.00% and 40.00%, respectively of the share capital and voting rights of the JVC.

On August 24, 2021 the Bank's equity investment of ₱250 million representing 20.00% ownership of the digital bank which was named GoTyme Bank Corporation (GoTyme) was approved by BSP. After securing Certificate of Authority to Register from the Monetary Board, the Securities and Exchange Commission (SEC) approved the Certificate of Incroporation of GoTyme Bank Corporation on December 28, 2021.

The Parent Company accounted for the investment in GoTyme as an investment in associate.

Dividends received

As of December 31, 2021 the Group has received nil dividends from both of its associates, UIBC and GoTyme.

Summarized statements of financial position of the Group's associates as of December 31, 2021:

	2021	
	UIBC	GoTyme
Current assets	₱174,187,087	₱1,079,538,302
Noncurrent assets	10,760,058	340,840,390
Current liabilities	38,024,246	83,746,335
Noncurrent liabilities	8,285,882	561,191,000
Equity	**138,637,017**	**775,441,357**
Group's carrying amount of the investment	**₱57,321,621**	**₱154,688,272**

Summarized statements of comprehensive income of the Group's associates for the period ended December 31, 2021:

	2021	
	UIBC (40%)	GoTyme (20%)
Revenue	₱230,518,244	₱608,692
Expenses	75,134,087	227,167,335
Profit (loss) before tax	155,384,157	(226,558,643)
Income tax expense	34,241,965	–
Profit (loss) for the year	121,142,192	(226,558,643)
Other comprehensive income for the year	745,112	–
Total comprehensive income for the year	116,083,078	(226,558,643)
Group's share of profit (loss) for the year	**₱48,456,877**	**(₱45,311,729)**

10. **Property and Equipment and Right-of-use assets**

The composition of and the movements in this account follow:

Consolidated — December 31, 2021

	Land	**Building**	**Transportation Equipment**	**Leasehold Improvements**	**Furniture, Fixtures and Equipment**	**Right-of-Use of Asset (Note 23)**	**Total**
Cost							
Balance at beginning of year	**₱43,945,323**	**₱76,884,547**	**₱202,479,413**	**₱957,960,187**	**₱1,103,935,153**	**₱1,209,059,061**	**₱3,594,263,684**
Additions	**−**	**65,621**	**17,642,538**	**80,970,053**	**86,195,333**	**315,050,682**	**499,924,227**
Disposals*	**(23,590,796)**	**(17,763,464)**	**(15,918,729)**	**−**	**(582,289)**	**(95,477,466)**	**(153,332,744)**
Reclassification (Note 13)	**−**	**−**	**12,515,267**	**(824,128)**	**205,853**	**336,490**	**12,233,482**
Balance at end of year	**20,354,527**	**59,186,704**	**216,718,489**	**1,038,106,112**	**1,189,754,050**	**1,428,968,767**	**3,953,088,649**
Accumulated depreciation and amortization							
Balance at beginning of year	**−**	**40,702,497**	**155,738,229**	**710,546,089**	**920,042,331**	**396,713,053**	**2,223,742,199**
Additions	**−**	**−**	**441,014**	**−**	**−**	**−**	**441,014**
Depreciation and amortization	**−**	**4,144,112**	**22,749,591**	**88,259,391**	**89,979,182**	**296,448,698**	**501,580,974**
Disposals*	**−**	**(7,976,130)**	**(15,784,005)**	**−**	**(582,253)**	**(94,842,952)**	**(119,185,340)**
Reclassification	**−**	**−**	**156,764**	**(6,127)**	**−**	**60,052**	**210,689**
Balance at end of year	**−**	**36,870,479**	**163,301,593**	**798,799,353**	**1,009,439,260**	**598,378,851**	**2,606,789,536**
Allowance for impairment losses (Note 14)							
Balance at beginning of year	**11,385,054**	**1,194,537**	**−**	**−**	**279,328**	**−**	**12,858,919**
Reclassification (Note 13)	**−**	**−**	**87,500**	**−**	**−**	**−**	**87,500**
Balance at end of year	**11,385,054**	**1,194,537**	**87,500**	**−**	**279,328**	**−**	**12,946,419**
Net Book Value at End of the Year	**₱8,969,473**	**₱21,121,688**	**₱53,329,396**	**₱239,306,759**	**₱180,035,462**	**₱830,589,916**	**₱1,333,352,694**

**Includes termination of lease agreements*

Parent Company — December 31, 2021

	Land	**Building**	**Transportation Equipment**	**Leasehold Improvements**	**Furniture, Fixtures and Equipment**	**Right-of-Use of Asset (Note 23)**	**Total**
Cost							
Balance at beginning of year	**₱23,590,796**	**₱57,709,845**	**₱184,032,449**	**₱877,368,173**	**₱980,425,235**	**₱1,137,123,197**	**₱3,260,249,695**
Additions	**−**	**−**	**17,158,583**	**76,748,096**	**76,345,764**	**301,768,128**	**472,020,571**
Disposals*	**(23,590,796)**	**(17,763,464)**	**(14,447,547)**	**−**	**−**	**(94,202,401)**	**(150,004,208)**
Reclassification (Notes 11 and 13)	**−**	**−**	**11,257,535**	**−**	**−**	**−**	**11,257,535**
Balance at end of year	**−**	**39,946,381**	**198,001,020**	**954,116,269**	**1,056,770,999**	**1,344,688,924**	**3,593,523,593**
Accumulated depreciation and amortization							
Balance at beginning of year	**−**	**30,795,671**	**145,096,239**	**671,186,070**	**818,267,613**	**375,411,119**	**2,040,756,712**
Depreciation and amortization	**−**	**3,356,773**	**20,211,674**	**77,225,649**	**75,779,555**	**282,604,726**	**459,178,377**
Disposals*	**−**	**(7,976,130)**	**(14,302,832)**	**−**	**−**	**(94,202,406)**	**(116,481,368)**
Balance at end of year	**−**	**26,176,314**	**151,005,081**	**748,411,719**	**894,047,168**	**563,813,439**	**2,383,453,721**
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	**−**	**−**	**−**	**−**	**279,328**	**−**	**279,328**
Net Book Value at End of the Year	**₱−**	**₱13,770,067**	**₱46,995,939**	**₱205,704,550**	**₱162,444,503**	**₱780,875,485**	**₱1,209,790,544**

**Includes termination of lease agreements*

Consolidated — December 31, 2020

	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of-Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱43,945,323	₱76,811,547	₱188,956,231	₱905,155,985	₱1,057,286,029	₱927,408,627	₱3,199,563,742
Additions	−	73,000	20,084,553	52,863,202	46,649,145	408,039,623	527,709,523
Disposals	−	−	(8,605,607)	(59,000)	(21)	(127,242,731)	(135,907,359)
Reclassification (Notes 11 and 13)	−	−	2,044,236	−	−	853,542	2,897,778
Balance at end of year	43,945,323	76,884,547	202,479,413	957,960,187	1,103,935,153	1,209,059,061	3,594,263,684
Accumulated depreciation and amortization							
Balance at beginning of year	−	36,048,768	143,425,269	618,276,579	831,476,351	248,849,807	1,878,076,774
Depreciation and amortization	−	4,653,729	19,234,435	92,328,509	88,565,980	275,105,977	479,888,630
Disposals	−	−	(6,921,475)	(58,999)	−	(127,242,731)	(134,223,205)
Balance at end of year	−	40,702,497	155,738,229	710,546,089	920,042,331	396,713,053	2,223,742,199
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	11,385,054	1,194,537	−	−	279,328	−	12,858,919
Net Book Value at End of the Year	₱32,560,269	₱34,987,513	₱46,741,184	₱247,414,098	₱183,613,494	₱812,346,008	₱1,357,662,566

**Includes termination of lease agreements*

	Parent Company						
	December 31, 2020						
	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱23,590,796	₱57,709,845	₱171,135,164	₱832,812,795	₱944,688,282	₱867,857,167	₱2,897,794,049
Additions	–	–	18,722,653	44,614,378	35,736,974	396,508,761	495,582,766
Disposals*	–	–	(6,847,660)	(59,000)	(21)	(127,242,731)	(134,149,412)
Reclassification (Notes 11 and 13)	–	–	1,022,292	–	–	–	1,022,292
Balance at end of year	23,590,796	57,709,845	184,032,449	877,368,173	980,425,235	1,137,123,197	3,260,249,695
Accumulated depreciation and amortization							
Balance at beginning of year	–	27,421,469	133,335,650	588,914,393	742,538,510	239,507,076	1,731,717,098
Depreciation and amortization	–	3,374,202	16,961,102	82,330,676	75,729,103	263,146,774	441,541,857
Disposals*	–	–	(5,200,513)	(58,999)	–	(127,242,731)	(132,502,243)
Balance at end of year	–	30,795,671	145,096,239	671,186,070	818,267,613	375,411,119	2,040,756,712
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	–	–	–	–	279,328	–	279,328
Net Book Value at End of the Year	₱23,590,796	₱26,914,174	₱38,936,210	₱206,182,103	₱161,878,294	₱761,712,078	₱1,219,213,655

Includes termination of lease agreements

Gain on sale of property and equipment included in 'Miscellaneous income' amounted to ₱30.41 million, ₱1.91 million and ₱7.25 million in 2021, 2020 and 2019, respectively, for the Group, and ₱30.02 million, ₱1.71 million and ₱6.49 million in 2021, 2020 and 2019, respectively, for the Parent Company (see Note 24).

The details of depreciation and amortization follow:

	Consolidated			**Parent Company**		
	2021	2020	2019	**2021**	2020	2019
Property and equipment and right-of-use of asset (Note 10)	**₱501,580,974**	₱479,888,630	₱461,385,762	**₱459,178,377**	₱441,541,857	₱427,627,104
Software costs (Note 13)	**101,265,445**	99,151,169	93,616,013	**99,338,407**	97,549,258	91,886,690
Repossessed chattels (Note 13)	**93,468,751**	76,637,228	56,400,520	**91,417,469**	75,147,030	56,128,078
Investment properties (Note 11)	**42,097,434**	31,261,547	24,138,059	**41,171,864**	29,986,481	22,915,622
	₱738,412,604	₱686,938,574	₱635,540,354	**₱691,106,117**	₱644,224,626	₱598,557,494

As of December 31, 2021 and 2020, the cost of fully depreciated items of property and equipment still in use by the Group amounted to ₱1.52 billion and ₱1.29 billion, respectively.

As of December 31, 2021 and 2020, the cost of fully depreciated items of property and equipment still in use by the Parent Company amounted to ₱1.40 billion and ₱1.20 billion, respectively.

11. Investment Properties

The movements in this account follow:

	Consolidated		
	December 31, 2021		
	Land	**Building**	**Total**
Cost			
Balances at beginning of year	**₱236,641,387**	**₱361,692,621**	**₱598,334,008**
Additions (Note 30)	**218,188,287**	**203,188,656**	**421,376,943**
Disposals	**(40,558,936)**	**(47,282,317)**	**(87,841,253)**
Balances at end of year	**414,270,738**	**517,598,960**	**931,869,698**
Accumulated depreciation			
Balances at beginning of year	–	**106,717,177**	**106,717,177**
Depreciation (Note 10)	–	**42,097,434**	**42,097,434**
Disposals	–	**(17,259,878)**	**(17,259,878)**
Balances at end of year	–	**131,554,733**	**131,554,733**

	Consolidated		
	December 31, 2021		
	Land	**Building**	**Total**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**₱25,205,389**	**₱1,520,545**	**₱26,725,934**
Provisions (recoveries)	**(6,535)**	**107,914**	**101,379**
Disposals	**(11,306,787)**	**(1,259,726)**	**(12,566,513)**
Balances at end of year	**13,892,067**	**368,733**	**14,260,800**
Net book value at end of the year	**₱400,378,671**	**₱385,675,494**	**₱786,054,165**

	Parent Company		
	December 31, 2021		
	Land	**Building**	**Total**
Cost			
Balances at beginning of year	**₱112,664,333**	**₱336,489,901**	**₱449,154,234**
Additions (Note 30)	**209,070,287**	**197,305,799**	**406,376,086**
Disposals	**(14,341,249)**	**(38,183,817)**	**(52,525,066)**
Balances at end of year	**307,393,371**	**495,611,883**	**803,005,254**
Accumulated depreciation			
Balances at beginning of year	−	**87,074,823**	**87,074,823**
Depreciation (Note 10)	−	**41,171,864**	**41,171,864**
Disposals	−	**(15,066,105)**	**(15,066,105)**
Balances at end of year	−	**113,180,582**	**113,180,582**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**1,881,113**	**1,121,114**	**3,002,227**
Provisions (recoveries)	**(12,756)**	**107,916**	**95,160**
Disposals	**(1,652,532)**	**(958,406)**	**(2,610,938)**
Balances at end of year	**215,825**	**270,624**	**486,449**
Net book value at end of the year	**₱307,177,546**	**₱382,160,677**	**₱689,338,223**

	Consolidated		
	December 31, 2020		
	Land	Building	Total
Cost			
Balances at beginning of year	₱179,951,111	₱309,076,087	₱489,027,198
Additions (Note 30)	66,956,080	61,610,814	128,566,894
Disposals	(10,265,804)	(8,994,280)	(19,260,084)
Balances at end of year	236,641,387	361,692,621	598,334,008
Accumulated depreciation			
Balances at beginning of year	−	79,341,778	79,341,778
Depreciation (Note 10)	−	31,261,547	31,261,547
Disposals	−	(3,886,148)	(3,886,148)
Balances at end of year	−	106,717,177	106,717,177
Allowance for impairment losses (Note 14)			
Balances at beginning of year	25,930,193	1,400,223	27,330,416
Provisions	8,679	144,448	153,127
Disposals	(733,483)	(24,126)	(757,609)
Balances at end of year	25,205,389	1,520,545	26,725,934
Net book value at end of year	₱211,435,998	₱253,454,899	₱464,890,897

	Parent Company		
	December 31, 2020		
	Land	Building	Total
Cost			
Balances at beginning of year	₱49,675,249	₱280,304,367	₱329,979,616
Additions (Note 30)	66,236,080	61,014,814	127,250,894
Disposals	(3,246,996)	(4,829,280)	(8,076,276)
Balances at end of year	112,664,333	336,489,901	449,154,234
Accumulated depreciation			
Balances at beginning of year	–	60,345,995	60,345,995
Depreciation (Note 10)	–	29,986,481	29,986,481
Disposals	–	(3,257,653)	(3,257,653)
Balances at end of year	–	87,074,823	87,074,823
Allowance for impairment losses (Note 14)			
Balances at beginning of year	2,047,582	1,121,114	3,168,696
Disposals	(166,469)	–	(166,469)
Balances at end of year	1,881,113	1,121,114	3,002,227
Net book value at end of year	₱110,783,220	₱248,293,964	₱359,077,184

Investment properties include real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the asset upon foreclosure and the carrying value of the loan is recognized as gain or loss on initial recognition recorded included under 'Miscellaneous Income'.

The fair values of investment properties are disclosed in Note 5.

Direct operating expenses on investment properties (recorded in 'Litigation expense' under'Miscellaneous expense') amounted to ₱81.41 million, ₱19.68 million and ₱18.62 million in December 31, 2021, 2020 and 2019, respectively, for the Group, and ₱78.92 million, ₱18.84 million and ₱14.51 million in December 31, 2021, 2020 and 2019, respectively, for the Parent Company (see Note 24).

Gain (loss) on initial recognition of investment properties included in 'Miscellaneous income' of the Group amounted to ₱83.81 million, (₱48.30) million and ₱33.89 million in December 31, 2021, December 31, 2020 and 2019, respectively, for the Group, and ₱77.81 million, (₱48.66) million and ₱21.47 million in December 31, 2021, December 31, 2020 and 2019, respectively, for the Parent Company (see Note 24).

Gain (loss) on sale of investment properties included in 'Miscellaneous income' amounted to ₱13.87. million, ₱3.56 million and ₱17.36 million for the years ended December 31, 2021, 2020 and 2019, respectively for the Group and ₱13.87 million, ₱3.56 million and ₱5.14 million for the years ended December 31, 2021, 2020 and 2019, respectively, for the Parent Company (see Note 24).

12. **Branch Licenses**

The movements in this account follow:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Cost				
Balance at beginning of year	**₱1,233,464,873**	₱1,232,655,298	**₱612,554,873**	₱612,055,298
Additions	**552,372**	809,575	**552,372**	499,575
Balance at end of year	**1,234,017,245**	1,233,464,873	**613,107,245**	612,554,873
Allowance for impairment losses (Note 14)				
Balance at beginning and end of year	**232,726,929**	232,726,929	**232,726,929**	232,726,929
	₱1,001,290,316	₱1,000,737,944	**₱380,380,316**	₱379,827,944

The allowance for impairment losses amounting to ₱232.73 million relates to branches that the Parent Company ceased to operate in 2010.

13. Other Assets

This account consists of:

	Consolidated		Parent Company	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Creditable withholding tax	**₱626,511,121**	₱502,476,165	**₱626,511,121**	₱502,476,165
Software costs - net	**375,799,248**	312,654,144	**374,539,869**	311,446,461
Repossessed chattels - net	**188,263,358**	232,984,343	**187,670,265**	229,173,194
Prepaid expenses	**115,515,484**	87,033,076	**110,914,484**	82,701,720
Bills payment - contra	**102,666,219**	59,638,026	**102,666,219**	59,638,026
Refundable deposits	**71,920,404**	67,694,161	**69,493,297**	65,725,442
Advance payment to suppliers	**42,682,873**	23,837,263	**42,682,873**	23,837,263
Documentary stamp tax on hand	**5,228,645**	943,118	**4,636,965**	428,704
Sundry debits	**2,217,192**	969,678	**2,217,192**	969,678
Retirement asset (Note 22)	**–**	18,507,380	**–**	18,507,380
Others	**83,172,332**	60,902,123	**76,623,436**	53,029,121
	1,613,976,876	1,367,639,477	**1,597,955,721**	1,347,933,154
Allowance for impairment losses (Note 14)	**(13,064,205)**	(13,064,205)	**(10,540,371)**	(10,540,371)
	₱1,600,912,671	₱1,354,575,272	**₱1,587,415,350**	₱1,337,392,783

Software costs - net represent the carrying amount of software purchased by the Group for use in operations, net of amortization.

Advance payment to suppliers consists of various down payments made to various suppliers and contractors in connection with the Group’s and the Parent Company’s operation and other projects such as branch expansions.

Bills payment-contra is the contra account of bills payment under ‘Accrued expenses and other liabilities’ (see Note 19).

The Group’s ‘Others’ include stationeries and office supplies amounting to ₱12.77 million in December 31, 2021 and ₱11.07 million in December 31, 2020, margin calls amounting to ₱43.23 million in December 31, 2021 and ₱40.68 million in December 31, 2020, and other miscellaneous assets amounting to ₱26.74 million in December 31, 2021 and ₱9.16 million in December 31, 2020.

The Parent Company’s ‘Others’ include stationeries and office supplies amounting to ₱6.66 million in December 31, 2021 and ₱6.23 million in December 31, 2020, margin calls amounting to ₱43.23 million in December 31, 2021 and ₱40.68 million in December 31, 2020, and other miscellaneous assets amounting to ₱26.74 million in December 31, 2021 and ₱6.12 million in December 31, 2020.

The composition of and the movements in 'Repossessed chattels - net' of the Group and the Parent Company follow:

	Consolidated		
	December 31, 2021		
	Cars	**Others**	**Total**
Cost			
Balances at beginning of year	**₱80,015,000**	**₱228,571,628**	**₱308,586,628**
Additions (Note 30)	**142,840,000**	**561,022,639**	**703,862,639**
Disposals	**(174,160,000)**	**(537,071,027)**	**(711,231,027)**
Reclassifications (Note 10)	**(15,845,000)**	**(2,037,700)**	**(17,882,700)**
Balances at end of year	**32,850,000**	**250,485,540**	**283,335,540**
Accumulated depreciation			
Balances at beginning of year	**9,569,861**	**64,757,230**	**74,327,091**
Depreciation (Note 10)	**19,414,257**	**74,054,494**	**93,468,751**
Disposals	**(21,137,451)**	**(47,180,899)**	**(68,318,350)**
Reclassifications (Note 10)	**(4,870,278)**	**(697,667)**	**(5,567,945)**
Balances at end of year	**2,976,389**	**90,933,158**	**93,909,547**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**–**	**1,275,195**	**1,275,195**
Provision	**40,555**	**95,947**	**136,502**
Disposals	**(40,555)**	**(121,007)**	**(161,562)**
Reclassifications	**–**	**(87,500)**	**(87,500)**
Balances at end of year	**–**	**1,162,635**	**1,162,635**
Net Book Value at End of the Year	**₱29,873,611**	**₱158,389,747**	**₱188,263,358**

	Parent Company		
	December 31, 2021		
	Cars	**Others**	**Total**
Cost			
Balances at beginning of year	**₱80,015,000**	**₱223,118,138**	**₱303,133,138**
Additions (Note 30)	**142,840,000**	**558,629,639**	**701,469,639**
Disposals	**(174,160,000)**	**(532,734,027)**	**(706,894,027)**
Reclassifications (Note 10)	**(15,845,000)**	**(382,700)**	**(16,227,700)**
Balances at end of year	**32,850,000**	**248,631,050**	**281,481,050**
Accumulated depreciation			
Balances at beginning of year	**9,569,861**	**63,341,795**	**72,911,656**
Depreciation (Note 10)	**19,414,257**	**72,003,212**	**91,417,469**
Disposals	**(21,137,451)**	**(45,542,612)**	**(66,680,063)**
Reclassifications (Note 10)	**(4,870,278)**	**(99,889)**	**(4,970,167)**
Balances at end of year	**2,976,389**	**89,702,506**	**92,678,895**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**–**	**1,048,288**	**1,048,288**
Provision	**40,555**	**95,947**	**136,502**
Disposals	**(40,555)**	**(12,345)**	**(52,900)**
Balances at end of year	**–**	**1,131,890**	**1,131,890**
Net Book Value at End of the Year	**₱29,873,611**	**₱157,796,654**	**₱187,670,265**

	Consolidated		
	December 31, 2020		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱46,695,000	₱169,219,871	₱215,914,871
Additions (Note 30)	98,070,000	549,074,700	647,144,700
Disposals	(60,800,000)	(487,961,039)	(548,761,039)
Reclassifications (Note 10)	(3,950,000)	(1,761,904)	(5,711,904)
Balances at end of year	80,015,000	228,571,628	308,586,628

(Forward)

	Consolidated		
	December 31, 2020		
	Cars	Others	Total
Accumulated depreciation			
Balances at beginning of year	₱7,118,599	₱46,453,739	₱53,572,338
Depreciation (Note 10)	19,270,265	57,366,963	76,637,228
Disposals	(15,145,947)	(38,573,030)	(53,718,977)
Reclassifications (Note 10)	(1,673,056)	(490,442)	(2,163,498)
Balances at end of year	9,569,861	64,757,230	74,327,091
Allowance for impairment losses (Note 14)			
Balances at beginning of year	23,471	1,052,171	1,075,642
Recoveries	–	223,024	223,024
Disposals	(23,471)	–	(23,471)
Balances at end of year	–	1,275,195	1,275,195
Net Book Value at End of the Year	₱70,445,139	₱162,539,203	₱232,984,342

	Parent Company		
	December 31, 2020		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱46,695,000	₱166,487,381	₱213,182,381
Additions (Note 30)	98,070,000	544,814,700	642,884,700
Disposals	(60,800,000)	(487,877,039)	(548,677,039)
Reclassifications (Note 10)	(3,950,000)	(306,904)	(4,256,904)
Balances at end of year	80,015,000	223,118,138	303,133,138
Accumulated depreciation			
Balances at beginning of year	7,118,599	46,011,448	53,130,047
Depreciation (Note 10)	19,270,265	55,876,765	75,147,030
Disposals	(15,145,947)	(38,489,032)	(53,634,979)
Reclassifications (Note 10)	(1,673,056)	(57,386)	(1,730,442)
Balances at end of year	9,569,861	63,341,795	72,911,656
Allowance for impairment losses (Note 14)			
Balances at beginning of year	23,471	1,048,288	1,071,759
Provision	–	–	–
Disposals	(23,471)	–	(23,471)
Balances at end of year	–	1,048,288	1,048,288
Net Book Value at End of the Year	₱70,445,139	₱158,728,055	₱229,173,194

In December 31, 2021, loss on initial recognition of repossessed chattels included in ‘Miscellaneous income’ amounted to ₱17.92 million for the Group and the Parent Company. In 2020 and 2019, loss on initial recognition of repossessed chattels included in ‘Miscellaneous income’ amounted to ₱0.51 million and ₱81.97 million, respectively, for the Group and ₱0.51 million and ₱81.97 million, respectively, for the Parent Company (see Note 24).

In December 31, 2021 gain (loss) on sale of repossessed chattels included in ‘Miscellaneous income’ amounted to (₱126.25) million and (₱142.44) million, respectively, for the Group and the Parent Company. In 2020 and 2019, loss on sale of repossessed chattels included in ‘Miscellaneous income’ amounted to ₱119.28 million and ₱102.71 million, respectively, for the Group and ₱120.92 million and ₱102.75 million, respectively for the Parent Company (see Note 24).

Movements in 'Software costs - net' follow:

	Consolidated		Parent Company	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Cost				
Balance at beginning of year	**₱922,645,081**	₱810,713,276	**₱902,041,278**	₱791,469,001
Additions	**164,410,549**	111,931,805	**162,431,815**	110,572,277
	1,087,055,630	922,645,081	**1,064,473,093**	902,041,278
Accumulated amortization				
Balance at beginning of year	**609,990,937**	510,839,768	**590,594,817**	493,045,559
Amortization (Note 10)	**101,265,445**	99,151,169	**99,338,407**	97,549,258
Balance at end of quarter	**711,256,382**	609,990,937	**689,933,224**	590,594,817
Net Book Value at the End of the Quarter	**₱375,799,248**	₱312,654,144	**₱374,539,869**	₱311,446,461

14. Allowance for Credit and Impairment Losses

Movements in the allowance for credit and impairment losses follow:

	Consolidated		Parent Company	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Balance at beginning of period:				
Loans and receivables (Note 8)	**₱1,803,857,675**	₱1,166,921,305	**₱1,568,319,633**	₱1,058,755,225
Branch licenses (Note 12)	**232,726,929**	232,726,929	**232,726,929**	232,726,929
Investment properties (Note 11)	**26,725,934**	27,330,416	**3,002,227**	3,168,696
Property and equipment (Note 10)	**12,858,919**	12,858,919	**279,328**	279,328
Financial asset at amortized cost (Note 7)	**2,598,433**	338,948	**2,596,533**	332,226
Repossessed chattels (Note 13)	**1,275,195**	1,075,642	**1,048,288**	1,071,759
Other assets (Note 13)	**13,064,205**	13,064,205	**10,540,371**	10,540,371
	2,093,107,290	1,454,316,364	**1,818,513,309**	1,306,874,534
Provision for the year	**1,275,471,667**	1,100,689,790	**1,246,759,915**	1,049,254,083
Disposals	**(12,728,076)**	(420,717,277)	**(2,663,836)**	(420,121,305)
Foreclosures/Write-off/others	**(695,712,203)**	(41,181,587)	**(695,712,203)**	(117,494,003)
	567,031,388	638,790,926	**548,383,876**	511,638,775
Balances at end of year				
Loans and receivables (Note 8)	**2,385,166,826**	1,803,857,675	**2,120,923,254**	1,568,319,633
Branch licenses (Note 12)	**232,726,929**	232,726,929	**232,726,929**	232,726,929
Investment properties (Note 11)	**14,260,800**	26,725,934	**486,449**	3,002,227
Property and equipment (Note 10)	**12,946,419**	12,858,919	**279,328**	279,328
Financial asset at amortized cost (Note 7)	**810,864**	2,598,433	**808,964**	2,596,533
Repossessed chattels (Note 13)	**1,162,635**	1,275,195	**1,131,890**	1,048,288
Other assets (Note 13)	**13,064,205**	13,064,205	**10,540,371**	10,540,371
	₱2,660,138,678	₱2,093,107,290	**₱2,366,897,185**	₱1,818,513,309

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to commercial loans follow:

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱43,257,060,104**	**₱7,787,032,515**	**₱469,872,429**	**₱51,513,965,048**
New assets originated or purchased	**97,387,522,816**	**–**	**–**	**97,387,522,816**
Assets derecognized or repaid (excluding write offs)	**(88,171,074,588)**	**(3,174,205,970)**	**(73,052,382)**	**(91,418,332,940)**
Transfers to Stage 1	**38,360,269**	**(38,360,269)**	**–**	**–**
Transfers to Stage 2	**(15,805,664,806)**	**15,805,664,806**	**–**	**–**
Transfers to Stage 3	**(812,804,866)**	**(1,487,805)**	**814,292,671**	**–**
Reclassification from real estate loans	**709,602,650**	**9,680,506**	**10,072,336**	**729,355,492**
Amounts written off/reversals/others	**–**	**–**	**(333,454,485)**	**(333,454,485)**
	₱36,603,001,579	**₱20,388,323,783**	**₱887,730,569**	**₱57,879,055,931**
ECL allowance as at January 1, 2021	**₱234,753,226**	**₱319,629,873**	**₱240,183,978**	**₱794,567,077**
Provisions for (recovery of) credit losses	**(146,349,942)**	**160,849,982**	**578,227,568**	**592,727,608**
Transfers to Stage 1	**309,368**	**(309,368)**	**–**	**–**
Transfers to Stage 2	**(15,513,064)**	**15,513,064**	**–**	**–**
Transfers to Stage 3	**(307,642)**	**(11,061)**	**318,703**	**–**
Reclassification from real estate loans	**1,282,279**	**16,809**	**1,128,962**	**2,428,050**
Amounts written off/reversals/others	**–**	**–**	**(121,244,152)**	**(121,244,152)**
	₱74,174,225	**₱495,689,299**	**₱698,615,059**	**₱1,268,478,583**

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱43,246,500,135**	**₱7,780,544,286**	**₱403,053,897**	**₱51,430,098,318**
New assets originated or purchased	**97,357,445,465**	**–**	**–**	**97,357,445,465**
Assets derecognized or repaid (excluding write offs)	**(88,115,893,190)**	**(3,167,826,790)**	**(54,686,321)**	**(91,338,406,301)**
Transfers to Stage 1	**38,251,221**	**(38,251,221)**	**–**	**–**
Transfers to Stage 2	**(15,805,664,806)**	**15,805,664,806**	**–**	**–**
Transfers to Stage 3	**(812,804,866)**	**(1,487,805)**	**814,292,671**	**–**
Reclassification from real estate loans	**709,602,650**	**9,680,506**	**10,072,336**	**729,355,492**
Amounts written off/reversals/others/reclassification	**–**	**–**	**(333,454,485)**	**(333,454,485)**
	₱36,617,436,609	**₱20,388,323,782**	**₱839,278,098**	**₱57,845,038,489**
ECL allowance as at January 1, 2021	**₱234,460,034**	**₱317,997,373**	**₱189,651,956**	**₱742,109,363**
Provisions for (recovery of) credit losses	**(146,056,750)**	**162,482,482**	**584,895,697**	**601,321,429**
Transfers to Stage 1	**309,368**	**(309,368)**	**–**	**–**
Transfers to Stage 2	**(15,513,064)**	**15,513,064**	**–**	**–**
Transfers to Stage 3	**(307,642)**	**(11,061)**	**318,703**	**–**
Reclassification from real estate loans	**1,282,279**	**16,809**	**1,128,962**	**2,428,050**
Amounts written off/reversals/others	**–**	**–**	**(120,887,742)**	**(120,887,742)**
	₱74,174,225	**₱495,689,299**	**₱655,107,576**	**₱1,224,971,100**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱45,159,289,004	₱3,860,868,821	₱494,677,652	₱49,514,835,477
New assets originated or purchased	51,233,107,623	–	–	51,233,107,623
Assets derecognized or repaid (excluding write offs)	(47,786,579,303)	(1,212,937,454)	(50,291,635)	(49,049,808,392)
Transfers to Stage 1	2,624,185,861	(2,624,185,861)	–	–
Transfers to Stage 2	(7,778,789,915)	7,779,213,426	(423,511)	–
Transfers to Stage 3	(194,153,166)	(15,926,417)	210,079,583	–
Amounts written off	–	–	(184,169,660)	(184,169,660)
	₱43,257,060,104	₱7,787,032,515	₱469,872,429	₱51,513,965,048
ECL allowance as at January 1, 2020	₱168,331,661	₱78,711,685	₱329,051,987	₱576,095,333
Provisions for (recovery of) credit losses	436,703,296	(72,488,778)	13,427,767	377,642,285
Transfers to Stage 1	2,415,898	(2,415,898)	–	–
Transfers to Stage 2	(319,260,165)	319,260,165	–	–
Transfers to Stage 3	(53,437,464)	(3,437,301)	56,874,765	–
Amounts written off/reversals/others	–	–	(159,170,541)	(159,170,541)
	₱234,753,226	₱319,629,873	₱240,183,978	₱794,567,077

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱45,169,260,379	₱3,847,533,831	₱390,079,154	₱49,406,873,364
New assets originated or purchased	51,151,176,954	–	–	51,151,176,954
Assets derecognized or repaid (excluding write offs)	(47,767,552,082)	(1,198,282,764)	(22,972,164)	(48,988,807,010)
Transfers to Stage 1	2,620,597,488	(2,620,597,488)	–	–
Transfers to Stage 2	(7,766,342,506)	7,766,766,017	(423,511)	–
Transfers to Stage 3	(160,640,098)	(14,875,310)	175,515,408	–
Amounts written off/reversals/others	–	–	(139,144,990)	(139,144,990)
	₱43,246,500,135	₱7,780,544,286	₱403,053,897	₱51,430,098,318
ECL allowance as at January 1, 2020	₱168,152,153	₱78,710,724	₱235,840,235	₱482,703,112
Provisions for (recovery of) credit losses	434,438,148	(72,488,778)	11,602,753	373,552,123
Transfers to Stage 1	2,415,898	(2,415,898)	–	–
Transfers to Stage 2	(317,627,665)	317,627,665	–	–
Transfers to Stage 3	(52,918,500)	(3,436,340)	56,354,840	–
Amounts written off/reversals/others	–	–	(114,145,872)	(114,145,872)
	₱234,460,034	₱317,997,373	₱189,651,956	₱742,109,363

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to real estate loans follow:

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱21,025,042,581**	**₱1,765,427,891**	**₱1,366,585,801**	**₱24,157,056,273**
New assets originated or purchased	**10,755,720,530**	**–**	**–**	**10,755,720,530**
Assets derecognized or repaid (excluding write offs)	**(4,043,790,847)**	**(104,097,203)**	**(235,279,360)**	**(4,383,167,410)**
Transfers to Stage 1	**1,168,848,120**	**(960,305,682)**	**(208,542,438)**	**–**
Transfers to Stage 2	**(803,147,476)**	**842,447,138**	**(39,299,662)**	**–**
Transfers to Stage 3	**(608,213,379)**	**(219,477,007)**	**827,690,386**	**–**
Reclassification to commercial loans	**(709,602,650)**	**(9,680,506)**	**(10,072,336)**	**(729,355,492)**
Amounts written off off/reversals/others	**–**	**–**	**(81,903,826)**	**(81,903,826)**
	₱26,784,856,879	**₱1,314,314,631**	**₱1,619,178,565**	**₱29,718,350,075**

(Forward)

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at January 1, 2021 under PFRS 9	**₱32,939,064**	**₱7,996,557**	**₱153,248,054**	**₱194,183,675**
Provisions for (recovery of) credit losses	**41,053,249**	**9,471,146**	**83,125,134**	**133,649,529**
Transfers to Stage 1	**27,695,765**	**(4,321,203)**	**(23,374,562)**	**–**
Transfers to Stage 2	**(1,267,895)**	**5,672,812**	**(4,404,917)**	**–**
Transfers to Stage 3	**(910,114)**	**(847,047)**	**1,757,161**	**–**
Reclassification to commercial loans	**(1,282,279)**	**(16,809)**	**(1,128,962)**	**(2,428,050)**
Amounts written off/reversals/others	**–**	**–**	**(3,977,273)**	**(3,977,273)**
	₱98,227,790	**₱17,955,456**	**₱205,244,635**	**₱321,427,881**

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱20,942,372,471**	**₱1,765,427,891**	**₱1,364,533,053**	**₱24,072,333,415**
New assets originated or purchased	**10,676,526,085**	**–**	**–**	**10,676,526,085**
Assets derecognized or repaid (excluding write offs)	**(4,023,658,608)**	**(104,097,203)**	**(233,998,866)**	**(4,361,754,677)**
Transfers to Stage 1	**1,168,848,120**	**(960,305,682)**	**(208,542,438)**	**–**
Transfers to Stage 2	**(800,570,531)**	**839,870,193**	**(39,299,662)**	**–**
Transfers to Stage 3	**(608,213,379)**	**(219,477,007)**	**827,690,386**	**–**
Reclassification to commercial loans	**(709,602,650)**	**(9,680,506)**	**(10,072,336)**	**(729,355,492)**
Amounts written off/reversals/others	**–**	**–**	**(81,903,826)**	**(81,903,826)**
	₱26,645,701,508	**₱1,311,737,686**	**₱1,618,406,311**	**₱29,575,845,505**
ECL allowance as at January 1, 2021 under PFRS 9	**₱32,781,849**	**₱7,996,558**	**₱152,566,304**	**₱193,344,711**
Provisions for (recovery of) credit losses	**41,711,078**	**9,114,370**	**83,711,610**	**134,537,058**
Transfers to Stage 1	**27,695,765**	**(4,321,203)**	**(23,374,562)**	**–**
Transfers to Stage 2	**(1,242,301)**	**5,647,219**	**(4,404,918)**	**–**
Transfers to Stage 3	**(910,114)**	**(847,047)**	**1,757,161**	**–**
Reclassification	**(1,282,279)**	**(16,809)**	**(1,128,962)**	**(2,428,050)**
Amounts written off/reversals/others	**–**	**–**	**(5,158,056)**	**(5,158,056)**
	₱98,753,998	**₱17,573,088**	**₱203,968,577**	**₱320,295,663**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱18,037,358,389	₱1,035,203,454	₱255,873,168	₱19,328,435,011
New assets originated or purchased	6,742,515,755	–	–	6,742,515,755
Assets derecognized or repaid (excluding write offs)	(1,688,283,992)	(178,506,781)	(42,028,093)	(1,908,818,866)
Transfers to Stage 1	401,241,820	(388,251,781)	(12,990,039)	–
Transfers to Stage 2	(1,573,059,045)	1,585,630,709	(12,571,664)	–
Transfers to Stage 3	(894,730,346)	(288,647,710)	1,183,378,056	–
Amounts written off/reversals/others	–	–	(5,075,627)	(5,075,627)
	₱21,025,042,581	₱1,765,427,891	₱1,366,585,801	₱24,157,056,273
ECL allowance as at January 1, 2020	₱11,981,918	₱1,382,174	₱6,354,917	₱19,719,009
Provisions for (recovery of) credit losses	127,243,046	32,421,610	21,587,455	181,252,111
Transfers to Stage 1	493,931	(488,257)	(5,674)	–
Transfers to Stage 2	(7,595,069)	7,645,728	(50,659)	–
Transfers to Stage 3	(99,184,762)	(32,964,698)	132,149,460	–
Amounts written off/reversals/others	–	–	(6,787,445)	(6,787,445)
	₱32,939,064	₱7,996,557	₱153,248,054	₱194,183,675

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱17,990,665,281	₱1,035,150,339	₱250,285,854	₱19,276,101,474
New assets originated or purchased	6,684,219,755	–	–	6,684,219,755
Assets derecognized or repaid (excluding write offs)	(1,667,659,735)	(178,453,666)	(41,874,413)	(1,887,987,814)
Transfers to Stage 1	401,241,820	(388,251,781)	(12,990,039)	–
Transfers to Stage 2	(1,573,059,045)	1,585,630,709	(12,571,664)	–
Transfers to Stage 3	(893,035,605)	(288,647,710)	1,181,683,315	–
	₱20,942,372,471	₱1,765,427,891	₱1,364,533,053	₱24,072,333,415
ECL allowance as at January 1, 2020	₱9,928,702	₱1,382,174	₱1,066,340	₱12,377,216
Provisions for credit losses	129,137,411	32,421,611	19,408,473	180,967,495
Transfers to Stage 1	493,931	(488,257)	(5,674)	–
Transfers to Stage 2	(7,595,069)	7,645,728	(50,659)	–
Transfers to Stage 3	(99,183,126)	(32,964,698)	132,147,824	–
	₱32,781,849	₱7,996,558	₱152,566,304	₱193,344,711

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer loans follow:

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱8,844,727,604**	**₱746,932,690**	**₱1,010,368,218**	**₱10,602,028,512**
New assets originated or purchased	**9,585,680,310**	**–**	**–**	**9,585,680,310**
Assets derecognized or repaid (excluding write offs)	**(7,696,163,368)**	**(565,689,878)**	**(222,764,909)**	**(8,484,618,155)**
Transfers to Stage 1	**216,971,647**	**(173,924,491)**	**(43,047,156)**	**–**
Transfers to Stage 2	**(792,216,396)**	**817,704,909**	**(25,488,513)**	**–**
Transfers to Stage 3	**(357,393,602)**	**(176,772,099)**	**534,165,701**	**–**
Reclassification to other receivables	**(122,326,019)**	**(4,808,305)**	**(2,104,519)**	**(129,238,843)**
Amounts written off/reversals/others	**–**	**–**	**(475,587,816)**	**(475,587,816)**
	₱9,679,280,176	**₱643,442,826**	**₱775,541,006**	**₱11,098,264,008**
ECL allowance as at January 1, 2021	**₱126,220,273**	**₱52,954,362**	**₱512,703,944**	**₱691,878,579**
Provisions for (recovery of) credit losses	**23,094,763**	**7,192,149**	**351,104,759**	**381,391,671**
Transfers to Stage 1	**16,042,173**	**(3,675,793)**	**(12,366,380)**	**–**
Transfers to Stage 2	**(13,857,255)**	**17,815,987**	**(3,958,732)**	**–**
Transfers to Stage 3	**(18,319,623)**	**(15,861,179)**	**34,180,802**	**–**
Reclassification to other receivables	**(955,574)**	**(392,854)**	**(1,103,072)**	**(2,451,500)**
Amounts written off/reversals/others	**–**	**–**	**(404,896,427)**	**(404,896,427)**
	₱132,224,757	**₱58,032,672**	**₱475,664,894**	**₱665,922,323**

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱7,418,798,175**	**₱725,269,587**	**₱815,020,317**	**₱8,959,088,079**
New assets originated or purchased	**8,313,515,917**	**–**	**–**	**8,313,515,917**
Assets derecognized or repaid (excluding write offs)	**(6,771,761,643)**	**(555,895,278)**	**(192,915,309)**	**(7,520,572,230)**
Transfers to Stage 1	**207,129,392**	**(165,602,253)**	**(41,527,139)**	**–**
Transfers to Stage 2	**(774,873,524)**	**786,964,881**	**(12,091,357)**	**–**
Transfers to Stage 3	**(341,634,434)**	**(174,797,292)**	**516,431,726**	**–**
Reclassification to other receivables	**(122,326,019)**	**(4,808,305)**	**(2,104,519)**	**(129,238,843)**
Amounts written off/reversals/others	**–**	**–**	**(475,587,816)**	**(475,587,816)**
	₱7,928,847,864	**₱611,131,340**	**₱607,225,903**	**₱9,147,205,107**
ECL allowance as at January 1, 2021 under PFRS 9	**₱113,531,828**	**₱52,782,752**	**₱376,830,220**	**₱543,144,800**
Provisions for (recovery of) credit losses	**1,534,686**	**5,099,777**	**337,700,620**	**344,335,083**
Transfers to Stage 1	**15,926,112**	**(3,583,590)**	**(12,342,522)**	**–**
Transfers to Stage 2	**(13,637,069)**	**17,461,829**	**(3,824,760)**	**–**
Transfers to Stage 3	**(5,589,829)**	**(13,848,873)**	**19,438,702**	**–**
Reclassification to other receivables	**(955,574)**	**(392,854)**	**(1,103,072)**	**(2,451,500)**
Amounts written off/reversals/others	**–**	**–**	**(404,072,051)**	**(404,072,051)**
	₱110,810,154	**₱57,519,041**	**₱312,627,137**	**₱480,956,332**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱9,538,185,825	₱598,101,501	₱690,984,182	₱10,827,271,508
New assets originated or purchased	9,352,916,141	–	–	9,352,916,141
Assets derecognized or repaid (excluding write offs)	(8,830,588,112)	(358,713,493)	(106,979,566)	(9,296,281,171)
Transfers to Stage 1	59,847,348	(57,417,110)	(2,430,238)	–
Transfers to Stage 2	(693,865,898)	696,575,111	(2,709,213)	–
Transfers to Stage 3	(581,767,700)	(131,613,319)	713,381,019	–
Amounts written off/reversals/others	–	–	(281,877,966)	(281,877,966)
	₱8,844,727,604	₱746,932,690	₱1,010,368,218	₱10,602,028,512
ECL allowance as at January 1, 2020	₱101,753,032	₱7,632,508	₱330,508,993	₱439,894,533
Provisions for (recovery of) credit losses	367,354,919	65,302,782	64,980,472	497,638,173
Transfers to Stage 1	1,017,925	(936,923)	(81,002)	–
Transfers to Stage 2	(50,202,822)	50,348,449	(145,627)	–
Transfers to Stage 3	(293,702,781)	(69,392,454)	363,095,235	–
Amounts written off/reversals/others	–	–	(245,654,127)	(245,654,127)
	₱126,220,273	₱52,954,362	₱512,703,944	₱691,878,579

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱8,249,819,828	₱575,177,700	₱484,824,965	₱9,309,822,493
New assets originated or purchased	8,001,014,102	–	–	8,001,014,102
Assets derecognized or repaid (excluding write offs)	(7,702,405,559)	(336,682,815)	(63,643,310)	(8,102,731,684)
Transfers to Stage 1	58,940,598	(56,602,787)	(2,337,811)	–
Transfers to Stage 2	(670,334,909)	673,044,122	(2,709,213)	–
Transfers to Stage 3	(518,235,885)	(129,666,633)	647,902,518	–
Amounts written off/reversals/others	–	–	(249,016,832)	(249,016,832)
	₱7,418,798,175	₱725,269,587	₱815,020,317	₱8,959,088,079
ECL allowance as at January 1, 2020	₱84,274,675	₱7,348,296	₱186,705,866	₱278,328,837
Provisions for (recovery of) credit losses	350,725,676	65,525,795	55,099,138	471,350,609
Transfers to Stage 1	960,705	(935,921)	(24,784)	–
Transfers to Stage 2	(50,006,971)	50,152,598	(145,627)	–
Transfers to Stage 3	(272,422,257)	(69,308,016)	341,730,273	–
Amounts written off/reversals/others	–	–	(206,534,646)	(206,534,646)
	₱113,531,828	₱52,782,752	₱376,830,220	₱543,144,800

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables follow:

	Consolidated			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱1,446,072,892**	**₱645,897,878**	**₱209,944,583**	**₱2,301,915,353**
New assets originated or purchased	**8,195,510,092**	**–**	**–**	**8,195,510,092**
Assets derecognized or repaid (excluding write offs)	**(6,659,955,222)**	**(341,388,916)**	**(647,600,264)**	**(7,648,944,402)**
Transfers to Stage 1	**33,121,799**	**(22,334,867)**	**(10,786,932)**	**–**
Transfers to Stage 2	**(180,684,007)**	**182,052,153**	**(1,368,146)**	**–**
Transfers to Stage 3	**(1,296,882,139)**	**(216,368,088)**	**1,513,250,227**	**–**
Reclassification from consumer loans	**122,326,019**	**4,808,305**	**2,104,519**	**129,238,843**
Amounts written off/reversals/others	**–**	**–**	**(299,904,095)**	**(299,904,095)**
	₱1,659,509,434	**₱252,666,465**	**₱765,639,892**	**₱2,677,815,791**
ECL allowance as at January 1, 2021	**₱20,388,682**	**₱12,663,244**	**₱90,176,418**	**₱123,228,344**
Provisions for (recovery of) credit losses	**21,807,487**	**4,339,533**	**143,105,527**	**169,252,547**
Transfers to Stage 1	**1,680,563**	**(156,530)**	**(1,524,033)**	**–**
Transfers to Stage 2	**(6,907,489)**	**6,967,829**	**(60,340)**	**–**
Transfers to Stage 3	**(33,496,971)**	**(11,485,726)**	**44,982,697**	**–**
Reclassification from consumer loans	**955,574**	**392,854**	**1,103,072**	**2,451,500**
Amounts written off/reversals/others	**–**	**–**	**(165,594,352)**	**(165,594,352)**
	₱4,427,846	**₱12,721,204**	**₱112,188,989**	**₱129,338,039**

	Parent Company			
	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at January 1, 2021	**₱1,359,060,740**	**₱643,123,409**	**₱160,940,437**	**₱2,163,124,586**
New assets originated or purchased	**8,170,501,125**	**–**	**–**	**8,170,501,125**
Assets derecognized or repaid (excluding write offs)	**(6,598,828,801)**	**(340,139,606)**	**(630,353,202)**	**(7,569,321,609)**
Transfers to Stage 1	**26,419,179**	**(21,694,734)**	**(4,724,445)**	**–**
Transfers to Stage 2	**(179,207,271)**	**180,148,391**	**(941,120)**	**–**
Transfers to Stage 3	**(1,290,788,238)**	**(216,165,411)**	**1,506,953,649**	**–**
Reclassification from consumer loans	**122,326,019**	**4,808,305**	**2,104,519**	**129,238,843**
Amounts written off/reversals/others	**–**	**–**	**(299,904,095)**	**(299,904,095)**
	₱1,609,482,753	**250,080,354**	**734,075,743**	**2,593,638,850**
ECL allowance as at January 1, 2021	**₱19,496,922**	**₱12,497,086**	**₱57,726,751**	**₱89,720,759**
Provisions for (recovery of) credit losses	**17,996,809**	**4,079,143**	**146,046,300**	**168,122,252**
Transfers to Stage 1	**390,547**	**(149,074)**	**(241,473)**	**–**
Transfers to Stage 2	**(6,888,616)**	**6,944,686**	**(56,070)**	**–**
Transfers to Stage 3	**(27,711,321)**	**(11,305,451)**	**39,016,772**	**–**
Reclassification from consumer loans	**955,574**	**392,854**	**1,103,072**	**2,451,500**
Amounts written off/reversals/others	**–**	**–**	**(165,594,352)**	**(165,594,352)**
	₱4,239,915	**₱12,459,244**	**₱78,001,000**	**₱94,700,159**

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱1,813,300,091	₱110,104,395	₱211,769,478	₱2,135,173,964
New assets originated or purchased	7,518,832,620	–	–	7,518,832,620
Assets derecognized or repaid (excluding write offs)	(7,590,377,145)	371,907,417	(117,947,617)	(7,336,417,345)
Transfers to Stage 1	43,645,018	(42,527,826)	(1,117,192)	–
Transfers to Stage 2	(224,074,576)	226,108,481	(2,033,905)	–
Transfers to Stage 3	(115,253,116)	(19,694,589)	134,947,705	–
Amounts written off/reversals/others	–	–	(15,673,886)	(15,673,886)
	₱1,446,072,892	₱645,897,878	₱209,944,583	₱2,301,915,353
ECL allowance as at January 1, 2020	₱5,044,587	₱2,557,564	₱86,508,885	₱94,111,036
Provisions for (recovery of) credit losses	66,070,344	6,215,674	(30,769,268)	41,516,750
Transfers to Stage 1	162,841	(101,033)	(61,808)	–
Transfers to Stage 2	(11,324,453)	11,368,551	(44,098)	–
Transfers to Stage 3	(39,564,637)	(7,377,512)	46,942,149	–
Amounts written off/reversals/others	–	–	(12,399,442)	(12,399,442)
	₱20,388,682	₱12,663,244	₱90,176,418	₱123,228,344

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱1,763,555,263	₱103,249,463	₱185,023,679	₱2,051,828,405
New assets originated or purchased	7,425,833,162	–	–	7,425,833,162
Assets derecognized or repaid (excluding write offs)	(7,566,955,498)	377,795,984	(116,985,605)	(7,306,145,119)
Transfers to Stage 1	42,820,163	(42,333,644)	(486,519)	–
Transfers to Stage 2	(222,930,696)	223,827,745	(897,049)	–
Transfers to Stage 3	(83,261,654)	(19,416,139)	102,677,793	–
Amounts written off	–	–	(8,391,862)	(8,391,862)
	₱1,359,060,740	₱643,123,409	₱160,940,437	₱2,163,124,586
ECL allowance as at January 1, 2020	₱4,370,792	₱1,948,574	₱69,313,293	₱75,632,659
Provisions for (recovery of) credit losses	49,506,827	6,670,502	(35,057,780)	21,119,549
Transfers to Stage 1	112,198	(100,837)	(11,361)	–
Transfers to Stage 2	(11,163,720)	11,207,818	(44,098)	–
Transfers to Stage 3	(23,329,175)	(7,228,971)	30,558,146	–
Amounts written off/reversals/others	–	–	(7,031,449)	(7,031,449)
	₱19,496,922	₱12,497,086	₱57,726,751	₱89,720,759

Below is the breakdown of provision for credit and impairment losses:

	Consolidated			**Parent Company**		
	December 31, 2021	December 31, 2020	December 31, 2019	**December, 2021**	December 31, 2020	December 31, 2019
Loans and receivables*	**₱1,302,885,054**	₱1,098,049,322	₱129,206,921	**₱1,274,179,522**	₱1,046,989,776	₱128,614,962
Investment properties	**101,379**	153,127	(3,823,625)	**95,160**	–	(3,823,625)
HTC securities	**(1,787,569)**	2,264,317	154,207	**(1,787,569)**	2,264,307	154,207
FVOCI	**2,929,559**	1,364,730	2,070,586	**2,929,559**	1,364,730	2,070,586
Repossessed chattels	**136,502**	223,024	(135,486)	**136,502**	–	(139,369)
	₱1,304,264,925	₱1,102,054,520	₱127,472,603	**₱1,275,553,174**	₱1,050,618,813	₱126,876,761

**Includes provision for committments*

15. **Deposit Liabilities**

The breakdown of Group's deposit liabilities account as to currency follows:

	Consolidated		Parent	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Philippine Peso	**₱134,426,730,977**	₱102,925,617,299	**₱132,246,315,357**	₱100,870,954,514
Foreign Currencies	**18,559,843,583**	14,521,795,407	**18,559,843,583**	14,521,795,407
	₱152,986,574,560	₱117,447,412,706	**₱150,806,158,940**	₱115,392,749,921

Outstanding deposit liabilities of the Group bear annual fixed interest rates ranging from nil to 5.75% in 2021, from nil to 5.75%, 2020 and from nil to 6.75% in 2019.

The Group's and the Parent Company's liquidity and statutory reserves as reported to the BSP follow:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Due from BSP	**₱12,445,590,744**	₱10,466,518,730	**₱12,381,126,152**	₱10,404,550,238

As of December 31, 2021 and 2020, the Group and the Parent Company is in compliance with the regulations.

Details of interest expense on deposit liabilities follow:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Time	**₱450,844,106**	₱469,426,389	₱492,682,489	**₱435,578,755**	₱452,386,375	₱479,710,655
Savings	**299,689,400**	632,859,634	1,717,487,944	**284,624,304**	618,181,980	1,703,702,694
LTNCD	**270,337,898**	270,901,436	267,893,614	**270,337,898**	270,901,436	267,893,614
Demand	**4,613,048**	2,053,285	4,334,999	**4,613,048**	2,053,285	4,334,999
	₱1,025,484,452	₱1,375,240,744	₱2,482,399,046	**₱995,154,005**	₱1,343,523,076	₱2,455,641,962

Long-Term Negotiable Certificates of Deposit (LTNCD)
On May 4, 2017, the BSP approved the Parent Company's issuance of the ₱3.00 billion LTNCD, with a right to increase the aggregate issue up to ₱5.0 billion in the event of over subscription.

On June 16, 2017, the Parent Company listed its LTNCD issuance amounting to ₱4.18 billion through the PDEx. The minimum investment was ₱50,000 with increments of ₱10,000 thereafter. The peso-denominated issue will mature on December 16, 2022 with nominal interest rate of 4.125% and EIR of 4.29%, payable every quarter. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and EIR of 5.15% payable every quarter which will mature on January 6, 2024. The proceeds were used to diversify the Parent Company's maturity profile and funding sources and for general corporate purposes.

The BSP approved the decrease in reserve requirements on non-FCDU deposit liabilities through the following circulars:

- Circular 1041 dated May 23, 2019 to 17.00% effective May 31, 2019; 16.50% effective June 28, 2019; 16.00% effective July 26, 2019 for the Parent Company and from 7.00% to 6.50% and 6.00% respectively for LSB.
- Circular 1056 dated October 3, 2019 to 15.00% for the Parent Company and 5.00% for LSB effective November 1, 2019.
- Circular No. 1063 to 14.00% for the Parent Company and 4.00% for LSB effective December 06, 2019.

On May 27, 2020, the BSP through Circular 1087 approved the *Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs)* effective May 29, 2020, subject to certain requirements provided by the MORB, the following alternative compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

- Peso-denominated loans that are granted to micro-, small-, and medium enterprises ("MSME"), banks and NBQBs that meet the definition of a small and medium enterprise;
- Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise.

16. **Redeemable Preferred Shares**

In 2013, the Parent Company acquired 29,000 redeemable preferred shares at ₱1,000 par value from LSB (see Note 7). In 2016, the Parent Company acquired additional 1,200 redeemable preferred shares amounting to ₱1.20 million. The redeemable preferred shares from LSB, classified under Financial Asset at FVOCI as of December 31, 2021 and December 31, 2020, follow:

	Shares	Amount
Preferred shares – ₱1,000 par value		
Authorized	50,000	₱50,000,000
Issued and outstanding		
Balances at beginning and end of year	30,200	₱30,200,000

The preferred shares has the following features:

a. The minimum subscription is 100 shares and payable in cash;
b. The shares shall earn monthly interest at a rate to be fixed by the BOD, but such interest shall not be less than the prevailing market interest rates and said shares shall not be treated as time deposit, deposit substitute or as other form of borrowings;
c. The interest shall be paid in the form of dividends cumulatively, which may be declared annually or as often as the BOD may determine;
d. The shares shall have preference in the distribution of dividends and in the distribution of assets in case of liquidation or dissolution, provided, however that no dividend shall be declared or paid on redeemable shares in the absence of sufficient undivided profits, free surplus and approval of the BSP;
e. The shares are non-voting on matters provided for in the last paragraph of Section 6 of the Corporation Code;
f. Preemptive rights are not available on preferred shares nor shall they be subject to one and the shares shall be held for five (5) years with a right of alienation or encumbrance of the same to any third person within the period of five years from the original date of subscription, provided, however, that on the 5th year the holder shall be obliged to surrender the same to the corporation and upon prior approval of the BSP and in compliance with the provisions of the MORB and the BSP’s circulars regarding this matter, the corporation shall be obliged to take up the subscription at the price when the preferred shares of stock were originally subscribed. Provided that shares redeemed are replaced with at least an equivalent amount of newly paid-in shares so that the total paid-in capital stock is maintained at the same level immediately prior to redemption and provided further, that the corporation is not insolvent or if such redemption will not cause insolvency, impairment of capital or inability of the corporation to meet its debts as they mature; and
g. As of December 31, 2013, LSB has not yet created a sinking fund pending request from BSP to redeem and retire the preferred shares. The fund that will be used to redeem the preferred shares will be taken from the equity infused by the Parent Company.

As discussed in Note 9, the SEC’s approved LSB’s application for increase in authorized capital stock on January 13, 2016. The shares may again be disposed of by LSB for a price fixed by the BOD. Based on the BOD resolution on March 6, 2013, the entire redeemable preferred shares of LSB will be retired after its redemption subject to BSP’s approval.

As of December 31, 2021 and 2020, the entire redeemable preferred shares of LSB has not been redeemed and any redemption shall be subject to BSP’s approval.

17. Bonds Payable

On June 16, 2017, the Parent Company issued ₱4.18 billion long-term negotiable certificate of deposits (LTNCD) carried at a tenor of 5.5 years with a coupon of 4.125%. The issuance of LTNCD represents the Parent Company's initial entry into the debt capital market. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and effective interest rate (EIR) of 5.15% payable every quarter which will mature on January 6, 2024. On August 13, 2019, the Parent Company issued ₱5.00 billion worth of Peso Corporate Bond carried at a tenor of 2.0 years with a coupon of 5.125%. Also, on November 14, 2019, the Parent Company issued ₱5.00 billion worth of Corporate Bonds carried at a tenor of 2.0 years tenor with a coupon rate of 4.300%. The issuances were listed in the Philippine Dealing and Exchange Corporation (PDEx).

On August 13, 2019, the Parent Company issued ₱5.00 billion fixed rate bonds which already matured last August 13, 2021. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 5.125% fixed rate (EIR of 5.82%).
On its maturity, the payment of ₱5.00 billion fixed rate has been made to the bondholders.

On November 14, 2019, the Parent Company issued another ₱5.00 billion fixed rate bonds which already matured last November 14, 2021. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 4.3% fixed rate (EIR of 4.94%).
On its maturity, the payment of ₱5.00 billion fixed rate has been made to the bondholders.

As of December 31, 2021, there are no outstanding bonds payable.

Interest expense on bonds payable amounted to ₱404.96 million in 2021, ₱538.44 million in 2020 and ₱141.12 million in 2019.

18. Bills Payable

As of December 31, 2021, bills payable consist of long-term peso denominated borrowing with Land Bank of the Philippines (LBP) wholesale lending facility amounting to ₱2.50 billion with interest rate of 3.75%.

LBP wholesale lending facility is secured by government securities. Carrying value and fair value of the government securities classified as FVOCI and HTC amounted to ₱3.20 billion and ₱3.00 billion, respectively, as of December 31, 2021 (see Note 7).

Interest expense on bills payable amounted to ₱18.29 million in 2021, ₱83.74 million in 2020 and ₱285.37 million in 2019.

19. Accrued Expenses and Other Liabilities

Accrued expenses account consist of:

	Consolidated		Parent	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Accrued expenses	**₱897,752,695**	₱867,824,581	**₱879,781,671**	₱850,637,504
Accrued interest payable	**105,613,730**	159,054,184	**103,401,064**	155,589,668
	₱1,003,366,425	₱1,026,878,765	**₱983,182,735**	₱1,006,227,172

Accrued expenses consist of accruals for general expenses, bonuses and insurance on deposits, fees and advertisements.

Other liabilities include:

	Consolidated		Parent	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Accounts payable	**₱1,788,222,926**	₱1,524,353,049	**₱1,777,288,262**	₱1,515,070,752
Lease liability (Note 23)	**939,045,318**	910,388,202	**880,443,266**	852,537,551
Bills purchased - contra (Note 8)	**516,654,187**	480,028,717	**516,654,187**	480,028,717
Dormant manager's checks	**135,867,717**	120,151,300	**135,867,717**	120,151,300
Withholding taxes payable	**136,080,003**	123,928,997	**135,017,899**	122,589,788
Retirement liability (Note 22)	**88,568,189**	22,642,535	**59,610,663**	–
Acceptances payable	**23,847,697**	2,438,112	**23,847,697**	2,438,112
Income tax payable	**801,182**	1,548,361	**224,022**	527,406
Redeemable preferred shares (Note 16)	**500,000**	500,000	–	–
Others	**147,126,242**	56,636,908	**147,131,494**	58,462,000
	₱3,776,713,461	₱3,242,616,181	**₱3,676,085,207**	₱3,151,805,626

Accounts payable consists of payables to service providers, advance payments from customers and unreleased checks.

Bills purchased-contra is the contra account of bills purchased under loans. Bills purchased are receivables from customers from converting checks and bank drafts to cash. As of December 31, 2021 and December 31, 2020, bills purchased-contra consists mainly of DOSRI accounts.

The Group's 'Others' consist mainly of sundry credits amounting to ₱0.99 million in December 31, 2021 and ₱0.78 million in December 31, 2020, escheat accounts amounting to ₱10.45 million in December 31, 2021 and ₱7.73 million in December 31, 2020, unearned income amounting to ₱35.58 million in December 31, 2021 and ₱23.41 million in December 31, 2020, payables to agencies servicing employee welfare such as Social Security System, Home Development Mutual Fund and Medicare amounting to ₱10.67 million in December 31, 2021 and ₱8.82 million in December 31, 2020, marginal deposits amounting to ₱40.53 million in December 31, 2021 and nil in December 31, 2020, provision for undrawn loan commitments amounting to ₱36.34 million in December 31, 2021 and ₱10.47 million in December 31, 2020 and other miscellaneous liabilities amounting to ₱89.33 million in December 31, 2021 and ₱15.90 million in December 31, 2020.

The Parent Company's 'Others' consist mainly of sundry credits amounting to ₱0.99 million in December 31, 2021 and ₱0.78 million in December 31, 2020, escheat accounts amounting to ₱10.45 million in December 31, 2021 and ₱7.73 million in December 31, 2020, unearned income amounting to ₱35.58 million in December 31, 2021 and ₱23.41 million in December 31, 2020, payables to agencies servicing employee welfare such as Social Security System, Home Development Mutual Fund and Medicare amounting to ₱9.39 million in December 31, 2021 and ₱7.61 million in December 31, 2020, and marginal deposits amounting to ₱40.53 million in December 31, 2021 and nil in December 31, 2020, provision for undrawn loan commitments amounting to ₱36.34 million in December 31, 2021 and ₱10.47 million in December 31, 2020 other miscellaneous liabilities amounting to ₱90.6 million in December 31, 2021 and ₱18.93 million in December 31, 2020.

20. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from statements of financial position date:

	Consolidated					
	December 31, 2021			December 31, 2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets						
Cash and other cash items	**₱3,934,989,886**	**₱–**	**3,934,989,886**	₱2,863,029,038	₱–	₱2,863,029,038
Due from BSP	**15,781,690,745**	**–**	**15,781,690,745**	20,367,518,731	–	20,367,518,731
Due from other banks	**5,066,292,206**	**–**	**5,066,292,206**	3,904,608,310	–	3,904,608,310
Interbank loans receivable/SPURA	**14,881,826,705**	**–**	**14,881,826,705**	4,495,757,260	–	4,495,757,260
Financial assets at FVTPL	**1,912,412**	**–**	**1,912,412**	87,076,733	–	87,076,733
Financial assets at FVOCI	**300,154,346**	**26,229,472,812**	**26,529,627,158**	1,447,738,489	17,868,067,474	19,315,805,963
Investment securities at amortized cost	**376,907,145**	**8,097,951,634**	**8,474,858,779**	484,150,599	7,565,214,824	8,049,365,423
Loans and receivables - gross	**33,513,603,944**	**68,376,536,048**	**101,890,139,992**	29,796,611,959	59,258,381,944	89,054,993,903
Other assets	**–**	**71,920,400**	**71,920,400**	–	67,694,161	67,694,161
	₱73,857,377,389	**₱102,775,880,894**	**₱176,633,258,283**	₱63,446,491,119	₱84,759,358,403	₱148,205,849,522
Non-financial Assets						
Property and equipment - net	**–**	**1,333,352,694**	**1,333,352,694**	–	1,357,662,566	1,357,662,566
Investment properties - net	**–**	**786,054,165**	**786,054,165**	–	464,890,897	464,890,897
Branch licenses - net	**–**	**1,001,290,316**	**1,001,290,316**	–	1,000,737,944	1,000,737,944
Deferred tax asset	**–**	**709,044,297**	**709,044,297**	–	761,032,257	761,032,257
Investment in a subsidiary	**–**	**212,009,893**	**212,009,893**	–	–	–
Goodwill	**–**	**244,327,006**	**244,327,006**	–	244,327,006	244,327,006
Other assets	**976,489,910**	**552,502,361**	**1,528,992,271**	1,286,881,111	–	1,286,881,111
	₱74,833,867,299	**₱107,614,461,626**	**₱182,448,328,925**	₱64,733,372,230	₱88,588,009,073	₱153,321,381,303
Less:						
Unearned interest and discounts (loans)			**293,352,196**			370,769,671
Allowance for credit and impairment losses - loans and receivables			**2,385,166,826**			1,803,857,675
			₱179,769,809,903			₱151,146,753,957
Financial Liabilities						
Deposit liabilities	**₱142,000,933,067**	**₱10,985,641,493**	**₱152,986,574,560**	₱106,581,732,411	₱10,865,680,295	₱117,447,412,706
Bonds payable	**–**	**–**	**–**	9,951,888,873	–	9,951,888,873
Bills payable	**–**	**2,500,000,000**	**2,500,000,000**	–	–	–
Manager's checks	**1,066,036,319**	**–**	**1,066,036,319**	1,152,343,055	–	1,152,343,055
Accrued expenses	**997,522,882**	**5,843,543**	**1,003,366,425**	1,021,035,222	5,843,543	1,026,878,765
Lease liability	**2,372,035**	**936,673,283**	**939,045,318**	872,603	909,515,599	910,388,202
Redeemable preference shares	**30,700,000**	**–**	**30,700,000**	–	500,000	500,000
Other liabilities	**2,412,050,593**	**–**	**2,412,050,593**	2,126,619,318	–	2,126,619,318
	146,509,614,896	**14,428,158,319**	**160,937,773,215**	120,834,491,482	11,781,539,437	132,616,030,919
Non-financial Liabilities						
Other liabilities	**307,696,847**	**87,220,703**	**394,917,550**	185,531,312	19,577,349	205,108,661
	₱146,817,311,743	**₱14,515,379,022**	**₱161,332,690,765**	₱121,020,022,794	₱11,801,116,786	₱132,821,139,580

	Parent					
	December 31, 2021			December 31, 2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets						
Cash and other cash items	**₱3,828,341,816**	**₱–**	**₱3,828,341,816**	₱2,749,958,446	₱–	₱2,749,958,446
Due from BSP	**15,381,126,153**	**–**	**15,381,126,153**	19,922,550,239	–	19,922,550,239
Due from other banks	**4,987,507,377**	**–**	**4,987,507,377**	3,809,357,748	–	3,809,357,748
Interbank loans receivable/SPURA	**14,764,230,901**	**–**	**14,764,230,901**	4,366,091,085	–	4,366,091,085
Financial assets at FVTPL	**1,912,412**	**–**	**1,912,412**	87,076,733	–	87,076,733
Financial assets at FVOCI	**300,154,346**	**26,259,672,812**	**26,559,827,158**	1,447,738,489	17,898,267,474	19,346,005,963
Investment securities at amortized cost	**376,907,145**	**8,077,953,534**	**8,454,860,679**	484,150,599	7,545,216,724	8,029,367,323
Loans and receivables - gross	**33,056,798,305**	**66,621,583,833**	**99,678,382,138**	29,258,006,041	57,846,667,074	87,104,673,115
Other assets	**–**	**69,493,297**	**69,493,297**	–	65,725,442	65,725,442
	₱72,696,978,455	**₱101,028,703,476**	**₱173,725,681,931**	₱62,124,929,380	₱83,355,876,714	₱145,480,806,094
Non-financial Assets						
Property and equipment - net	**1,209,790,544**	**–**	**1,209,790,544**	1,219,213,655	–	1,219,213,655
Investment properties - net	**689,338,223**	**–**	**689,338,223**	359,077,184	–	359,077,184
Branch licenses - net	**380,380,316**	**–**	**380,380,316**	379,827,944	–	379,827,944
Deferred tax asset	**732,623,798**	**–**	**732,623,798**	798,705,161	–	798,705,161
Investment in a subsidiary	**1,517,769,316**	**–**	**1,517,769,316**	1,305,019,936	–	1,305,019,936
Other assets	**1,517,922,053**	**–**	**1,517,922,053**	1,271,667,341	–	1,271,667,341
	₱78,744,802,705	**₱101,028,703,476**	**₱179,773,506,181**	₱67,458,440,601	₱83,355,876,714	₱150,814,317,315
Less:						
Unearned interest and discounts (loans)			**184,000,588**			265,368,658
Allowance for credit and impairment losses - loans and receivables			**2,120,923,254**			1,568,319,633
			₱177,468,582,339			₱148,980,629,024
Financial Liabilities						
Deposit liabilities	**₱140,246,928,774**	**₱10,559,230,166**	**₱150,806,158,940**	₱104,833,519,755	₱10,559,230,166	₱115,392,749,921
Bonds payable	**–**	**–**	**–**	9,951,888,873	–	9,951,888,873
Bills payable	**–**	**2,500,000,000**	**2,500,000,000**	–	–	–
Manager's checks	**1,066,036,319**	**–**	**1,066,036,319**	1,152,343,055	–	1,152,343,055
Accrued expenses	**977,339,192**	**5,843,543**	**983,182,735**	1,000,383,629	5,843,543	1,006,227,172
Lease liability		**880,443,266**	**880,443,266**		852,537,551	852,537,551
Other liabilities	**2,430,034,188**	**–**	**2,430,034,188**	2,115,778,175	–	2,115,778,175
	144,720,338,473	**13,945,516,975**	**158,665,855,448**	119,053,913,487	11,417,611,260	130,471,524,747
Non-financial Liabilities						
Other liabilities	**305,997,090**	**59,610,663**	**365,607,753**	183,489,900	–	183,489,900
	₱145,026,335,563	**₱14,005,127,638**	**₱159,031,463,201**	₱119,237,403,387	₱11,417,611,260	₱130,655,014,647

21. Equity

As of December 31, 2021 and 2020, the Parent Company's capital stock consists of:

	Shares		**Amount**	
	2021	2020	**2021**	2020
Common shares - ₱10 par value				
Authorized	**2,700,000,000**	2,700,000,000	**₱27,000,000,000**	₱27,000,000,000
Issued and outstanding				
Issued and outstanding	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000
Issued during the year	**–**	–	**–**	–
Balances at end of year	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000

Surplus Reserves

In compliance with existing BSP regulations, 10.00% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Parent Company's regulatory capital.

Details of the appropriations of the trust reserves and expected credit loss follow:

	2021	2020
Reserves for trust	**₱76,327**	₱–
Reserves for expected credit losses	**(15,607,819)**	(14,419,956)

In 2021, the Parent Company's BOD approved to appropriate reserves for trust reserves amounting to ₱76,327.

In 2021, the Parent Company's BOD approved to reverse the approporation of reserves for expected credit losses amounting to ₱15.61 million. In 2020, the Parent Company's BOD approved to reverse the appropriate reserves for expected credit losses amounting to ₱14.42 million, in compliance with the requirements of the BSP Circular No. 1011. Under this BSP Circular, the Bank shall treat Stage 1 provisions for loan accounts as General Provisions (GP) while Stage 2 and 3 provisions shall be treated as Specific Provisions (SP). The Bank shall set up GLLP equivalent to 1% of all outstanding Stage 1 on-balance sheet loan accounts, except for accounts considered as credit risk-free under existing regulations. In cases when the computed allowance for credit losses on Stage 1 accounts is less than the 1% required GP, the deficiency shall be 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 surplus shall be considered as Tier 2 capital subject to the limit provided under the CAR framework.

Capital Management

The Group considers the equity attributable to the equity holders of the Parent Company as the capital base of the Group. The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its activities and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Group may adjust the amount and mode of dividend payment to shareholders, issue capital securities or undertake a share buy-back. The processes and policies guiding the determination of the sufficiency of capital for the Group relative to its business risks are the very same methodology that have been incorporated into the Group's Internal Capital Adequacy Assessment Process (ICAAP) in compliance with the requirements of BSP Circular No. 639 for its adoption. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every March 31.

The Group had complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

In 2013, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

The regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated note, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary non-financial allied undertakings.

Risk-weighted assets are determined by assigning defined risk weights to statement of financial position exposures and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.

Following is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0%	Cash on hand; claims collateralized by securities issued by the non-government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise and microfinance loans portfolio; nonperforming housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred tax)
150%	All NPLs (except nonperforming housing loans fully secured by first mortgage) and all nonperforming debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which 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. The circular is effective on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2016. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Circular sets out a minimum REST limit of 6.00% CET1 capital ratio and 10.00% risk-based capital adequacy ratio, on a solo and consolidated basis, under a prescribed write-off rate of 25.00% on the Group's real estate exposure. These limits shall be complied with at all times.

On June 9, 2016, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides implementing guidelines for universal, commercial, and their subsidiary banks/quasi banks. The circular sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times.

The CAR of the Group and of the Parent Company as reported to the BSP as of December 31, 2021 and December 31, 2020 follows (in millions):

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Common Equity Tier 1 Capital	**₱15,193**	₱15,470	**₱14,995**	₱15,177
Additional Tier 1 Capital		–		–
Tier 1 capital	**15,193**	15,470	**14,995**	15,177
Tier 2 capital	**805**	862	**782**	843
Total qualifying capital	**₱15,998**	₱16,332	**₱15,777**	₱16,020
Credit RWA	**₱101,282**	₱86,169	**₱99,127**	₱84,278
Market RWA	**382**	416	**382**	416
Operational RWA	**9,600**	7,897	**9,047**	7,412
Total RWA	**₱111,264**	₱94,482	**₱108,556**	₱92,106
Common Equity Tier 1 Ratio 1	**13.66%**	16.37%	**13.81%**	16.48%
Additional Tier 1 Ratio	**0.00%**	0.00%	**0.00%**	0.00%
Tier 1 capital ratio	**13.66%**	16.37%	**13.81%**	16.48%
Tier 2 capital ratio	**0.72%**	0.91%	**0.72%**	0.92%
Risk-based capital adequacy ratio	**14.38%**	17.29%	**14.53%**	17.40%

As of December 31, 2021 and December 31, 2020, the Group was in compliance with the required CAR.

On October 29, 2014, the BSP issued amendments to Circular No. 854 which required a new minimum capitalization for Banks. The Parent Company, as a commercial bank with more than 100 branches, was required to increase its capitalization to ₱15.00 billion.

On January 28, 2016 and February 25, 2016, the BOD of the Parent Company and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, respectively, approved the issuance of the remaining 46,070,226 unissued preferred shares (A and B) at ₱10.00 par value in favor of JGSCSC and RRHI as follows:

Stockholder	Types of Shares	No. of Shares Subscribed	Par Value	Amount
JGSCSC	Preferred A	27,404,962	₱10	₱274,049,620
	Preferred B	237,174	10	2,371,740
RRHI	Preferred A	18,269,974	10	182,699,740
	Preferred B	158,116	10	1,581,160
Total		46,070,226		₱460,702,260

Furthermore, the BOD also approved the following resolutions:

- Conversion of all preferred shares of the Parent Company, whether issued or unissued, particularly the 356.32 million preferred shares A and the 210.00 million preferred shares B, into common shares, and removal of all the other class of shares of the Parent Company, except common shares.
- Increase in the Parent Company’s authorized capital stock from ₱6.10 billion divided into 610.00 million common shares with par value of ₱10.00 each.
- The total authorized stock of the Parent Company is ₱15.00 billion divided into 1.50 billion common shares with a par value of ₱10.00 each.

On March 15, 2016, JGSCSC acquired additional preferred shares A and B of 27,404,962 shares and 237,174 shares, respectively.

In 2016, RRHI acquired additional preferred shares A and B of 18,269,974 shares and 158,116 shares, respectively.

On June 17, 2016, RRHI subscribed to an additional 297,094,118 common shares at ₱10.00 per share.

On July 8, 2016, JGSCSC subscribed to an additional 292,905,882 common shares at ₱10.00 per share.

On July 9, 2016, the Parent Company BOD approved the increase in authorized capital stock amounting to ₱8.90 billion composed of 890.00 million common shares at ₱10.00 per share. Out of the ₱8.90 billion increase, ₱5.90 billion was paid-up and subscribed as follows:

Stockholder	No. of Shares Subscribed	Amount
JGSCSC	292,905,882	₱2,929,058,820
RRHI	297,094,118	2,970,941,180
Total	590,000,000	₱5,900,000,000

On November 15, 2016, the BSP approved the Parent Company’s capital build-up program with the following milestones:

1. Capital infusion from unissued shares up to the existing authorized capital stock of ₱6.10 billion.
2. Capital infusion from the increase in authorized capital stock from ₱6.10 billion to ₱15.00 billion of which ₱12.00 billion is paid up.

3. Internally generated capital based on the Parent Company's financial projections for the period 2016 to 2019.

The approval of BSP to the capital build-up program further provides that the Parent Company shall:

1. Refrain from declaring and distributing cash dividends until the ₱15.00 billion minimum capital requirement is attained;
2. Call on its stockholders to infuse additional capital in case of shortfall in internally-generated income to meet the target capital levels; and
3. Submit progress reports with supporting documents, duly noted by its BOD, to the Central Point of Contact Department II, within 20 banking days from end of December of each tear until the Bank is deemed by the BSP to have fully complied with its capital build-up program.

On December 15, 2016, the Parent Company filed its application for the increase in its authorized capital stock as approved by the BOD and the BSP with the SEC.

On January 29, 2017, the SEC approved the Parent Company's application for the increase in authorized capital stock from ₱6.10 billion divided into 43.68 million common shares, 356.32 million preferred shares A and 210.00 million preferred shares B of ₱10.00 par value each, to ₱12.00 billion divided into 633.64 million common shares, 356.32 million preferred shares A and 210.00 million preferred shares B of ₱10.00 par value each.
In 2017, the Parent Company issued 590.00 million common shares amounting to ₱5.90 billion in exchange for the deposits for future subscriptions.

In 2017, the Parent Company removed all the other classes of shares, except common shares, and converted its 356.32 million preferred shares A and 210.00 million preferred shares B to 566.32 million common shares with ₱10.00 par value.

Leverage ratio
On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel III Leverage Ratio in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator). The monitoring of the leverage ratio was implemented as a Pillar 1 minimum requirement effective on 1 July 2018.

The BLR of the Group and the Parent Company as of December 31, 2021 and December 31, 2020 as reported to the BSP are shown in the table below.

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
	(Amounts in Million Pesos)			
Tier 1 Capital	**₱15,193**	₱15,470	**₱14,995**	₱15,177
Exposure Measure	**195,740**	157,625	**192,869**	155,033
Leverage Ratio	**7.76%**	9.81%	**7.77%**	9.79%

Liquidity coverage ratio
On 18 February 2016, BSP issued circular no. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are

consistent with the Basel III framework. Banks are required to adopt Basel III's Liquidity Coverage Ratio (LCR) aimed at strengthening the short-term liquidity position of banks. This requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. As of December 31, 2021 and 2020, the LCR in single currency is 149.75% and 133.47%, respectively, for the Group and 148.83% and 130.97%, respectively, for the Parent Company.

Net stable funding ratio
On 24 May 2018, BSP issued Circular No. 1007 which approved the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). Banks are required to adopt Basel III's Net Stable Funding Ratio (NSFR) aimed to promote long-term resilience of banks against liquidity risk. Banks shall maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The NSFR complements the Liquidity Coverage Ratio (LCR), which promotes short-term resilience of a Bank’s liquidity profile. The Bank started monitoring and reporting NSFR to the BSP in 2019. As of December 31, 2021 and 2020, the NSFR is 126% and 127%, respectively, for the Group and 126% and 127%, respectively, for the Parent Company.

Capital stock
On June 27, 2018, the Parent Company’s BOD approved the increase in authorized capital stock from ₱15.00 billion to ₱27.00 billion or an increase of ₱12.00 billion composed of 1.2 billion common shares at ₱10.00 par value per share. On July 16, 2018, the Bank received the subscription from its stockholders amounting to ₱3.00 billion and recorded it as ‘Deposit for Future Subscription’ in the liability section of the statement of financial position. On August 23, 2018, the said increase in authorized capital stock was approved by the stockholders of Parent Company in a special meeting held for that purpose. Out of the ₱12.00 billion increase, ₱3.00 billion was subscribed and paid-up as follows:

Stockholder	**No. of Shares Subscribed**	**Amount**
JGSCSC	180,000,000	₱1,800,000,000
RRHI	120,000,000	1,200,000,000
Total	300,000,000	₱3,000,000,000

On August 29, 2018, the Parent Company filed with the BSP the request for authority and endorsement to SEC of the proposed increase in authorized capital stock.

On December 12, 2018, BSP approved the proposed increase and issued to the corresponding Certificate of Authority.

On February 4, 2019, the Parent Company filed with the SEC the request for approval of the aforementioned proposed increase in authorized capital stock as approved by the BOD, stockholders, and BSP.

On March 18, 2019, the SEC approved the increase in authorized capital stock of the Parent Company from ₱15.00 billion to ₱27.00 billion.

On March 22, 2019, the Parent Company converted the ₱3.00 billion ‘Deposit for Future Stock Subscription’ to ‘Common Stock’. The transaction cost amounting to ₱30.00 million related to the issuance of common stock is treated as a deduction to ‘Surplus’ account.

22. Retirement Plan

The Parent Company has a noncontributory defined benefit retirement covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. In 2008, the Parent Company established a plan asset for its defined benefit retirement plan. On April 1, 2019, the retirement plan was amended to increase the previous benefit pay of 22.5 days to 26.08 days for every year of credited service based on the final daily basic salary for all service years until separation.

The effect of the change in retirement plan amounting to ₱0.83 million is reflected as ‘Past service cost’ and recognized as ‘Retirement expense’ in 2020.

LSB has funded noncontributory retirement plan covering all its regular permanent employees. Under the retirement plan, all employees are entitled to cash benefits after satisfying certain age and service requirements.

The latest actuarial valuation of the retirement plan of the Group was made as of December 31, 2021. The principal actuarial assumptions used in determining retirement liability of the Group as of January 1, 2021 and 2020 are shown below:

	Parent Company		**LSB**	
	2021	2020	**2021**	2020
Average remaining working life in years	**26.9**	9	**28.6**	8
Discount rate	**3.64%**	4..95%	**3.94%**	4.99%
Salary rate increase	**5.70%**	5.70%	**5.70%**	5.70%

The principal actuarial assumptions used in determining retirement liability of the Group as of December 31, 2021 and 2020 are as follows:

	Parent Company		**LSB**	
	2021	2020	**2021**	2020
Average remaining working life in years	**26.1**	26.9	**27.5**	28.6
Discount rate	**5.01%**	3.64%	**5.20%**	3.94%
Salary rate increase	**5.70%**	5.70%	**5.70%**	5.70%

The amounts recognized in the statements of financial position follow:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Present value of defined benefit obligation	**₱374,821,869**	₱337,719,712	**₱344,496,488**	₱313,744,478
Fair value of plan assets	**(286,253,680)**	(333,584,557)	**(284,885,825)**	(332,251,858)
Retirement liability	**₱88,568,189**	₱4,135,155	**₱59,610,663**	(₱18,507,380)

The amounts of ‘Retirement expense’ included in ‘Compensation and other benefits’ in the statements of income follow:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Current service cost	**₱55,632,770**	₱55,647,715	₱42,307,642	**₱51,315,692**	₱52,001,405	₱39,653,004
Past service cost	**–**	826,517	16,784,998	**–**	–	15,622,294
Net interest cost	**288,012**	3,586,233	8,712,608	**(638,697)**	3,586,233	8,122,069
	₱55,920,782	₱60,060,465	₱67,805,248	**₱50,676,995**	₱55,587,638	₱63,397,367

Changes in net defined benefit obligation (DBO) of funded funds follow:

Consolidated	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability**
January 1, 2021	**₱337,719,712**	**₱333,584,557**	**₱4,135,155**
Net benefit cost in Consolidated Statements of Income			
Current service cost	**55,632,770**	**–**	**55,632,770**
Past service cost/(credit)	**–**	**–**	**–**
Net interest cost	**12,364,923**	**12,076,911**	**288,012**
Sub-total	**67,997,693**	**12,076,911**	**55,920,782**
Benefits paid	**(3,801,080)**	**(3,677,508)**	**(123,572)**
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)		**(55,730,280)**	**55,730,280**
Changes in the effect of the asset ceiling	**(698,191)**	**–**	**(698,191)**
Actuarial changes arising from experience adjustments	**12,330,365**	**–**	**12,330,365**
Actuarial changes arising from changes in financial/demographic assumptions	**(38,726,630)**		**(38,726,630)**
Sub-total	**(27,094,456)**	**(55,730,280)**	**28,635,824**
December 31, 2021	**₱374,821,869**	**₱286,253,680**	**₱88,568,189**

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2020	₱288,376,525	₱69,476,727	₱218,899,798
Net benefit cost in Consolidated Statement of Income			
Current service cost	55,647,715	–	55,647,715
Past service cost/(credit)	889,336	62,819	826,517
Net interest cost	13,392,431	9,806,198	3,586,233
Sub-total	69,929,482	9,869,017	60,060,465
Benefits paid	(4,579,024)	(4,579,024)	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	(5,535,558)	5,535,558
Changes in the effect of the asset ceiling	673,669	–	673,669
Actuarial changes arising from experience adjustments	(2,362,649)	–	(2,362,649)
Actuarial changes arising from changes in financial/ demographic assumptions	(14,318,291)	–	(14,318,291)
Sub-total	(16,007,271)	(5,535,558)	(10,471,713)
Contributions	–	264,353,395	(264,353,395)
December 31, 2020	₱337,719,712	₱333,584,557	₱4,135,155

Parent Company	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability**
January 1, 2021	**₱313,744,478**	**₱332,251,858**	**(₱18,507,380)**
Net benefit cost in Statements of Income			
Current service cost	**51,315,692**	–	**51,315,692**
Past service cost	–	–	–
Net interest cost	**11,420,299**	**12,058,996**	**(638,697)**
Sub-total	**62,735,991**	**12,058,996**	**50,676,995**
Benefits paid	**(1,921,524)**	**(1,921,524)**	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	**(57,503,505)**	**57,503,505**
Changes in the Effect of the Asset Ceiling	**(698,191)**	–	**(698,191)**
Actuarial changes arising from experience adjustments	**9,033,952**	–	**9,033,952**
Actuarial changes arising from changes in financial/ demographic assumptions	**(38,398,218)**	–	**(38,398,218)**
Sub-total	**(30,062,457)**	**(57,503,505)**	**27,441,048**
December 31, 2021	**₱344,496,488**	**₱284,885,825**	**₱59,610,663**

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2020	₱270,554,168	₱68,217,827	₱202,336,341
Net benefit cost in Statements of Income			
Current service cost	52,001,405	–	52,001,405
Net interest cost	13,392,431	9,806,198	3,586,233
Sub-total	65,393,836	9,806,198	55,587,638
Benefits paid	(4,579,024)	(4,579,024)	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	(5,546,538)	5,546,538
Changes in the Effect of the Asset Ceiling	673,669	–	673,669
Actuarial changes arising from experience adjustments	(1,102,664)	–	(1,102,664)
Actuarial changes arising from changes in financial/ demographic assumptions	(17,195,507)	–	(17,195,507)
Sub-total	(17,624,502)	(5,546,538)	(12,077,964)
Contributions	–	264,353,395	(264,353,395)
December 31, 2020	₱313,744,478	₱332,251,858	(₱18,507,380)

The Parent Company's major categories of plan assets as a percentage of the fair value of total plan assets follow:

	December 31, 2021	December 31, 2020
Deposits in banks	**0.61%**	0.72%
Debt securities:		
Government securities	**6.43%**	6.05%
Private securities	**0.56%**	0.48%
	6.99%	6.53%
Equity securities	**2.34%**	0.10%
Investment in UITF	**89.62%**	92.56%
Other assets	**0.44%**	0.09%
	100%	100%

Investment in UITF pertains to investments in the RBank Tax-Exempt Retirement Fund (A Balanced UITF). The portfolio is invested in peso-denominated fixed income and exchange-listed preferred shares, with the option to invest a portion in USD-denominated securities.

Movements in "Remeasurement gains (losses) on retirement plan" in OCI follow:

	Consolidated	
	December 31, 2021	December 31, 2020
Balance at beginning of year	**(₱31,841,311)**	(₱39,171,510)
Remeasurement gains (losses) during the year	**(28,635,824)**	10,471,713
Tax effect	**7,158,956**	(3,141,514)
Remeasurement gains (losses) during the year, net of tax	**(21,476,868)**	7,330,199
Effect of CREATE Law	**(1,976,334)**	–
Remeasurement gains (losses) during the year, net of tax	**(23,453,202)**	7,330,199
Balance at end of year, net of tax	**(₱55,294,513)**	(₱31,841,311)

	Parent Company	
	December 31, 2021	December 31, 2020
Balance at beginning of year	**(₱26,750,527)**	(₱35,205,102)
Remeasurement gains (losses) during the year	**(27,838,541)**	12,077,964
Tax effect	**6,959,610**	(3,623,389)
Remeasurement gains (losses) during the year, net of tax	**(20,878,931)**	8,454,575
Effect of CREATE Law	**(1,612,607)**	–
Remeasurement gains (losses) during the year, net of tax	**(22,491,538)**	8,454,575
Balance at end of year, net of tax	**(₱49,242,065)**	(₱26,750,527)

	(Subsidary and Associates)	
	December 31, 2021	December 31, 2020
Balance at beginning of year	**(₱5,090,784)**	(₱3,966,408)
Remeasurement gains (losses) during the year	**(797,283)**	(1,606,251)
Tax effect	**199,346**	481,875
Remeasurement gains (losses) during the year, net of tax	**(597,937)**	(1,124,376)
Effect of CREATE Law	**(363,727)**	–
Remeasurement gains (losses) during the year, net of tax	**(961,664)**	(1,124,376)
Balance at end of year, net of tax	**(₱6,052,448)**	(₱5,090,784)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DBO as of December 31, 2021 and December 31, 2020, assuming if all other assumptions were held constant:

		December 31, 2021	
		Consolidated	**Parent Company**
	+/- basis points (bps)	**Impact to DBO**	**Impact to DBO**
Discount rate	+100 bps	**(₱28,659,177)**	**(₱24,104,214)**
	-100 bps	**33,017,873**	**27,327,717**
Salary increase rate	+100 bps	**32,467,654**	**26,866,819**
	-100 bps	**(28,745,762)**	**(24,171,317)**

		December 31, 2020	
		Consolidated	Parent Company
	+/- basis points (bps)	Impact to DBO	Impact to DBO
Discount rate	+100 bps	(₱26,754,363)	₱24,002,387
	-100 bps	30,743,918	27,442,319
Salary increase rate	+100 bps	29,809,692	26,601,516
	-100 bps	(26,508,395)	(23,774,691)

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Less than 1 year	**₱37,222,785**	₱19,347,378	**₱37,026,889**	₱19,042,949
More than 1 year to 5 years	**154,191,673**	139,245,068	**150,698,587**	137,473,496
More than 5 years to 10 years	**409,609,193**	308,867,135	**391,037,823**	307,927,886
More than 10 years to 15 years	**355,916,963**	340,996,077	**355,916,963**	339,355,413
More than 15 years to 20 years	**258,545,874**	221,510,340	**258,545,874**	219,688,559
More than 20 years	**393,728,100**	376,309,500	**393,728,100**	356,880,122

The Parent Company's weighted average duration of the defined benefit obligation is equivalent to 7.5 years and 8.2 years in December 31, 2021 and December 31, 2020, respectively.

23. **Leases**

The Group's leases mostly pertain to building and parking spaces and generally have terms ranging from 2 to 10 years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses. As of December 31, 2021 and December 31, 2020, the Group has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2021 and 2020:

	Consolidated		**Parent Company**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
1 year or less	**₱322,115,526**	₱336,702,857	**₱305,248,403**	₱321,974,490
More than 1 year to 5 years	**635,761,284**	644,448,747	**584,057,597**	593,466,216
More than 5 years to 10 years	**4,892,692**	12,699,566	**3,582,313**	6,549,578
	₱962,769,502	₱993,851,170	**₱892,888,313**	₱921,990,284

The Group also has certain leases of building and parking spaces with lease terms of 12 months or less and leases with low value. The Group applies the recognition exemptions for these type of leases.

Right-of-Use Assets

Details of the carrying amounts of ROU assets recognized and the movements during the twelve months ended December 31, 2021 are disclosed in Note 10.

Lease Liabilities

Details of the rollforward analysis of the Group's and Parent Company's lease liabilities presented under 'Accrued Expense and Other Liabilities'(see Note 19) as at December 31, 2021 and December 31, 2020 are as follows:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Balance at beginning of year	**₱910,388,202**	₱720,007,104	**₱852,537,551**	₱667,575,337
Additions	**314,426,270**	385,946,690	**301,768,128**	374,189,195
Accretion	**42,911,819**	46,351,280	**38,320,827**	41,572,352
Payments	**(328,115,803)**	(241,916,872)	**(312,183,240)**	(230,799,333)
Adjustments	**(565,170)**	–	**–**	–
Balance at end of year	**₱939,045,318**	₱910,388,202	**₱880,443,266**	₱852,537,551

24. Income and Expenses

Net service fees and commission income consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Service fees and commission income:						
Credit-related	**₱415,782,559**	₱227,873,006	₱288,490,349	**₱415,782,559**	₱227,873,006	₱288,490,349
Commissions	**79,430,022**	61,209,657	70,688,636	**79,386,020**	61,185,942	70,627,661
Deposit-related	**68,505,234**	69,778,956	65,563,650	**66,972,367**	68,421,098	63,952,403
Utility and store payment charges	**28,284,635**	21,707,522	21,456,252	**28,284,635**	21,707,522	21,456,252
Trust and other fiduciary	**27,360,298**	17,778,850	16,103,981	**27,360,298**	17,778,850	16,103,981
	619,362,748	398,347,991	462,302,868	**617,785,879**	396,966,418	460,630,646
Service charges and commission expense:						
Cards fees and commissions	**166,584,149**	133,319,702	141,456,076	**166,584,149**	133,319,702	141,456,076
Banking fees	**24,914,795**	25,682,056	28,144,406	**24,914,795**	25,682,056	28,144,406
Brokerage and commissions	**13,679,095**	7,463,371	22,631,672	**5,581,313**	3,635,459	14,279,263
	205,178,039	166,465,129	192,232,154	**197,080,257**	162,637,217	183,879,745
	₱414,184,709	₱231,882,862	₱270,070,714	**₱420,705,622**	₱234,329,201	₱276,750,901

Credit-related service fees and commission income include merchant discount and interchange fees from the credit card business of the Bank to taling to ₱128.29 million, ₱95.77 million and ₱152.19 million for the years ended December 31, 2021, December 31, 2020 and 2019, respectively.

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Gain on sale of investment properties (Note 11)	**₱13,874,289**	₱3,560,023	₱17,356,519	**₱13,874,289**	₱3,560,023	₱5,144,094
Penalties	**97,511,557**	80,533,609	39,330,748	**97,511,557**	80,533,609	39,330,748
Gain (loss) on initial recognition of investment properties (Note 11)	**83,805,485**	(48,301,239)	33,889,780	**77,809,494**	(48,659,416)	21,471,508
Gain on sale of property and equipment (Note 10)	**30,413,145**	1,909,732	7,251,188	**30,015,977**	1,705,218	6,490,889
Loss on sale of repossessed chattels (Note 13)	**(126,254,759)**	(119,281,078)	(102,709,347)	**(142,438,995)**	(120,922,822)	(102,752,315)
Recovery on charged-off assets	**6,600,770**	2,646,750	2,680,358	**5,310,465**	2,459,620	2,607,521
Loss on initial recognition of repossessed chattels (Note 11)	**(17,915,263)**	(511,114)	(81,969,450)	**(17,915,263)**	(511,114)	(81,969,450)
Dividend income	**13,038,094**	14,890,056	10,178,075	**13,038,094**	14,890,056	10,178,075
Others	**36,853,181**	43,757,184	49,399,305	**18,667,120**	26,971,811	35,106,207
	₱137,926,499	(₱20,796,077)	(₱24,592,824)	**₱95,872,738**	(₱39,973,015)	(₱64,392,723)

Others include other bank charges amounting ₱29.22 million in 2021, ₱23.17 million in 2020 and ₱27.64 million in 2019, dividend income amounting to ₱13.04 million in 2021, ₱14.89 million in 2020 and ₱10.18 million in 2019, rental income from safety deposit box and night depository amounting to ₱0.57 million in 2021, ₱1.13 million in 2020 and ₱2.99 million in 2019 and other miscellaneous income amounting to (₱5.98) million in 2021, ₱19.46 million in 2020 and ₱18.77 million in 2019.

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Advertising	**₱133,236,276**	₱151,703,925	₱76,128,492	**₱132,767,668**	₱150,555,292	₱75,087,172
Fines, penalties and other charges	**101,645,701**	75,361,949	95,128,532	**100,258,894**	74,232,939	94,645,408
Litigation expense (Note 11)	**81,409,078**	19,680,093	18,622,491	**78,919,551**	18,843,812	14,509,141
Transportation and travel	**57,426,567**	48,694,997	68,002,449	**43,949,695**	37,339,584	50,751,471
BSP Supervisory fees	**50,833,769**	45,091,449	41,429,429	**49,747,057**	44,351,360	40,897,575
Stationery and supplies	**36,728,548**	40,263,575	47,803,913	**33,098,455**	33,601,689	44,152,095
Share in corporate center expenses	**33,715,915**	43,000,000	−	**33,715,915**	43,000,000	−
Appraisal fees	**27,126,097**	22,435,776	17,650,770	**27,126,097**	22,435,776	17,650,770
Membership dues	**11,719,589**	11,515,064	9,307,987	**11,308,424**	11,100,415	8,791,614
Freight and courier service fees	**9,173,313**	13,542,083	12,359,769	**9,173,313**	13,542,083	12,359,769
Merchant acquiring fees	**6,065,764**	6,568,390	3,376,675	**6,065,764**	6,568,390	3,376,675
COVID - related expenses	**4,261,630**	27,070,643	−	**4,261,630**	27,070,643	−
Filing fees	**682,154**	929,444	24,861,154	**682,154**	929,444	24,861,154
Others	**40,459,947**	13,089,776	12,252,003	**37,232,450**	10,226,016	8,108,028
	₱594,484,348	₱518,947,164	₱426,923,664	**₱568,307,067**	₱493,797,443	₱395,190,872

Share in corporate center expenses refer to service fees related to human resource services, other support services and administrative expenses shared by affiliates within JG Group. Others consist mainly of bills payment fee, statement rendition, rewards redemption fee, and other miscellaneous expenses.

25. Income and Other Taxes

Under Philippine tax laws, the Parent Company is subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

Breakdown of taxes and licenses of the Group and Parent Company consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Documentary stamps used	**₱315,862,876**	₱338,172,507	₱310,836,158	**₱315,862,876**	₱338,172,507	₱310,836,158
Gross receipts tax	**275,190,445**	245,701,275	243,253,507	**256,339,139**	230,567,771	222,552,358
Permits	**34,819,440**	31,268,417	26,465,278	**31,961,342**	28,974,306	21,609,420
	₱625,872,761	₱615,142,199	₱580,554,943	**₱604,163,357**	₱597,714,584	₱554,997,936

Provision for (benefit from) income tax of the Group and Parent Company consists of:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Current:						
Final	**₱218,945,167**	₱201,413,025	₱178,961,223	**₱216,978,799**	₱197,943,717	₱174,143,850
MCIT	**124,898,685**	68,850,714	52,851,638	**124,898,685**	68,850,714	52,851,638
RCIT	**3,193,260**	5,611,045	11,195,136	**1,993,432**	2,040,134	2,869,176
	347,037,112	275,874,784	243,007,997	**343,870,916**	268,834,565	229,864,664
Deferred	**(40,699,273)**	(305,253,569)	(181,408,025)	**(26,540,937)**	(290,513,894)	(91,338,890)
	₱306,337,839	(₱29,378,785)	₱61,599,972	**₱317,329,979**	(₱21,679,329)	₱138,525,774

Income taxes consist of final withholding taxes on gross interest income from government securities, deposits and other deposit substitutes, tax on the FCDU income and RCIT, as discussed below, on net taxable income. These income taxes, as well as the deferred tax benefit, are presented in the statement of income as ‘Provision for income tax’.

Current tax regulations provide that the RCIT rate shall be 25.00% in 2021. Interest allowed as deductible expense shall be 20.00% of interest income subjected to final tax.

The optional standard deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. In 2018, the Parent Company elected to claim itemized expense deductions instead of the OSD in the RCIT computation.

The regulations also provide for MCIT of 2.00% of modified gross income and allow a NOLCO benefit. Both the excess of over the RCIT and NOLCO may be applied against the regular tax liability and taxable income, respectively, over three (3) years from the year of inception.

Current tax regulations also provide for the ceiling on the amount of entertainment and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR expenses of the Parent Company amounted to ₱98.45 million, ₱96.09 million and ₱94.34 million in December 31, 2021, 2020 and 2019, respectively.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% income tax. In addition, interest income on deposit placement with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%.

Current tax regulations provide that the income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency-denominated loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax. FCDUs' all other income is subject to 30.00% income tax.

Relevant Tax Updates

Revenue Regulations No. 25-2020

On September 30, 2020, the Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

CREATE Law

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Law introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 25% and lower minimum corporate income tax rate of 1% effective July 1, 2020. For LSB, the Company would have been subjected lower minimum corporate income tax rate of 1% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated RCIT/MCIT rate of the Parent Company for CY2020 is 1.5% for the RBU and 27.5% for the FCDU and 1.5% for LSB. This resulted in a lower provision for current income tax of ₱53.35 million for the Group and ₱50.67 million for the Parent Company and lower deferred tax assets and liabilities for ₱131.84 million for the Group and ₱138.53 million for the Parent Company. The impact of CREATE Law is recognized in the 2021 financial statements.

Net deferred tax assets of the Group and the Parent Company consist of the following:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Deferred tax assets on:				
Allowance for credit and impairment losses	**₱731,314,233**	₱687,010,873	**₱600,773,238**	₱548,696,451
Accumulated depreciation on investment properties and repossessed chattels	**56,366,070**	54,313,281	**51,464,869**	47,995,944
Unamortized past service cost on retirement plan	**42,470,398**	57,335,037	**42,470,398**	57,335,037
Accrued sick leave and vacation leave	**35,494,128**	32,317,357	**35,494,128**	32,317,357
Provision for employee benefits	**529,315**	11,567,930	**529,315**	11,567,930
Lease liability- net	**27,113,850**	29,412,658	**24,891,945**	27,247,642
Retirement liability - net	**22,142,048**	6,792,761	**14,902,666**	–
Loan modification loss - net	**19,785,132**	30,664,144	**19,785,132**	30,664,144
NOLCO	**14,346,283**	–	–	–
Unrealized loss on foreign exchange	**6,129,937**	4,915,191	**6,129,937**	4,915,191
Unamortized modification loss	**1,664,398**	–	–	–
Impairment loss on FVOCI	**858,829**	1,030,595	**858,829**	1,030,595
Unrealized loss on FVPL	–	472,569	–	472,569
Excess of MCIT over RCIT	**4,770,739**	95,515,929	–	95,515,929
	962,985,360	1,011,348,325	**797,300,457**	857,758,789
Deferred tax liabilities on:				
Unrealized gain on initial recognition of investment properties and repossessed chattels	**67,443,429**	58,763,854	**64,179,025**	53,501,414
Unrealized gain on financial assets at FVTPL	**497,634**	–	**497,634**	–
Branch licenses	**186,000,000**	186,000,000	–	–
Retirement asset - net	–	5,552,214	–	5,552,214
	253,941,063	250,316,068	**64,676,659**	59,053,628
	₱709,044,297	₱761,032,257	**₱732,623,798**	₱798,705,161

The Group did not set up deferred tax assets on the following temporary differences since management believes that it is not highly probable that these differences will be realized in the future:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
NOLCO	**₱–**	₱9,333,182	**₱–**	₱–
Allowance for credit and impairment losses	**–**	9,246,335	**–**	–
Excess of MCIT over RCIT	**–**	3,088,457	**–**	–
	₱–	₱21,667,974	**₱–**	₱–

Details of NOLCO follow:

	Subsidiary			
Inception Year	Amount	Used	Balance	Expiry Year
2020	₱79,783,402	₱22,398,272	₱57,385,130	2025

Details of the excess of MCIT over RCIT follow:

	Consolidated			
Inception Year	Amount	Used	Balance	Expiry Year
2021	₱2,092,556	₱–	₱2,092,556	2024
2020	42,751,246	40,073,063	2,678,183	2023
2019	28,672,636	28,672,636	–	2022
2018	28,826,111	28,826,111	–	2021
	₱102,342,549	₱97,571,810	₱4,770,739	

	Parent Company			
Inception Year	Amount	Used	Balance	Expiry Year
2020	₱40,073,063	₱40,073,063	₱–	2023
2019	28,672,636	28,672,636	–	2022
2018	28,826,111	28,826,111	–	2021
	₱97,571,810	₱97,571,810	₱–	

A reconciliation of statutory income tax rate to the effective income tax rate of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%	**25.00%**	30.00%	30.00%
Tax effect of:						
Tax paid and tax-exempt income	**(4.43)**	(26.51)	(18.66)	**(4.37)**	(26.70)	(16.70)
Non-deductible expenses	**4.30**	20.47	17.02	**4.15**	(0.57)	15.05
Unrecognized deferred tax assets	**(2.11)**	(14.03)	(11.03)	**(1.45)**	6.3	0.79
FCDU income	**(8.92)**	(13.17)	(9.44)	**(8.88)**	(13.05)	(8.60)
Impact of CREATE Law	**6.36**	–	–	**6.32**	–	–
Others - net	**(0.08)**	–	–	**(0.08)**	1.65	(4.39)
Effective income tax rate	**20.12%**	(3.24%)	7.89%	**20.69%**	(2.37%)	16.15%

26. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control of common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities.

The Parent Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time of comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

The foregoing transactions of the Parent Company with LSB were eliminated in the consolidated financial statements of the Group.

The significant transactions and outstanding balances of the Parent Company and the Subsidiary with its related parties follow:

	Parent Company				
	December 31, 2021		December 31, 2020		
Nature of Transaction	**Amount/ Volume**	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	**Terms and Conditions/Nature**
Subsidiary					
Advances from a subsidiary	**(₱1,717,700)**	**₱579,100**	₱61,200	₱2,296,800	Settlement account of ATM transactions using LSB terminal
Accounts receivable	**2,736,047**	**6,617,559**	(1,312,584)	3,881,512	Unsecured, non-interest bearing, payable on demand
Receivable from customers - bills purchased	**(15,000,000)**	**−**	15,000,000	15,000,000	Non-interest bearing domestic bills purchased
Deposit liabilities	**(3,398,514)**	**32,524,416**	6,897,736	35,922,930	Regular checking account, with annual interest rates ranging from nil to 1.50%
Affiliates					
Accrued expense	**37,594,445**	**5,405,555**	43,000,000	43,000,000	Unsecured, non-interest bearing, Share in coporate expenses of affiliates within JG Group
Receivable from customers - commercial loans	**1,289,597,442**	**5,535,264,942**	1,224,984,562	4,245,667,500	Secured loans with interest ranging from 2.00 to 11.00% and 2.80% to 6.75% in 2021 and 2020, respectively.
Receivable from customers - bills purchased	**(488,648,547)**	−	(39,728,365)	455,464,461	Non-interest bearing domestic bills purchased
Deposit liabilities	**(5,826,453,422)**	**17,504,023,397**	(13,019,064,032)	23,430,141,929	Various terms and with annual interest rates ranging from nil to 6.375%
Interest expense	**65,891,181**	−	9,734,546	−	Interest expense on deposit liabilities
Interest income	**138,546,730**	−	137,234,287	−	Interest income from secured commercial loans
Service fee income	**7,062**	−	51,734	−	Income from non-interest bearing domestic bills purchased
Rent expense	**15,245,926**	−	13,424,400	−	Office rental paid to affiliates and JG Summit Holdings Inc.
ROU assets	**(19,955,186)**	**334,411,766**	67,144,591	354,366,952	Lease renewed every 5 years with 5% escalation rate
Depreciation expense on ROU assets	**115,932,080**	−	109,617,631	−	Lease renewed every 5 years with 5% escalation rate
Lease liability	**(52,540,797)**	**359,851,362**	107,965,463	412,392,159	Lease renewed every 5 years with 5% escalation rate
Interest expense on lease liability	**16,464,370**	−	18,339,779	−	Lease renewed every 5 years with 5% escalation rate
Board of Directors					
Deposit liabilities	**(8,476,227,890)**	**9,789,331,714**	5,699,655,491	18,265,559,604	Various terms and with annual interest rates ranging from nil to 8.50%
Interest expense	**123,764,821**	−	325,570,905	−	Interest expense on deposit liabilities
Key Officers					
Deposit liabilities	**25,508,426**	**141,212,824**	82,254,700	115,704,398	Various terms and with annual interest rates ranging from nil to 6.50%
Interest expense	**4,304,716**	−	4,069,633	−	Interest expense on deposit liabilities

Details on significant related party transactions of the Subsidiary with its other related parties follow:

	Subsidiary				
	December 31, 2021		December 31, 2020		
Nature of Transaction	**Amount/ Volume**	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	**Terms and Conditions/Nature**
Key employees					
Receivables from customers	**₱496,622**	**₱5,041,667**	₱191,793	₱4,545,044	Loans of directors, officers and stockholders
Interest income	**367,028**	−	191,793	−	Interest earned from loans of directors, officers and stockholders
Deposit liabilities	**113,925**	**1,453,752**	1,051,458	1,339,827	Deposits of directors, officers and stockholders
Interest expense	**3,531**	−	1,757	−	Interest expense on deposit liabilities
Compensation and fringe benefits	**13,970,041**	−	15,240,975	−	Remuneration and benefits to directors and key management personnel
Post-employment benefits	**1,632,414**	−	856,109	−	Post-employment benefits

The retirement fund of the Parent Company's employees amounted to ₱284.89 million and ₱332.25 million as of December 31, 2021 and December 31, 2020, respectively (see Note 22). The fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with Robinsons Bank Corporation (RBC)-Trust and Investment Group (TIG) as the trustee. Income earned by the Parent Company through its TIG from managing these funds amounted to ₱6.67 million and ₱6.67 million in December 31, 2021 and 2020, respectively.

Details of the transactions of the Parent Company with its retirement plan follow:

		December 31, 2021		
Related Party	**Nature of Transaction**	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Retirement plan	Contribution, benefits paid and interest earned	**(₱47,366,033)**	**₱284,885,825**	Contributions to the Fund plus interest earned during the year

		December 31, 2020		
Related Party	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Retirement plan	Contribution, benefits paid and interest earned	₱264,034,031	₱332,251,858	Contributions to the Fund plus interest earned during the year

The retirement plan under the MERP has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC Trust and Investment Group manages the plan based on the mandate as defined in the trust agreement.

Details of remuneration of directors and other key management personnel of the Group and the Parent Company follow:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Short-term benefits	**₱231,878,663**	₱213,574,060	**₱138,974,337**	₱122,635,794
Post-employment benefits	**23,891,626**	12,607,338	**22,259,212**	11,751,229
	₱255,770,289	₱226,181,398	**₱161,233,549**	₱134,387,023

27. Trust Operations

Properties held by the Parent Company in fiduciary or agency capacity for their customers are not included in the accompanying statement of financial position since these are not assets of the Parent Company (see Note 28).

In compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions, treasury bills with a total face value of ₱560.0 million and ₱285.00 million included under Financial Assets at Fair Value through OCI as of December 31, 2021 and December 31, 2020, respectively, were deposited with the BSP (see Note 7).

An appropriation of 10.00% of the Parent Company's income from trust operations is set aside as surplus reserve to absorb any losses that may arise from its trust functions.

28. Commitments and Contingencies

a. The Group is also involved in a number of legal proceedings. The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside counsel handling the Group's defense and is based on an analysis of potential results. The Group does not believe that these proceedings will have a material adverse effect on the financial statements.

b. In the normal course of the Group's operations, there are various outstanding commitments, contingent liabilities and bank guarantees which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Trust and investment group accounts (Note 26)	**₱35,673,879,283**	₱26,192,113,492	**₱35,673,879,283**	₱26,192,113,492
Committed credit lines	**7,659,531,656**	6,945,067,250	**7,659,531,656**	6,945,067,250
Inward bills for collection	**2,271,244,978**	1,450,730,126	**2,271,244,978**	1,450,730,126
Guarantees issued	**1,850,923,767**	1,839,592,801	**1,850,923,767**	1,839,592,801
Letters of credit	**667,045,172**	343,954,891	**667,045,172**	343,954,891
Spot exchange - foreign currency	**537,380,930**	2,083,121,571	**537,380,930**	2,083,121,571
Outward bills for collection	**124,641,556**	161,088,252	**124,641,556**	161,088,252
Late deposit/payment received	**20,604,807**	61,959,354	**20,549,807**	61,315,263
Items held for safekeeping	**188,923**	77,158	**173,789**	61,667
Contingent - foreign currency swap	**–**	1,092,920,578	–	1,092,920,578
Other contingent account	**184,260**	184,784	**178,686**	178,686

29. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;

- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to trust operations, remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The General Ledger system of the Bank captures the transactions on a segment level, and segment performance is evaluated based on net income before taxes.

In 2019, the Parent Company incorporated the use of Transfer Pool Rate (TPR) in monitoring the performance of the business units where the fund generating segments such as Treasury and Branch Banking charge the net fund users such as Consumer Banking and Corporate Banking for the excess funds provided.

TPR is reviewed and set by the Parent Company's Asset and Liabilities Committee. It is the blended cost of interest bearing funds including all funding-related costs such as reserves, document stamp taxes, and other intermediary costs.

This segment performance review is regularly provided to the Bank's Chief Operating Decision maker who is the Parent Company's President and Chief Executive Officer.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRSs and segment assets and liabilities (amounts in millions):

	December 31, 2021					
	Consumer Banking	**Corporate Banking**	**Treasury**	**Branch Banking**	**Others**	**Total**
Statement of Income						
Net interest income:						
Third party	**₱3,333**	**₱3,184**	**₱658**	**(₱522)**	**₱168**	**₱6,821**
Intersegment	**(765)**	**(1,688)**	**(620)**	**2,495**	**578**	**-**
	₱2,568	**₱1,496**	**₱38**	**₱1,973**	**₱746**	**₱6,821**
Noninterest income	**320**	**40**	**413**	**196**	**(12)**	**957**
Revenue - net of interest expense	**₱2,888**	**₱1,536**	**₱451**	**₱2,169**	**₱734**	**₱7,778**
Noninterest expense	**1,582**	**858**	**372**	**1,641**	**1,806**	**6,259**
Income before income tax	**₱1,306**	**₱678**	**₱79**	**₱528**	**(₱1,072)**	**₱1,519**
Share in Net Income of Associate						**3**
Provision for income tax						**306**
Net income for the year						**₱1,216**

	December 31, 2021					
	Consumer Banking	**Corporate Banking**	**Treasury**	**Branch Banking**	**Others**	**Total**
Statement of Financial Position						
Total assets	**₱50,017**	**₱47,001**	**₱66,309**	**₱8,370**	**₱8,073**	**₱179,770**
Total liabilities	**₱871**	**₱1,405**	**₱46,912**	**₱106,904**	**₱5,241**	**₱161,333**
Other Segment Information						
Capital expenditures	**₱21**	**₱2**	**₱2**	**₱148**	**₱172**	**₱345**
Depreciation and amortization	**₱71**	**₱70**	**₱4**	**₱123**	**₱470**	**₱738**
Provision for (recovery of) credit and impairment losses	**₱671**	**₱565**	**₱–**	**₱–**	**₱68**	**₱1,304**

	December 31, 2020					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱3,094	₱2,898	(₱35)	(₱553)	₱389	₱5,793
Intersegment	(627)	(1,847)	(208)	1,992	690	-
	₱2,467	₱1,051	(₱243)	₱1,439	₱1,079	₱5,793
Noninterest income	125	(26)	950	135	(397)	787
Revenue - net of interest expense	2,592	1,025	707	1,574	682	6,580
Noninterest expense	1,469	646	395	1,374	1,791	5,675
Income (loss) before income tax	₱1,123	₱379	₱312	₱200	(₱1,109)	₱905
Provision for income tax						(29)
Net income						₱934

	December 31, 2020					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position						
Total assets	₱43,448	₱41,436	₱50,845	₱8,659	₱6,759	₱151,147
Total liabilities	₱626	₱2,006	₱60,641	₱65,487	₱4,061	₱132,821
Other Segment Information						
Capital expenditures	₱12	₱32	₱4	₱87	₱76	₱211
Depreciation and amortization	₱62	₱56	₱4	₱116	₱449	₱687
Provision for (recovery of) credit and impairment losses	₱535	₱415	₱–	₱–	₱152	₱1,102

	December 31, 2019					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱2,902	₱2,723	(₱943)	(₱662)	₱218	₱4,238
Intersegment	(1,490)	(2,548)	882	2,164	992	–
	₱1,412	₱175	(₱61)	₱1,502	₱1,210	₱4,238
Noninterest income	177	(19)	492	142	(35)	757
Revenue - net of interest expense	1,589	156	431	1,644	1,175	4,995
Noninterest expense	904	222	314	1,222	1,552	4,214
Income (loss) before income tax	₱685	(₱66)	₱117	₱422	(₱377)	₱781
Provision for income tax						62
Net income						₱719

	December 31, 2019					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position						
Total assets	₱40,363	₱38,040	₱41,521	₱4,561	₱6,656	₱131,141
Total liabilities	₱1,555	₱2,691	₱52,203	₱54,225	₱3,405	₱114,079
Other Segment Information						
Capital expenditures	₱13	₱12	₱15	₱131	₱89	₱260
Depreciation and amortization	₱51	₱41	₱3	₱115	₱426	₱636
Provision for (recovery of) credit and impairment losses	₱44	₱16	₱–	₱–	₱67	₱127

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gains - net, foreign exchange gain - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related cost, amortization of software costs, income (loss) attributable to non-equity non-controlling interest and miscellaneous expense.

30. Notes to Statements of Cash Flows

Details of non-cash investing/financing activities follow:

	Consolidated			Parent Company		
	2021	2020	2019	**2021**	2020	2019
Increase in capital stock due to conversion of deposit for future stock subscription	**₱–**	₱–	₱3,000,000,000	**₱–**	₱–	₱3,000,000,000
Decrease in investment securities at amortized cost due to reclassification of allowance for losses from other assets	**–**	–	(178,019)	**–**	–	(178,019)
Increase in investment properties due to foreclosure (Note 11)	**421,376,943**	128,566,894	104,713,430	**406,376,086**	127,250,894	86,870,530
Disposal of investment properties and repossessed chattels through sales contract receivable	**(630,755)**	(1,504,170)	395,414	**–**	–	–
Increase in property and equipment due to reclassifications	**12,235,482**	2,897,778	13,239,187	**11,257,535**	1,022,292	4,749,187
Increase in repossessed chattels due to foreclosure (Note 23)	**703,862,639**	647,144,700	485,274,889	**701,469,639**	642,884,700	482,383,000
Recognition of new ROU of asset and lease liability (Note 23)	**314,426,270**	385,946,690	292,205,132	**301,768,128**	396,502,761	280,341,794
Increase in surplus reserves due to appropriations for Trust operations	**76,327**	–	–	**76,327**	–	–
Increase (decrease) in investment in subsidiary from share on remeasurement gain (loss) on retirement plan	**(1,862,707)**	–	–	**(1,612,707)**	–	–

Presented below is the supplemental information on the Group's and the Parent Company's liabilities arising from financing activities:

	Consolidated					
	LTNCD	**Bills Payable**	**Bonds Payable**	**Lease Liabilities**	**Deposit for Stock Subscription**	**Total**
Balances at January 1, 2021	**₱5,937,710,710**	**₱–**	**₱9,951,888,873**	**₱910,388,202**	**₱–**	**₱16,799,987,785**
Cashflows from financing activities:						
Additions	–	**2,500,000,000**	–	**314,426,270**	–	**2,814,426,270**
Repayment of borrowings	–	**–**	**(10,000,000,000)**	**(328,115,803)**	–	**(10,328,115,803)**
Non-cash financing activities:						
Amortization of debt issue costs and accretion of interest	**10,601,881**	**–**	**48,111,127**	**42,911,819**	–	**101,624,827**
Proceeds						
Adjustments				**(565,170)**		**(565,170)**
Balances at December 31, 2021	**₱5,948,312,591**	**₱2,500,000,000**	**₱–**	**₱939,045,318**	**₱–**	**₱9,387,357,909**

	Parent Company					
	LTNCD	**Bills Payable**	**Bonds Payable**	**Lease Liabilities**	**Deposit for Stock Subscription**	**Total**
Balances at January 1, 2021	**₱5,937,710,710**	**₱–**	**₱9,951,888,873**	**₱852,537,551**	**₱–**	**₱16,742,137,134**
Cashflows from financing activities:						
Additions	**–**	**2,500,000,000**	**-**	**301,768,128**	–	**2,801,768,128**
Repayment of borrowings	**–**	**–**	**(10,000,000,000)**	**(312,183,240)**	–	**(10,312,183,240)**
Non-cash financing activities:						
Amortization of debt issue costs and accretion of interest	**10,601,881**	**–**	**48,111,127**	**38,320,827**	–	**97,033,835**
Proceeds						
Balances at December 31, 2021	**₱5,948,312,591**	**₱2,500,000,000**	**₱–**	**₱880,443,266**	**₱–**	**₱9,328,755,857**

	Consolidated					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2020	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱720,007,104	₱–	₱18,577,941,057
Cashflows from financing activities:						
Additions	–	–	–	400,314,535	–	400,314,535
Repayment of borrowings	–	(2,050,000,000)	–	(256,284,717)	–	(2,306,284,717)
Non-cash financing activities:						
Adoption of PFRS 16	–	–	–	–	–	–
Amortization of debt issue costs and accretion of interest	10,117,864	9,494,249	62,053,517	46,351,280	–	128,016,910
Balances at December 31, 2020	₱5,937,710,710	₱–	₱9,951,888,873	₱910,388,202	₱–	₱16,799,987,785

	Parent Company					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2020	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱667,575,337	₱–	₱18,525,509,290
Cashflows from financing activities:						-
Additions	–	–	–	389,410,582	–	389,410,582
Repayment of borrowings	–	(2,050,000,000)	–	(246,020,720)	–	(2,296,020,720)
Non-cash financing activities:						
Amortization of debt issue costs and accretion of interest	10,117,864	9,494,249	62,053,517	41,572,352	–	123,237,982
Balances at December 31, 2020	₱5,937,710,710	₱–	₱9,951,888,873	₱852,537,551	₱–	₱16,742,137,134

31. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were approved and authorized for issue by the BOD on March 23, 2022.

32. **Supplementary Information Required under Revenue Regulation (RR) 15-2010**

The BIR issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. This RR include provisions for additional disclosure requirements in the notes to the financial statements, particularly on composition of taxes, duties, licenses paid or accrued during the year.

Supplementary Information Required Under RR No. 15-2010

The Parent Company reported and/or paid the following types of taxes for the year:

Gross Receipts Tax (GRT)
The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of GRT on gross receipts derived by banks from sources within the Philippines. Accordingly, the Parent Company's gross receipts are subject to GRT as re-imposed in RA No. 9238 beginning January 1, 2004.

Details of the Parent Company's gross receipts and GRT due declared and paid for taxable year 2021, follow:

	Gross Receipts	GRT Due
Interest income	₱7,700,001,922	₱228,993,497
Other income	346,744,837	24,272,139
	₱8,046,746,759	₱253,265,636

Documentary stamp tax:
The Documentary stamp tax (DST) paid or accrued on the following transactions are:

Transaction	Amount	DST thereon
Deposits	₱494,587,980,816	₱248,333,913
Loan instruments	47,833,333,333	358,750,000
Leases	65,781,189	131,569
	₱542,487,095,338	₱607,215,482

Part of the DST remitted to the BIR are shouldered/ charged to clients/borrowers.

Other taxes and licenses
This includes all other taxes, local and national, including local business tax, licenses and permit fees lodged under the 'Taxes and Licenses' account in the statement of income and expenses.

Withholding Taxes
The following table shows the breakdown of taxes withheld and remitted as of December 31, 2021:

	Total Withheld	Total Remitted
Withholding tax on deposits	₱153,852,505	₱146,763,794
Withholding taxes on compensation and benefits	186,334,289	155,563,910
Expanded withholding taxes	195,148,946	172,778,992
Withholding VAT	3,560,303	1,213,283
Final withholding taxes – others	7,417,297	2,527,672
	₱546,313,340	₱478,847,651

33. Supplementary Information Required under BSP Circular No. 1074

On February 7, 2020, the BSP issued Circular No. 1074 to amend certain provisions of the MORB and Manual of Regulations for Foreign Exchange Transactions (MORFXT). The Circular provides for new and amended disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. This supplementary information is not a required disclosure under PFRS.

In compliance with the requirements set forth by Circular No. 1074, hereunder are the supplementary information:

Financial performance indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Return on average equity	**6.62%**	5.28%	**6.60%**	5.28%
Return on average assets	**0.73%**	0.66%	**0.69%**	0.67%
Net interest margin on average earnings assets	**4.44%**	4.42%	**4.30%**	4.21%

The following formulas were used to compute the indicators:

Performance Indicator	BSP Prescribed Formula
Return on Average Equity	Net Income (or Loss) after Income Tax x 100 / Average Total Capital Accounts*
Return on Average Assets	Net Income (or Loss) after Income Tax x 100 / Average Total Assets*
Net Interest Margin	Net Interest Income x 100 / Average Interest Earning Assets*

**Average amount is calculated based on current year-end and previous year-end balances*

Capital instruments

As of December 31, 2021 and December 31, 2020, the Parent Company has outstanding capital stock shown below:

	Shares		Amount	
	2021	2020	**2021**	2020
Common shares - ₱10 par value				
Authorized	**2,700,000,000**	2,700,000,000	**₱27,000,000,000**	₱27,000,000,000
Issued and outstanding				
Issued and outstanding	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000
Issued during the year	**–**	–	**–**	–
Balances at end of year	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000

Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers as to secured and secured and the breakdown of secured receivables from customers as to the type of security as of December 31, 2021 and December 31, 2020:

	Consolidated			
	December 31, 2021		December 31, 2020	
	Amount	**%**	Amount	%
Secured by:				
Real estate	**₱25,969,944,001**	**26.18%**	₱30,000,960,014	34.58
Chattel	**6,680,294,593**	**6.73%**	7,105,278,707	8.19
Deposit hold-outs	**4,491,113,780**	**4.53%**	3,393,492,088	3.91
Others	**3,469,234,142**	**3.50%**	2,852,003,871	3.29
	40,610,586,516	**40.93%**	43,351,734,680	49.97
Unsecured	**58,601,737,684**	**59.07%**	43,401,343,870	50.03
	₱99,212,324,200	**100.00%**	₱86,753,078,550	100.00

	Parent Company			
	December 31, 2021		December 31, 2020	
	Amount	**%**	Amount	**%**
Secured by:				
Real estate	**₱25,760,224,966**	**26.53%**	₱29,826,870,584	35.11
Chattel	**6,564,936,715**	**6.76%**	6,977,177,416	8.21
Deposit hold-outs	**4,490,083,162**	**4.62%**	3,392,564,324	3.99
Others	**3,461,376,123**	**3.57%**	2,830,825,893	3.33
	40,276,620,966	**41.49%**	43,027,438,217	50.66
Unsecured	**56,808,122,322**	**58.51%**	41,914,110,312	49.34
	₱97,084,743,288	**100%**	₱84,941,548,529	100

Others include jewelry, mortgage trust indenture, company guarantees, deed of assignments of receivables and deed of suretyships.

As of December 31, 2021 and December 31, 2020, details of status of loans follow:

	Consolidated			
	Performing		**Non-Performing**	
	2021	2020	**2021**	2020
Commercial loan	**₱56,987,115,814**	₱51,024,476,239	**₱886,901,165**	₱444,682,516
Consumption	**10,172,702,386**	9,586,072,055	**814,197,303**	959,639,991
Domestic bills purchased	**516,654,187**	480,028,717	**–**	–
Real estate	**27,936,723,890**	22,734,751,992	**1,606,957,523**	1,152,657,369
	₱95,613,196,277	₱83,825,329,003	**₱3,308,055,991**	₱2,556,979,876

	Parent			
	Performing		**Non-Performing**	
	2021	2020	**2021**	2020
Commercial loan	**₱57,001,884,611**	₱51,008,928,389	**₱838,608,731**	₱378,344,060
Consumption	**8,537,079,339**	8,247,580,507	**606,976,849**	758,214,198
Domestic bills purchased	**516,654,187**	480,028,717	**–**	–
Real estate	**27,796,283,761**	22,652,454,343	**1,605,218,171**	1,150,629,657
	₱93,851,901,898	₱82,388,991,956	**₱3,050,803,751**	₱2,287,187,915

Under banking regulations, loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered nonperforming if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

The Group classifies its loans and receivables as NPL in compliance with BSP regulations, or when, in the opinion of management, collection of interest or principal is doubtful. Loans and receivables are not reclassified as performing until interest and principal payments are brought current or the loans are restructured in accordance with existing BSP regulations and future payments appear assured.

As of December 31, 2021 and December 31, 2020, details of gross NPLs follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Secured	**₱1,118,393,067**	₱657,586,849	**₱1,080,366,750**	₱611,847,574
Unsecured	**2,189,662,924**	1,899,393,027	**1,970,437,001**	1,675,340,341
	₱3,308,055,991	₱2,556,979,876	**₱3,050,803,751**	₱2,287,187,915

As of December 31, 2021, 2020 and 2019, 70.19%, 67.61% and 40.91%, respectively, of the Group's total receivables from customers are subject to periodic interest repricing.

As of December 31, 2021, 2020 and 2019, 70.19%, 68.93% and 41.72%, respectively of the Parent Company's total receivables from customers are subject to periodic interest repricing.

As of December 31, 2021, 2020 and 2019, net NPLs of the Group and of the Parent Company as follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Total NPLs	**₱3,308,055,991**	₱2,556,979,876	**₱3,050,803,751**	₱2,287,187,915
Deductions as required by the BSP*	**2,255,828,787**	1,003,487,084	**2,026,223,095**	1,008,188,024
	₱1,052,227,204	₱1,553,492,792	**1,024,580,656**	₱1,278,999,891

**Allowance for credit losses per BSP*

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Total NPLs	**₱3,308,055,991**	₱2,556,979,876	**₱3,050,803,751**	₱2,287,187,915
Specific allowance for credit losses on NPL*	**1,379,524,588**	780,634,037	**1,171,703,290**	790,957,943
	₱1,928,531,403	₱1,776,345,839	**₱1,879,100,461**	₱1,496,229,972

**for NPL Cover ratio computation*

Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs.

Significant credit exposures as to industry/economic sector
As of December 31, 2021 and December 31, 2020, information on the concentration of credit as to industry follows (in millions):

	Consolidated				Parent Company			
	2021		2020		**2021**		2020	
	Amount	**%**	Amount	%	**Amount**	**%**	**Amount**	**%**
Real estate activities	**₱35,415**	**36%**	₱27,146	31.43	**₱35,257**	**36%**	₱27,024	31.92
Wholesale and retail trade, repair of motor vehicles, motorcycles	**12,298**	**12%**	9,697	11.23	**12,118**	**13%**	9,485	11.20
Activities of households as employers and undiffirentiated goods-and-services-producing activities of households for own use	**8,509**	**9%**	8,355	9.67	**8,509**	**9%**	7,371	8.71
Manufacturing	**13,368**	**14%**	7,510	8.69	**13,363**	**14%**	7,501	8.86
Electricity, gas, steam and air conditioning supply	**5,867**	**6%**	5,899	6.83	**5,867**	**6%**	5,899	6.97
Transportation and storage	**8,157**	**8%**	2,939	3.40	**8,155**	**8%**	2,937	3.47
Financial and insurance activities	**2,470**	**2%**	4,751	5.50	**2,470**	**3%**	4,751	5.61
Arts, entertainment and recreation	**1,762**	**2%**	3,479	4.03	**1,762**	**2%**	3,479	4.11
Accommodation and food service activities	**2,527**	**3%**	1,110	1.28	**2,522**	**3%**	1,110	1.31
Agriculture, forestry and fishing	**633**	**1%**	7,035	8.14	**599**	**1%**	6,956	8.21
Information and communication	**636**	**1%**	348	0.40	**636**	**1%**	348	0.41
Construction	**3,218**	**3%**	3,098	3.59	**3,203**	**3%**	3,076	3.63
Administrative and support service activities	**212**	**0%**	316	0.36	**212**	**0%**	316	0.37
Water supply, sewerage, waste management and remediation services	**1,197**	**1%**	1,048	1.21	**1,197**	**1%**	1,048	1.24
Other service activities	**2,650**	**3%**	3,651	4.23	**1,031**	**1%**	3,375	3.99
	₱98,919	**100**	₱86,382	100	**₱96,901**	**100**	₱84,676	100

Other service activities include public administration and defense, compulsory social security, education, human health, social work, professional, scientific, technical, mining and quarrying activities.

The BSP considers that concentration risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of the total loan portfolio.

Real estate activities accounted for bulk of industry / economic sector credit exposures. However, 78% of this exposure is comprised of Housing Loans which per BSP Circular 600 Limit on Real Estate Loans of Universal Banks (UB) / Commercial Banks (KB), is excluded from the computation of real estate loans for UBs and KBs. The Bank's Real Estate exposure is compliant with BSP Circular 600 which stipulates that loans extended to individual households for purposes of financing the acquisition of any associated land that is or will be occupied by the borrower and those extended to developers/construction companies for acquisition/development of land, construction/ sale of buildings and/or residential properties including housing units should not exceed 25% of total loan portfolio net of interbank loans.

Restructured receivables of the Parent Company as of December 31, 2021 and December 31, 2020 amounted to ₱287.69 million and ₱61.13 million, respectively.

Information on related party loans
In the ordinary course of business, the Parent Company has loan transactions with affiliates and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective

investments in the Parent Company. In the aggregate, loans to DOSRI generally should not exceed the Bank's total regulatory capital or 15.00% of total loan portfolio, whichever is lower.

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

The following table shows information relating to DOSRI accounts of the Group and Parent Company:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Total outstanding DOSRI accounts	**₱5,611,718,587**	₱4,771,777,692	**₱5,611,671,606**	₱4,771,730,711
Percent of DOSRI accounts to total loans	**5.68%**	5.54%	**5.79%**	5.63%
Percent of past due DOSRI loans to total DOSRI loans	**0.00%**	0.00%	**0.00%**	0.00%
Percent of nonperforming DOSRI loans to total DOSRI loans	**0.01%**	0.02%	**0.01%**	0.01%
Percent of unsecured DOSRI loans to total DOSRI loans	**1.13%**	1.38%	**1.13%**	1.38%

The Parent Company has no assets pledged as collaterals on its liabilities.

Commitments and contingent liabilities

Following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Trust and investment group accounts (Note 26)	**₱35,673,879,283**	₱26,192,113,492	**₱35,673,879,283**	₱26,192,113,492
Committed credit lines	**7,659,531,656**	6,945,067,250	**7,659,531,656**	6,945,067,250
Inward bills for collection	**2,271,244,978**	1,450,730,126	**2,271,244,978**	1,450,730,126
Guarantees issued	**1,850,923,767**	1,839,592,801	**1,850,923,767**	1,839,592,801
Letters of credit	**667,045,172**	343,954,891	**667,045,172**	343,954,891
Spot exchange - foreign currency	**537,380,930**	2,083,121,571	**537,380,930**	2,083,121,571
Outward bills for collection	**124,641,556**	161,088,252	**124,641,556**	161,088,252
Late deposit/payment received	**20,604,807**	61,959,354	**20,549,807**	61,315,263
Items held for safekeeping	**188,923**	77,158	**173,789**	61,667
Contingent - foreign currency swap	**–**	1,092,920,578	**–**	1,092,920,578
Other contingent account	**184,260**	184,784	**178,686**	178,686

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Robinsons Bank Corporation
17th Floor, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City

We have audited the accompanying financial statements of Robinsons Bank Corporation and its subsidiary (the Group) and the parent company financial statements of Robinsons Bank Corporation (the Parent Company) as at December 31, 2021 and for the years then ended, on which we have rendered the attached report dated March 23, 2022.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the Group and the Parent Company has four (4) stockholders owning more than one hundred (100) shares.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854326, January 3, 2022, Makati City

March 23, 2022

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Robinsons Bank Corporation
17th floor, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Robinsons Bank Corporation and Subsidiary (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in the Form 17-A, and have issued our report thereon dated March 23, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854326, January 3, 2022, Makati City

March 23, 2022

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6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Robinsons Bank Corporation
17th floor, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Robinsons Bank Corporation and Subsidiary (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in the Form 17-A, and have issued our report thereon dated March 23, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854326, January 3, 2022, Makati City

March 23, 2022

A member firm of Ernst & Young Global Limited

ROBINSONS BANK CORPORATION AND SUBSIDIARY
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

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II	Map Showing Relationships Between and Among Parent and Subsidiaries *(Part 1 4H)*
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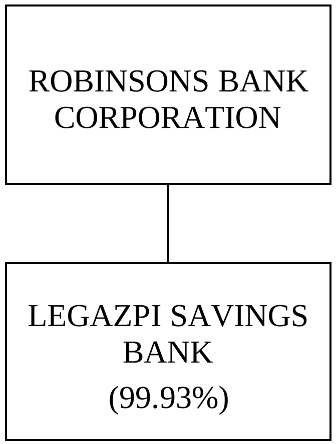
ROBINSONS BANK CORPORATION
SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

The table below presents the retained earnings available for dividend declaration as of December 31, 2021:

Unappropriated Retained Earnings, beginning	₱2,621,857,074
Adjustments:	
Deferred tax assets	(785,058,885)
Unrealized gain on foreclosure of investment properties and repossessed chattels	(178,338,047)
Unappropriated Retained Earnings, as adjusted, beginning	**1,658,460,142**
Add: Net income actually earned/realized during the period	
Net income during the period closed to Retained Earnings	1,216,105,044
Less: Non-actual/unrealized income net of tax	
Benefits from deferred tax assets	(26,540,937)
Unrealized gain on foreclosure of investment properties and repossessed chattels	(59,894,231)
Subtotal	**1,129,669,876**
Add: Other Adjustments	
Reversal of appropriations of retained earnings during the year	15,531,492
Subtotal	**15,531,492**
Total Retained Earnings available for dividend declaration as of December 31, 2021	**₱2,803,661,510**

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE II
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT AND SUBSIDIARY



ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE A -FINANCIAL ASSETS
DECEMBER 31, 2021

Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Assets at Fair Value Through Profit or Loss			
Various/Government Bonds	₱1,912,412	₱1,912,412	₱372,066
	1,912,412	**1,912,412**	**372,066**
Financial Assets at Fair Value Through Other Comprehensive Income			
Various/Government Bonds	15,090,212,356	15,090,212,356	439,441,926
Various/Private Bonds	11,229,006,713	11,229,006,713	442,373,760
Various Equity Quoted Securities	177,450,000	177,450,000	
Various Equity Unquoted Securities	32,958,089	32,958,089	
	26,529,627,158	**26,529,627,158**	**881,815,686**
Financial Assets at Amortized Cost			
Various/Government Bonds	6,655,527,338	6,655,527,338	227,656,926
Various/Private Bonds	1,819,331,441	1,819,331,441	78,438,619
	8,474,858,779	**8,474,858,779**	**306,095,545**
	₱35,006,398,349	**₱35,006,398,349**	**₱1,188,283,297**

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period

NONE TO REPORT

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period
Legazpi Savings Bank (Subsidiary)	**₱5,194,096**	**₱33,933,623**	**₱35,246,207**	**₱–**	**₱3,881,512**	**₱–**	**₱3,881,512**

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion"	Amount shown under caption "Long-Term Debt"	Interest Rate %	Maturity Date
Long-term Negotiable Certificates of Deposit (maturing on December 16, 2022)	**₱3,000,000,000** (with a right to increase the aggregate issue up to ₱5,000,000,000 in the event of over subscription)	**₱4,175,998,356**	**₱–**	**4.125**	**12/16/2022**
Long-term Negotiable Certificates of Deposit (maturing on January 1, 2024)	Up to **₱5,000,000,000**	**₱–**	**₱1,772,314,235**	**4.875**	**1/6/2024**
Time Deposits		**₱8,797,363,981**	**₱6,835,374,831**	**0.25-8.50**	**Various dates**
Bills Payable			**₱2,500,000,000**	**3.75**	**10/24/2024**

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

Name of Related Parties [(i)]	Balance at beginning of period	Balance at end of period [(ii)]

- NONE TO REPORT -

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee

- NONE TO REPORT -

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2021

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱10 par value	2,700,000,000	1,500,000,00	–	1,499,975,248	11	24,741

ROBINSONS BANK CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS RATIOS
AS AT DECEMBER 31, 2021 AND 2020

	CONSOLIDATED		PARENT COMPANY	
Liquidity ratio				
	2021	2020	**2021**	2020
Liquid assets	**₱39,664,799,542**	₱31,630,913,339	**₱38,961,206,248**	₱30,847,957,518
Total assets	**179,769,809,903**	151,146,753,957	**177,468,582,339**	148,980,629,024
Ratio of liquid assets to total assets	**22.06%**	20.93%	**21.95%**	20.71%
	2021	2020	**2021**	2020
Loans (net)	**₱99,211,620,970**	₱86,880,366,557	**₱97,373,458,296**	₱85,270,984,824
Total deposits	**152,986,574,560**	117,447,412,706	**150,806,158,940**	115,392,749,921
Ratio of loans to total deposit	**64.85%**	73.97%	**64.57%**	73.90%
Debt to equity ratio				
	2021	2020	**2021**	2020
Total liabilities	**₱161,332,690,765**	₱132,821,139,580	**₱159,031,463,201**	₱130,655,014,647
Total equity	**18,437,119,138**	18,325,614,377	**18,437,119,138**	18,325,614,377
Ratio of debt to equity	**875.04%**	724.78%	**862.56%**	712.96%
Asset to equity ratio				
	2021	2020	**2021**	2020
Total assets	**₱179,769,809,903**	₱151,146,753,957	**₱177,468,582,339**	₱148,980,629,024
Total equity	**18,437,119,138**	18,325,614,377	**18,437,119,138**	18,325,614,377
Ratio of total assets to equity	**975.04%**	824.78%	**962.56%**	812.96%
Interest rate coverage ratio				
	2021	2020	**2021**	2020
Income before income tax	**₱1,522,442,883**	₱905,208,132	**₱1,533,435,023**	₱912,907,588
Interest expense	**1,491,646,277**	2,043,775,663	**1,456,724,838**	2,007,279,067
Interest coverage ratio	**102.06%**	44.29%	**105.27%**	45.48%
Profitability ratio				
	2021	2020	**2021**	2020
Net income	**₱1,216,105,044**	₱934,586,917	**₱1,216,105,044**	₱934,586,917
Average total equity	**18,381,366,758**	17,693,044,373	**18,381,366,758**	17,693,044,373
Return on average equity	**6.62%**	5.28%	**6.62%**	5.28%

Net income	**₱1,216,105,044**	₱934,586,917	**₱1,216,105,044**	₱934,586,917
Average total assets	**165,458,281,930**	141,116,732,496	**163,224,605,681**	138,991,458,412
Return on average assets	**0.73%**	0.66%	**0.75%**	0.67%
Net financial margin	**₱6,820,764,468**	₱5,793,234,096	**₱6,521,881,965**	₱5,444,735,954
Average interest earning asset	**153,603,962,343**	131,190,141,137	**151,520,560,716**	129,200,055,306
Net interest margin on average earning assets	**4.44%**	4.42%	**4.30%**	4.21%

Asset quality ratio

	2021	2020	**2021**	2020
Non-performing loans (net of specific allowance)	**₱1,928,531,403**	₱1,776,345,838	**₱1,879,100,461**	₱1,496,229,971
Gross Loans	**99,212,324,201**	86,753,078,550	**97,084,743,288**	84,941,548,529
Non-performing loans ratio*	**1.94%**	2.05%	**1.94%**	1.76%
Allowance for probable losses	**₱2,255,828,787**	₱1,003,487,084	**₱2,026,223,095**	1,008,188,025
Non-performing loans (gross of allowance)	**3,308,055,991**	2,556,979,876	**3,050,803,751**	2,287,187,915
Non-performing loan cover*	**68.19%**	39.25%	**66.42%**	44.08%

** Computed based on BSP Circular 772*

ANNEX F-1

COVER SHEET

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S.E.C. Registration Number

R	O	B	I	N	S	O	N	S		B	A	N	K		C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

1	7	T	H	F	L	R		G	A	L	L	E	R	I	A		C	O	R	P	O	R	A	T	E		
C	E	N	T	E	R		E	D	S	A		C	O	R		O	R	T	I	G	A	S		Q	C		

(Business Address: No. Street City/Town/Province)

RHORY F. GO
Contact Person

8702-9500
Company Telephone Number

1	2		3	1
Month			Day	

(Fiscal Year)

1	7	-	Q		

Form Type

0	6	Last Wednesday
Month		Day

(Annual Meeting)

NONE
Secondary License Type, If Applicable

Corporate Finance Department
Dept. Requiring this Doc.

Amended Articles Number/Section

15
Total No. of Stockholders

Total Amount of Borrowings

Domestic | Foreign

To be accomplished by SEC Personal concerned

File Number LCU

Document I.D. Cashier

Stamp

Remarks: Please use **BLACK** ink for scanning purpose

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended	:	**September 30, 2022**
2. Commission identification number	:	**29316**
3. BIR Tax Identification No.	:	**000-437-913-000**
4. Exact name of issuer as specified in its charter	:	**ROBINSONS BANK CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization	:	**Metro Manila, Philippines**
6. Industry Classification Code	:	(SEC Use Only)
7. Address of issuer's principal office	:	**17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City**
8. Issuer's telephone number, including area code	:	**(02) 702-9500**

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

10. Exempt Securities issued pursuant to Section 9 (e) of the RSA but listed for trading on an Exchange

Title of Each Class	Amount Outstanding
Long-Term Negotiable Certificates of Deposit	**₱5,956,592,070**[i]

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [**x**]

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**x**] No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**] No [ ]

PART I--FINANCIAL INFORMATION

[i] Amount outstanding is net of discount amounting to ₱7,477,930 with a face value of ₱5,964,070,000.

Item 1. Financial Statements

Attached are the following:

- Unaudited Interim Statements of Financial Position
- Unaudited Interim Statements of Income
- Unaudited Interim Statements of Comprehensive Income
- Unaudited Interim Statements of Changes in Equity
- Unaudited Interim Statements of Cash Flows
- Notes to Unaudited Interim Condensed Financial Statements
- Aging of Accounts Receivables
- Financial Soundness Indicators

The accompanying unaudited interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) adopted by the Philippine Securities and Exchange Commission (SEC).

The accompanying interim financial statements of the Group have accordingly been prepared consistent with the most recent annual financial statements as of December 31, 2021, except for the new, amended or improved PFRSs which became effective beginning on or after January 1, 2022 and were adopted by the Group.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II--OTHER INFORMATION

There are no material disclosures that have not been reported under SEC Form 17-C during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBINSONS BANK CORPORATION
By:

IRMA D. VELASCO
First Vice President / Controller

Robinsons Bank Corporation and Subsidiary

Unaudited Interim Condensed Consolidated
Financial Statements as of September 30, 2022
and for the Nine Months Ended
September 30, 2022 and 2021
(With Comparative Audited Consolidated
Statement of Financial Position
as of December 31, 2021)

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(With Comparative Audited Figures as of December 31, 2021)

	September 30, 2022	December 31, 2021
ASSETS		
Cash and Other Cash Items	**₱3,450,270,788**	₱3,934,989,886
Due from Bangko Sentral ng Pilipinas	**11,468,951,012**	15,781,690,745
Due from Other Banks	**3,024,331,280**	5,066,292,206
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Note 5)	**6,924,139,856**	14,881,826,705
Financial Assets at Fair Value Through Profit or Loss (Note 6)	**970,384**	1,912,412
Financial Assets at Fair Value Through Other Comprehensive Income (Note 6)	**6,729,885,383**	26,529,627,158
Investment Securities at Amortized Cost (Note 6)	**34,473,833,502**	8,474,858,779
Loans and Receivables (Note 7)	**106,117,276,032**	99,211,620,970
Investment in a Subsidiary, Associates and a Joint Venture (Note 8)	**137,489,044**	212,009,893
Property and Equipment and Right-of-Use of Assets (Note 9)	**1,276,982,241**	1,333,352,694
Investment Properties (Note 10)	**1,080,695,642**	786,054,165
Branch Licenses (Note 11)	**1,001,537,192**	1,001,290,316
Goodwill	**244,327,006**	244,327,006
Deferred Tax Asset – net	**853,098,650**	709,044,297
Other Assets (Note 12)	**1,675,418,076**	1,600,912,671
	₱178,459,206,088	₱179,769,809,903

LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Note 14)		
Demand	**₱26,474,521,871**	₱27,391,606,583
Savings	**89,551,117,615**	104,013,916,574
Time	**19,577,115,708**	15,632,738,812
Long-term negotiable certificates of deposit	**5,956,592,070**	5,948,312,591
	141,559,347,264	152,986,574,560
Bills Payable (Note 15)	**10,500,000,000**	2,500,000,000
Manager's Checks	**1,129,724,789**	1,066,036,319
Accrued Expenses (Note 16)	**1,358,032,115**	1,003,366,425
Other Liabilities (Note 16)	**3,797,543,057**	3,776,713,461
	158,344,647,225	161,332,690,765

(Forward)

	September 30, 2022	December 31, 2021
Equity (Note 17)		
Common stock	**15,000,000,000**	15,000,000,000
Surplus	**5,052,308,267**	3,853,493,610
Surplus reserves	**613,807,346**	519,845,104
Remeasurement losses on retirement plan (Note 22)	**(55,294,513)**	(55,294,513)
Net unrealized (gains) losses on financial assets at fair value through other comprehensive income	**(533,821,678)**	(907,253,190)
Cumulative translation adjustments	**37,559,441**	26,328,127
	20,114,558,863	18,437,119,138
	₱178,459,206,088	₱179,769,809,903

See accompanying Notes to Financial Statements

ROBINSONS BANK CORPORATION AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Quarter Ended September 30		Nine Months Ended September 30	
	2022	2021	**2022**	2021
INTEREST INCOME ON				
Loans and receivables (Note 7)	**₱ 3,748,265,289**	₱3,398,589,876	**₱5,639,104,508**	₱5,097,052,962
Investment securities (Note 6)	**779,681,392**	606,286,948	**1,162,919,828**	864,563,099
Due from Bangko Sentral ng Pilipinas and other banks	**45,997,933**	32,412,755	**64,611,658**	49,627,196
Interbank loans receivable/Securities purchased under resale agreements (Note 5)	**100,472,135**	110,075,374	**153,484,368**	162,476,206
	4,674,416,749	4,147,364,953	**7,020,120,362**	6,173,719,463
INTEREST EXPENSE ON				
Deposit liabilities (Note 14)	**632,183,195**	500,548,649	**909,347,846**	768,523,650
Bills payable (Note 15)	**156,357,832**	-	**267,575,069**	-
Bonds payable	**-**	238,288,073	**-**	375,060,465
Lease liability	**18,540,687**	21,437,641	**27,767,203**	32,135,441
	807,081,714	760,274,363	**1,204,690,118**	1,175,719,556
NET INTEREST INCOME	**3,867,335,035**	3,387,090,590	**5,815,430,244**	4,997,999,907
Service fees and commission income (Note 19)	**409,516,375**	309,889,454	**641,940,912**	439,201,959
Service fees and commission expense (Note 19)	**214,175,835**	91,619,995	**348,880,016**	142,544,780
NET SERVICE FEE AND COMMISSION INCOME	**195,340,540**	218,269,459	**293,060,896**	296,657,179
Trading and securities gains - net (Note 6)	**15,312,702**	183,908,758	**20,378,841**	312,750,298
Foreign exchange gains - net	**68,513,901**	16,636,092	**122,581,713**	28,516,586
Miscellaneous (Note 19)	**81,314,103**	46,244,648	**91,922,953**	72,257,304
TOTAL OPERATING INCOME	**4,227,816,281**	3,852,149,547	**6,343,374,647**	5,708,181,274
OPERATING EXPENSES				
Compensation and fringe benefits	**877,926,800**	797,009,090	**1,328,089,021**	1,187,666,363
Depreciation and amortization (Note 9)	**358,030,594**	368,927,554	**538,077,332**	548,114,996
Taxes and licenses	**291,881,127**	299,685,273	**439,347,303**	453,649,676
Security, messengerial and janitorial	**166,928,950**	115,882,233	**247,420,491**	189,255,960
Occupancy and equipment-related costs	**192,686,116**	189,814,108	**294,198,712**	264,116,338
Information technology	**230,201,073**	195,145,868	**356,247,739**	286,003,820
Communication	**55,519,655**	55,262,577	**82,442,445**	81,769,390
Insurance	**192,822,824**	150,190,440	**293,746,721**	221,916,152
Entertainment, amusement, and recreation	**39,789,903**	50,598,807	**58,174,961**	76,427,897
Management and professional fees	**6,789,075**	11,259,849	**10,143,876**	17,655,415
Provision for credit and impairment losses	**445,390,902**	548,138,207	**576,352,293**	973,732,317
Miscellaneous (Note 19)	**329,461,416**	322,110,584	**491,547,317**	455,070,896
TOTAL OPERATING EXPENSES	**3,187,428,435**	3,104,024,590	**4,715,788,211**	4,755,379,220
INCOME BEFORE SHARE IN NET INCOME OF ASSOCIATES	**1,040,387,846**	771,064,357	**1,627,586,436**	975,741,454
SHARE IN NET INCOME (LOSS) OF ASSOCIATES	**(36,789,192)**	-	**(36,720,841)**	-
INCOME BEFORE INCOME TAX	**1,003,598,654**	771,064,357	**1,590,865,595**	975,741,454
PROVISION FOR INCOME TAX (Note 20)	**203,143,156**	63,651,483	**298,088,695**	33,942,210
NET INCOME	**₱800,455,498**	₱707,412,874	**₱1,292,776,900**	₱941,799,244

See accompanying Notes to Financial Statements.

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended September 30		Nine Months Ended September 30	
	2022	2021	**2022**	2021
NET INCOME	**₱845,230,877**	₱707,412,874	**₱1,292,776,900**	₱941,799,244
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX				
Item that may not be reclassified to profit or loss				
Change in net unrealized losses on equity financial assets at FVOCI	**-**	(5,250,000)	**-**	(5,250,000)
Items that may be reclassified to profit or loss				
Change in net unrealized gains (losses) on debt financial assets at fair value through other comprehensive income	**2,248,974,255**	(16,142,154)	**373,431,512**	(954,271,050)
Translation adjustments	**42,373,913**	23,885,143	**11,231,312**	46,726,848
	2,291,348,168	2,492,989	**384,662,824**	(912,794,202)
TOTAL COMPREHENSIVE INCOME	**₱3,136,579,045**	₱709,905,863	**₱1,677,439,724**	₱29,005,042

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Common Stock	Surplus	Surplus Reserves	Remeasurement Gains (Losses) on Retirement Plan	Net Unrealized Losses on Financial Assets At Fair Value Through Other Comprehensive Income	Cumulative Translation Adjustments	Total
Balance at January 1, 2022	**₱15,000,000,000**	**₱3,853,493,610**	**₱519,845,104**	**(₱55,294,513)**	**(₱907,253,190)**	**₱26,328,127**	**₱18,437,119,138**
Total comprehensive income for the period	-	**1,292,776,900**	-	-	**373,431,512**	**11,231,312**	**1,677,439,724**
Appropriations for expected credit losses (Note 17)	-	**(93,962,242)**	**93,962,242**	-	-	-	-
Balance at September 30, 2022	**₱15,000,000,000**	**₱5,052,308,267**	**₱613,807,346**	**(₱55,294,513)**	**(₱533,821,678)**	**₱37,559,439**	**₱20,114,558,863**
Balance at January 1, 2021	₱15,000,000,000	₱2,621,857,074	₱535,376,596	(₱31,841,311)	₱223,680,755	(₱23,458,737)	₱18,325,614,377
Total comprehensive income for the period	–	941,799,244	–	–	(959,521,050)	46,726,848	29,005,042
Appropriations for the period		(76,326)	76,326	–	–	–	–
Balance at September 30, 2021	₱15,000,000,000	₱3,563,579,992	₱535,452,922	(₱31,841,311)	(₱735,840,295)	₱23,268,111	₱18,354,619,419

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,590,865,595**	₱975,741,454
Adjustments for:		
Depreciation and amortization (Note 9)	**538,077,332**	548,114,996
Provision for credit and impairment losses (Note 13)	**576,352,293**	973,732,317
Amortization of premium or discount on financial assets and liabilities	**-**	44,244,040
Gain on sale of financial assets at FVOCI (Note 6)	**(19,948,028)**	(307,004,518)
Loss/ (Gain) on sale of investment properties (Note 19)	**(22,087,535)**	93,204,490
Gain/ (Loss) on sale of repossessed chattels (Note 19)	**101,142,706**	(9,460,114)
Gain on sale of property and equipment (Note 9 and 10)	**(1,512,610)**	(3,551,523)
Gain/ (Loss) on initial recognition of investment properties and repossessed chattels (Note 19)	**(67,411,524)**	(15,400,606)
Retirement expense	**46,374,872**	42,321,783
Interest expense on lease liability	**27,767,203**	32,135,441
Net unrealized gain/(loss) on fair value of financial assets at fair value through profit or loss and derivative assets (Note 6)	**894,747**	(1,982,776)
Share in net loss (income) of a subsidiary and associates	**36,720,841**	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets at fair value through profit or loss	**47,281**	87,152,531
Loans and receivables	**(8,340,712,955)**	(9,201,877,007)
Other assets	**(27,260,285)**	(197,793,504)
Increase (decrease) in:		
Deposit liabilities	**(11,427,227,296)**	21,105,702,093
Manager's checks	**63,688,470**	443,668,656
Accrued expenses and other liabilities	**391,581,489**	266,412,129
Net cash provided by (used in) operations	**(16,532,647,369)**	14,875,359,883
Dividends Received	**37,800,000**	-
Income taxes paid	**(355,590,536)**	(183,930,276)
Benefits Paid on Retirement Plan	**(10,640,515)**	-
Net cash provided by (used in) operating activities	**(16,861,078,420)**	14,691,429,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI	**(5,136,896,169)**	(18,552,768,339)
Investment securities at amortized cost	**(10,586,827,800)**	(664,698,136)
Investment in associate	**-**	(231,506,100)
Software costs	**(102,060,511)**	(87,183,967)
Property and equipment	**(236,151,619)**	(153,234,156)
Branch license	**(246,876)**	(537,595)
Proceeds from sale of:		
Financial assets at FVOCI	**1,277,741,353**	13,932,574,059
Investment securities at amortized cost	**(41,633,062)**	401,962,022
Investment properties and repossessed chattels	**444,835,793**	420,958,524
Property and equipment	**7,295,206**	4,172,877
Proceeds from maturity of:		
Investment securities at amortized cost	**8,681,762,270**	**-**
Net cash provided by (used in) investing activities	**(5,692,181,415)**	(4,930,260,811)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bills payable	**₱8,000,000,000**	₱–
Payments of lease liability	**(255,078,084)**	(243,198,494)
Payments of bonds payable		5,000,000,000
Net cash provided by financing activities	**7,744,921,916**	(5,243,198,494)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**11,231,312**	46,727,054
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱14,797,106,607)**	₱4,564,697,356
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	**₱3,934,989,886**	₱2,863,029,038
Due from Bangko Sentral ng Pilipinas	**15,781,690,745**	20,367,518,731
Due from other banks	**5,066,292,207**	3,904,608,310
Interbank loans receivable and Securities purchased under resale agreements (Note 5)	**14,881,826,705**	4,495,757,260
	₱39,664,799,543	₱31,630,913,339
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	**₱3,450,270,788**	₱1,959,334,875
Due from Bangko Sentral ng Pilipinas	**11,468,951,012**	25,709,275,066
Due from other banks	**3,024,331,280**	3,594,834,781
Interbank loans receivable and Securities purchased under resale agreements (Note 5)	**6,924,139,856**	4,932,165,973
	₱24,867,692,936	₱36,195,610,695

OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	**₱7,083,360,410**	₱6,192,402,917
Interest paid	**1,099,021,912**	1,214,475,187

ROBINSONS BANK CORPORATION AND SUBSIDIARY
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Bank Corporation (the Parent Company or the Bank) was domiciled and incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on April 28, 1966 and acquired its license from Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank on March 1, 2002. On March 21, 2013, the SEC granted the license extending the Bank's corporate life for another fifty (50) years. Presently, the Bank's corporate life is perpetual pursuant to the Revised Corporation Code.

The registered address and principal place of business of the Parent Company is at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

The Parent Company is 60.00% and 40.00% owned by JG Summit Capital Services Corp. (JGSCSC) and Robinsons Retail Holdings, Inc. (RRHI), respectively. The ultimate parent company of the Bank is JG Summit Holdings, Inc. The Parent Company has several debt issuances that were listed in the Philippine Dealing and Exchange Corporation (PDEx).

On September 30, 2022, the Board of Directors of the Parent Company approved the plan of merger of the Parent Company with the Bank of Philippine Islands (BPI), with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network (Note 26)

The Parent Company and its subsidiary and associates (collectively referred to as the "Group") which are all incorporated in the Philippines are engaged in the following businesses:

			Effective Percentage of Ownership	
Subsidiary and Associates	Principal place of business	Line of Business	**September 30, 2022**	December 31, 2021
Legazpi Savings Bank (LSB)	738 Building, Rizal Street, Barangay Sagpon, Old Albay, Legazpi City	Banking	**99.93**	99.93
Unicon Insurance Brokers Corporation	25th floor Robinsons Equitable Tower, ADB Avenue corner Poveda St. Ortigas Center, Pasig City	Insurance Broker	**40.00**	40.00
GoTyme Bank Corporation	30F Robinsons Cyberscape Gamma, Topaz & Ruby Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Philippines,1605	Digital Banking	**20.00**	20.00

2. Summary of Significant Accounting Policies, Judgements and Estimates

Basis of Preparation

The accompanying financial statements of the Group and of the Parent Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value.

The financial statements of the Parent Company reflect the accounts of the Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see accounting policy on Foreign Currency Translation). The financial statements individually prepared for these units are combined and inter-unit accounts and transactions are eliminated.

The financial statements are presented in PHP, and all amounts are rounded to the nearest peso (P=), except when otherwise indicated.

Explanatory Comments about the Seasonality or Cyclicality of Interim Operations
Seasonality or cyclicality of interim operations is not applicable to the Group's type of business.

Statement of Compliance
The financial statements of the Group and of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Presentation of Financial Statements
The Group present its interim consolidated statement of financial position broadly in the order of liquidity.

The Group and the Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and of the Parent Company. This is not generally the case with master-netting agreements, where the related assets and liabilities are presented gross in the statement of financial position.

Basis of Consolidation
The consolidated financial statements of the Group are prepared for the same reporting period as the subsidiary, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary ceases when control is transferred out of the Parent Company. The results of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

A change in the Parent Company's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest of a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:
- derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;

- derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or surplus;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in statement of income.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments,Interest Rate Benchmark Reform – Phase 2*
- Amendments to PFRS 16, Leases, *COVID-19-related Rent Concessions beyond June 30, 2021*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurement*

Judgments

The preparation of the financial statements requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Following is the additional critical judgment applied in 2019 that has a risk of material adjustment to the carrying amounts of assets and liabilities:

Uncertainties over income tax treatments

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a highly regulated environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

The Group applies significant judgment whether it is probable that a particular uncertain income tax treatment will be acceptable to the taxation authority. The Group considers the following:

- Past experience related to similar tax treatments
- Legal advice or case law related to other entities
- Practice guidelines published by the taxation authority that are applicable to the case

The Group reassesses the judgement if the facts and circumstances on which the judgement was based change or as a result of new information that affects the judgement.

3. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit, market and liquidity risks. In general, the Group's risk management objective is to ensure that risks taken are within the Group's risk appetite, which is assessed based on the Group's capital adequacy framework. The risk management process involves risk identification, measurement, monitoring and control.

The Group recognizes that risk management is the responsibility of the entire organization. Accordingly, all employees are expected to manage risks relating to their own responsibilities. Still, there are specialized entities within the Group that perform certain risk management functions.

The Board of Directors (BOD) ultimately oversees and approves significant matters related to risk management throughout the Parent Company, upon the review and recommendation of various committees composed of members of the BOD and Senior Management. Among the Parent Company's committees are:

- the Corporate Governance Committee, which ensures the BOD's effectiveness and due observance of the corporate governance principles and guidelines;
- the Risk Oversight Committee (ROC), which is responsible for the development and oversight of the Parent Company's risk management program;
- the Audit Committee, which examines the Parent Company's framework of risk management, control and governance process to ensure that these are adequate and functional; and
- the Credit Committee, which recommends credit policies and evaluates credit applications.

The following units within the Parent Company jointly perform risk management functions on a daily basis:

- Compliance for regulatory risk;
- Treasury for funding and liquidity risk;
- Credit Management Group for credit risk;
- Enterprise Risk Management Group (ERMG) for various risks, including market risk; credit and operational risks; and
- Internal Audit for the evaluation of the adequacy of internal control systems, covering operational risk.

These units submit various risk reports to the Management Committee, the ROC and the BOD, among others.

Further specific risk management disclosures, including mitigation, measurement and control, are in the succeeding sections.

Credit Risk

Credit risk may be defined as the possibility of loss due to the failure of a customer/borrower or counterparty to perform its obligation to the Group.

The Group has several credit risk mitigation practices:

- The Group offers a variety of loan products with substantial collateral values. The latter part of this credit risk section discusses collateral and other credit enhancements.
- Limits are set on the amount of credit risk that the Group is willing to take for customers and counterparties, and exposures are monitored against such credit limits.

- The Group also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Group employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

In view of the heightened credit risk arising from the pandemic, at the start of the Enhanced Community Quarantine (ECQ), the Group conducted a credit risk assessment or rapid review process to assess the effect of the pandemic on loan portfolios. Account assessment during the onset of the pandemic is an inherent process in the conduct of credit assessment of borrowers within the bounds of the existing credit policies. The Group identified and segmented borrowers based on the following major factors: (a) ownership, (b) payment performance, (c) financials or financial condition of borrower, (d) industry where the borrower operates in, as well as industry prospects, (e) the effect of the pandemic and the ECQ on the operations of the borrower, and (f) collateral position. This has enabled the Group to focus on potential major risks and the comparison of all borrowers or credit exposures across business lines and borrower credit worthiness. The Group also revisited the credit risk rating to capture risk level.

<u>Liquidity Risk</u>

Liquidity risk may be defined as the possibility of loss due to the Group's inability to meet its financial obligations when they become due. Liquidity risk is considered in the Group's assets and liabilities management. The Group seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market.

The Parent Company's Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Parent Company also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Parent Company.

The Parent Company also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Bank, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Group's net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Group. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk.

To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one (1) year.

<u>Market Risk</u>

Market risk may be defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

The Parent Company observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on the Parent Company's existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. The Parent Company calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology
VaR is used by the Parent Company to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. The Parent Company uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, the Parent Company assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis per Parent Company policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions
Discussed below are the limitations and assumptions applied by the Parent Company on its VaR methodology:

a. VaR is a statistical estimate; thus, it does not give the precise amount of loss the Parent Company may incur in the future;
b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a Parent Company's exposure to market risk;
c. Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
d. VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
e. The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the ROC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. The Parent Company performs monthly back testing.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Parent Company's ALCO surveys the interest rate environment, adjusts the interest rates for the Parent Company's loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. The Parent Company uses Earnings-at-Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book.

Earnings-at-Risk objectives and methodology
EAR is a statistical measure of the likely impact of changes in interest rates to the Bank's net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that the Parent Company's NII could decline if interest rates decrease upon repricing. A negative repricing gap implies that the Parent Company's NII could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the ROC monthly.

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The BOD has set limits on positions by currency. In accordance with the Parent Company's policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

4. **Fair Value Measurement**

The methods and assumptions used by the Group in estimating the Group's assets and liabilities are:

Cash and other cash items, due from BSP, due from other banks and interbank loans receivable/securities purchased under resale agreements, accrued interest receivables, accounts receivable, savings and demand deposits

Carrying value approximates fair value given the short-term nature of these financial assets and insignificant risk of changes in value.

Trading and investment securities
Fair values of debt securities and equity investments are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

For equity investments that are not quoted, the fair value are derived using the net asset value method.

Derivative instruments

Fair values of quoted warrants are based on quoted market prices. Other derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Receivables from customers
Fair values are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of receivables at current market rates ranging from 4.91% to 42% in September 30, 2022 and 4.38% to 42.00% in December 31, 2021. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Other receivables - Accounts receivable and accrued interest receivable
Carrying amounts approximate fair values given their short-term nature.

Investment properties
Fair value of investment properties are based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Refundable deposits
Fair values are estimated using the discounted cash flow methodology, using the average market price for similar types of receivables with maturities consistent to the receivable being valued. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Time deposits
Fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Long-term negotiable certificates of deposit (LTNCD)
Fair values of LTNCD are estimated using discounted cash flows using the rate of latest LTNCD issuance in the market.

Bonds Payable
Fair Values of the Bonds Payable are estimated by discounting the cash flows using the corresponding benchmark rates.

Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

The following tables show the Group's assets and liabilities carried at fair value and those whose fair value are required to be disclosed, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1); and
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Consolidated September 30, 2022 (Unaudited)				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets					
At FVPL	**₱970,384**	**₱439,611**	**₱530,773**	**₱-**	**₱970,384**
At FVOCI:					
Government securities	**2,509,615,248**	**2,144,233,095**	**365,382,153**	**-**	**2,509,615,248**
Private bonds	**4,012,312,046**	**3,685,088,110**	**327,223,936**	**-**	**4,012,312,046**
Quoted equity securities	**175,000,000**	**175,000,000**	**-**	**-**	**175,000,000**
Unquoted equity securities	**32,958,089**			**32,958,089**	**32,958,089**
	₱6,730,855,767	**₱6,004,760,816**	**₱693,136,862**	**₱32,958,089**	**₱6,730,855,767**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	**₱34,473,833,502**	**₱ 12,632,530,328**	**₱15,650,205,451**	**-**	**₱28,282,735,780**
Loans and receivables:					**-**
Receivables from customers:					**-**
Commercial	**57,696,858,898**	**-**	**-**	**57,816,918,266**	**57,816,918,266**
Real estate	**33,050,595,350**	**-**	**-**	**35,462,482,857**	**35,462,482,857**
Consumption	**12,252,654,693**	**-**	**-**	**14,434,204,146**	**14,434,204,146**
Domestic bills purchased	**440,391,597**	**-**	**-**	**499,666,894**	**499,666,894**
Other receivables:					**-**
Sales contract receivable	**204,453,991**	**-**	**-**	**169,035,039**	**169,035,039**
Loans receivable	**-**				**-**
Accrued interest receivables	**1,282,404,411**	**-**	**-**	**1,282,404,411**	**1,282,404,411**
Accounts receivable	**1,508,935,931**	**-**	**-**	**1,508,935,931**	**1,508,935,931**
Refundable deposits	**74,077,454**	**-**	**-**	**70,369,268**	**70,369,268**
Non-Financial Assets					**-**
Investment properties	**1,080,695,642**	**-**	**-**	**3,201,224,872**	**3,201,224,872**
	₱142,064,901,469	**₱ 12,632,530,328**	**₱15,650,205,451**	**₱114,445,241,684**	**₱142,727,977,464**

	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	**₱26,474,521,871**	**₱-**	**₱-**	**₱26,474,521,872**	**₱26,474,521,872**
Savings	**89,326,434,723**	**-**	**-**	**89,324,623,427**	**89,324,623,427**
Time	**19,577,115,708**	**-**	**-**	**20,761,534,524**	**20,761,534,524**
Long-term negotiable certificates of deposits	**5,956,592,070**	**-**	**5,853,627,030**	**-**	**5,853,627,030**
Bills payable	**10,650,000,000**	**-**	**-**	**9,382,768,279**	**9,382,768,279**
	₱151,984,664,372	**₱-**	**₱5,853,627,030**	**₱145,943,448,103**	**₱151,797,075,132**

	December 31, 2021 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL	₱1,912,412	₱–	₱1,912,412	₱–	₱1,912,412
Financial assets at FVOCI					
Government securities	15,090,212,356	2,593,217,459	12,496,994,897	–	15,090,212,356
Private bonds	11,229,006,713	7,972,124,726	3,256,881,987	–	11,229,006,713
Quoted equity securities	177,450,000	177,450,000	–	–	177,450,000
Unquoted equity securities	32,958,089	–	–	32,958,089	32,958,089
	₱26,531,539,570	₱10,742,792,185	₱15,755,789,296	₱32, 958,089	₱26,531,539,570
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	₱8,474,858,779	₱3,771,254,829	₱4,562,093,154	₱–	₱8,333,347,983
Loans and receivables:					
Receivables from customers:					
Commercial	56,604,768,568	–	–	58,004,035,901	58,004,035,901
Real estate	29,222,292,971	–	–	29,929,438,297	29,929,438,297
Consumption	10,321,390,441	–	–	10,853,525,958	10,853,525,958
Domestic bills purchased	516,654,187	–	–	516,654,187	516,654,187
Other receivables:					
Sales contract receivable	140,804,584	–	–	175,883,210	175,883,210
Accrued interest receivables	55,838,963	–	–	55,838,963	55,838,963
Accounts receivable	16,173,645	–	–	16,173,645	16,173,645
Refundable deposits	71,920,404	–	–	69,706,696	69,706,696
Non-Financial Assets					
Investment properties	786,054,165	–	–	2,769,953,736	2,769,953,736
	₱106,210,756,707	₱3,771,254,829	₱4,562,093,154	₱102,391,210,593	₱110,724,558,576
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	₱27,391,606,583	₱–	₱–	₱27,391,606,583	₱27,391,606,583
Savings	104,013,916,574	–	–	104,013,916,574	104,013,916,574
Time	15,632,738,812	–	–	16,405,343,121	16,405,343,121
Long-term negotiable certificates of deposits	5,948,312,591	–	5,914,739,244	–	5,914,739,244
Bonds payable	2,500,000,000	–	–	2,465,960,727	2,465,960,727
	₱155,486,574,560	₱–	₱5,914,739,244	₱150,276,827,005	₱156,191,566,249

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

Description of significant unobservable inputs to valuation:

Accounts	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.91% - 35.94% incremental lending rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.00% - 1.75% risk premium rate
Time deposits	Discounted cash flow method	0.15% - 1.75% risk premium rate
Unquoted equity instruments	Adjusted net asset value method	30% degree of lack of marketability
LTNCD Deposits	Discounted cash flow method	4.50% risk premium rate
Bills Payable	Discounted cash flow method	4.39% – 5.94% risk premium rate

Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties. Significant increase (decrease) in degree of lack of marketability would result in lower (higher) fair value of unquoted equity securities.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Degree of lack of marketability	Marketability is the degree to which ownership interest can be converted to cash quickly without unreasonable experience and with certainty of the amount of proceeds.
Risk premium	A risk premium is the investment return an asset is expected to yield in excess of the risk-free rate of return.

5. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Securities purchased under resale agreements	**₱895,909,133**	₱117,595,804
Interbank loans receivable	**6,028,230,723**	14,764,230,901
	₱6,924,139,856	₱14,881,826,705

Interbank loans receivable of the Parent Company from a local savings bank has a remaining maturity of two (2) days and (3) days in September 30, 2022 and December 31, 2021, respectively.

The Securities Purchased under Resale Agreement (SPURA) of the Group is composed of reverse repurchase placements (RRP) with the BSP. As of September 30, 2022 and December 31, 2021, placement on SPURA with the BSP had a remaining maturity of one (1) day to three (3) days and one (1) day to three (3) days, respectively. The fair value of the related collateral of SPURA is disclosed in Note 4.

For the Nine Months Ended September 30, 2022 and 2021, interest income from interbank loan receivable and SPURA amounted to ₱153.48 million and ₱162.48 million, respectively.

6. Investment Securities

Financial Assets at Fair Value through Profit or Loss
The Group's financial assets at FVPL consist of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government securities	**₱530,773**	₱1,912,412
Derivative assets	**439,611**	–
	₱970,384	₱1,912,412

Derivative assets are composed of foreign currency swaps. Foreign currency swaps represent commitments to purchase/sell foreign currency on a future date at an agreed exchange rate.

Financial Assets at Fair Value through Other Comprehensive Income
The Group's financial assets at FVOCI consist of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Private bonds	**₱4,012,312,046**	₱11,229,006,713
Government securities	**2,509,615,248**	15,090,212,356
Quoted equity securities	**175,000,000**	177,450,000
Unquoted equity securities	**32,958,089**	32,958,089
	₱6,729,885,383	₱26,529,627,158

The government securities and private bonds of the Group earn annual interest ranging from 3.00% to 7.25% and from 2.83% to 8.13% for the period ended September 30, 2022 and September 30, 2021, respectively; and have maturities from 2023 to 2049 and 2021 to 2049 as of September 30, 2022 and September 30, 2021, respectively.

The quoted equity securities of the Group consist of preferred shares of stocks in a publicly listed corporation as of September 30, 2022.

Investment Securities at Amortized Cost
The Group's investment securities at amortized cost consist of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government securities	**₱23,082,930,274**	₱6,655,527,338
Private bonds	**11,393,536,962**	1,820,142,305
	34,476,467,236	8,475,669,643
Less allowance for impairment losses (Note 13)	**(2,633,734)**	810,864
	₱34,473,833,502	₱8,474,858,779

In March 2022, the Board of Directors approved the change in the Bank's PFRS 9 business model due to the Bank’s overall change in strategy brought about by significant internal and external factors. Strategically aligned with the shift in the Bank’s original long-term direction and positioning under its enhanced five-year plan, the Bank redesigned its business model brought about by the purchase of certain assets (including 12 branches subject to regulatory approval) and assumption of certain liabilities of Legazpi Savings Bank (LSB) as this impacts the Bank’s growth path, operations, new target market, and new customer base. The change in strategy will allow the Parent Bank to cross-sell loan products within a banking group (the Bank and LSB). The Group has embarked on transformation strategy which includes digitization initiatives, among others. With the change in strategy, LSB has changed its business operations and processes to fit for purpose a one-product, least-cost operation, focusing only to the Automatic Payroll Deduction System (APDS) market nationwide. The change in strategy will allow the Group to scale up the APDS business in a timely and efficient manner. The renewed focus to one product will also help LSB better manage credit risk. As a result, the Parent Company acquired certain assets including 12 branches and assumption of certain liabilities of LSB. The transfer of the 12 LSB branches, which is subject to regulatory approval, will expand the distribution center of the Group. New processes and incentive system will be introduced to manage and market the new deposit products and services to expand the Parent Bank’s capacity to offer new deposit products and services. This significant change in the Parent Bank’s and Subsidiary’s operational activity is expected to generate additional funding from the group necessitating a change in the way the matched assets in the banking book are being managed. .

As a result, on April 1, 2022, the Group reclassified a portfolio of USD-denominated and Peso-denominated debt securities with aggregate carrying amount of ₱24.05 billion from FVOCI to HTC to address the business and liquidity requirements of the change in the Group’s operational activity (see Note 3). Based on the documents submitted to the Board of Directors, the Bank’s operational liquidity requirement will be served by funding from deposits and maturing investment portfolio.

The effective interest rates of the reclassified investments as of April 1, 2022 of the Parent Company range from 3.00% to 6.35% for peso-denominated government securities, 2.63% to 8.00% for foreign currency-denominated government securities, 3.20% to 6.75% for peso-denominated private bonds and 3.63% to 5.700% for foreign currency-denominated private bonds

Interest income on investment securities of the Group consists of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Investment securities at amortized cost	**₱713,853,425**	₱626,711,578
Financial assets at FVPL	**1,484,528**	228,544,066
Financial assets at FVOCI	**447,581,875**	1,928,147
Others	**-**	7,379,308
	₱1,162,919,828	₱864,563,099

'Trading and securities gains - net' of the Group consist of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net realized gains on debt financial assets at FVOCI taken to profit or loss	**₱19,948,028**	₱307,004,518
Net realized gains on sale of financial assets at FVPL	**(13,217,830)**	3,763,004
Realized gains (losses) on derivatives	**14,983,001**	-
Net unrealized gains on financial assets at FVPL	**(1,334,358)**	1,982,776
Net unrealized gains on derivative assets	**-**	-
	₱20,378,841	₱312,750,298

7. **Loans and Receivables**

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Receivables from customers:		
Commercial	**₱58,901,182,307**	₱57,879,055,931
Real estate	**33,503,844,940**	29,718,350,075
Consumption	**13,346,124,391**	11,098,264,008
Domestic bills purchased	**484,380,154**	516,654,187
	106,235,531,792	99,212,324,201
Less unearned interest and discount	**314,434,554**	293,352,196
	₱105,921,097,238	₱98,918,972,005
Other receivables:		
Accrued interest receivable	**1,377,017,210**	1,440,257,258
Accounts receivable	**1,452,802,822**	1,088,396,700
Sales contract receivable	**204,577,273**	149,161,833
	108,955,494,543	101,596,787,796
Less allowance for credit losses (Note 12)	**2,838,218,511**	2,385,166,826
	₱106,117,276,032	₱99,211,620,970

Receivables from customers earns annual EIR ranging from 1.64% to 99.38% and 0.58% to 99.87% for the periods ended September 30, 2022 and December 31, 2021, respectively.

Interest income on loans and receivables amounted to ₱5.64 billion and ₱5.10 billion for the Nine Months Ended September 30, 2022 and 2021, respectively.

8. **Investment in Associates and Joint Venture Agreement**

On February 01, 2021, the BOD of the Parent Company and Unicon Insurance Brokers Corporation (UNICON) have approved the Parent Company's subscription of 85,667 to UNICON's unissued authorized capital stock, which resulted in owning of forty percent (40%) of UNICON's issued and outstanding shares of stock, subject to approval of the Bangko Sentral ng Pilipinas.

On February 18, 2021, the Parent Company entered into a joint venture agreement with Robinsons

Land Corporation (RLC), Robinsons Retail Holdings, Inc (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required the Parent Company, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.25 billion. The shareholder percentage of the Parent Company, RLC, RRHI and TGL upon incorporation shall be 20%, 20%, 20% and 40%, respectively of the share capital and voting rights of the JVC.

As of September 30, 2022, the carrying value of investment in associates in UNICON and Gotyme is ₱77.94 million and ₱59.55 million, respectively.

9. Property and Equipment and Right-of-Use of Assets

Property and equipment consist of land, building and improvements, furniture, fixtures and equipment, transportation equipment, and leasehold rights and improvements.

Right-of-use of asset consists of leasehold rights and improvements and ATM space.

	September 30, 2022 (Unaudited)							December 31, 2021 (Audited)
	Land	**Building**	**Transportation Equipment**	**Leasehold Improvements**	**Furniture, Fixtures and Equipment**	**Right-of -Use of Asset (Note 2)**	**Total**	Property and Equipment
Cost	**₱20,354,527**	**₱59,331,704**	**₱218,806,641**	**₱1,088,798,053**	**₱1,360,666,698**	**₱1,433,900,801**	**₱4,181,858,424**	₱3,953,088,649
Less: Accumulated depreciation and Amortization	**-**	**38,641,429**	**173,088,910**	**857,430,614**	**1,079,446,160**	**743,322,651**	**2,891,929,764**	2,606,789,536
Allowance impairment losses (Note 13)	**11,385,054**	**1,194,537**	**87,500**	**-**	**279,328**	**-**	**12,946,419**	12,946,419
	₱8,969,473	**₱19,495,738**	**₱45,630,231**	**₱231,367,439**	**₱280,941,210**	**₱690,578,150**	**₱1,276,982,241**	₱1,333,352,694

The details of depreciation and amortization recognized in the interim consolidated statements of income follow:

	For the Nine Months ended September 30	
	2022	2021
Right-of-use assets	**₱228,949,575**	₱219,364,722
Property and equipment	**147,192,093**	152,477,025
Software costs	**53,737,402**	75,527,810
Repossessed chattels	**63,493,252**	70,946,995
Investment properties	**44,705,010**	29,798,444
	₱538,077,332	₱548,114,996

Gain on sale of property and equipment included in 'Miscellaneous income' in the unaudited interim statement of income amounted to ₱1.51 million and ₱3.55 million in September 30, 2022 and 2021, respectively (see Note 19).

10. **Investment Properties**

This account consists of:

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)
	Land	**Building**	**Total**	Total
Cost	**₱497,426,228**	**₱759,973,898**	**₱1,257,400,126**	₱931,869,698
Less: Accumulated depreciation	**-**	**162,585,680**	**162,585,680**	131,554,733
Allowance for impairment losses (Note 13)	**13,857,983**	**260,821**	**14,118,804**	14,260,800
	₱483,568,245	**₱597,127,397**	**₱1,080,695,642**	₱786,054,165

The difference between the fair value of the asset upon foreclosure and the carrying value of the loan is recognized as 'Gain (Loss) on initial recognition of investment properties' presented under 'Miscellaneous income' in the unaudited interim statement of income (see Note 19).

The fair values of investment properties are disclosed in Note 4.

Gain (loss) on sale of investment properties recorded for the Nine Months Ended September 30, 2022 and 2021 amounted to ₱22.09 million and (₱93.20) million, respectively (see Note 19).

11. **Branch Licenses**

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	**₱1,234,264,121**	₱1,234,017,245
Less allowance for impairment losses (Note 13)	**232,726,929**	232,726,929
	₱1,001,537,192	₱1,001,290,316

The allowance for impairment losses amounting to ₱232.73 million pertain to branches that the Parent Company ceased to operate in 2010.

12. **Other Assets**

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Creditable withholding tax	**₱592,458,698**	₱626,511,121
Software costs – net	**424,122,356**	375,799,248
Repossessed chattels – net	**187,185,404**	188,263,358
Prepaid expenses	**192,078,450**	115,515,484
Refundable deposits	**74,077,454**	71,920,404
Advance payment to suppliers	**36,050,754**	42,682,873
Documentary stamp tax on hand	**56,972,957**	5,228,645
Sundry debits	**279,715**	2,217,192
Bills payment – contra	**-**	102,666,219

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Others	**125,256,493**	83,172,332
	1,688,482,281	1,613,976,876
Less: Allowance for impairment losses (Note 13)	**(13,064,205)**	(13,064,205)
	₱1,675,418,076	₱1,600,912,671

Others include margin calls amounting to ₱29.24 million and ₱43.23 million as of September 30, 2022 and December 31, 2021, respectively.

The composition of 'Repossessed chattels - net' of the Group follows:

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)
	Cars	Others	Total	Total
Cost	**₱35,615,000**	**₱229,778,119**	**₱265,393,119**	₱283,335,540
Less: Accumulated depreciation	**3,419,861**	**73,697,205**	**77,117,066**	93,909,547
Allowance for impairment losses (Note 13)	**-**	**1,090,649**	**1,090,649**	1,162,635
	₱32,195,139	**₱154,990,265**	**₱187,185,404**	₱188,263,358

Details of 'Software costs - net' follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	**₱1,189,116,139**	₱1,087,055,630
Less: Accumulated amortization	**764,993,783**	711,256,383
	₱424,122,356	₱375,799,247

13. Allowance for Credit and Impairment Losses

Movements in the allowance for credit and impairment losses follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period:		
Loans and receivables (Note 7)	**₱2,385,166,829**	₱1,803,857,675
Branch licenses (Note 11)	**232,726,929**	232,726,929
Investment properties (Note 10)	**14,260,800**	26,725,934
Property and equipment (Note 9)	**12,946,419**	12,858,919
Financial asset at amortized cost (Note 6)	**810,864**	2,598,433
Repossessed chattels (Note 12)	**1,162,635**	1,275,195
Other assets (Note 12)	**13,064,205**	13,064,205
	2,660,138,681	2,093,107,290
PFRS 9 adoption adjustment		
Provision for the year	**565,236,548**	1,275,471,667
Disposals	**(213,983)**	(12,728,076)
Foreclosures/others	**(110,361,992)**	(695,712,203)
	454,660,573	567,031,388
Loans and receivables (Note 7)	**2,838,218,511**	2,385,166,826
Branch licenses (Note 11)	**232,726,929**	232,726,929

Investment properties (Note 10)	**14,118,804**	14,260,800
Property and equipment (Note 9)	**12,946,419**	12,946,419
Financial asset at amortized cost (Note 6)	**2,633,734**	810,864
Repossessed chattels (Note 12)	**1,090,649**	1,162,635
Other assets (Note 12)	**13,064,205**	13,064,205
	₱3,114,799,254	₱2,660,138,678

14. **Deposit Liabilities**

The breakdown of deposit liabilities account as to currency follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Philippine pesos	**₱119,646,294,039**	₱134,426,730,977
Foreign currencies	**21,913,053,225**	18,559,843,583
	₱141,559,347,264	₱152,986,574,560

Outstanding deposit liabilities of the Group bear annual fixed interest rates ranging from nil to 5.75% for the period ended September 30, 2022 and December 31, 2021.

Long-Term Negotiable Certificates of Deposit (LTNCD)
On May 4, 2017, the BSP approved the Parent Company's issuance of the ₱3.00 billion LTNCD, with a right to increase the aggregate issue up to ₱5.0 billion in the event of over subscription.

On June 16, 2017, the Parent Company listed its LTNCD issuance amounting to ₱4.18 billion through the PDEx. The minimum investment was ₱50,000 with increments of ₱10,000 thereafter. The peso-denominated issue will mature on December 16, 2022 with nominal interest rate of 4.125% and EIR of 4.29%, payable every quarter. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and EIR of 5.15% payable every quarter which will mature on January 6, 2024. The proceeds were used to diversify the Parent Company's maturity profile and funding sources and for general corporate purposes.

The BSP approved the decrease in reserve requirements on non-FCDU deposit liabilities through the following circulars:
- Circular 1041 dated May 23, 2019 to 17.00% effective May 31, 2019; 16.50% effective June 28, 2019; 16.00% effective July 26, 2019 for the Parent Company and from 7.00% to 6.50% and 6.00% respectively for LSB.
- Circular 1056 dated October 3, 2019 to 15.00% for the Parent Company and 5.00% for LSB effective November 1, 2019.
- Circular No. 1063 to 14.00% for the Parent Company and 4.00% for LSB effective December 06, 2019.

On May 27, 2021, the BSP through Circular 1087 approved the *Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs)* effective May 29, 2021, subject to certain requirements provided by the MORB, the following alternative compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

- Peso-denominated loans that are granted to micro-, small-, and medium enterprises (“MSME”), banks and NBQBs that meet the definition of a small and medium enterprise;
- Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise.

Interest expense on deposit liabilities consists of:

	For the period ended September 30	
	2022	2021
Time	**₱397,075,233**	₱334,454,965
Savings	**307,621,132**	227,773,659
LTNCD	**202,699,261**	202,348,539
Demand	**1,952,220**	3,946,487
	₱909,347,846	₱768,523,650

15. Bills Payable

Bills payable of the Group consists of long-term peso denominated borrowing with:

	Placement Date	Interest Rate	**September 30, 2022**	December 31, 2021
Land Bank of the Philippines	October 25, 2021	3.75%	**₱2,500,000,000**	₱2,500,000,000
Land Bank of the Philippines	March 14, 2022	3.73%	**2,500,000,000**	–
Land Bank of the Philippines	May 12, 2022	4.85%	**500,000,000**	–
Development Bank of the Philippines	April 11, 2022	4.85%	**5,000,000,000**	–
			₱10,500,000,000	₱2,500,000,000

Interest expense on bills payable amounted to ₱267.58 million and nil for the period ending September 30, 2022 and 2021, respectively.

16. Accrued Expenses and Other Liabilities

Accrued expenses account consist of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Accrued expenses	**₱1,146,750,179**	₱897,752,695
Accrued interest payable	**211,281,936**	105,613,730
	₱1,358,032,115	₱1,003,366,425

Accrued expenses consist of accruals and provisions for general expenses, bonuses and insurance on deposits, fees and advertisements.

Other liabilities include:

	September 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts payable	**₱1,847,128,175**	₱1,788,222,926
Lease liability	**800,672,247**	939,045,318
Bills purchased-contra	**484,380,154**	516,654,187
Dormant manager's checks	**154,378,915**	135,867,717
Withholding taxes payable	**139,292,955**	136,080,003
Retirement liability	**124,302,546**	88,568,189
Income tax payable	**87,353,693**	801,182
Acceptances payable	**42,645,383**	23,847,697
Redeemable preferred shares	**500,000**	500,000
Others	**116,888,989**	147,126,242
	₱3,797,543,057	₱3,776,713,461

Others consist mainly of sundry credits and payables to agencies servicing employee welfare such as Social Security System, Home Development Mutual Fund and Medicare.

17. **Equity**

This account consists of:

	Shares		**Amount**	
	September, 2022 (Unaudited)	December 31, 2021 (Audited)	**September, 2022 (Unaudited)**	December 31, 2021 (Audited)
Common shares - ₱10 par value				
Authorized	**2,700,000,000**	2,700,000,000	**₱27,000,000,000**	₱27,000,000,000
Issued and outstanding				
Balances at beginning of the period	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000
Conversion of deposit stock for future stock subscription	–	–	–	–
Balances at end of the period	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000

Capital stock

On June 27, 2018, the Parent Company's BOD approved the increase in authorized capital stock from ₱15.00 billion to ₱27.00 billion or an increase of ₱12.00 billion composed of 1.2 billion common shares at ₱10.00 par value per share. On July 16, 2018, the Bank received the subscription from its stockholders amounting to ₱3.00 billion and recorded it as 'Deposit for Future Stock Subscription' in the liability section of the statement of financial position. On August 23, 2018, the said increase in authorized capital stock was approved by the stockholders of the Parent Company in a special meeting held for that purpose. The ₱3.00 billion was subscribed and paid-up as follows:

Stockholder	**No. of Shares Subscribed**	**Amount**
JGSCSC	180,000,000	₱1,800,000,000
RRHI	120,000,000	1,200,000,000
Total	300,000,000	₱3,000,000,000

On August 29, 2018, the Parent Company filed with the BSP the request for authority and endorsement to the SEC of the proposed increase in authorized capital stock.

On December 12, 2018, the BSP approved the proposed increase and issued the corresponding Certificate of Authority.

On February 4, 2019, the Parent Company filed with the SEC the request for approval of the aforementioned proposed increase in authorized capital stock as approved by the BOD, the stockholders, and the BSP. Accordingly, the Bank transferred the ‘Deposit for Future Subscription’ to the equity section of the statement of financial position.

On March 18, 2019, the SEC approved the increase in authorized capital stock of the Parent Company from ₱15.00 billion to ₱27.00 billion.

On March 22, 2019, the Parent Company converted the ₱3.00 billion ‘Deposit for Future Stock Subscription’ to ‘Common Stock’. The transaction cost amounting to ₱30.00 million related to the issuance of common stock is treated as a deduction to ‘Surplus’ account.

Surplus Reserves
In compliance with existing BSP regulations, 10.00% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Parent Company’s regulatory capital.

In September 30, 2022 and December 31, 2021, the Parent Company’s BOD approved to appropriate reserves for trust reserves amounting nil and ₱76,327, respectively.

In September 30, 2022 and December 31, 2021, the Parent Company’s BOD approved the appropriation (reversal) of reserves for expected credit losses amounting to ₱93.96 million and (₱ 15.61) million, respectively, in compliance with the requirements of the BSP Circular No. 1011. Under this BSP Circular, the Bank shall treat Stage 1 provisions for loan accounts as General Provisions (GP) while Stage 2 and 3 provisions shall be treated as Specific Provisions (SP). The Bank shall set up GLLP equivalent to 1% of all outstanding Stage 1 on-balance sheet loan accounts, except for accounts considered as credit risk-free under existing regulations. In cases when the computed allowance for credit losses on Stage 1 accounts is less than the 1% required GP, the deficiency shall be 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 surplus shall be considered as Tier 2 capital subject to the limit provided under the CAR framework.

Capital Management
The Group considers the equity attributable to the equity holders of the Parent Company as the capital base of the Group. The primary objectives of the Group’s capital management are to ensure that it complies with externally imposed capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its activities and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Group may adjust the amount and mode of dividend payment to shareholders, issue capital securities or undertake a share buy-back. The processes and policies guiding the determination of the sufficiency of capital for the Group relative to its business risks are the very same methodology that have been incorporated into the Group’s Internal Capital Adequacy Assessment Process (ICAAP) in compliance with the requirements of BSP Circular No. 639 for its adoption. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every March 31.

The Group had complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

In 2013, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

The regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated note, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary non-financial allied undertakings.

Risk-weighted assets are determined by assigning defined risk weights to statement of financial position exposures and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.

Following is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0%	Cash on hand; claims collateralized by securities issued by the non-government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise and microfinance loans portfolio; nonperforming housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred tax)
150%	All NPLs (except nonperforming housing loans fully secured by first mortgage) and all nonperforming debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which 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. The circular is effective on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2016. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Circular sets out a minimum REST limit of 6.00% CET1 capital ratio and 10.00% risk-based capital adequacy ratio, on a solo and consolidated basis, under a prescribed write-off rate of 25.00% on the Group's real estate exposure. These limits shall be complied with at all times.

On June 9, 2016, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides implementing guidelines for universal, commercial, and their subsidiary banks/quasi banks. The circular sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times.

The CAR of the Group as reported to the BSP as of September 30, 2022 and December 31, 2021 follows:

	Consolidated	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Common Equity Tier 1 Capital	**₱16,675**	₱15,193
Additional Tier 1 Capital	**–**	–
Tier 1 capital	**16,675**	15,470
Tier 2 capital	**867**	805
Total qualifying capital	**₱17,541**	₱15,998

Credit RWA	**₱11,620**	₱101,282
Market RWA	**883**	382
Operational RWA	**11,757**	9,600

Total RWA	**₱124,260**	₱111,264
Common Equity Tier 1 Ratio 1	**13.42%**	13.66%
Additional Tier 1 Ratio	**0.00%**	0.00%
Tier 1 capital ratio	**13.42%**	13.66%
Tier 2 capital ratio	**0.70%**	0.72%
Risk-based capital adequacy ratio	**14.12%**	14.38%

As of September 30, 2022, and December 31, 2021, the Group was in compliance with the required CAR.

18. **Leases**

The Group's leases mostly pertain to building and parking spaces and generally have terms ranging from 2 to 10 years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses. As of September 30, 2022, and December 31, 2021, the Group has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

Shown below is the maturity analysis of the undiscounted lease payments as of September 30, 2022:

	Consolidated	**Parent**
1 year or less	**₱359,471,284**	**₱341,710,179**
More than 1 year to 5 years	**490,440,979**	**434,786,762**
More than 5 years to 10 years	**2,825,390**	**2,354,192**
	₱852,737,654	**₱778,851,134**

The Group also has certain leases of building and parking spaces with lease terms of 12 months or less and leases with low value. The Group applies the recognition exemptions for these types of leases.

Summarized below are the amounts recognized in September 30, 2022 and 2021 consolidated statement of comprehensive income in relation to the Group's leases:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Depreciation expense on right-of-use assets	**₱228,949,575**	₱219,364,722
Interest expense on lease liabilities	**27,767,203**	32,135,441
Rent expense – low-value assets	**2,787,141**	5,202,985
Rent expense – others	**167,086,563**	146,938,701
	₱426,590,482	₱403,641,849

19. **Income and Expenses**

Net service fees and commission income consists of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Service fees and commission income:		
Credit-related	**₱468,881,989**	₱293,345,213
Commissions	**73,067,585**	55,018,239

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Deposit-related	**66,468,394**	48,950,428
Utility and store payment charges	**10,799,259**	22,434,363
Trust and other fiduciary	**22,723,685**	19,453,716
	641,940,912	439,201,959
Service charges and commission expense:		
Banking fees	**26,725,820**	18,065,272
Brokerage and commissions	**15,733,356**	10,143,048
Cards fees and commissions	**306,420,840**	114,336,460
	348,880,016	142,544,780
	₱293,060,896	₱296,657,179

Credit-related service fees and commission income include merchant discount and interchange fees from the credit card business of the Bank totaling to ₱179.95 million and ₱82.47 million for the period ended September 30, 2022 and 2021, respectively.

Miscellaneous income (loss) consists of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Penalties	**₱46,460,189**	₱88,277,693
Gain (loss) on initial recognition of investment properties (Note 10)	**89,689,394**	15,400,606
Recovery on charged-off assets	**25,567,656**	5,874,422
Gain on sale of property and equipment (Note 9)	**1,512,610**	3,551,523
Gain (loss) on sale of repossessed chattels (Note 12)	**(101,142,706)**	9,460,114
Gain (loss) on sale of investment properties (Note 10)	**22,087,535**	(93,204,490)
Loss on initial recognition of repossessed chattels (Note 12)	**(22,277,870)**	-
Dividend Income	**6,687,056**	-
Others	**23,339,089**	42,897,436
	₱91,922,953	₱72,257,304

Others include share on notarial and insurance fees, rental income from safety deposit box, night depository.

Miscellaneous expenses consist of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Advertising	**₱69,891,307**	₱107,817,969
Fines, penalties and other charges	**95,508,690**	80,459,140
Litigation expense on assets acquired	**61,856,694**	69,318,300
Transportation and travel	**55,254,605**	42,232,155
BSP supervisory fees	**47,205,189**	37,540,641
Share in corporate center expenses	**56,517,545**	34,800,000
Stationery and supplies	**23,205,201**	22,199,660
Appraisal fees	**24,156,435**	20,044,399
Membership dues	**10,246,191**	8,841,031
Filing fees	**1,024,846**	395,655

Freight charges	**7,277,670**	5,856,985
Others	**39,402,944**	25,564,961
	₱491,547,317	₱455,070,896

Other miscellaneous expenses consist of freight charges, notarial and filing fees, brokerages fees, miscellaneous fees for credit investigators, appraisal and processing, Christmas giveaways.

20. **Income and Other Taxes**

Provision for income tax of the Group consists of:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Current:		
Final	**₱187,892,443**	₱160,865,401
RCIT	**2,160,632**	33,818,957
MCIT	**252,035,620**	2,257,852
	442,088,695	196,942,210
Deferred	**(144,000,000)**	(163,000,000)
	₱ 298,088,695d	₱33,942,210

A reconciliation of the statutory income tax rate to the effective income tax rate of the Group follows:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Statutory income tax rate	**25.00%**	25.00%
Tax effect of:		
Tax paid and tax-exempt income	**(3.30%)**	(3.33%)
Non-deductible expenses	**2.83%**	9.02%
Unrecognized deferred tax assets	**(4.25%)**	(16.15%)
FCDU income	**(2.12%)**	(10.47%)
Others - net	**0.58%**	(0.59%)
Effective income tax rate	**18.74%**	3.48%

21. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control of common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities.

The Parent Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time of comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

The significant transactions and outstanding balances of the Parent Company and the Subsidiary with its related parties follow:

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
Nature of Transaction	**Amount/ Volume**	**Outstanding Balance**	Outstanding Balance	**Terms and Conditions/Nature**
Subsidiary				
Advances from a subsidiary	**462,000**	**1,041,100**	₱579,100	Transportation expenses and down payment for software cost
Accounts receivable	**(4,929,840)**	**1,687,719**	6,617,559	Unsecured, noninterest-bearing, payable on demand
Deposit liabilities	**73,279,737**	**105,804,153**	32,524,416	Regular checking account, non-interest bearing
Affiliates				
Accrued expense	**6,316,319**	**11,721,874**	5,405,555	Unsecured, non-interest bearing, Share in coporate expenses of affiliates within JG Group
Receivable from customers - commercial loans	**(2,568,067,232)**	**2,967,197,710**	5,535,264,942	Secured loans with annual interest of 3.50% to 5.25%
Receivable from customers - bills purchased	**431,589,964**	**431,589,964**	-	Non-interest bearing domestic bills purchased
Deposit liabilities	**8,436,026,731**	**25,940,050,128**	17,504,023,397	Various terms and with annual interest rates ranging from nil to 5.00%
Interest expense	**112,113,665**			Interest expense on deposit liabilities
Interest income	**92,211,323**			Interest income from secured commercial loans
Service fee income	**5,121**			
Rent expense	**12,301,096**			Office rental paid to affiliates and JG Summit Holdings Inc.
ROU assets	**(58,246,323)**	**276,165,443**	334,411,766	Lease renewed every 5 years with 5% escalation rate
Depreciation expense on ROU assets	**92,397,944.19**			Lease renewed every 5 years with 5% escalation rate
Lease liability	**(58,812,818)**	**301,038,544**	359,851,362	Lease renewed every 5 years with 5% escalation rate
Interest expense on lease liability	**10,557,471**			Lease renewed every 5 years with 5% escalation rate
Board of Directors				
Deposit liabilities	**(2,156,354,858)**	**7,632,976,856**	9,789,331,714	Various terms and with annual interest rates ranging from nil to 5.50%
Interest expense	**68,340,410**			Interest expense on deposit liabilities
Key Officers				
Deposit liabilities	**36,229,556**	**177,442,380**	141,212,824	Various terms and with annual interest rates ranging from nil to 5.50%
Interest Expense	**8,813,629**			Interest expense on deposit liabilities

Details on significant related party transactions of the Subsidiary with its other related parties follow:

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
Nature of Transaction	**Amount/ Volume**	**Outstanding Balance**	Outstanding Balance	**Terms and Conditions/Nature**
Key employees				
Receivables from customers	**(6,064,500)**	**2,551,657**	₱5,041,667	Loans of directors, officers and stockholders
Interest income	**(2,758,988)**	**1,626,905**		Interest earned from loans of directors, officers and stockholders
Deposit liabilities	**4,303,097**	**11,144,868**	1,453,752	Deposits of directors, officers and stockholders
Interest expense				Interest expense on deposit liabilities
Compensation and fringe benefits	**(1,238,033)**	**3,803,633**	−	Remuneration and benefits to directors and key management personnel
Post-employment benefits	**94,276**		−	Post-employment benefits

Regulatory Reporting

In the ordinary course of business, the Parent Company has loan transactions with affiliates and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Parent Company. In the aggregate, loans to DOSRI generally should not exceed the Bank's total regulatory capital or 15.00% of total loan portfolio, whichever is lower.

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

The following table shows information relating to DOSRI accounts of the Group:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total outstanding DOSRI accounts	**₱3,490,471,938**	₱5,611,718,587
Percent of DOSRI accounts to total loans	**3.29%**	5.68%
Percent of past due DOSRI loans to total DOSRI loans	**0.01%**	0.00%
Percent of nonperforming DOSRI loans to total DOSRI loans	**0.00%**	0.01%
Percent of unsecured DOSRI loans to total DOSRI loans	**2.34%**	1.13%

The retirement plan under the MERP has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

22. **Commitments and Contingencies**

a. The Group is also involved in a number of legal proceedings. The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside counsel handling the Group's defense and is based on an analysis of potential results. The Group does not believe that these proceedings will have a material adverse effect on the financial statements.

b. In the normal course of the Group's operations, there are various outstanding commitments, contingent liabilities and bank guarantees which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

Following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trust and investment group accounts	**₱31,456,633,667**	₱35,673,879,283
Spot exchange - foreign currency	**5,922,049,435**	537,380,930
Committed credit lines	**4,421,182,540**	7,659,531,656
Inward bills for collection	**4,629,390,687**	2,271,244,978
Contingent - foreign currency swap	**949,149,723**	-
Guarantees issued	**1,851,022,608**	1,850,923,767
Letters of credit	**402,351,411**	667,045,172
Outward bills for collection	**202,717,304**	124,641,556
Late deposit/payment received	**120,839,783**	20,604,807
Items held for safekeeping	**643,002**	188,923
Other contingent account	**181,994**	184,260

23. **Segment Information**

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to trust operations, remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The General Ledger system of the Bank captures the transactions on a segment level, and segment performance is evaluated based on net income before taxes.

In 2019, the Parent Company incorporated the use of Transfer Pool Rate (TPR) in monitoring the performance of the business units where the fund generating segments such as Treasury and Branch Banking charge the net fund users such as Consumer Banking and Corporate Banking for the excess funds provided.

TPR is reviewed and set by the Bank's Asset and Liabilities Committee. It is the blended cost of interest bearing funds including all funding-related costs such as reserves, document stamp taxes, and other intermediary costs.

This segment performance review is regularly provided to the Bank's Chief Operating Decision maker who is the Parent Company's President and Chief Executive Officer

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities (amounts in millions):

	September 30, 2022 (Unaudited)					
	Consumer Banking	**Corporate Banking**	**Treasury**	**Branch Banking**	**Others**	**Total**
Statement of Income						
Net interest income:						
Third party	**(₱823)**	**(₱1,434)**	**₱241**	**₱2,076**	**₱5,755**	**₱5,815**
	(823)	**(1,434)**	**241**	**2,076**	**5,755**	**5,815**
Noninterest income	**352**	**13**	**223**	**166**	**(226)**	**528**
Revenue - net of interest expense	**(471)**	**(1,421)**	**464**	**2,242**	**5,529**	**6,343**
Noninterest expense	**952**	**179**	**694**	**1,588**	**1,303**	**4,716**
Income before income tax	**(₱1,423)**	**(₱1,600)**	**(₱230)**	**₱654**	**₱4,226**	**₱1,627**
Share in Net Income (Loss) of Associate						**(37)**
Provision for income tax						**298**
Net income						**1,292**
Other Segment Information						
Capital expenditures	**₱11**	**₱1**	**₱3**	**₱116**	**₱205**	**₱335**
Depreciation and amortization	**₱12**	**₱8**	**₱222**	**₱136**	**₱160**	**₱538**
Provision for credit and impairment losses	**₱47**	**₱-**	**₱48**	**₱ -**	**₱481**	**₱576**

	September 30, 2021 (Unaudited)					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total

Statement of Income						
Net interest income:						
Third party	₱1,959	₱1,089	₱18	₱1,354	₱578	₱4,998
	1,959	1,089	18	1,354	578	4,998
Noninterest income	328	138	303	(6)	(53)	710
Revenue - net of interest expense	2,287	1,227	321	1,348	525	5,708
Noninterest expense	1,156	613	274	1,327	1,385	4,755
Income before income tax	₱1,131	₱614	₱47	₱21	(₱860)	₱953
Share in Net Income (Loss) of Associate						23
Provision for income tax						34
Net income						₱942
Other Segment Information						
Capital expenditures	₱11	₱1	₱2	₱120	₱100	₱234
Depreciation and amortization	₱53	₱53	₱3	₱91	₱348	₱548
Provision for credit and impairment losses	₱483	₱390	-	₱68	₱33	₱974

	September 30, 2022 (Unaudited)					
	Consumer Banking	**Corporate Banking**	**Treasury**	**Branch Banking**	**Others**	**Total**
Statement of Financial Position						
Total assets	**(₱11,550)**	**₱517**	**₱36,585**	**₱6,824**	**₱146,083**	**₱178,459**
Total liabilities	**₱441**	**₱1,053**	**₱54,763**	**₱57,536**	**₱44,452**	**₱158,345**

	December 31, 2021					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position						
Total assets	₱50,017	₱47,001	₱66,309	₱8,370	₱8,073	₱179,770
Total liabilities	₱871	₱1,405	₱46,912	₱106,904	₱5,241	₱161,333

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain - net, foreign exchange gain - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related cost, amortization of software costs, income (loss) attributable to non-equity non-controlling interest and miscellaneous expense.

24. **Financial Performance**

The following basic ratios measure the financial performance of the Group:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Return on average equity	**8.94%**	6.85%
Return on average assets	**0.96%**	0.79%
Net interest margin on average earnings assets	**4.68%**	4.49%

25. **Notes to Statements of Cash Flows**

1. For the period ended September 30, 2022 and 2021, the ROU of assets and lease liability of the Group has been increased by ₱88.94 million and ₱224.09 million, respectively, to recognize new lease contracts entered during the period.

2. Foreclosure of investment properties and repossessed chattels for 2022 and 2021 are considered non-cash transfers (Note 10 and 12).

3. The following are other non-cash investing activities:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Increase (decrease) in NUGL due to MTM gain on financial assets at FVOCI	**₱373,431,512**	(₱959,521,050)
Increase in investment properties and repossessed chattels due to foreclosure	**858,723,446**	861,977,344
Increase (decrease) in property and equipment due to Reclassification	**464,381**	8,410,745
Disposal of investment properties and repossessed chattels through sales contract receivables	**(17,841)**	(336,332)

26. Subsequent Events

Plan of Merger with Bank of the Philippine Islands
On September 30, 2022, the Board of Directors of the Parent Company approved the plan of merger of the Parent Company with the BPI, with BPI as the surviving entity.

The plan of merger is subject to approval of the shareholders of both banks as well as of the government regulators such as the Philippine Deposit Insurance Commission, Philippine Competition Commission, BSP and SEC. Completion of all approvals is targeted by the last quarter of 2023 and legal merger is expected to take effect by January 1, 2024. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Parent Company's customers with the combined network. Pending the required approvals, the Parent Company will in in the meantime continue to operate on a business-as-usual basis.

ROBINSONS BANK CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLES
AS OF SEPTEMBER 30, 2022

NO. OF DAYS OUTSTANDING	AMOUNT (In thousands)
1 – 90	1,424,659
91 - 180	6,582
181 - 360	5,308
OVER 360	16,254
GRAND TOTAL	1,452,803

ROBINSONS BANK CORPORATION AND SUBSIDIARY
FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

	September 2022	December 2021
Ratio of liquid assets to total assets	**13.93%**	22.06%
Ratio of debt to equity	**787.21%**	875.04%
Return on average equity	**8.94%**	6.62%
Return on average assets	**0.96%**	0.73%
Net interest margin on average earning assets	**4.68%**	4.44%
Capital Adequacy Ratio (CAR)	**14.12%**	14.38%

Robinsons Bank Corporation
and Subsidiary

Management's Discussion
and Detailed Analysis of Financial Condition and Results of Operations

ROBINSONS BANK CORPORATION AND SUBSIDIARY
KEY PERFORMANCE INDICATORS

The Group monitors its financial performance based on the following indicators:

	September 30, 2022	December 31, 2021
Capital Adequacy Ratio (CAR)	**14.12%**	14.38%
Non-Performing Loans (NPL) Ratio	**1.99%**	1.94%
Non-Performing Loans (NPL) Cover	**64.44%**	68.19%
	YTD September 30, 2022	YTD December 31, 2021
Return on Equity (RoE)	**8.94%**	6.62%
Return on Assets (RoA)	**0.96%**	0.73%
Net Interest Margin (NIM)	**4.68%**	4.44%

Capital Adequacy Ratio (CAR)

CAR, also known as Capital to Risk Weighted Assets Ratio, is the ratio of a bank's capital to its risk. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

As of September 30, 2022 and December 31, 2021, the Group was in compliance with the required CAR.

Non-Performing Loans (NPL) Ratio

NPL Ratio is computed based on total NPL (net of specific allowance for probable losses) over gross loans.

Non-Performing Loans (NPL) Cover

NPL Cover is computed based on total allowance for probable losses on loans over total NPL (gross of specific allowance for probable losses).

Return on Equity (RoE)

RoE or the ratio of annualized net income to average capital funds, measures the return on capital provided by the stockholders.

Return on Assets (RoA)

RoA or the ratio of annualized net income to average total assets, measures the return on money provided by both stockholders and creditors, as well as how efficiently all assets are managed.

ROBINSONS BANK CORPORATION AND SUBSIDIARY

ANALYSIS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2022 (UNAUDITED) AND DECEMBER 31, 2021 (AUDITED)

Assets

The Group's Total Assets as of September 30, 2022 stood at ₱178.46 billion or 0.73% decrease from ₱179.77 billion in 2021, on account of decreases in Cash and Other Cash Items, Due from Bangko Sentral ng Pilipinas (BSP), Due from Other Banks, Interbank Loans and Receivables and SPURA, Financial Assets at Fair Value through Profit and Loss, Financial Assets at Fair Value through Other Comprehensive Income partly offset by increases in Investment Securities at Amortized Cost, Loans and Receivables, and Investment Properties.

Cash and Other Cash Items decreased by ₱484.72 million or 12.32% due to the leveling-off of cash-in-vault from its usual year-end build-up, while Interbank Loans and Receivables and SPURA also went down by ₱7.96 billion due to lower volume of placement in Reverse Repurchase Agreements (RRP) with BSP this year. Due from other banks also decreased by ₱2.04 billion or 40.30% mainly due to investments in FCDU USD Bond portfolio.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) has decreased by ₱19.80 billion while Investment Securities at Amortized Cost increased by ₱26.00 billion mainly attributable to reclassification made last April 2022 due to change in PFRS 9 Business Model. Financial Assets at Fair Value Through Profit or Loss also decreased by ₱0.94 million due to maturities.

Loans and Receivables went up by ₱6.91 billion or 6.96% at ₱106.12 billion from a level of ₱99.21 billion in 2021.

Liabilities

The Group's Total Liabilities decreased by 1.85% or ₱2.99 billion drop to ₱158.34 billion mainly due to decrease in Deposit Liabilities and partly offset by increases in Bills Payable, Accrued Expenses, and Manager's Checks.

The Group's deposit level stood at ₱141.56 billion as of September 30, 2022, comprising mainly of CASA deposits at 81.96% or ₱116.03 billion. Deposit Liabilities went down by 7.47% from ₱152.99 billion in 2021 contributed by decreases in CASA by 11.70% or ₱15.38 billion.

Bills payable increased by ₱8.00 billion due to additional long-term peso denominated borrowings of Parent with Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) wholesale lending facility amounting to ₱3.00 billion and ₱5.00 billion, respectively.

Accrued Expenses, and Manager's Check went up by ₱418.35 million or 20.22% at ₱2.49 billion due to provision for general expenses for the period.

Equity

The Group's Total Equity accounts stood at ₱20.11 billion from ₱18.44 billion in 2021, or an increase of ₱1.68 billion or 9.10% due to increases in current period's Net Income of ₱1.29 billion and in Cumulative Translation Adjustments of ₱11.23 million. While Net Unrealized Loss on Financial Assets at FVOCI decreases by ₱373.43 million.

ROBINSONS BANK CORPORATION AND SUBSIDIARY
ANALYSIS OF CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

Net Income

Net income amounted to ₱1.29 billion for the period ended September 30, 2022, showing an improvement of ₱350.98 million or 37.27% from a level of ₱941.80 million in September 2021. The increase is brought about by the growth in Total Operating Income by 11.13% or ₱635.19 million higher than the same period last year and by the decrease in Total Operating Expenses by ₱39.59 million reaching ₱4.72 billion this year or 0.83% decrease from ₱4.76 billion in the third quarter of 2021. Provision for Income Tax was higher than prior year by 778.22% or ₱264.15 million.

Interest Income

Interest Income was higher than prior year by 13.71% or ₱846.40 million at ₱7.02 billion in September 2022 on account of improvement in loans and investments related activities during the period. Interest on Loans and Receivables rose by 10.63% or ₱542.05 million attributed to bigger loan portfolio this year. Interest on Financial Investments also increased by 34.51% or ₱298.36 million due to higher level of financial investments this year. Interest on Deposits with BSP and Other Banks increased by 30.19% or ₱14.98 million. While Interbank Loans Receivables and SPURA decreased by 5.53% or ₱8.99 million.

Interest Expense

Interest Expense increased by 2.46% or ₱28.97 million to ₱1.20 billion this year mainly due to increase in interest on bills payable due to long-term peso denominated borrowing this year amounting to ₱267.58 million and deposit liabilities amounting to ₱140.82 million. This was offset by maturity of corporate bonds with interest of ₱375.06 million in third quarter of 2021.

Other Income

Other Income decreased by 25.66% or ₱182.24 million at ₱527.95 million for the period ended September 30, 2022 mainly due to decreases in Trading and Securities Gains by 93.48% or ₱292.37 million.

This was partly offset by increase in Foreign Exchange Gains by 329.86% or ₱94.07 million.

Operating Expenses

Operating expenses went down by 0.83% or ₱39.59 million this year mainly due to decrease in Provision for Credit Losses by ₱397.38 million (40.81%), partly offset by increases in Compensation and fringe benefits, Occupancy and equipment-related costs, Security Messengerial and Janitorial, Insurance, and Information Technology Expenses, by ₱140.42 million (11.82%), ₱30.08 million (11.39%), ₱58.16 million (30.73%), ₱71.83 million (32.37%) and ₱70.24 million (24.56%), respectively.

ROBINSONS BANK CORPORATION AND SUBSIDIARY
OTHER MATTERS

Liquidity

The Bank's liquidity position is sufficient with liquid assets to total assets ratio of 13.93% as of September 30, 2022. The Bank does not foresee any cash flow problems within the next 12 months and is not in default or breach of any form of indebtedness. Payables have been paid by the Bank within the stated terms. Lastly, there are no known trends, events or uncertainties that will likely affect the Bank's liquidity position in any material way.

Events That Will Trigger Material Direct or Contingent Financial Obligation

These events are discussed under Note 23 - Commitments and Contingencies of the Notes to Unaudited Interim Consolidated Condensed Financial Statements.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items are discussed under Note 22 - Commitments and Contingencies of the Notes to Unaudited Interim Condensed Financial Statements.

Material Commitments for Capital Expenditures

For the year 2022, the Bank estimates to incur capital expenditures of about ₱1,140.92 billion, mainly for branch expansion and implementation of IT-related projects. These will be funded out of cash flows from operations.

Material Impact on Income from Continuing Operations

In the normal course of operations, the Group's activities are affected by changes in interest rates, foreign currency exchange rates and other market changes. The Group follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates and foreign currency exchange rates are kept within acceptable limits and within regulatory guidelines.

Significant Elements of Income or Loss that did not arise from Continuing Operations

There are no significant elements of income or loss that did not arise from continuing operations of the Group.

Seasonal aspects that have a material effect on the financial condition or results of operations.

The Group's financial position or results of operations are not affected by seasonal aspects.

ANNEX "F-2"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					P	W	-	1	2	1

COMPANY NAME

BANK OF THE PHILIPPINE ISLANDS

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

AYALA NORTH EXCHANGE, TOWER 1
AYALA AVE. CORNER SALCEDO ST.
LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AAFS	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.bpi.com.ph	8818-5541 to 48	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
12,084	04/28	12/31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Theresa Marcial Javier	mtdmarcial@bpi.com.ph	8246-5516	09175115360

CONTACT PERSON's ADDRESS

Ayala North Exchange, Ayala Avenue corner Salcedo St. Legaspi Village, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

BPI

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Bank of the Philippine Islands (the "Bank") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jaime Augusto Zobel de Ayala
Chairman of the Board

Jose Teodoro K. Limcaoco
President and Chief Executive Officer

Maria Theresa Marcial Javier
Executive Vice President
and Chief Finance Officer

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 1 6 2022, affiants exhibited to me their Passport with the following details:

Name	Passport No.	Date/Place of Issue	Valid Until
Jaime Augusto Zobel de Ayala	P9640299A	Nov. 21, 2018/DFA Manila	Nov. 20, 2028
Jose Teodoro K. Limcaoco	P6682433A	Apr. 05, 2018/DFA Manila	Apr. 04, 2028
Maria Theresa Marcial Javier	P7958774A	Jul. 16, 2018/DFA Manila	Jul. 15, 2028

Doc. No. 707;
Page No. 67;
Book No. IX;
Series of 2022.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

www.pwc.com/ph

Bank of the Philippine Islands

Financial Statements
As at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021

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Isla Lipana & Co.

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Isla Lipana & Co.

Independent Auditor's Report

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 3 1 20 REG
RECEIVED

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala North Exchange
Ayala Avenue corner Salcedo Street, Legaspi Village,
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of the Bank of the Philippine Islands and Subsidiaries (the "BPI Group") and the parent financial statements of the Bank of the Philippine Islands (the "Parent Bank") present fairly, in all material respects, the financial position of the BPI Group and of the Parent Bank as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards ("PFRSs").

What we have audited

The financial statements comprise:

- the consolidated and parent statements of condition as at December 31, 2021 and 2020;
- the consolidated and parent statements of income for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of total comprehensive income for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of changes in capital funds for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of cash flows for each of the three years in the period ended December 31, 2021; and
- the notes to the consolidated and parent financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Independence

We are independent of the BPI Group and the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated and parent financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and parent financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and parent financial statements as a whole, taking into account the structure of the BPI Group and the Parent Bank, the accounting processes and controls, and the industry in which the BPI Group and the Parent Bank operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit pertains to the impairment losses on loans and advances, which applies to both the BPI Group's and the Parent Bank's financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment losses on loans and advances	
We focused on this account because of the complexity involved in the estimation process, and the significant judgments that management makes in ascertaining the provision for loan impairment. The calculation of impairment losses is inherently judgmental for any bank. As at December 31, 2021, the total allowance for impairment for loans and advances amounted to PHP53,764 million for the BPI Group and PHP40,864 million for the Parent Bank while provision for loan losses recognized in profit or loss for the year then ended amounted to PHP12,765 million for the BPI Group and PHP10,226 million for the Parent Bank. Refer to Notes 10 and 26 of the financial statements for the details of the impairment losses on loans and advances. **Provision for impairment losses on loans that are assessed to be individually credit impaired is determined in reference to the estimated future cash repayments and proceeds from the realization of collateral held by the BPI Group and the Parent Bank.** **For other loan accounts which are not individually credit impaired, they are included in a group of loans with similar risk characteristics and are collectively assessed on a portfolio basis using internal models developed by the BPI Group and the Parent Bank.**	We assessed the design and tested the operating effectiveness of key controls over loan loss provisioning. These key controls included: • governance over the development, validation and approval of the BPI Group's ECL models to assess compliance with Philippine Financial Reporting Standard (PFRS) 9, *Financial instruments*; including continuous re-assessment by the BPI Group that the impairment models are operating in a way which is appropriate for the credit risks in the BPI Group and the Parent Bank's loan portfolios; • review and approval of key judgments, assumptions and forward-looking information used in the ECL models; • review of data from source systems to the detailed ECL model analyses; • assessment of credit quality of loans and advances relative to the established internal credit risk rating system; • the review and approval process for the outputs of the impairment models; and • the review and approval process over the determination of credit risk rating, performance of credit reviews and calculation of required reserves for loans assessed as credit-impaired. Our work over the impairment of loans and advances included: • assessment of the methodology applied by the BPI Group and the Parent Bank in the development of the ECL models vis-a-vis the requirements of PFRS 9; • testing of key assumptions in the ECL models such as PD, LGD, EAD built from historical data. Our assessment included the involvement of our internal specialist;

Key Audit Matter	How our audit addressed the Key Audit Matter
(cont'd.) **Key elements in the impairment of loans and advances include:** • **the identification of credit-impaired loans, and estimation of cash flows (including the expected realizable value of any collateral held) supporting the calculation of individually assessed provisions; and** • **the application of appropriate impairment models for the collectively assessed accounts. This include the use of key assumptions in the impairment models (i.e., staging of accounts, significant increase in credit risk, forward-looking information), the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD).** **The impairment losses include both quantitative and qualitative components. In calculating the loan loss provisioning, the BPI Group and the Parent Bank applied the expected credit loss (ECL) model prescribed by PFRS 9, which is a complex process that takes into account forward-looking information reflecting the BPI Group and the Parent Bank's view on potential future economic events.**	• assessment of the appropriateness of the BPI Group's and the Parent Bank's definition of significant increase in credit risk and staging of accounts through analysis of historical trends and past credit behavior of loan portfolios; • independent comparison of economic information used within, and weightings applied to, forward-looking scenarios in the ECL models against available macro-economic data; • testing of the accuracy and completeness of data inputs in the ECL models and in the ECL calculation by comparing them with the information obtained from source systems; • testing the accuracy and reasonableness of the outputs of the ECL models through independent recalculation; • for a sample of individually assessed loans identified as credit-impaired, examined relevant supporting documents such as the latest financial information of the borrower or valuation of collateral used as a basis in estimating the recoverable amount and measuring the loan loss allowance; and • recalculation of the collective loan loss allowance for selected accounts and portfolios at reporting date using the ECL models adopted by the BPI Group and the Parent Bank.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated and parent financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent financial statements in accordance with PFRSs 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 consolidated and parent financial statements, management is responsible for assessing the ability of each entity within the BPI Group and of the Parent Bank 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 entities within the BPI 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 BPI 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 consolidated and parent 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 PSAs 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 consolidated and parent financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent 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 BPI Group's and of 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 ability of each entity within the BPI Group and the Parent Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent 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 entities within the BPI Group and the Parent Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent financial statements, including the disclosures, and whether the consolidated and parent financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent financial statements of the current period and is therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required by the Bangko Sentral ng Pilipinas (BSP) and the Bureau of Internal Revenue (BIR)

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 BSP Circular No. 1074 in Note 32 and BIR Revenue Regulations No. 15-2010 in Note 33 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the BPI Group and the Parent Bank. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is John-John Patrick V. Lim.

Isla Lipana & Co.

John-John Patrick Lim

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1775-A, Category A; effective until September 4, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
February 22, 2022

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20
REG
RECEIVED

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala North Exchange
Ayala Avenue corner Salcedo Street, Legaspi Village,
Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of the Bank of the Philippine Islands and Subsidiaries (the "BPI Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 22, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the BPI Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the BPI Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1775-A, Category A; effective until September 4, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
February 22, 2022

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Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala North Exchange
Ayala Avenue corner Salcedo Street, Legaspi Village,
Makati City

We have audited the consolidated financial statements of the Bank of the Philippine Islands and Subsidiaries (the "BPI Group") and the parent financial statements of the Bank of the Philippine Islands (the "Parent Bank") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated February 22, 2022. The supplementary information shown in the Reconciliation of the Parent Bank's Retained Earnings Available for Dividend Declaration, Map of the Conglomerate or Group of Companies within which the Bank of the Philippine Islands belongs effective as at December 31, 2021, as additional components required by Part I, Section 5 of Rule 68 of the Securities Regulation Code, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 6 of Rule 68 of the Securities Regulation Code, is presented for the purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1775-A, Category A; effective until September 4, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024
financial statements
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
February 22, 2022

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details

Isla Lipana & Co.

Statement Required by Section 8-A, Revenue Regulation No. V-1

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala North Exchange
Ayala Avenue corner Salcedo Street, Legaspi Village,
Makati City

None of the partners of the firm has any financial interest in the Bank of the Philippine Islands or any family relationship with its president, directors or principal shareholders.

The supplementary information on taxes and licenses is presented in Note 33 to the financial statements.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1775-A, Category A; effective until September 4, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024
financial statements
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
February 22, 2022

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CONDITION
December 31, 2021 and 2020
(In Millions of Pesos)

	Notes	Consolidated		Parent	
		2021	2020	**2021**	2020
ASSETS					
CASH AND OTHER CASH ITEMS	4	**35,143**	37,176	**33,868**	35,912
DUE FROM BANGKO SENTRAL NG PILIPINAS	4	**268,827**	223,989	**197,435**	197,974
DUE FROM OTHER BANKS	4	**34,572**	40,155	**27,734**	36,605
INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	4,5	**30,852**	30,251	**30,023**	26,622
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,7	**21,334**	37,210	**15,575**	33,865
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8	**134,741**	130,186	**115,541**	120,300
INVESTMENT SECURITIES AT AMORTIZED COST, net	9	**338,672**	244,653	**333,193**	216,810
LOANS AND ADVANCES, net	10	**1,476,527**	1,407,413	**1,233,052**	1,175,071
ASSETS HELD FOR SALE, net		**3,282**	2,971	**505**	357
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net	11	**17,525**	18,832	**15,243**	16,131
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net	12	**7,165**	7,510	**15,556**	11,039
ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**17,563**	18,726	-	-
DEFERRED INCOME TAX ASSETS, net	13	**15,819**	17,525	**11,953**	12,838
OTHER ASSETS, net	14	**19,893**	16,846	**21,648**	14,412
Total assets		**2,421,915**	2,233,443	**2,051,326**	1,897,936

(forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20__ REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CONDITION
December 31, 2021 and 2020
(In Millions of Pesos)

	Notes	Consolidated		Parent	
		2021	2020	**2021**	2020
LIABILITIES AND CAPITAL FUNDS					
DEPOSIT LIABILITIES	15	**1,955,147**	1,716,177	**1,675,785**	1,470,210
DERIVATIVE FINANCIAL LIABILITIES	7	**3,632**	5,657	**3,545**	5,657
BILLS PAYABLE AND OTHER BORROWED FUNDS	16	**95,039**	151,947	**82,550**	140,348
DUE TO BANGKO SENTRAL NG PILIPINAS AND OTHER BANKS		**953**	1,491	**814**	1,491
MANAGER'S CHECKS AND DEMAND DRAFTS OUTSTANDING		**6,931**	7,108	**5,243**	5,447
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**8,413**	8,902	**6,127**	6,510
LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**13,242**	14,347	**-**	-
DEFERRED CREDITS AND OTHER LIABILITIES	17	**43,402**	45,857	**33,762**	37,103
Total liabilities		**2,126,759**	1,951,486	**1,807,826**	1,666,766
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI	18				
Share capital		**45,131**	45,045	**45,131**	45,045
Share premium		**74,934**	74,764	**74,934**	74,764
Reserves		**564**	416	**160**	196
Accumulated other comprehensive loss		**(8,670)**	(5,899)	**(6,825)**	(4,288)
Surplus		**181,101**	165,509	**130,100**	115,453
		293,060	279,835	**243,500**	231,170
NON-CONTROLLING INTERESTS		**2,096**	2,122	**-**	-
Total capital funds		**295,156**	281,957	**243,500**	231,170
Total liabilities and capital funds		**2,421,915**	2,233,443	**2,051,326**	1,897,936

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 2022 REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Notes	Consolidated			Parent		
		2021	2020	2019	**2021**	2020	2019
INTEREST INCOME							
On loans and advances		**72,225**	82,312	86,056	**53,426**	63,599	67,895
On investment securities		**10,436**	12,052	12,709	**9,949**	10,786	11,776
On deposits with BSP and other banks		**1,956**	1,944	1,722	**1,271**	1,343	808
		84,617	96,308	100,487	**64,646**	75,728	80,479
INTEREST EXPENSE							
On deposits	15	**10,168**	18,986	28,874	**5,587**	12,777	21,476
On bills payable and other borrowed funds	16	**4,866**	5,058	6,038	**4,396**	4,595	6,031
		15,034	24,044	34,912	**9,983**	17,372	27,507
NET INTEREST INCOME		**69,583**	72,264	65,575	**54,663**	58,356	52,972
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	26	**13,135**	28,000	5,562	**10,591**	21,394	4,666
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES		**56,448**	44,264	60,013	**44,072**	36,962	48,306
OTHER INCOME							
Fees and commissions		**11,204**	8,899	9,068	**9,051**	7,763	8,502
Income from foreign exchange trading		**2,384**	2,155	2,111	**2,206**	2,022	1,930
Securities trading gain		**97**	3,310	3,882	**4**	2,657	3,574
Income attributable to insurance operations	2	**1,854**	1,506	1,223	**-**	-	-
Net gains on disposals of investment securities at amortized cost	9	**1,513**	4,647	128	**1,166**	4,078	104
Other operating income	19	**10,770**	9,142	10,275	**13,026**	13,459	10,487
		27,822	29,659	26,687	**25,453**	29,979	24,597
OTHER EXPENSES							
Compensation and fringe benefits	21	**18,528**	18,005	17,369	**14,094**	13,870	13,479
Occupancy and equipment-related expenses	11,20	**16,010**	14,606	14,736	**13,352**	12,544	12,943
Other operating expenses	21	**16,195**	15,543	16,239	**12,220**	11,788	12,058
		50,733	48,154	48,344	**39,666**	38,202	38,480
PROFIT BEFORE INCOME TAX		**33,537**	25,769	38,356	**29,859**	28,739	34,423
INCOME TAX EXPENSE	22						
Current		**8,328**	10,751	9,975	**6,701**	9,272	8,788
Deferred	13	**1,099**	(6,845)	(620)	**375**	(5,144)	(583)
		9,427	3,906	9,355	**7,076**	4,128	8,205
NET INCOME FROM CONTINUING OPERATIONS		**24,110**	21,863	29,001	**22,783**	24,611	26,218
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS	12	**-**	(211)	82	**-**	-	-
NET INCOME AFTER TAX		**24,110**	21,652	29,083	**22,783**	24,611	26,218

(forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 2022 REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos, Except Per Share Amounts)

	Note	Consolidated			Parent		
		2021	2020	2019	**2021**	2020	2019
(forwarded)							
Basic and diluted earnings per share attributable to the equity holders of BPI during the year from:	18						
Continuing operations		**5.29**	4.79	6.38	**5.05**	5.45	5.82
Discontinued operations		-	(0.05)	0.01	-	-	-
Income (loss) attributable to equity holders of BPI arising from:	18						
Continuing operations		**23,880**	21,620	28,761	**22,783**	24,611	26,218
Discontinued operations		-	(211)	42	-	-	-
		23,880	21,409	28,803	**22,783**	24,611	26,218
Income attributable to the non-controlling interests arising from:							
Continuing operations		**230**	243	240	-	-	-
Discontinued operations		-	-	40	-	-	-
		230	243	280	-	-	-
Income attributable to							
Equity holders of BPI		**23,880**	21,409	28,803	**22,783**	24,611	26,218
Non-controlling interests		**230**	243	280	-	-	-
		24,110	21,652	29,083	**22,783**	24,611	26,218

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Note	Consolidated 2021	2020	2019	Parent 2021	2020	2019
NET INCOME FROM CONTINUING OPERATIONS		**24,110**	21,863	29,001	**22,783**	24,611	26,218
OTHER COMPREHENSIVE (LOSS) INCOME	18						
Items that may be subsequently reclassified to profit or loss							
Share in other comprehensive (loss) income of associates		**(728)**	640	1,286	-	-	-
Net change in fair value reserve on investments in debt instruments measured at FVOCI, net of tax effect		**(548)**	428	262	**(506)**	428	249
Fair value reserve on investments of insurance subsidiaries, net of tax effect		**(209)**	195	545	-	-	-
Currency translation differences and others		**627**	(238)	(202)	**291**	(167)	(124)
Items that will not be reclassified to profit or loss							
Remeasurements of defined benefit obligation		**608**	(3,383)	(1,402)	**431**	(2,798)	(1,141)
Share in other comprehensive income (loss) of associates		**448**	(1,242)	(32)	-	-	-
Net change in fair value reserve on investments in equity instruments measured at FVOCI, net of tax effect		**(3,041)**	215	(313)	**(2,753)**	565	(379)
Total other comprehensive (loss) income, net of tax effect from continuing operations		**(2,843)**	(3,385)	144	**(2,537)**	(1,972)	(1,395)
Total comprehensive income for the year from continuing operations		**21,267**	18,478	29,145	**20,246**	22,639	24,823
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS		-	(211)	82	-	-	-
Total other comprehensive loss, net of tax effect from discontinued operations		-	(3)	(16)	-	-	-
Total comprehensive (loss) income, for the year from discontinued operations		-	(214)	66	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**21,267**	18,264	29,211	**20,246**	22,639	24,823
Total comprehensive income (loss) attributable to equity holders of BPI arising from:							
Continuing operations		**21,109**	18,163	28,735	**20,246**	22,639	24,823
Discontinued operations		-	(214)	34	-	-	-
		21,109	17,949	28,769	**20,246**	22,639	24,823
Total comprehensive income attributable to the non-controlling interest arising from:							
Continuing operations		**158**	315	410	-	-	-
Discontinued operations		-	-	32	-	-	-
		158	315	442	-	-	-
Total comprehensive income attributable to:							
Equity holders of BPI		**21,109**	17,949	28,769	**20,246**	22,639	24,823
Non-controlling interests		**158**	315	442	-	-	-
		21,267	18,264	29,211	**20,246**	22,639	24,823

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20[illegible] REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Consolidated							
	Attributable to equity holders of BPI (Note 18)							
	Share capital	Share premium	Reserves	Surplus	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
Balance, January 1, 2019	**44,961**	**74,181**	**4,096**	**127,459**	**(2,176)**	**248,521**	**3,017**	**251,538**
Comprehensive income								
Net income for the year	-	-	-	28,803	-	28,803	280	29,083
Other comprehensive income (loss) for the year	-	-	-	-	(34)	(34)	162	128
Total comprehensive income (loss) for the year	-	-	-	**28,803**	**(34)**	**28,769**	**442**	**29,211**
Transactions with owners								
Exercise of stock option plans	38	268	30	-	-	336	-	336
Cash dividends	-	-	-	(8,113)	-	(8,113)	-	(8,113)
Total transactions with owners	**38**	**268**	**30**	**(8,113)**	-	**(7,777)**	-	**(7,777)**
Transfer from surplus to reserves	-	-	2,002	(2,002)	-	-	-	-
Transfer from reserves to surplus	-	-	(1,020)	1,020	-	-	-	-
Other movements	-	-	-	293	(229)	64	(2)	62
	-	-	**982**	**(689)**	**(229)**	**64**	**(2)**	**62**
Balance, December 31, 2019	**44,999**	**74,449**	**5,108**	**147,460**	**(2,439)**	**269,577**	**3,457**	**273,034**
Comprehensive income								
Net income for the year	-	-	-	21,409	-	21,409	243	21,652
Other comprehensive (loss) income for the year	-	-	-	-	(3,460)	(3,460)	72	(3,388)
Total comprehensive income (loss) for the year	-	-	-	**21,409**	**(3,460)**	**17,949**	**315**	**18,264**
Transactions with owners								
Exercise of stock option plans	46	315	47	-	-	408	-	408
Cash dividends	-	-	-	(8,124)	-	(8,124)	-	(8,124)
Total transactions with owners	**46**	**315**	**47**	**(8,124)**	-	**(7,716)**	-	**(7,716)**
Transfer from reserves to surplus	-	-	(4,739)	4,739	-	-	-	-
Other movements	-	-	-	25	-	25	(1,650)	(1,625)
	-	-	**(4,739)**	**4,764**	-	**25**	**(1,650)**	**(1,625)**
Balance, December 31, 2020	**45,045**	**74,764**	**416**	**165,509**	**(5,899)**	**279,835**	**2,122**	**281,957**
Comprehensive income								
Net income for the year	-	-	-	23,880	-	23,880	230	24,110
Other comprehensive loss for the year	-	-	-	-	(2,771)	(2,771)	(72)	(2,843)
Total comprehensive income (loss) for the year	-	-	-	**23,880**	**(2,771)**	**21,109**	**158**	**21,267**
Transactions with owners								
Exercise of stock option plans	86	170	(41)	-	-	215	-	215
Cash dividends	-	-	-	(8,124)	-	(8,124)	(184)	(8,308)
Total transactions with owners	**86**	**170**	**(41)**	**(8,124)**	-	**(7,909)**	**(184)**	**(8,093)**
Transfer from reserves to surplus	-	-	190	(190)	-	-	-	-
Other movements	-	-	-	25	-	25	-	25
	-	-	**190**	**(165)**	-	**25**	-	**25**
Balance, December 31, 2021	**45,131**	**74,934**	**564**	**181,101**	**(8,670)**	**293,060**	**2,096**	**295,156**

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20[illegible] REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Consolidated							
	Attributable to equity holders of BPI (Note 18)							
	Share capital	Share premium	Reserves	Surplus	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
Balance, January 1, 2019	**44,961**	**74,181**	**4,096**	**127,459**	**(2,176)**	**248,521**	**3,017**	**251,538**
Comprehensive income								
Net income for the year	-	-	-	28,803	-	28,803	280	29,083
Other comprehensive income (loss) for the year	-	-	-	-	(34)	(34)	162	128
Total comprehensive income (loss) for the year	-	-	-	**28,803**	**(34)**	**28,769**	**442**	**29,211**
Transactions with owners								
Exercise of stock option plans	38	268	30	-	-	336	-	336
Cash dividends	-	-	-	(8,113)	-	(8,113)	-	(8,113)
Total transactions with owners	**38**	**268**	**30**	**(8,113)**	-	**(7,777)**	-	**(7,777)**
Transfer from surplus to reserves	-	-	2,002	(2,002)	-	-	-	-
Transfer from reserves to surplus	-	-	(1,020)	1,020	-	-	-	-
Other movements	-	-	-	293	(229)	64	(2)	62
	-	-	**982**	**(689)**	**(229)**	**64**	**(2)**	**62**
Balance, December 31, 2019	**44,999**	**74,449**	**5,108**	**147,460**	**(2,439)**	**269,577**	**3,457**	**273,034**
Comprehensive income								
Net income for the year	-	-	-	21,409	-	21,409	243	21,652
Other comprehensive (loss) income for the year	-	-	-	-	(3,460)	(3,460)	72	(3,388)
Total comprehensive income (loss) for the year	-	-	-	**21,409**	**(3,460)**	**17,949**	**315**	**18,264**
Transactions with owners								
Exercise of stock option plans	46	315	47	-	-	408	-	408
Cash dividends	-	-	-	(8,124)	-	(8,124)	-	(8,124)
Total transactions with owners	**46**	**315**	**47**	**(8,124)**	-	**(7,716)**	-	**(7,716)**
Transfer from reserves to surplus	-	-	(4,739)	4,739	-	-	-	-
Other movements	-	-	-	25	-	25	(1,650)	(1,625)
	-	-	**(4,739)**	**4,764**	-	**25**	**(1,650)**	**(1,625)**
Balance, December 31, 2020	**45,045**	**74,764**	**416**	**165,509**	**(5,899)**	**279,835**	**2,122**	**281,957**
Comprehensive income								
Net income for the year	-	-	-	23,880	-	23,880	230	24,110
Other comprehensive loss for the year	-	-	-	-	(2,771)	(2,771)	(72)	(2,843)
Total comprehensive income (loss) for the year	-	-	-	**23,880**	**(2,771)**	**21,109**	**158**	**21,267**
Transactions with owners								
Exercise of stock option plans	86	170	(41)	-	-	215	-	215
Cash dividends	-	-	-	(8,124)	-	(8,124)	(184)	(8,308)
Total transactions with owners	**86**	**170**	**(41)**	**(8,124)**	-	**(7,909)**	**(184)**	**(8,093)**
Transfer from reserves to surplus	-	-	190	(190)	-	-	-	-
Other movements	-	-	-	25	-	25	-	25
	-	-	**190**	**(165)**	-	**25**	-	**25**
Balance, December 31, 2021	**45,131**	**74,934**	**564**	**181,101**	**(8,670)**	**293,060**	**2,096**	**295,156**

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20[illegible] REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Parent (Note 18)					
	Share capital	Share premium	Reserves	Surplus	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2019	**44,961**	**74,181**	**3,977**	**76,958**	**(921)**	**199,156**
Comprehensive income						
Net income for the year	-	-	-	26,218	-	26,218
Other comprehensive loss for the year	-	-	-	-	(1,395)	(1,395)
Total comprehensive income (loss) for the year	-	-	-	**26,218**	**(1,395)**	**24,823**
Transactions with owners						
Exercise of stock option plans	38	268	43	-	-	349
Cash dividends	-	-	-	(8,113)	-	(8,113)
Total transactions with owners	**38**	**268**	**43**	**(8,113)**	-	**(7,764)**
Transfer from surplus to reserves	-	-	1,892	(1,892)	-	-
Transfer from reserves to surplus	-	-	(1,020)	1,020	-	-
Other movements	-	-	-	35	-	35
	-	-	**872**	**(837)**	-	**35**
Balance, December 31, 2019	**44,999**	**74,449**	**4,892**	**94,226**	**(2,316)**	**216,250**
Comprehensive income						
Net income for the year	-	-	-	24,611	-	24,611
Other comprehensive loss for the year	-	-	-	-	(1,972)	(1,972)
Total comprehensive income (loss) for the year	-	-	-	**24,611**	**(1,972)**	**22,639**
Transactions with owners						
Exercise of stock option plans	46	315	43	-	-	404
Cash dividends	-	-	-	(8,124)	-	(8,124)
Total transactions with owners	**46**	**315**	**43**	**(8,124)**	-	**(7,720)**
Transfer from reserves to surplus	-	-	(4,739)	4,739	-	-
Other movements	-	-	-	1	-	1
	-	-	**(4,739)**	**4,740**	-	**1**
Balance, December 31, 2020	**45,045**	**74,764**	**196**	**115,453**	**(4,288)**	**231,170**
Comprehensive income						
Net income for the year	-	-	-	22,783	-	22,783
Other comprehensive loss for the year	-	-	-	-	(2,537)	(2,537)
Total comprehensive income (loss) for the year	-	-	-	**22,783**	**(2,537)**	**20,246**
Transactions with owners						
Exercise of stock option plans	86	170	(36)	-	-	220
Cash dividends	-	-	-	(8,124)	-	(8,124)
Total transactions with owners	**86**	**170**	**(36)**	**(8,124)**	-	**(7,904)**
Other movements	-	-	-	**(12)**	-	**(12)**
Balance, December 31, 2021	**45,131**	**74,934**	**160**	**130,100**	**(6,825)**	**243,500**

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 2022 REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

		Consolidated			Parent		
	Notes	2021	2020	2019	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before income tax from:							
Continuing operations		**33,537**	25,769	38,356	**29,859**	28,739	34,423
Discontinued operations	12	**-**	(246)	79	**-**	-	-
		33,537	25,523	38,435	**29,859**	28,739	34,423
Adjustments for:							
Impairment losses	26	**13,135**	28,000	5,822	**10,591**	21,394	4,666
Depreciation and amortization	11,14	**6,249**	6,023	7,132	**5,213**	4,860	4,767
Share in net income of associates	12	**(1,086)**	(487)	(372)		-	-
Dividend and other income	19	**(30)**	(57)	(77)	**(6,939)**	(7,792)	(3,794)
Share-based compensation	18	**(41)**	47	30	**(36)**	44	42
Interest income		**(84,617)**	(96,308)	(101,583)	**(64,646)**	(75,728)	(83,279)
Interest received		**85,450**	98,573	100,293	**64,866**	77,998	83,294
Interest expense		**15,345**	24,401	35,638	**10,229**	17,651	27,507
Interest paid		**(15,352)**	(25,768)	(35,300)	**(10,214)**	(18,749)	(27,375)
(Increase) decrease in:							
Interbank loans receivable and securities purchased under agreements to resell		**(2,167)**	320	1,898	**(2,117)**	201	1,895
Financial assets at fair value through profit or loss		**16,134**	(13,270)	(8,472)	**18,548**	(16,339)	(8,469)
Loans and advances, net		**(82,837)**	39,921	(125,028)	**(68,754)**	35,369	(109,711)
Assets held for sale		**(355)**	173	400	**(168)**	63	353
Assets attributable to insurance operations		**450**	(351)	287		-	-
Other assets		**(4,046)**	(3,084)	5,611	**(4,556)**	(5,609)	5,702
Increase (decrease) in:							
Deposit liabilities		**238,976**	20,827	109,598	**205,581**	13,744	109,252
Due to Bangko Sentral ng Pilipinas and other banks		**(232)**	(150)	(1,041)	**(371)**	(150)	(1,041)
Manager's checks and demand drafts outstanding		**(177)**	(1,191)	1,368	**(204)**	(974)	1,067
Accrued taxes, interest and other expenses		**(707)**	315	303	**(582)**	(42)	411
Liabilities attributable to insurance operations		**(1,290)**	286	5		-	-
Derivative financial instruments		**(2,025)**	2,780	(38)	**(2,112)**	2,780	(28)
Deferred credits and other liabilities		**(337)**	(5,668)	8,806	**(1,735)**	(4,832)	7,245
Net cash from operations		**213,977**	100,855	43,715	**182,453**	72,628	46,927
Income taxes paid		**(7,497)**	(11,601)	(10,363)	**(6,008)**	(10,080)	(9,135)
Net cash from operating activities		**206,480**	89,254	33,352	**176,445**	62,548	37,792

(forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 2022 REG
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BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Notes	Consolidated			Parent		
		2021	2020	2019	**2021**	2020	2019
(forwarded)							
CASH FLOWS FROM INVESTING ACTIVITIES							
(Increase) decrease in:							
Investment securities, net	8,9	**(101,885)**	(46,513)	(4,343)	**(114,316)**	(37,113)	(3,574)
Bank premises, furniture, fixtures and equipment, net	11	**(4,806)**	(768)	(13,400)	**(4,331)**	(4,397)	(10,285)
Investment properties, net	14	**(12)**	6	(57)	**(14)**	4	(55)
Investment in subsidiaries and associates, net	12	**1,432**	(1,926)	933	**(4,516)**	(1,321)	(89)
Assets attributable to insurance operations		**804**	(481)	(1,368)	**-**	-	-
Dividends received	19	**30**	57	77	**3,400**	7,792	3,794
Net cash used in investing activities		**(104,437)**	(49,625)	(18,158)	**(119,777)**	(35,035)	(10,209)
CASH FLOWS FROM FINANCING ACTIVITIES							
Cash dividends paid	17,18	**(8,124)**	(8,124)	(12,167)	**(8,124)**	(8,124)	(12,165)
Proceeds from share issuance	18	**256**	361	306	**256**	361	306
Increase (decrease) in bills payable and other borrowed funds	16	**(56,908)**	1,110	(16,064)	**(57,798)**	13,819	(24,351)
Payments for principal portion of lease liabilities		**(1,900)**	(1,458)	(1,471)	**(1,478)**	(1,108)	(1,151)
Net cash (used in) from financing activities		**(66,676)**	(8,111)	(29,396)	**(67,144)**	4,948	(37,361)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**35,367**	31,518	(14,202)	**(10,476)**	32,461	(9,778)
CASH AND CASH EQUIVALENTS							
January 1	4,5	330,586	299,068	313,270	295,805	263,344	273,122
December 31		**365,953**	330,586	299,068	**285,329**	295,805	263,344

Non-cash financing and investing activities	11,16,18
Cash flows from discontinued operations	12

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAY 31 20[illegible] REG
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BANK OF THE PHILIPPINE ISLANDS

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021 and 2020 AND FOR EACH OF THE THREE YEARS
IN THE PERIOD ENDED DECEMBER 31, 2021

Note 1 - General Information

Bank of the Philippine Islands ("BPI" or the "Parent Bank") is a domestic commercial bank with an expanded banking license and was registered with the Securities and Exchange Commission (SEC) on January 4, 1943. The Parent Bank's license was extended for another 50 years on January 4, 1993.

In 2019, the Parent Bank's office address, which also serves as its principal place of business, was transferred to Ayala North Exchange, Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City. Prior to 2019, BPI's registered office address and principal place of business were both located at BPI Building, Ayala Avenue corner Paseo de Roxas, Makati City.

BPI and its subsidiaries (collectively referred to as the "BPI Group") offer a whole breadth of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution, and insurance services. At December 31, 2021, the BPI Group has 18,619 employees (2020 - 19,952 employees) and operates 1,176 branches (2020 - 1,173 branches) and 2,457 automated teller machines (ATMs) and cash accept machines (CAMs) (2020 - 2,707) to support its delivery of services. The BPI Group also serves its customers through alternative electronic banking channels such as telephone, mobile phone and the internet.

The Parent Bank is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On January 22, 2021, BPI announced that its Board of Directors (BOD) has approved on January 21, 2021, the plan to merge with BPI Family Savings Bank, Inc. ("BFB"), with the Parent Bank as the surviving entity. Subsequently, the BOD and shareholder of BFB approved the proposed merger at their respective meetings held on February 24, 2021 and April 22, 2021, respectively (Note 30.1).

Coronavirus pandemic

The BPI Group has successfully adapted to the challenges posed by the coronavirus disease (COVID-19) to its business model, including compliance with the country's evolving regulatory impositions and mobility restrictions.

Reinforcing the BPI Group's operational resilience, management has put in motion business continuity plans and a pandemic response plan and protocol for the entire organization. These include, but are not limited to, changes in the workforce arrangements and set-up of corporate offices, allowing for rotational schedules, split operations, and alternative work sites, all duly supported by the use of mobility tools and virtual communications. The BPI Group's accelerated shift to digitalization has also ensured continuous client service through its various distribution platforms with maintained back-office efficiency during the nationwide implementation of community quarantines. Along with this new operating environment, new threats and vulnerabilities identified have been mitigated by both technical and organizational process controls. As such, while cybersecurity risks are theoretically heightened by remote access, a robust risk management process enables the Bank to effectively manage these changes.

The Bank has seen an increase in the level of non-performing loans since December 2019. Notwithstanding the impact of COVID-19 on businesses, e.g. temporary/permanent closure of certain businesses, suspended operations, limited travel and exchange of goods, the Banks's asset quality remained better than initially expected and more favorable than industry averages. To mitigate risks arising from the pandemic, the Bank has taken a pro-active stance by constantly monitoring vulnerable industries and sectors that have been affected by COVID-19, identifying new opportunities in other industries and sectors, and having regular conversations with its clients. Asset quality is constantly monitored and the Bank continues to uphold its stringent credit process while also enhancing aspects of its underwriting, monitoring, and collections, in consideration of the changes in regulatory, economic, and customer behaviors post-crisis. The Bank's robust capital and liquidity levels also serve as sufficient buffers for any adverse scenario during the ongoing pandemic.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
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Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the BOD on February 22, 2022.

The consolidated financial statements comprise the financial statements of the Parent Bank and the following subsidiaries:

Subsidiaries	Country of incorporation	Principal activities	% of ownership 2021	% of ownership 2020
BPI Family Savings Bank, Inc.	Philippines	Banking	**100**	100
BPI Capital Corporation	Philippines	Investment house	**100**	100
BPI Direct BanKo, Inc., A Savings Bank	Philippines	Banking	**100**	100
BPI Asset Management and Trust Corporation	Philippines	Asset management	**100**	100
BPI International Finance Limited	Hong Kong	Financing	**100**	100
BPI Europe Plc.	England and Wales	Banking (deposit)	**100**	100
BPI Securities Corp.	Philippines	Securities dealer	**100**	100
BPI Payments Holdings Inc.	Philippines	Financing	**100**	100
Filinvest Algo Financial Corp.	Philippines	Financing	**100**	100
BPI Investment Management, Inc.	Philippines	Investment management	**100**	100
Santiago Land Development Corporation	Philippines	Land holding	**100**	100
BPI Operations Management Corp.	Philippines	Operations management	**-**	100
BPI Computer Systems Corp.	Philippines	Business systems service	**100**	100
BPI Forex Corp.	Philippines	Foreign exchange	**100**	100
BPI Remittance Centre (HK) Ltd.	Hong Kong	Remittance	**100**	100
First Far - East Development Corporation	Philippines	Real estate	**100**	100
FEB Stock Brokers, Inc.	Philippines	Securities dealer	**100**	100
FEB Speed International	Philippines	Remittance	**100**	100
Ayala Plans, Inc.	Philippines	Pre-need	**98.93**	98.93
FGU Insurance Corporation	Philippines	Non-life insurance	**94.62**	94.62
BPI/MS Insurance Corporation	Philippines	Non-life insurance	**50.85**	50.85

Note 2 - Assets and Liabilities Attributable to Insurance Operations

Details of assets and liabilities attributable to insurance operations at December 31 are as follows:

	Note	2021	2020
		(In Millions of Pesos)	
Assets			
Cash and cash equivalents	4	**412**	321
Insurance balances receivable, net		**4,797**	5,512
Investment securities			
Financial assets at fair value through profit or loss		**2,306**	5,300
Financial assets at fair value through other comprehensive income		**6,982**	4,835
Financial assets at amortized cost		**269**	224
Investment in associates		**167**	169
Accounts receivable and other assets, net		**2,423**	2,203
Land, building and equipment		**207**	162
		17,563	18,726

	2021	2020
	(In Millions of Pesos)	
Liabilities		
Reserves and other balances	**11,307**	12,565
Accounts payable, accrued expenses and other payables	**1,935**	1,782
	13,242	14,347

Details of income attributable to insurance operations before income tax and minority interest for the years ended December 31 are as follows:

	2021	2020	2019
	(In Millions of Pesos)		
Premiums earned and related income	**3.071**	3,607	3,841
Investment and other income	**1,504**	1,026	712
	4,575	4,633	4,553
Benefits, claims and maturities	**1,502**	1,720	1,942
Decrease in actuarial reserve liabilities	**(486)**	(315)	(412)
Commissions	**856**	879	938
Management and general expenses	**817**	822	838
Other expenses	**32**	21	24
	2,721	3,127	3,330
Income before income tax and minority interest	**1,854**	1,506	1,223

Note 3 - Business Segments

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (CEO), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the BPI Group individually meet the definition of a reportable segment under Philippine Financial Reporting Standards (PFRS) 8, *Operating Segments*.

The BPI Group has determined the operating segments based on the nature of the services provided and the different clients/markets served representing a strategic business unit.

The BPI Group's main operating business segments follow:

- Consumer banking - this segment serves the individual and retail markets. Services cover deposit taking and servicing, consumer lending such as home mortgages, auto loans and credit card finance as well as the remittance business. The segment also includes the entire transaction processing and service delivery infrastructure consisting of network of branches and ATMs as well as phone and internet-based banking platforms.

- Corporate banking - this segment caters both high-end corporations and middle market clients. Services offered include deposit taking and servicing, loan facilities, trade and cash management for corporate and institutional customers.

- Investment banking - this segment includes the various business groups operating in the investment markets and dealing in activities other than lending and deposit taking. These services cover corporate finance, securities distribution, asset management, trust and fiduciary services as well as proprietary trading and investment activities.

The performance of the Parent Bank is assessed as a single unit using financial information presented in the separate or Parent only financial statements. Likewise, the CEO assesses the performance of the insurance business as a standalone business segment separate from the banking and allied financial undertakings. Information on the assets, liabilities and results of operations of the insurance business is fully disclosed in Note 2.

The BPI Group and the Parent Bank mainly derive revenue within the Philippines; accordingly, no geographical segment is presented.

The segment report forms part of management's assessment of the performance of the segment, among other performance indicators.

There were no changes in the reportable segments during the year. Transactions between the business segments are carried out at arm's length. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. Inter-segment revenues, however, are deemed insignificant for financial reporting purposes, thus, not reported in segment analysis below.

The BPI Group's management reporting is based on a measure of operating profit comprising net interest income, impairment charge, fees and commission income, other income and operating expenses.

Segment assets and liabilities comprise majority of operating assets and liabilities, measured in a manner consistent with that shown in the statement of condition, but exclude items such as taxation.

Following the loss of control of the Parent Bank over BPI CTL BPI Century Tokyo Lease and Finance Corporation (BPI CTL) effective December 23, 2020 (Note 12), the BPI Group's segment reporting was updated to exclude the contribution of BPI CTL. The details of the BPI Group's reportable segments as at and for the years ended December 31 follows:

	2021			
	Consumer banking	**Corporate banking**	**Investment banking**	**Total per management reporting**
	(In Millions of Pesos)			
Net interest income	36,478	27,934	8,988	**73,400**
Provision for credit and impairment losses	3,157	10,118	(172)	**13,103**
Net interest income after provision for credit and impairment losses	33,321	17,816	9,160	**60,297**
Fees, commissions and other income, net	15,846	2,703	7,333	**25,882**
Total income	49,167	20,519	16,493	**86,179**
Compensation and fringe benefits	13,911	2,280	1,053	**17,244**
Occupancy and equipment-related expenses	5,988	112	472	**6,572**
Other operating expenses	20,075	3,295	1,566	**24,936**
Total other expenses	39,974	5,687	3,091	**48,752**
Operating profit	9,193	14,832	13,402	**37,427**
Income tax expense				**9,427**
Net income				**24,110**
Share in net income of associates				**1,086**
Total assets	495,878	1,205,841	679,536	**2,381,255**
Total liabilities	1,334,077	667,821	101,686	**2,103,584**

	2020			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	43,564	26,112	5,909	75,585
Provision for credit and impairment losses	13,325	14,491	183	27,999
Net interest income after provision for credit and impairment losses	30,239	11,621	5,726	47,586
Fees, commissions and other income, net	12,659	2,365	13,166	28,190
Total income	42,898	13,986	18,892	75,776
Compensation and fringe benefits	14,512	2,513	1,037	18,062
Occupancy and equipment-related expenses	9,064	545	330	9,939
Other operating expenses	16,975	3,374	1,755	22,104
Total other expenses	40,551	6,432	3,122	50,105
Operating profit	2,347	7,554	15,770	25,671
Income tax expense				3,906
Net income from				
Continuing operations				21,863
Discontinued operations				(211)
Share in net income of associates				487
Total assets	478,439	1,129,281	578,047	2,185,767
Total liabilities	1,251,744	511,995	162,255	1,925,994

	2019			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	41,494	16,791	11,860	70,145
Provision for credit and impairment losses	3,489	2,068	5	5,562
Net interest income after provision for credit and impairment losses	38,005	14,723	11,855	64,583
Fees, commissions and other income, net	14,314	2,199	8,329	24,842
Total income	52,319	16,922	20,184	89,425
Compensation and fringe benefits	14,373	2,479	1,108	17,960
Occupancy and equipment-related expenses	10,147	681	314	11,142
Other operating expenses	15,057	3,066	1,721	19,844
Total other expenses	39,577	6,226	3,143	48,946
Operating profit	12,742	10,696	17,041	40,479
Income tax expense				9,355
Net income from				
Continuing operations				29,001
Discontinued operations				82
Share in net income of associates				372
Total assets	539,093	1,208,553	427,571	2,175,217
Total liabilities	1,211,212	552,549	145,398	1,909,159

Reconciliation of segment results to consolidated results of operations:

	2021		
	Total per management reporting	**Consolidation adjustments/ Others**	**Total per consolidated financial statements**
	(In Millions of Pesos)		
Net interest income	**73,400**	(3,817)	**69,583**
Provision for credit and impairment losses	**13,103**	32	**13,135**
Net interest income after provision for credit and impairment losses	**60,297**	(3,849)	**56,448**
Fees, commissions and other income, net	**25,882**	1,940	**27,822**
Total income	**86,179**	(1,909)	**84,270**
Compensation and fringe benefits	**17,244**	1,284	**18,528**
Occupancy and equipment-related expenses	**6,572**	9,438	**16,010**
Other operating expenses	**24,936**	(8,741)	**16,195**
Total other expenses	**48,752**	1,981	**50,733**
Operating profit	**37,427**	(3,890)	**33,537**
Income tax expense	**9,427**		**9,427**
Net income	**24,110**		**24,110**
Share in net income of associates	**1,086**		**1,086**
Total assets	**2,381,255**	40,660	**2,421,915**
Total liabilities	**2,103,584**	23,175	**2,126,759**

	2020		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	75,585	(3,321)	72,264
Provision for credit and impairment losses	27,999	1	28,000
Net interest income after provision for credit and impairment losses	47,586	(3,322)	44,264
Fees, commissions and other income, net	28,190	1,469	29,659
Total income	75,776	(1,853)	73,923
Compensation and fringe benefits	18,062	(57)	18,005
Occupancy and equipment-related expenses	9,939	4,667	14,606
Other operating expenses	22,104	(6,561)	15,543
Total other expenses	50,105	(1,951)	48,154
Operating profit	25,671	98	25,769
Income tax expense	3,906		3,906
Net income from			
Continuing operations	21,863		21,863
Discontinued operations	(211)		(211)
Share in net income of associates	487		487
Total assets	2,185,767	47,676	2,233,443
Total liabilities	1,925,994	25,492	1,951,486

	2019		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	70,145	(4,570)	65,575
Provision for credit and impairment losses	5,562	-	5,562
Net interest income after provision for credit and impairment losses	64,583	(4,570)	60,013
Fees, commissions and other income, net	24,842	1,845	26,687
Total income	89,425	(2,725)	86,700
Compensation and fringe benefits	17,960	(591)	17,369
Occupancy and equipment-related expenses	11,142	3,594	14,736
Other operating expenses	19,844	(3,605)	16,239
Total other expenses	48,946	(602)	48,344
Operating profit	40,479	(2,123)	38,356
Income tax expense	9,355		9,355
Net income from			
Continuing operations	29,001		29,001
Discontinued operations	82		82
Share in net income of associates	372		372
Total assets	2,175,217	29,813	2,205,030
Total liabilities	1,909,159	22,837	1,931,996

*Consolidation adjustments/Others" pertain to amounts of insurance operations and support units and inter-segment elimination in accordance with the BPI Group's internal reporting.

Note 4 - Cash and Cash Equivalents

The account at December 31 consists of:

	Notes	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
		(In Millions of Pesos)			
Cash and other cash items		**35,143**	37,176	**33,868**	35,912
Due from Bangko Sentral ng Pilipinas (BSP)		**268,827**	223,989	**197,435**	197,974
Due from other banks		**34,572**	40,155	**27,734**	36,605
Interbank loans receivable and securities purchased under agreements to resell (SPAR)	5	**26,999**	28,945	**26,292**	25,314
Cash and cash equivalents attributable to insurance operations	2	**412**	321	**-**	-
		365,953	330,586	**285,329**	295,805

Note 5 - Interbank Loans Receivable and SPAR

The account at December 31 consists of transactions with:

	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
	(In Millions of Pesos)			
BSP	**16,163**	19,450	**15,800**	15,819
Other banks	**14,733**	10,836	**14,267**	10,839
	30,896	30,286	**30,067**	26,658
Accrued interest receivable	**2**	6	**2**	5
	30,898	30,292	**30,069**	26,663
Allowance for impairment	**(46)**	(41)	**(46)**	(41)
	30,852	30,251	**30,023**	26,622

As at December 31, 2021, Interbank loans receivable and SPAR maturing within 90 days from the date of acquisition amounting to P26,999 million (2020 - P28,945 million) for the BPI Group and P26,292 million (2020 - P25,314 million) for the Parent Bank are classified as cash equivalents in the statements of cash flows (Note 4).

Government bonds are pledged by the BSP as collateral under reverse repurchase agreements. The aggregate face value of securities pledged approximates the total balance of outstanding placements as at reporting date.

The range of average interest rates (%) of interbank loans receivable and SPAR for the years ended December 31 are as follows:

	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
Peso-denominated	**2.00 - 8.28**	2.00 - 8.28	**2.00 - 8.28**	2.00 - 8.28
US dollar-denominated	**0.02 - 0.47**	0.07 - 0.30	**0.02 - 0.47**	0.07 - 0.30

Note 6 - Financial Assets at Fair Value through Profit or Loss (FVTPL)

The account at December 31 consists of:

	Note	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
		(In Millions of Pesos)			
Debt securities					
Government securities		**14,343**	29,942	**11,872**	28,784
Commercial papers of private companies		**3,250**	2,410	**183**	365
Listed equity securities		**188**	70	**-**	-
Derivative financial assets	7	**3,553**	4,788	**3,520**	4,716
		21,334	37,210	**15,575**	33,865

All financial assets at FVTPL held by the BPI Group and the Parent Bank are classified as current.

Note 7 - Derivative Financial Instruments

Derivatives held by the BPI Group consist mainly of the following:

- Foreign exchange forwards represent commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. Settlement can be made via full delivery of forward proceeds or via payment of the difference (non-deliverable forward) between the contracted forward rate and the prevailing market rate at maturity.

- Foreign exchange swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future.

- Interest rate swaps refer to agreement to exchange fixed rate versus floating interest payments (or vice versa) on a reference notional amount over an agreed period.

- Cross currency swaps refer to an exchange of notional amounts on two currencies at a given exchange rate where the parties on the transaction agree to pay a stated interest rate on the received notional amount and accept a stated interest rate on the delivered notional amount, payable and receivable or net settled (non-deliverable swaps) periodically over the term of the transaction.

The BPI Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the BPI Group assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative financial instruments as at December 31 are set out below:

Consolidated

	Assets		Liabilities	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**232**	851	**310**	1,699
Currency forwards	**1,488**	560	**1,584**	806
Interest rate swaps	**1,821**	3,088	**1,738**	3,152
Warrants	**2**	1	**-**	-
Equity option	**10**	10	**-**	-
Held for hedging				
Cross currency interest rate swap	**-**	278	**-**	-
	3,553	4,788	**3,632**	5,657

Parent

	Assets		Liabilities	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**232**	851	**310**	1,699
Currency forwards	**1,465**	498	**1,497**	806
Interest rate swaps	**1,821**	3,088	**1,738**	3,152
Warrants	**2**	1	**-**	-
Held for hedging				
Cross currency interest rate swap	**-**	278	**-**	-
	3,520	4,716	**3,545**	5,657

The Parent Bank was granted a Type 1 Derivative License by the BSP allowing it to issue options and hedged investments, among others.

Cash flow hedge of foreign currency-denominated bond

Consistent with its established risk management framework and asset liability management strategies, the Parent Bank decided to hedge the foreign currency exposure arising from the CHF-denominated debt (hedged item) issued in 2019 (Note 16).

The Parent Bank aims to minimize or reduce the volatility in the overall portfolio brought about by the movement of CHF against the US Dollar through a hedging instrument - cross currency interest rate swap (CCIRS). Under the terms of the CCIRS, the Parent Bank agrees to receive CHF in exchange for US Dollar at settlement date which coincides with the maturity date of the hedged item. The volatility arising from movement of US Dollar against the functional currency (Philippine Peso), however, is managed in conjunction with the Parent Bank's overall foreign currency risk management. The hedge ratio of 1:1 is observed so as not to create an imbalance that would create hedge ineffectiveness.

On September 24, 2021, the Parent Bank's CCIRS hedging instrument matured resulting in a net gain of P290 million attributable to the net cash inflow from receive leg of CHF100 million or P5,493 million and pay leg of USD 102 million or P5,203 million. The hedged item matured on the same date resulting in a cash settlement of CHF100 million or P5,493 million.

Critical accounting estimate - Determination of fair value of derivatives and other financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The BPI Group considers that it is impracticable, however, to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active markets.

Note 8 - Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Debt securities				
Government securities	**122,966**	100,063	**105,369**	91,971
Commercial papers of private companies	**7,869**	26,092	**7,869**	26,006
	130,835	126,155	**113,238**	117,977
Accrued interest receivable	**555**	696	**475**	646
	131,390	126,851	**113,713**	118,623
Equity securities				
Listed	**1,982**	1,784	**1,517**	1,369
Unlisted	**1,369**	1,551	**311**	308
	3,351	3,335	**1,828**	1,677
	134,741	130,186	**115,541**	120,300

The BPI Group has designated a small portfolio of equity securities from listed and unlisted private corporations as financial assets at FVOCI. The BPI Group adopted this presentation as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Debt securities classified as financial assets at FVOCI are classified as follows

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Current (within 12 months)	**34,060**	42,777	**26,921**	41,472
Non-current (over 12 months)	**97,330**	84,074	**86,792**	77,151
	131,390	126,851	**113,713**	118,623

The range of average effective interest rates (%) of financial assets at FVOCI for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Peso-denominated	**1.58 - 8.57**	1.70 - 7.18	**1.58 - 7.18**	1.70 - 7.18
Foreign currency-denominated	**0.01 - 4.41**	0.06 - 5.73	**0.01 - 4.41**	0.06 - 5.73

Interest income from debt instruments recognized in the statement of income for the year ended December 31, 2021 amounts to P2,473 million (2020 - P3,398 million; 2019 - P1,937 million) and P2,306 million (2020 - P3,124 million; 2019 - P1,871 million) for the BPI Group and Parent Bank, respectively.

Dividend income from equity instruments recognized in the statement of income under other operating income for the year ended December 31, 2021 amounts to P30 million (2020 - P57 million; 2019 - P76 million) and P16 million (2020 - P48 million; 2019 - P48 million) for the BPI Group and Parent Bank, respectively.

Note 9 - Investment Securities at Amortized Cost, net

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Government securities	**293,751**	166,907	**292,573**	150,209
Commercial papers of private companies	**42,039**	75,411	**37,809**	64,522
	335,790	242,318	**330,382**	214,731
Accrued interest receivable	**2,888**	2,348	**2,817**	2,092
	338,678	244,666	**333,199**	216,823
Allowance for impairment	**(6)**	(13)	**(6)**	(13)
	338,672	244,653	**333,193**	216,810

The range of average effective interest rates (%) for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Peso-denominated	**1.61 - 8.13**	1.67 - 4.20	**1.61 - 8.13**	1.67 - 4.20
Foreign currency-denominated	**0.13 - 4.88**	2.45 - 2.61	**0.16 - 4.88**	2.45 - 2.61

In 2021, the BPI Group and the Parent Bank recognized a net gain on derecognition of P1,513 million (2020 - P4,647 million) and P1,166 million (2020 - P4,078 million), due mainly to its disposal of a portfolio of debt securities in response to an impending change in tax regulations and as part of disposal of the entire portfolio of investments securities at amortized cost of a significant subsidiary. Consistent with the allowed sales of investments under the hold-to-collect business model following the requirements of PFRS 9, Financial Instruments, and BSP Circular 708, the circumstances resulting in the disposals are deemed isolated and non-recurring events that are beyond the BPI Group's control and could not have been reasonably anticipated at the time that the business model has been established. In 2019, the BPI Group and the Parent Bank sold an insignificant amount of debt securities, which resulted in a gain of P128 million and P104 million, respectively.

Interest income from these investment securities recognized in the statement of income for the year ended December 31, 2021 amounts to P7,657 million (2020 - P8,398 million; 2019 - P10,318 million) and P7,347 million (2020 - P7,386 million; 2019 - P9,675 million) for the BPI Group and the Parent Bank, respectively.

Investment securities at amortized cost are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Current (within 12 months)	**29,061**	46,389	**28,384**	33,404
Non-current (over 12 months)	**309,611**	198,264	**304,809**	183,406
	338,672	244,653	**333,193**	216,810

As at December 31, 2021, the Parent Bank has P4,421 million (2020 - P1,755 million) outstanding securities overlying securitization structures (SOSS) measured at amortized cost. The securities are held for collection of contractual cash flows until maturity and those cash flows represent solely payments of principal and interest.

Critical accounting judgment - Classification of investment securities at amortized cost

The BPI Group classifies its financial assets at initial recognition as to whether it will be subsequently measured at FVOCI, at amortized cost, or at FVTPL. The BPI Group determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The BPI Group determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at FVTPL.

Note 10 - Loans and Advances, net

Details of this account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Corporate loans		(In Millions of Pesos)		
Large corporate customers	**1,169,551**	1,112,069	**1,151,417**	1,092,514
Small and medium enterprise	**66,594**	66,869	**48,678**	49,699
Retail loans				
Credit cards	**76,048**	68,057	**74,125**	65,686
Real estate mortgages	**153,303**	140,552	**10**	10
Auto loans	**51,182**	51,045	**3**	-
Others	**11,952**	11,616	**283**	616
	1,528,630	1,450,208	**1,274,516**	1,208,525
Accrued interest receivable	**7,819**	8,976	**5,447**	6,180
Unearned discount/income	**(6,158)**	(5,013)	**(6,047)**	(4,838)
	1,530,291	1,454,171	**1,273,916**	1,209,867
Allowance for impairment	**(53,764)**	(46,758)	**(40,864)**	(34,796)
	1,476,527	1,407,413	**1,233,052**	1,175,071

As at December 31, 2021 and 2020, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 16).

Loans and advances include amounts due from related parties (Note 25).

Loans and advances are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
		(In Millions of Pesos)		
Current (within 12 months)	**520,838**	520,304	**488,979**	489,943
Non-current (over 12 months)	**1,009,453**	933,867	**784,937**	719,924
	1,530,291	1,454,171	**1,273,916**	1,209,867

Finance lease operations (the BPI Group as the lessor)

In December 2020, certain receivables from finance lease arrangements of BPI Century Tokyo Lease and Finance Corporation (BPI CTL) amounting to P5,669 million were assigned to BPI and BFB. These loan accounts are subsequently grouped as part of "Corporate loans" and "Auto loans" categories for BPI and BFB, respectively. Guaranteed deposits related to the assigned receivables were not transferred to BPI and BFB and have been retained by BPI CTL.

Until December 22, 2020, the BPI Group, through BPI CTL is engaged in the leasing out of transportation equipment under various finance lease arrangements which typically run for a non-cancellable period of five years. The lease contracts generally include an option for the lessee to purchase the leased asset after the lease period at a price that approximates to about 5% to 40% of the fair value of the asset at the inception of the lease. Likewise, the lease contract requires the lessee to put up a guarantee deposit equivalent to the residual value of the leased asset at the end of lease term. In the event that the residual value of the leased asset exceeds the guaranteed deposit liability at the end of the lease term, the BPI Group receives additional payment from the lessee prior to the transfer of the leased asset.

Effective December 23, 2020, the majority ownership in BPI CTL was transferred to Tokyo Century Corporation (TCC) (Note 12). The loss of control of the Parent Bank over BPI CTL resulted in the deconsolidation of the finance lease operations in the books of the BPI Group as at December 31, 2020.

The range of average interest rates (%) of loans and advances for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Commercial loans				
Peso-denominated loans	**4.33 - 4.59**	4.53 - 5.20	**4.30 - 4.56**	4.75 - 5.25
Foreign currency-denominated loans	**2.50 - 2.97**	2.32 - 3.98	**2.50 - 2.97**	2.41 - 3.98
Real estate mortgages	**5.65 - 6.20**	6.50 - 8.05	**-**	-
Auto loans	**8.86 - 9.63**	8.97 - 9.87	**-**	-

Details of the loans and advances portfolio at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**268,427**	257,311	**138,333**	132,600
Chattel mortgage	**51,878**	51,821	**6**	8
Others	**122,943**	203,629	**120,803**	201,013
	443,248	512,761	**259,142**	333,621
Unsecured loans	**1,079,224**	932,434	**1,009,327**	870,066
	1,522,472	1,445,195	**1,268,469**	1,203,687

Other collaterals include hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

Note 11 - Bank Premises, Furniture, Fixtures and Equipment, net

The details of and movements in the account are summarized below:

Consolidated

	2021				
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
	(In Millions of Pesos)				
Cost					
January 1, 2021		3,013	24,305	17,038	**44,356**
Additions		47	2,306	1,504	**3,857**
Disposals		(13)	(286)	(1,601)	**(1,900)**
Transfers		1	(24)	(2)	**(25)**
Other changes	20	-	(109)	2	**(107)**
December 31, 2021		**3,048**	**26,192**	**16,941**	**46,181**
Accumulated depreciation					
January 1, 2020		-	11,084	14,440	**25,524**
Depreciation and amortization		-	2,946	1,313	**4,259**
Disposals		-	(187)	(924)	**(1,111)**
Transfers		-	-	(2)	**(2)**
Other changes	20	-	(16)	2	**(14)**
December 31, 2021		**-**	**13,827**	**14,829**	**28,656**
Net book value, December 31, 2021		**3,048**	**12,365**	**2,112**	**17,525**

			2020			
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	Equipment for lease	**Total**
			(In Millions of Pesos)			
Cost						
January 1, 2020		3,019	21,956	17,023	6,131	**48,129**
Additions		-	857	1,733	1,072	**3,662**
Disposals		(6)	(4)	(1,684)	(842)	**(2,536)**
Transfers		-	2	(9)	(13)	**(20)**
Effect of deconsolidation	12	-	(2)	(25)	(6,348)	**(6,375)**
Other changes	20	-	1,496	-	-	**1,496**
December 31, 2020		**3,013**	**24,305**	**17,038**	**-**	**44,356**
Accumulated depreciation						
January 1, 2020		-	8,179	14,357	1,845	**24,381**
Depreciation and amortization		-	847	1,523	1,326	**3,696**
Disposals		-	(2)	(1,424)	(564)	**(1,990)**
Transfers		-	-	(5)	(7)	**(12)**
Effect of deconsolidation	12	-	(8)	(11)	(2,600)	**(2,619)**
Other changes	20	-	2,068	-	-	**2,068**
December 31, 2020		**-**	**11,084**	**14,440**	**-**	**25,524**
Net book value, December 31, 2020		**3,013**	**13,221**	**2,598**	**-**	**18,832**

Parent

			2021		
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
			(In Millions of Pesos)		
Cost					
January 1, 2021		2,668	20,783	15,160	38,611
Additions		46	1,978	1,296	3,320
Disposals		(13)	(278)	(1,542)	(1,833)
Transfers		2	(20)	-	(18)
Other changes	20	-	(2)	-	(2)
December 31, 2021		**2,703**	**22,461**	**14,914**	**40,078**
Accumulated depreciation					
January 1, 2021		-	9,563	12,917	22,480
Depreciation and amortization		-	2,326	1,083	**3,409**
Disposals		-	(181)	(873)	**(1,054)**
December 31, 2021		**-**	**11,708**	**13,127**	**24,835**
Net book value, December 31, 2021		**2,703**	**10,753**	**1,787**	**15,243**

			2020		
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
			(In Millions of Pesos)		
Cost					
January 1, 2020		2,668	18,956	15,177	**36,801**
Additions		-	750	1,547	**2,297**
Disposals		-	-	(1,564)	**(1,564)**
Other changes	20	-	1,077	-	**1,077**
December 31, 2020		**2,668**	**20,783**	**15,160**	**38,611**
Accumulated depreciation					
January 1, 2020		-	7,232	12,974	**20,206**
Depreciation and amortization		-	640	1,286	**1,926**
Disposals		-	-	(1,343)	**(1,343)**
Other changes	20	-	1,691	-	**1,691**
December 31, 2020		**-**	**9,563**	**12,917**	**22,480**
Net book value, December 31, 2020		**2,668**	**11,220**	**2,243**	**16,131**

As at December 31, 2021, the BPI Group has recognized construction-in-progress amounting to P475.1 million in relation to the redevelopment of its main office. This is recorded as part of "Buildings and leasehold improvements" category in the table above.

Other changes pertain to additions and remeasurement of right-of-use assets due to renewal of lease agreements, extension of lease terms and deferral of escalation clause on existing lease contracts. The impact of remeasurement is presented in Note 20.

Depreciation and amortization charges are included in "Occupancy and equipment-related expenses" category in the statements of income.

In 2021, the Parent Bank realized a gain of P78 million (2020 - P77 million) (Note 19) from the disposal of certain bank premises, furniture, fixtures and equipment.

Critical accounting estimate - Useful lives of bank premises, furniture, fixtures and equipment

The BPI Group determines the estimated useful lives of its bank premises, furniture, fixtures and equipment based on the period over which the assets are expected to be available for use. The BPI Group annually reviews the estimated useful lives of bank premises, furniture, fixtures and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of bank premises, furniture, fixtures and equipment.

Note 12 - Investments in Subsidiaries and Associates, net

This account at December 31 consists of investments in shares of stock as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Carrying value (net of impairment)				
Investments at equity method	**7,165**	7,510	-	-
Investments at cost method	**-**	-	**15,556**	11,039
	7,165	7,510	**15,556**	11,039

Investments in associates accounted for using the equity method in the consolidated statement of condition are as follows:

Name of entity	Place of business/ country of incorporation	Percentage of ownership interest		Acquisition cost	
		2021	2020	**2021**	2020
		(in %)		(In Millions of Pesos)	
Global Payments Asia-Pacific Philippines, Incorporated	Philippines	**49.00**	49.00	**1,342**	1,342
AF Payments, Inc. (AFPI)	Philippines	**20.00**	20.00	**940**	880
BPI AIA Life Assurance Corporation (formerly BPI-Philamlife Assurance Corporation)	Philippines	**47.96**	47.96	**389**	389
BPI CTL	Philippines	**49.00**	49.00	**316**	316
Beacon Property Ventures, Inc.	Philippines	**20.00**	20.00	**72**	72
CityTrust Realty Corporation	Philippines	**40.00**	40.00	**2**	2
				3,061	3,001

The movements in investments in associates accounted for using the equity method in the consolidated financial statements are summarized as follows:

	2021	2020
	(In Millions of Pesos)	
Acquisition cost		
At January 1	**3,001**	2,829
Additions during the year	**60**	60
Reclassification	**-**	(204)
Effect of deconsolidation	**-**	316
At December 31	**3,061**	3,001
Accumulated equity in net income		
At January 1	**4,201**	3,007
Share in net income for the year	**1,086**	487
Dividends received	**(1,211)**	(343)
Reclassification	**-**	(302)
Effect of deconsolidation	**-**	1,352
At December 31	**4,076**	4,201
Accumulated share in other comprehensive income (loss)		
At January 1	**448**	1,050
Share in other comprehensive income for the year	**(280)**	(589)
Effect of deconsolidation	**-**	(13)
At December 31	**168**	448
Allowance for impairment	**(140)**	(140)
	7,165	7,510

No associate is deemed individually significant for financial reporting purposes. Accordingly, the relevant unaudited financial information of associates as at and for the years ended December 31 are aggregated as follows:

	2021	2020
	(In Millions of Pesos)	
Total assets	**129,058**	128,719
Total liabilities	**114,717**	113,630
Total revenues	**24,044**	19,042
Total net income	**2,629**	1,484

The details of equity investments accounted for using the cost method in the separate financial statements of the Parent Bank follow:

	Acquisition cost		Allowance for impairment		Carrying value	
	2021	2020	**2021**	2020	**2021**	2020
			(In Millions of Pesos)			
Subsidiaries						
BPI Europe Plc.(BPI Europe)	**7,181**	3,160	**-**	-	**7,180**	3,160
BPI Direct BanKo, Inc., A Savings Bank (BanKo)	**2,009**	1,509	**-**	-	**1,392**	1,509
BPI Asset Management and Trust Corporation	**1,502**	1,502	**-**	-	**1,502**	1,502
Ayala Plans, Inc.	**864**	864	**-**	-	**864**	864
BPI Payments Holdings Inc. (BPHI)	**693**	633	**(672)**	(612)	**21**	21
BPI Capital Corporation	**623**	623	**-**	-	**623**	623
FGU Insurance Corporation	**303**	303	**-**	-	**303**	303
BPI Forex Corp.	**195**	195	**-**	-	**195**	195
BPI Family Savings Bank, Inc.	**150**	150	**-**	-	**150**	150
BPI Remittance Centre (HK) Ltd. (BERC HK)	**132**	132	**-**	-	**132**	132
First Far-East Development Corporation	**91**	91	**-**	-	**91**	91
FEB Stock Brokers, Inc.	**25**	25	**-**	-	**25**	25
BPI Computer Systems Corp.	**23**	23	**-**	-	**23**	23
Others	**317**	321	**-**	-	**935**	321
Associates	**2,120**	2,120	**-**	-	**2,120**	2,120
	16,228	11,651	**(672)**	(612)	**15,556**	11,039

In 2021, the Parent Bank made additional capital infusions to BPI Europe, BanKo and BPHI amounting to P4,021 million (2020 - P1,250 million), P500 million (2020 - P500 million) and P60 million (2020 - P60 million), respectively.

Likewise, the Parent Bank in 2021, recognized an impairment loss of P60 million (2020 - P313 million) on its investment in BPHI due to financial losses incurred by BPHI's associate, AFPI, as disclosed above. In computing for its recoverable amount, the Parent Bank used a discount rate of 13.08% (2020 - 11.63%) in assessing its value in use, which amounts to P21 million in 2021 (2020 - P21 million).

No non-controlling interest arising from investments in subsidiaries is deemed material to the BPI Group.

Critical accounting judgment and estimate - Impairment of investments in subsidiaries and associates

The BPI Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the BPI Group considers important which could trigger an impairment review include the following:

- significant decline in market value;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The BPI Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Management has not identified any indicators of impairment as at December 31, 2021 and 2020 in its subsidiaries apart from BPHI.

For the 2021 and 2020 reporting periods, the recoverable amount of the subsidiary was determined based on the higher between fair value less cost to sell and value-in-use (VIU) calculations which require the use of assumptions. The VIU calculations use cash flow projections based on financial budgets approved by management.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the recoverable amount of the subsidiary.

Discontinued operations

On November 18, 2020, the Board of Directors approved the transfer of the Parent Bank's majority ownership via the sale of its 2% share in BPI CTL effective December 22, 2020, to TCC, resulting in a 49% and 51% ownership structure between BPI and TCC. The consideration paid by TCC is equivalent to the price-to-book value multiple of 1.06x of BPI CTL's book value as at December 31, 2019.

Accordingly, the sale of shares resulting in a loss of control of the subsidiary was presented as discontinued operations. The financial performance and cash flow information presented below are for the period from January 1, 2020 to December 22, 2020 (2020 column), and for the year ended December 31, 2019.

	2020	2019
	(In Millions of Pesos)	
INTEREST INCOME		
On loans and advances	370	1,095
On investment securities	-	-
On deposits with BSP and other banks	1	1
	371	1,096
INTEREST EXPENSE		
On bills payable and other borrowed funds	271	726
NET INTEREST INCOME	100	370
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	418	260
NET INTEREST (EXPENSE) INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	(318)	110
OTHER INCOME		
Fees, commissions, and other operating income	949	1,867
Income (loss) from foreign exchange trading	28	(9)
	977	1,858
OTHER EXPENSES		
Compensation and fringe benefits	63	118
Occupancy and equipment-related expenses	727	1,543
Other operating expenses	115	228
	905	1,889
(LOSS) PROFIT BEFORE INCOME TAX	(246)	79
INCOME TAX EXPENSE		
Current	90	62
Deferred	(125)	(65)
	(35)	(3)
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	(211)	82

	2020	2019
	(In Millions of Pesos)	
Net cash flows from operating activities	3,791	941
Net cash flows from investing activities	3,539	3
Net cash flows from financing activities	(7,326)	(884)
Net increase in cash flows from discontinued operations	4	60

The carrying amounts of assets and liabilities of BPI CTL as at the date of sale (December 23, 2020) are as follows:

	Amount
	(In Millions of Pesos)
Due from other banks	1,769
Investment securities at amortized cost, net	12
Loans and advances, net	2,610
Bank premises, furniture, fixtures and equipment, net	3,756
Other assets, net	3,747
Total assets	**11,894**
Bills payable and other borrowed funds	5,472
Accrued taxes, interest and other expenses	170
Deferred credits and other liabilities	3,231
Total liabilities	**8,873**
Net assets	**3,021**

The details of the sale of the 2% ownership in CTL are as follows:

	Consolidated	Parent
	(In Millions of Pesos)	
Cash consideration received	72	72
Carrying amount of net assets sold	(62)	(13)
Gain on sale	10	59

The resulting gain is recorded as part of miscellaneous income under other operating income (Note 19).

Note 13 - Deferred Income Taxes

Details of deferred income tax assets and liabilities at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Deferred income tax assets				
Allowance for credit and impairment losses	**14,222**	15,067	**10,579**	10,675
Pension liability	**1,794**	2,558	**1,525**	2,368
Provisions	**304**	307	**225**	251
Others	**(102)**	155	**23**	144
Total deferred income tax assets	**16,218**	18,087	**12,352**	13,438
Deferred income tax liabilities				
Unrealized gain on property appraisal	**(395)**	(476)	**(395)**	(476)
Others	**(4)**	(86)	**(4)**	(124)
Total deferred income tax liabilities	**(399)**	(562)	**(399)**	(600)
Deferred income tax assets, net	**15,819**	17,525	**11,953**	12,838

Movements in net deferred income tax assets are summarized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**17,525**	9,706	**12,838**	6,653
Amounts recognized in statement of income	**(1,099)**	6,845	**(375)**	5,144
Amounts recognized in other comprehensive income	**(607)**	974	**(510)**	1,041
At December 31	**15,819**	17,525	**11,953**	12,838

Details of deferred income tax items recognized in the statements of income are as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Allowance for impairment	**(1,816)**	(6,637)	(946)	**(1,541)**	(4,992)	(718)
Pension	**(131)**	(45)	18	**(121)**	(55)	9
NOLCO	**(6)**	17	83	**-**	-	-
Others	**3,052**	(180)	160	**2,037**	(97)	126
	1,099	(6,845)	(685)	**375**	(5,144)	(583)

The deferred income tax benefit recognized in the statement of income of the BPI Group as presented above includes the portion of BPI CTL for the year ended December 31, 2020 and 2019 amounting to P125 million and P65 million, respectively (Note 12).

Critical accounting judgment - Realization of deferred income tax assets

Management 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 assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

Note 14 - Other Assets, net

The account at December 31 consists of the following:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Sundry debits	**9,458**	6,456	**9,367**	6,098
Accounts receivable	**2,928**	2,690	**6,405**	2,402
Intangible assets	**1,989**	2,530	**1,770**	2,178
Prepaid expenses	**1,426**	984	**1,153**	705
Rental deposits	**762**	762	**647**	650
Accrued trust and other fees	**715**	703	**136**	141
Creditable withholding tax	**216**	330	**76**	193
Investment properties	**165**	150	**153**	139
Miscellaneous assets	**3,333**	3,224	**2,849**	2,728
	20,992	17,829	**22,556**	15,234
Allowance for impairment	**(1,099)**	(983)	**(908)**	(822)
	19,893	16,846	**21,648**	14,412

Sundry debits are float items caused by timing differences in recording of transactions. These float items are normally cleared within seven days.

Accounts receivable includes non-loan related receivables from merchants and service providers, litigation related receivables and receivables from employees.

Intangible assets comprise computer software costs, contractual customer relationships and management contracts.

Residual value of equipment for lease pertains to refundable operating and finance lease deposits held under BPI CTL.

Miscellaneous assets include postage stamps, stationery and supplies.

The allowance for impairment pertains mainly to accounts receivable. The reconciliation of the allowance for impairment at December 31 is summarized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**983**	515	**822**	310
Provision for impairment losses	**269**	684	**214**	614
Transfer/reallocation	**13**	-	**21**	(29)
Write-off	**(166)**	(216)	**(149)**	(73)
At December 31	**1,099**	983	**908**	822

Other assets are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Current (within 12 months)	**18,758**	15,079	**20,624**	12,907
Non-current (over 12 months)	**2,234**	2,750	**1,932**	2,327
	20,992	17,829	**22,556**	15,234

Note 15 - Deposit Liabilities

The account at December 31 consists of:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Demand	**369,079**	314,853	**356,398**	304,140
Savings	**1,137,124**	1,051,069	**1,012,722**	925,409
Time	**448,944**	350,255	**306,665**	240,661
	1,955,147	1,716,177	**1,675,785**	1,470,210

Deposit liabilities include amounts due to related parties (Note 25).

Deposit liabilities are expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	**2020**	2019
	(In Millions of Pesos)			
Current (within 12 months)	**1,087,175**	731,596	**957,669**	646,179
Non-current (over 12 months)	**867,972**	984,581	**718,116**	824,031
	1,955,147	1,716,177	**1,675,785**	1,470,210

In 2019, the Parent Bank issued the first tranche of long-term negotiable certificates of deposit (LTNCD) amounting to P3 billion out of the established P50-billion LTNCD program approved by the BSP. The LTNCDs pay interest on a quarterly basis at a rate 4% per annum and carry a tenor of 5.5 years maturing on April 25, 2025. The proceeds from the LTNCD issuance are included in "Time deposits" category.

Related interest expense on deposit liabilities is presented below:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Demand	**377**	625	628	**359**	578	574
Savings	**3,419**	6,053	6,738	**2,841**	4,944	5,541
Time	**6,372**	12,308	21,508	**2,387**	7,255	15,361
	10,168	18,986	28,874	**5,587**	12,777	21,476

BSP reserve requirement

The Parent Bank and its bank subsidiaries should comply with a minimum reserve requirement on deposit and deposit substitute liabilities in local currency.

In 2020, the BSP approved the reduction in reserves which brought the requirement down to 12% for universal and commercial banks effective April 3, 2020 by virtue of BSP Circular 1082. For thrift banks, the BSP approved reduction in reserves which brought the requirement from 4% down to 3% effective July 31, 2020 by virtue of BSP Circular 1092. These rates continue to be consistent throughout 2021.

Reserves must be set aside in deposits with the BSP. As at December 31, 2021, the reserves (included in Due from BSP) amounted to P175,759 million (2020 - P154,696 million) for the BPI Group and P167,530 million (2020 - P147,618 million) for the Parent Bank. The BPI Group is in full compliance with the reserve requirement as at December 31, 2021 and 2020.

Note 16 - Bills Payable and Other Borrowed Funds

The account at December 31 consists of:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Bills payable				
Local banks	-	5,406	-	5,406
Foreign banks	**2,906**	18,190	-	16,136
Other borrowed funds	**92,133**	128,351	**82,550**	118,806
	95,039	151,947	**82,550**	140,348

Bills payable

Bills payable include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As of December 31, 2021, the Parent Bank no longer holds any bills payable as they all matured within the year. The average payment terms of these bills payable is 1.12 years (2020 - 0.59 years).

The range of average interest rates (%) of bills payable for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Private firms and local banks - Peso-denominated	**-**	0.89 - 4.30	**-**	0.89 - 4.00
Foreign banks - Foreign currency-denominated	**0.77 - 1.44**	0.11 - 2.85	**0.77 - 1.44**	0.11 - 2.85

Other borrowed funds

This represents funds raised via the BPI Group's debt issuance programs as follows:

a) Peso Bond and Commercial Paper Program

In 2018, the Parent Bank established a Peso Bond and Commercial Paper Program in the aggregate amount of up to P50,000 million, out of which a total of P25,000 million notes were issued with a coupon of 6.797% per annum, payable quarterly which matured on March 6, 2020. On November 20, 2019, BPI's Board of Directors approved the issuance of peso-denominated bonds and commercial papers of up to P100 billion, in one or more tranches, under an updated Bank Bond Issuance Program with drawdowns as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount 2021	Carrying amount 2020
Fixed rate bonds, unconditional, unsecured and unsubordinated bonds	January 24, 2020	4.24%	January 24, 2022	15,328	**15,328**	15,251
Fixed rate bonds, unconditional, unsecured and unsubordinated bonds	March 27, 2020	4.05%	September 27, 2021	33,896	**-**	33,724
BPI CARe bonds, unconditional, unsecured and unsubordinated bonds	August 7, 2020	3.05%	May 7, 2022	21,500	**21,463**	21,391

Likewise, on October 31, 2019, the BOD of BFB, a wholly-owned subsidiary, approved the establishment of a Peso Bond Program in the aggregate amount of P35,000 million. In line with the said program, on December 16, 2019, BFB issued P9,600 million with a coupon of 4.30% per annum, payable quarterly to mature on June 16, 2022 and with a carrying amount of P9,584 million as at December 31, 2021 (2020 - P9,545 million).

The Parent Bank's fixed rate bonds with a coupon rate of 4.05% matured on September 27, 2021 resulting in a cash settlement of P33,896 million.

b) Medium-Term Note (MTN) Program

On June 21, 2018, the BOD of the Parent Bank approved the establishment of the MTN Program in the aggregate amount of up to US$2,000 million with drawdowns as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount 2021	Carrying amount 2020
					(In Millions of Pesos)	
US$ 600 million, 5-year senior unsecured Bonds	September 4, 2018	4.25%	September 4, 2023	32,000	**30,519**	28,695
US$ 300 million, 5-year senior unsecured Green Bonds	September 10, 2019	2.50%	September 10, 2024	15,572	**15,240**	14,330
CHF 100 million, 2-year senior unsecured Green Bonds	September 24, 2019	-	September 24, 2021	5,250	**-**	5,415

The CHF-denominated bonds are designated as hedged items in a cash flow hedge initiated by the Parent Bank in 2019 (Note 7). These bonds matured on September 24, 2021, resulting in a cash settlement of CHF100 million or P5,493 million.

Interest expense for the years ended December 31 is summarized as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
			(In Millions of Pesos)			
Bills payable	**77**	471	2,823	**59**	458	2,834
Other borrowed funds	**4,789**	4,587	3,215	**4,337**	4,137	3,197
	4,866	5,058	6,038	**4,396**	4,595	6,031

The movements in bills payable and other borrowed funds are summarized as follows:

		Consolidated		Parent	
	Note	**2021**	2020	**2021**	2020
			(In Millions of Pesos)		
At January 1		**151,947**	150,837	**140,348**	126,529
Additions		**87,461**	233,553	**74,530**	185,258
Maturities		**(147,618)**	(221,404)	**(135,539)**	(165,879)
Amortization of discount		**462**	(238)	**424**	(275)
Exchange differences		**2,787**	(5,329)	**2,787**	(5,285)
Effect of deconsolidation	12	**-**	(5,472)	**-**	-
At December 31		**95,039**	151,947	**82,550**	140,348

Bills payable and other borrowed funds are expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
		(In Millions of Pesos)		
Current (within 12 months)	**48,261**	57,955	**36,791**	55,901
Non-current (over 12 months)	**46,778**	93,992	**45,759**	84,447
	95,039	151,947	**82,550**	140,348

Note 17 - Deferred Credits and Other Liabilities

The account at December 31 consists of the following:

		Consolidated		Parent	
	Note	**2021**	2020	**2021**	2020
			(In Millions of Pesos)		
Bills purchased - contra		**9,989**	12,802	**9,989**	12,801
Lease liabilities	20	**7,326**	7,811	**6,248**	6,559
Accounts payable		**5,396**	5,984	**3,397**	4,661
Other deferred credits		**4,129**	2,718	**342**	400
Outstanding acceptances		**2,842**	934	**2,842**	934
Due to the Treasurer of the Philippines		**1,182**	942	**1,031**	823
Withholding tax payable		**632**	604	**519**	438
Miscellaneous liabilities		**11,906**	14,062	**9,394**	10,487
		43,402	45,857	**33,762**	37,103

Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the BPI Group to its clients.

Accounts payable consists of unpaid balances arising from transfer tax payments, settlement fees and operating expenses.

Other deferred credits pertain to discount on purchased contract-to-sell receivables from developers. These are being amortized on a monthly basis over the life of the receivable using the effective interest rate method.

Miscellaneous liabilities include pension liability, allowance for credit losses for undrawn committed credit facilities and other employee-related payables.

The account is expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Current (within 12 months)	**32,810**	32,332	**24,770**	25,677
Non-current (over 12 months)	**10,592**	13,525	**8,992**	11,426
	43,402	45,857	**33,762**	37,103

Note 18 - Capital Funds

a) Share capital

Details of authorized share capital of the Parent Bank follow:

	2021	2020	2019
	(In Millions of Pesos, except par value per share)		
Authorized capital (at P10 par value per share)			
Common shares	**50,000**	49,000	49,000
Preferred A shares	**600**	600	600
	50,600	49,600	49,600

Details of the Parent Bank's subscribed common shares are as follows:

	2021	2020	2019
	(In absolute number of shares)		
Common shares			
At January 1	**4,513,101,605**	4,507,071,644	4,502,449,501
Subscription of shares during the year	**26,650**	6,029,961	4,622,143
At December 31	**4,513,128,255**	4,513,101,605	4,507,071,644
	(In absolute amounts)		
Subscription receivable	**-**	85,612,950	71,637,390

The BPI common shares are listed and traded in the PSE since October 12, 1971.

On February 10, 2014, additional 370,370,370 common shares were listed as a result of the stock rights offer. Likewise, on April 25, 2018, BPI completed its P50 billion stock rights offer, which paved the way for the issuance of 558,659,210 new common shares at P89.50 per share. The new shares were issued to shareholders as of record date April 6, 2018, at a ratio of 1:7.0594, or 1 new common share for every 7 shares held, or 14.2% of BPI's outstanding common shares. These new shares were listed on the Philippine Stock Exchange (PSE) on May 4, 2018.

As at December 31, 2021, 2020 and 2019, the Parent Bank has 12,084, 12,306 and 12,396 common shareholders, respectively. There are no preferred shares issued and outstanding at December 31, 2021, 2020 and 2019.

Preferred A shares shall have pre-emptive rights with respect to additional issues of Preferred A shares of the Parent Bank.

On June 8, 2021, the BSP approved the amendment to the Parent Bank's Articles of Incorporation reflecting the increase in its authorized share capital from 4.9 billion shares to 5 billion shares. The SEC approved the amendment on December 21, 2021.

b) Reserves

The account consists of:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Reserve for trust business	**389**	199	199	**-**	-	-
Executive stock option plan amortization	**141**	183	136	**126**	162	119
Reserve for self-insurance	**34**	34	34	**34**	34	34
General loan loss provision	**-**	-	4,739	**-**	-	4,739
	564	416	5,108	**160**	196	4,892

General loan loss provision (GLLP)

In 2018, the BSP issued Circular 1011 which mandates among others, banks to set up GLLP equal to 1% of all outstanding "Stage 1" on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. Under the said Circular, if the PFRS 9 "Stage 1" loan loss provision is lower than the required GLLP, the deficiency shall be recognized as an appropriation of retained earnings or surplus. Until December 31, 2019, the BPI Group has appropriated P4,739 million (2018 - P3,867 million) representing the excess of GLLP over PFRS 9 loan loss provision out of surplus to meet the requirements of the BSP. As at December 31, 2021 and December 31, 2020, the GLLP appropriation is nil as the loan loss provision for both periods are higher than the required GLLP.

Reserve for trust business

In compliance with existing BSP regulations, 10% of BPI AMTC's income from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business reaches 20% of the authorized capital of BPI AMTC.

Reserve for self-insurance

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of personnel and third parties.

Share-based compensation plan

The BOD of the Parent Bank approved to grant the Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP) to qualified beneficiaries/participants up to the following number of shares for future distribution:

Date	Approved ESOP shares	Approved ESPP shares
December 11, 2019	4,035,000	9,100,000
December 12, 2018	4,168,000	11,500,000
December 6, 2017	3,560,000	7,500,000
January 25, 2017	3,560,000	4,500,000

The ESOP has a three-year vesting period from grant date while the ESPP has a five-year payment period.

The exercise price for ESOP is equal to the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The weighted average fair value of options granted determined using the Black-Scholes valuation model was P19.04 and P6.50 for the options granted in December 2019 and 2018, respectively.

Movements in the number of share options under the ESOP are summarized as follows:

	2021	2020	2019
At January 1	**15,921,667**	13,965,001	11,773,334
Granted	**-**	3,950,000	4,000,000
Exercised	**(1,650,000)**	(141,667)	(1,116,666)
Cancelled	**(1,366,667)**	(1,851,667)	(691,667)
At December 31	**12,905,000**	15,921,667	13,965,001
Exercisable	**9,095,002**	8,526,667	6,733,334

The impact of ESOP is not considered material to the financial statements; thus, the disclosures were limited only to the information mentioned above.

The subscription price for ESPP is equivalent to 15% below the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The subscription dates for the last three-year ESPP were on February 4, 2020, January 7, 2019 and January 8, 2018.

c) Accumulated other comprehensive loss

Details of and movements in the account are as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Fair value reserve on financial assets at FVOCI						
At January 1	**559**	(84)	(33)	**932**	(61)	69
From continuing operations						
Unrealized fair value loss before tax	**(2,864)**	(69)	(424)	**(2,779)**	889	(94)
Amount recycled to profit or loss	**47**	494	387	**148**	479	(32)
Deferred income tax effect	**(772)**	218	(14)	**(628)**	(375)	(4)
At December 31	**(3,030)**	559	(84)	**(2,327)**	932	(61)
Share in other comprehensive income (loss) of insurance subsidiaries						
At January 1	**219**	118	(36)	**-**	-	-
Share in other comprehensive income (loss) for the year, before tax	**(184)**	131	389	**-**	-	-
Effect of PFRS9 adoption	**-**	-	(229)	**-**	-	-
Deferred income tax effect	**36**	(30)	(6)	**-**	-	-
At December 31	**71**	219	118	**-**	-	-
Share in other comprehensive income (loss) of associates						
At January 1	**446**	1,048	(206)	**-**	-	-
Share in other comprehensive (loss)income for the year	**(280)**	(602)	1,254	**-**	-	-
At December 31	**166**	446	1,048	**-**	-	-
Translation adjustment on foreign operations						
At January 1	**(1,144)**	(906)	(704)	**(291)**	(124)	-
Translation differences and others	**627**	(238)	(202)	**291**	(167)	(124)
At December 31	**(517)**	(1,144)	(906)	**-**	(291)	(124)
Remeasurements of defined benefit obligation, net						
At January 1	**(5,979)**	(2,615)	(1,197)	**(4,929)**	(2,131)	(990)
From continuing operations						
Actuarial gains (losses) for the year	**1,372**	(4,729)	(1,829)	**1,039**	(4,214)	(1,508)
Deferred income tax effect	**(753)**	1,368	427	**(608)**	1,416	367
From discontinued operations						
Actuarial losses for the year	**-**	(7)	(22)	**-**	-	-
Deferred income tax effect	**-**	4	6	**-**	-	-
At December 31	**(5,360)**	(5,979)	(2,615)	**(4,498)**	(4,929)	(2,131)
	(8,670)	(5,899)	(2,439)	**(6,825)**	(4,288)	(2,316)

d) Dividend declarations

Cash dividends declared by the BOD of the Parent Bank are as follows:

	Amount of dividends	
Date declared	Per share	Total
		(In Millions of Pesos)
For the year ended December 31, 2021		
May 19, 2021	0.90	4,062
November 17, 2021	0.90	4,062
		8,124
For the year ended December 31, 2020		
May 20, 2020	0.90	4,062
October 21, 2020	0.90	4,062
		8,124
For the year ended December 31, 2019		
May 15, 2019	0.90	4,056
November 20, 2019	0.90	4,057
		8,113

On September 30, 2021, the BOD of BPI/MS Insurance Corporation, a subsidiary of the Parent Bank, approved the cash dividend declaration of P376 million to be paid on or before November 30, 2021, of which P184 million is attributable to the non-controlling interest.

e) Earnings per share (EPS)

EPS is calculated as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos, except earnings per share amounts)					
a) Net income attributable to equity holders of the Parent Bank from:						
Continuing operations	**23,880**	21,620	28,761	**22,783**	24,611	26,218
Discontinued operations	**-**	(211)	42	**-**	-	-
b) Weighted average number of common shares outstanding during the year	**4,513**	4,513	4,507	**4,513**	4,513	4,507
c) Basic EPS (a/b) based on net income from:						
Continuing operations	**5.29**	4.79	6.38	**5.05**	5.45	5.82
Discontinued operations	**-**	(0.05)	0.01	**-**	-	-

The basic and diluted EPS are the same for the years presented as the impact of stock options outstanding is not significant to the calculation of weighted average number of common shares.

Note 19 - Other Operating Income

Details of other operating income are as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Trust and asset management fees	**3,913**	3,495	2,868	**6**	5	4
Credit card income	**3,542**	3,091	3,523	**3,449**	3,013	3,423
Gain on sale of assets	**477**	372	1,284	**129**	124	898
Rental income	**236**	208	226	**285**	260	267
Dividend income	**30**	57	76	**6,939**	7,792	3,794
Miscellaneous income	**2,572**	1,919	2,298	**2,218**	2,265	2,101
	10,770	9,142	10,275	**13,026**	13,459	10,487

Dividend income recognized by the Parent Bank substantially pertains to dividend distributions of subsidiaries.

Miscellaneous income includes recoveries on charged-off assets, fees arising from service arrangements with customers and related parties and share in net income (loss) of associates.

Note 20 - Leases

The BPI Group (as lessee) has various lease agreements which mainly pertain to branch premises and equipment. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes. The balances arising from the lease contracts are presented below:

Right-of-use assets and lease liabilities (PFRS 16)

Details of right-of-use assets and lease liabilities as at December 31 are as follows:

		Consolidated		Parent	
	Notes	**2021**	2020	**2021**	2020
		(In Millions of Pesos)			
Right-of-use assets					
Buildings and leasehold improvements	11	**6,631**	7,222	**5,712**	6,114
Lease liabilities (included in "Deferred credits and other liabilities")	17				
Current		**2,486**	1,772	**2,188**	1,448
Non-current		**4,840**	6,039	**4,060**	5,111
		7,326	7,811	**6,248**	6,559

Additions to the right-of-use assets (Note 11) in 2021 aggregated P1,622 million (2020 - P1,484 million) and P1,351 million (2020 - P1,074 million) for BPI Group and BPI Parent, respectively. Total cash outflow for leases in 2021 amounted to P2,211 million (2020 - P1,814 million) and P1,724 million (2020 - P1,387 million) for BPI Group and BPI Parent, respectively.

Amounts recognized in the statement of income relating to leases:

		Consolidated		Parent	
	Note	**2021**	2020	**2021**	2020
		(In Millions of Pesos)			
Depreciation expense					
Buildings and leasehold improvements	11	**2,029**	2,068	**1,663**	1,691
Interest expense (included in "Occupancy and equipment-related expenses")		**313**	357	**246**	279
Expense relating to short-term leases (included in "Occupancy and equipment-related expenses")		**141**	125	**141**	117
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "Occupancy and equipment-related expenses")		**144**	108	**101**	57
		2,627	2,658	**2,151**	2,144

The BPI Group has received COVID-19 related rent discount and deferral of the escalation of lease payments and has applied the practical expedients allowed under PFRS 16, *Leases*, introduced in May 2020 in accounting for the rent concessions. Consequently, the BPI Group recognized the following amounts for the years ended December 31:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Rent concession (included in "Miscellaneous income")	**70**	149	**69**	141
Rent escalation deferral				
Increase (decrease) in right-of-use assets	**45**	(222)	**45**	(205)
Increase (decrease) in lease liabilities	**45**	(144)	**45**	(101)

Critical accounting judgment - Determining the lease term

In determining the lease term, the BPI Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Critical accounting judgment - Determining the incremental borrowing rate

To determine the incremental borrowing rate, each entity within the BPI Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which do not have recent third-party financing; and
- makes adjustments specific to the lease (e.g. term, currency and security).

The BPI Group's weighted average incremental borrowing rates applied to the lease liabilities ranged from 3.94% to 7.19% (2020 - 4.30% to 4.84%). The rates were determined in reference to the borrowing rates arising from the most recent debt issuances of the Parent Bank.

Note 21 - Operating Expenses

a) Compensation and fringe benefits

Details of the account for the years ended December 31:

		Consolidated			Parent		
	Note	**2021**	2020	2019	**2021**	2020	2019
		(In Millions of Pesos)					
Salaries and wages		**15,050**	14,896	14,517	**11,461**	11,411	11,231
Retirement expense	23	**1,443**	1,068	771	**1,135**	872	536
Other employee benefit expenses		**2,035**	2,041	2,081	**1,498**	1,587	1,712
		18,528	18,005	17,369	**14,094**	13,870	13,479

Other employee benefit expenses pertain to employee incentives like HMO coverage and SSS premiums.

b) Other operating expenses

Details of the account for the years ended December 31:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
			(In Millions of Pesos)			
Insurance	**4,188**	4,289	4,142	**3,090**	3,065	2,861
Taxes and licenses	**1,285**	1,263	927	**996**	957	657
Travel and communication	**1,123**	1,132	1,199	**950**	961	974
Advertising	**970**	804	1,492	**920**	754	1,316
Supervision and examination fees	**843**	733	653	**593**	570	506
Litigation expenses	**373**	430	549	**101**	249	308
Office supplies	**343**	390	477	**254**	309	389
Management and other professional fees	**337**	301	501	**254**	248	388
Amortization expense	**135**	339	311	**-**	-	30
Shared expenses	**-**	-	-	**53**	39	39
Others	**6,598**	5,862	5,988	**5,009**	4,636	4,590
	16,195	15,543	16,239	**12,220**	11,788	12,058

Insurance expense comprise mainly of premium payments made to Philippine Deposit Insurance Corporation and other product-related insurance costs.

Other expenses mainly include fees and incentives paid to agents, outsourcing fees, freight charges and other business expense such as those incurred in staff meetings, donations, periodicals and magazines.

Note 22 - Income Taxes

The reconciliation between the income tax expense at the statutory tax rate and the effective income tax for the years ended December 31 is shown below:

	Consolidated					
	2021		2020		2019	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	**8,384**	**25.00**	7,667	30.00	11,506	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**39**	**0.12**	(229)	(0.90)	(1,553)	(4.05)
Tax-exempt income	**(1,780)**	**(5.31)**	(5,320)	(20.82)	(2,925)	(7.63)
Others, net	**2,784**	**8.30**	1,788	6.88	2,327	6.07
Effective income tax	**9,427**	**28.11**	3,906	15.16	9,355	24.39

	Parent					
	2021		2020		2019	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	**7,465**	**25.00**	8,621	30.00	10,327	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**91**	**0.30**	(258)	(0.90)	(1,445)	(4.20)
Tax-exempt income	**(933)**	**(3.12)**	(3,823)	(13.30)	(1,637)	(4.76)
Others, net	**453**	**1.52**	(412)	(1.43)	960	2.79
Effective income tax	**7,076**	**23.70**	4,128	14.37	8,205	23.83

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill which provides for lower corporate income tax rates and rationalizes fiscal incentives had been signed into law by the President of the Philippines in 2021 but with an effective date of July 1, 2020. As a result of the CREATE law, the BPI Group recognized an adjustment in 2021 pertaining to the December 31, 2020 balances which resulted in a decrease of P819 million in current income tax expense and an increase of P2,718 million in deferred income tax expense using the weighted average effective annual income tax rate of 27.5%. The Parent Bank likewise recognized a decrease of P724 million in current income tax expense and an increase of P1,976 million in deferred income tax expense, respectively.

Note 23 - Retirement Plans

The BPI Group maintains both defined benefit and defined contribution retirement plans. Assets of both retirement plans are held in trust and governed by local regulations and practices in the Philippines. The key terms of these pension plans are discussed below.

a) Defined benefit retirement plan

BPI Group (excluding insurance operations)

BPI has a unified plan which covers all subsidiaries except insurance entities. Under this plan, the normal retirement age is 60 years. Those who elect to retire prior to the normal retirement age will require company approval, subject to meeting the eligibility conditions on age and years of credited services. Normal retirement benefit consists of a lump sum benefit equivalent to 200% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered at least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service. For voluntary retirement, the benefit is equivalent to 112.50% of the employee's basic monthly salary for a minimum of 10 years of service with the rate factor progressing to a maximum of 200% of basic monthly salary for service years of 25 or more. Death or disability benefit, on the other hand, shall be the highest amount among the (1) same basis as in voluntary retirement; (2) 100% of basic monthly salary of the employee at the time of his retirement for each year of service; and (3) minimum amount required by Labor Code.

The net defined benefit cost and contributions to be paid by the entities within the BPI Group are determined by an independent actuary.

Non-life insurance subsidiary

BPI/MS Insurance Corporation has a separate trusteed defined benefit plan. Under the plan, the normal retirement age is 60 years. Normal retirement benefit consists of a lump sum benefit equivalent to 175% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered as least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service.

Death or disability benefit for all employees of the non-life insurance subsidiary shall be determined on the same basis as in normal or voluntary retirement as the case may be.

Following are the amounts recognized based on recent actuarial valuation exercise:

(a) Pension liability as at December 31 recognized in the statement of condition:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Present value of defined benefit obligation	**15,580**	16,532	**13,361**	14,008
Fair value of plan assets	**(9,999)**	(9,189)	**(8,504)**	(7,762)
Pension liability recognized in the statement of condition	**5,581**	7,343	**4,857**	6,246
Effect of asset ceiling	**23**	16	**-**	-
	5,604	7,359	**4,857**	6,246

Pension liability is shown as part of "Miscellaneous liabilities" within Deferred credits and other liabilities (Note 17).

The movements in plan assets are summarized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**9,189**	12,172	**7,762**	10,130
Contributions	**1,386**	915	**1,194**	770
Interest income	**356**	666	**299**	556
Benefit payments	**(909)**	(2,077)	**(733)**	(1,633)
Remeasurement - return on plan assets	**(23)**	(2,468)	**(18)**	(2,061)
Effect of deconsolidation	**-**	(19)	**-**	-
At December 31	**9,999**	9,189	**8,504**	7,762

The carrying values of the plan assets represent their fair value as at December 31, 2021 and 2020.

The plan assets are comprised of the following:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Debt securities	**6,228**	4,343	**5,297**	3,668
Equity securities	**2,692**	3,807	**2,289**	3,216
Others	**1,079**	1,039	**918**	878
	9,999	9,189	**8,504**	7,762

The plan assets of the unified retirement plan include investment in BPI's common shares with aggregate fair value of P485 million at December 31, 2021 (2020 - P390 million). An officer of the Parent Bank exercises the voting rights over the plan's investment in BPI's common shares.

Others include cash and cash equivalents and other receivables.

The movements in the present value of defined benefit obligation are summarized as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**16,532**	14,892	**14,008**	12,545
Interest cost	**654**	830	**555**	698
Current service cost	**853**	756	**703**	628
Remeasurement - changes in financial assumptions	**(1,313)**	2,265	**(1,094)**	1,832
Remeasurement - experience adjustment	**(18)**	(80)	**97**	(62)
Remeasurement - changes in demographic assumption	**(219)**	-	**(175)**	-
Benefit payments	**(909)**	(2,077)	**(733)**	(1,633)
Effect of deconsolidation	**-**	(54)	**-**	-
At December 31	**15,580**	16,532	**13,361**	14,008

The BPI Group has no other transactions with the plan other than the regular funding contributions presented above for the years ended December 31, 2021 and 2020.

(b) Expense recognized in the statement of income for the year ended December 31 are as follows:

	Consolidated			Parent		
	2021	2020	2019	**2021**	2020	2019
	(In Millions of Pesos)					
Current service cost	**853**	754	545	**703**	628	456
Net interest cost	**298**	164	86	**256**	142	80
	1,151	918	631	**959**	770	536

The current service cost and net interest cost of the BPI Group as presented above include the portion of BPI CTL for the year ended December 31, 2019 amounting to P2.4 million.

The principal assumptions used for the actuarial valuations of the unified plan are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Discount rate	**4.93%**	3.96%	**4.93%**	3.96%
Future salary increases	**5.00%**	5.00%	**5.00%**	5.00%

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The defined benefit plan typically exposes the BPI Group to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the defined benefit obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the BPI Group. However, the BPI Group believes that due to the long-term nature of the pension liability and the strength of the BPI Group itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the BPI Group's long-term strategy to manage the plan efficiently.

The BPI Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The BPI Group's main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The BPI Group contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary engaged by management. The expected contributions for the year ending December 31, 2022 for the BPI Group and the Parent Bank amount to P1,312 million and P1,111 million, respectively (2020 - P1,562 million and P1,301 million, respectively). The weighted average duration of the defined benefit obligation under the BPI unified retirement plan as at December 31, 2021 is 8.12 years (2020 - 9.56 years).

The projected maturity analysis of retirement benefit payments as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Up to one year	**1,535**	1,225	**1,346**	1,081
More than 1 year to 5 years	**5,671**	4,715	**4,997**	4,302
More than 5 years to 10 years	**9,397**	8,604	**8,018**	7,388
More than 10 years to 15 years	**8,430**	9,781	**7,111**	8,127
More than 15 years to 20 years	**4,839**	5,243	**3,905**	4,327
Over 20 years	**13,553**	18,369	**10,428**	12,669

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2021

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1.00%	Decrease by 7.60%	Increase by 8.70%
Salary growth rate	1.00%	Increase by 8.60%	Decrease by 7.60%

2020

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	Decrease by 5.40%	Increase by 6.00%
Salary growth rate	1.0%	Increase by 10.10%	Decrease by 8.80%

Parent

2021

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1.00%	Decrease by 7.40%	Increase by 8.50%
Salary growth rate	1.00%	Increase by 8.40%	Decrease by 7.50%

2020

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	**Decrease in assumption**
Discount rate	0.5%	Decrease by 4.40%	Increase by 4.70%
Salary growth rate	1.0%	Increase by 9.60%	Decrease by 8.50%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statement of condition.

b) Defined contribution retirement plan subject to the requirements of Republic Act (RA) No. 7641

All non-unionized employees hired on or after the January 1, 2016 are automatically under the new defined contribution plan. Employees hired prior to the effective date shall have the option to elect to become members of the new defined contribution plan.

Under the normal or late retirement, employees are entitled to a benefit equal to the total of the following amounts:

- The higher between (a) cumulative fund balance equivalent to 8% of the basic monthly salary and (b) the minimum legal retirement benefit under the Labor Code; and
- Employee contributions fund

The defined contribution retirement plan has a defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, the liability for the defined benefit minimum guarantee is actuarially calculated similar to the defined benefit plan.

The funding status of the defined contribution plan as at December 31 is shown below:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Fair value of plan assets	**1,981**	1,478	**1,474**	1,102
Present value of defined benefit obligation	**(760)**	(1,069)	**(563)**	(692)
	1,221	409	**911**	410
Effect of asset ceiling	**1,221**	428	**911**	410
	-	(19)	**-**	-

The movements in the present value of the defined benefit obligation follow:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**1,069**	811	**692**	604
Interest cost	**42**	45	**27**	34
Current service cost	**196**	154	**112**	105
Benefit payments	**(71)**	(93)	**(49)**	(73)
Remeasurement - changes in financial assumptions	**(155)**	303	**(112)**	189
Remeasurement - experience adjustment	**(65)**	(146)	**79**	(167)
Remeasurement - changes in demographic assumptions	**(256)**	-	**(186)**	-
Effect of deconsolidation	**-**	(5)	**-**	-
At December 31	**760**	1,069	**563**	692

The movements in the fair value of plan assets follow:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
At January 1	**1,478**	1,748	**1,102**	1,325
Contribution paid by employer	**320**	318	**220**	218
Interest income	**62**	101	**46**	77
Benefit payments	**(71)**	(93)	**(49)**	(73)
Remeasurement - return on plan assets	**192**	(585)	**155**	(445)
Effect of deconsolidation	**-**	(11)	**-**	-
At December 31	**1,981**	1,478	**1,474**	1,102

Total retirement expense for the year ended December 31, 2021 under the defined contribution plan for the BPI Group and Parent Bank amounts to P193 million (2020 - P150 million) and P110 million (2020 - P102 million), respectively.

The components of plan assets of the defined contribution as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Debt securities	**1,139**	720	**847**	537
Equity securities	**839**	695	**624**	518
Others	**3**	63	**3**	47
	1,981	1,478	**1,474**	1,102

The weighted average duration of the defined contribution retirement plan for the BPI Group and Parent Bank is 18.88 years (2020 - 20.46 years).

Critical accounting estimate - Calculation of defined benefit obligation

The BPI Group estimates its pension benefit obligation and expense for defined benefit pension plans based on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and future salary increases. The BPI Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. The present value of the defined benefit obligations of the BPI Group at December 31, 2021 and 2020 are determined using the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested in either equity securities, debt securities or other forms of investments. Equity markets may experience volatility, which could affect the value of pension plan assets. This volatility may make it difficult to estimate the long-term rate of return on plan assets. Actual results that differ from the BPI Group's assumptions are reflected as remeasurements in other comprehensive income. The BPI Group's assumptions are based on actual historical experience and external data regarding compensation and discount rate trends.

Note 24 - Asset Management Business

At December 31, 2021, the net asset value of trust and fund assets managed by the BPI Group through BPI AMTC amounts to P882 billion (2020 - P854 billion).

As required by the General Banking Act, BPI AMTC has deposited government securities with the BSP valued at P503 million (2020 - P426 million).

Note 25 - Related Party Transactions

In the normal course of business, the Parent Bank transacts with related parties consisting of its subsidiaries and associates. Likewise, the BPI Group has transactions with Ayala Corporation (AC) and subsidiaries (Ayala Group), on an arm's length basis. AC is a significant stockholder of BPI as at reporting date.

The Parent Bank has a Board-level Related Party Transactions Committee that vets and endorses all significant related party transactions, including those involving directors, officers, stockholders and their related interests (DOSRI), for which the latter shall require final Board approval. The Committee consists of three directors, majority of whom are independent directors including the Chairman, and two non-voting members from management, namely, the Chief Audit Executive and the Chief Compliance Officer.

Transactions with related parties have terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market.

A summary of significant related party transactions and outstanding balances as at and for the years ended December 31 is shown below (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Consolidated

	2021		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	**(189)**	**-**	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 9.63% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	**(449)**	**60**	
Ayala Group	**(11,314)**	**65,195**	
Other related parties	**(23,614)**	**546**	
	(35,566)	**65,801**	
Deposits from:			
Subsidiaries	**3,441**	**11,383**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.24% Time - 1.73% to 2.00% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	**(4)**	**1,273**	
Ayala Group	**(7,349)**	**11,401**	
Key management personnel	**200**	**984**	
	(3,712)	**25,041**	

	2020		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	131	189	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.32% to 9.87% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	159	509	
Ayala Group	16,624	76,509	
Other related parties	23,424	24,160	
	40,338	101,367	
Deposits from:			
Subsidiaries	(1,804)	7,942	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.13% to 0.26% Savings - 0.25% to 0.61% Time - 1.91% to 3.65% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(626)	1,277	
Ayala Group	5,463	18,750	
Key management personnel	(454)	783	
	2,579	28,752	

	2019		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	5	58	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 4.18% to 10.69% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(38)	350	
Ayala Group	27,306	59,885	
Other related parties	275	736	
	27,548	61,029	
Deposits from:			
Subsidiaries	1,024	9,746	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.22% to 0.27% Savings - 0.59% to 0.62% Time - 3.61% to 5.15% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	1,486	1,903	
Ayala Group	(3,517)	13,287	
Key management personnel	694	1,238	
	(313)	26,174	

Parent

	2021		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	**-**	**-**	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 4.56% (including those pertaining to foreign currency-denominated loans) . These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	**(449)**	**60**	
Ayala Group	**(5,928)**	**65,195**	
Other related parties	**(7,025)**	**544**	
	(13,402)	**65,799**	
Deposits from:			
Subsidiaries	**3,399**	**11,331**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.22% Time - 0.79% to 1.04% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	**17**	**1,271**	
Ayala Group	**(6,721)**	**10,129**	
Key management personnel	**219**	**947**	
	(3,086)	**23,678**	

	2020		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	(58)	-	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.41% to 5.25% (including those pertaining to foreign currency-denominated loans). These are collectible at gross amount in cash and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	159	509	
Ayala Group	11,237	71,123	
Other related parties	6,833	7,569	
	18,171	79,201	
Deposits from:			
Subsidiaries	(1,782)	7,933	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.12% to 0.25% Savings - 0.24% to 0.56% Time - 0.99% to 3.44% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(632)	1,254	
Ayala Group	3,930	16,851	
Key management personnel	(378)	727	
	1,138	26,765	

	2019		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	5	58	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 0.10% to 5.88% (including those pertaining to foreign currency-denominated loans). These are collectible at gross amount in cash and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(38)	350	
Ayala Group	27,306	59,885	
Other related parties	275	736	
	27,548	61,029	
Deposits from:			
Subsidiaries	1,083	9,715	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.21% to 0.26% Savings - 0.55% to 0.58% Time - 3.27% to 5.41% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	1,473	1,887	
Ayala Group	(2,053)	12,921	
Key management personnel	642	1,105	
	1,145	25,628	

The aggregate amounts included in the determination of income before income tax (prior to elimination) that resulted from transactions with each class of related parties are as follows:

Consolidated

	2021	2020	2019
		(In Millions of Pesos)	
Interest income			
Subsidiaries	**5**	21	99
Associates	**11**	19	21
Ayala Group	**2,782**	3,283	2,867
Other related parties	**21**	910	44
	2,819	4,233	3,031
Other income			
Subsidiaries	**1,671**	1,896	2,260
Associates	**245**	1,246	1,511
Ayala Group	**2,470**	656	580
	4,386	3,798	4,351
Interest expense			
Subsidiaries	**5**	21	99
Associates	**1**	3	3
Ayala Group	**18**	39	128
Key management personnel	**2**	5	9
	26	68	239
Other expenses			
Subsidiaries	**1,534**	1,766	2,148
Associates	**-**	-	22
Ayala Group	**1,112**	114	435
	2,646	1,880	2,605
Retirement benefits			
Key management personnel	**46**	56	51
Salaries, allowances and other short-term benefits			
Key management personnel	**829**	966	871
Directors' remuneration	**119**	126	121

Parent

	2021	2020	2019
		(In Millions of Pesos)	
Interest income			
Subsidiaries	-	-	-
Associates	**11**	19	21
Ayala Group	**2,782**	3,283	2,867
Other related parties	**21**	390	44
	2,814	3,692	2,932
Other income			
Subsidiaries	**1,630**	2,019	2,157
Associates	**312**	1,139	1,272
Ayala Group	**1,645**	287	372
	3,587	3,445	3,801
Interest expense			
Subsidiaries	**5**	21	99
Associates	**1**	3	3
Ayala Group	**13**	29	123
Key management personnel	**1**	4	5
	20	57	230
Other expenses			
Subsidiaries	**10**	9	28
Ayala Group	**867**	103	435
	877	112	463
Retirement benefits			
Key management personnel	**41**	52	44
Salaries, allowances and other short-term benefits			
Key management personnel	**746**	890	751
Directors' remuneration	**86**	98	92

Other income mainly consists of revenue from service arrangements with related parties in which the related outstanding balance is included under accounts receivable. Other expenses pertain to shared costs with related parties and the related outstanding balance is recognized as accounts payable.

Details of DOSRI loans are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Outstanding DOSRI loans	**15,230**	15,675	**15,229**	15,673

As at December 31, 2021, allowance for credit losses amounting to P280 million (2020 - P674 million) have been recognized against receivables from related parties.

Note 26 - Financial Risk Management

The BOD carries out its risk management function through the Risk Management Committee (RMC). The RMC is tasked with nurturing a culture of risk management across the enterprise. The RMC sets the risk appetite; proposes and approves risk management policies, frameworks, and guidelines; and regularly reviews risk management structures, metrics, limits, and issues across the BPI Group, in order to meet and comply with regulatory and international standards on risk measurement and management.

At the management level, the Risk Management Office (RMO) is headed by the Chief Risk Officer (CRO). The CRO is ultimately responsible in leading the formulation of risk management policies and methodologies in alignment with the overall business strategy of BPI, ensuring that risks are prudently and rationally undertaken and within its risk appetite, as well as commensurate and disciplined to maximize returns on shareholders' capital. Risk management is carried out by a dedicated team of skilled risk managers and senior officers who have extensive prior operational experience. BPI's risk managers regularly monitor key risk indicators and report exposures against carefully established financial and business risk metrics and limits approved by the RMC. Finally, independent reviews are regularly conducted by the Internal Audit group and regulatory examiners to ensure that risk controls and mitigants are in place and functioning effectively as intended.

The possibility of incurring losses is, however, compensated by the possibility of earning more than expected income. Risk-taking is, therefore, not entirely negative to be avoided. Risk-taking actions present opportunities if risks are fully identified and accounted, deliberately taken, and are kept within prudent and rationalized limits.

The most important financial risks that the BPI Group manages are credit risk, liquidity risk and market risk.

26.1 Credit risk

The BPI Group takes on exposure to credit risk, which is the risk that may arise if a borrower or counterparty fails to meet its obligations in accordance with agreed terms. Credit risk is the single largest risk for the BPI Group's business; management therefore carefully manages its exposure to credit risk as governed by relevant regulatory requirements and international benchmarks.

The most evident source of credit risk is loans and advances; however, other sources of credit risk exist throughout the activities of the BPI Group, including in credit-related activities recorded in the banking books, investment securities in the trading books and off-balance sheet transactions.

26.1.1 Credit risk management

The Credit Policy and Risk Management (CPRM) division is responsible for the overall management of the BPI Group's credit risk. CPRM supports the senior management in coordination with various business lending and operations units in identifying, measuring and managing credit risk.

The BPI Group employs a range of policies and practices to mitigate credit risk. The BPI Group monitors its portfolio based on different segmentation to reflect the acceptable level of diversification and concentration. Concentration risk in credit portfolios is inherent in banking and cannot be totally eliminated. However, said risk may be reduced by adopting proper risk controls and diversification strategies to prevent undue risk concentrations from excessive exposures to particular counterparties, industries, countries or regions.

The BPI Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a regular basis and subjected to annual or more frequent review, when deemed necessary. Limits on large exposures and credit concentration are approved by the BOD through the RMC.

The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored regularly. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the PD of an obligor or counterparty, the loss severity given a default event and the EAD.

A rigorous control framework is applied in the determination of expected credit loss (ECL) models. The BPI Group has policies and procedures that govern the calculation of ECL. All ECL models are regularly reviewed by the Risk Management Office to ensure that necessary controls are in place and the models are applied accordingly.

The review and validation of ECL models are performed by groups that are independent of the team that prepares the calculations, e.g., Risk Models Validation Department and Internal Auditors. Expert judgments on measurement methodologies and assumptions are reviewed by a group of internal experts from various functions.

Credit loss estimates are based on estimates of the PD and loss severity given a default. The PD is the likelihood that a borrower will default on its obligation; the LGD is the estimated loss on the loan that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly.

The BPI Group's forward-looking, point-in-time PD models are driven by internal forecasts of macroeconomic variables (MEVs) over the next five years. These models were previously recalibrated annually, but in view of the COVID-19 pandemic, more frequent review and update of these models were conducted starting April 2020 as MEV forecasts were revised quarterly in response to changing macroeconomic conditions. Furthermore, the pandemic was expected to significantly increase foreclosures and dampen demand for auto and real estate collaterals and thus decrease market prices, so appropriate haircuts were applied on estimated recoveries from collaterals.

Settlement risk arises in any situation where a payment in cash, securities, foreign exchange currencies, or equities is made in the expectation of a corresponding receipt in cash, securities, foreign exchange currencies, or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the BPI Group's market transactions on any single day. For certain securities, the introduction of the delivery versus payment facility in the local market has brought down settlement risk significantly.

The BPI Group employs specific control and risk mitigation measures, some of which are outlined below:

(a) Collateral or guarantees

One of the most traditional and common practice in mitigating credit risk is requiring security particularly for loans and advances. The BPI Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The BPI Group assesses the valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The common collateral types for loans and advances are:

- Mortgages over physical properties (e.g., real estate and personal);
- Mortgages over financial assets (e.g., guarantees); and
- Margin agreement for derivatives, for which the BPI Group has also entered into master netting agreements.

In order to minimize credit loss, the BPI Group seeks additional collateral from the counterparty when impairment indicators are observed for the relevant individual loans and advances.

The BPI Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collaterals held by the BPI Group since the prior period.

(b) Market Limits

The BPI Group maintains market limits on net open derivative positions (i.e., the difference between purchase and sale contracts). Credit risk is limited to the net current fair value of instruments, which in relation to derivatives is only a portion of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments (except where the BPI Group requires margin deposits from counterparties).

(c) Master netting arrangements

The BPI Group further restricts its exposure to credit losses by entering into master netting arrangements with certain counterparties with which it undertakes significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The BPI Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(d) Credit-related commitments

Documentary and commercial letters of credit - which are written undertakings by the BPI Group on behalf of a customer authorizing a third party to draw drafts on the BPI Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods and therefore carry less risk than a direct loan.

26.1.2 Credit risk rating

The BPI Group uses internal credit risk gradings that reflect its assessment of the PD of individual counterparties. The BPI Group uses its internal credit risk rating system, credit models or external ratings from reputable credit rating agencies. Specific data about the borrower and loan are collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) and are fed into the internal credit scoring models. In addition, the internal models allow expert judgment from the Credit Risk Rating Committee and consideration of other data inputs not captured into the model in the determination of the final internal credit score for each borrower.

The BPI Group has adopted a credit classification system that aims to identify deteriorating exposures on a timely basis. Exposures are classified into each of the following categories:

- *Standard monitoring* - This category includes accounts which do not have a greater-than-normal risk and do not possess the characteristics of special monitoring and defaulted loans. The counterparty has the ability to satisfy the obligation in full and therefore minimal loss, if any, is anticipated.

- *Special monitoring* - This category includes accounts which need closer and frequent monitoring to prevent any further credit deterioration. The counterparty is assessed to be vulnerable to highly vulnerable and its capacity to meet its financial obligations is dependent upon favorable business, financial, and economic conditions.

- *Default* - This category includes accounts which exhibit probable to severe weaknesses wherein probability of non-repayment of loan obligation is ranging from high to extremely high.

i. Corporate (including cross-border loans) and Small and Medium-sized Enterprise (SME) loans

The BPI Group's internal credit risk rating system comprises a 22-scale rating with eighteen (18) 'pass' rating levels for large corporate accounts and 14-scale rating system with ten (10) 'pass' rating grades for SME accounts. For cross-border loans, the BPI Group also uses the available external credit ratings issued by reputable rating agencies. The level of risk and associated PD are determined using either the internal credit risk ratings or external credit ratings, as applicable, for corporate loans.

The BPI Group uses the following set of classifications:

	Internal Credit Risk Rating System (ICRRS)		External Credit Rating by reputable rating agencies
Classifications	**Large corporate**	**SME**	**Cross-Border**
Standard monitoring	AAA to B- or unrated and based on prescribed days past due (dpd) threshold	AAA to B- or unrated and based on prescribed dpd threshold	Investment grade (IG) or Non-IG with no significant increase in credit risk (SICR)
Special monitoring	CCC to C or based on prescribed dpd threshold	CCC to C or based on prescribed dpd threshold	Non-IG with SICR but assessed to be non-impaired
Default	Adversely classified accounts (ACA) or based on prescribed dpd threshold or Item in litigation (IL)	ACA or based on prescribed dpd threshold or IL	Default, with objective evidence of impairment

ii. Retail loans

The BPI Group uses automated scoring models to assess the level of risk for retail accounts. Behavioral indicators are considered in conjunction with other forward-looking information (e.g., industry forecast) to assess the level of risk of a loan. After the date of initial recognition, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score which is mapped to a PD.

Classifications	Credit cards	Personal, auto and housing	SEME*
Standard monitoring	Current to 29 dpd	Current to 30 dpd	Current to 7 dpd
Special monitoring	30 to 89 dpd	31 to 90 dpd	Not applicable
Default	90 dpd and up or IL	>90, IL, Loss	8 dpd and up

**Self-employed micro-entrepreneurs*

iii. Treasury and other investment debt securities

Investments in high grade securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements. The level of credit risk for treasury and other investment debt securities and their associated PD are determined using reputable external ratings and/or available and reliable qualitative and quantitative information. In the absence of credit ratings, a comparable issuer or guarantor rating is used. Should there be a change in the credit rating of the chosen comparable, evaluation is made to ascertain whether the rating change is applicable to the security being assessed for impairment.

Classifications	External credit rating by reputable rating agencies
Standard monitoring	IG or Non-IG with no SICR
Special monitoring	Non-IG with SICR but assessed to be non-impaired
Default	Default, with objective evidence of impairment

iv. Other financial assets at amortized cost

For other financial assets (non-credit receivables), the BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss methodology. These financial assets are grouped based on shared risk characteristics and aging profile. For some of these, impairment is assessed individually at a counterparty level.

26.1.3 Maximum exposure to credit risk

26.1.3.1 Loans and advances, net

Credit risk exposures relating to on-balance sheet loans and advances are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Corporate and SME loans, net	**1,183,793**	1,143,340	**1,168,666**	1,120,784
Retail loans, net	**292,734**	264,073	**64,386**	54,287
	1,476,527	1,407,413	**1,233,052**	1,175,071

The carrying amount of loans and advances above also represents the BPI Group's maximum exposure to credit risk. The following tables contain an analysis of the credit risk exposure of each financial instrument for which an ECL allowance is recognized.

Credit quality of loans and advances, net

Consolidated

Corporate and SME loans

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	945,623	65,057	-	**1,010,680**	941,379	76,645	-	1,018,024
Special monitoring	77,983	96,818	-	**174,801**	47,630	69,579	-	117,209
Default	-	-	36,223	**36,223**	-	-	37,566	37,566
Gross amount	**1,023,606**	**161,875**	**36,223**	**1,221,704**	989,009	146,224	37,566	1,172,799
Loss allowance	(11,318)	(2,728)	(23,865)	**(37,911)**	(12,721)	(6,667)	(10,071)	(29,459)
Carrying amount	**1,012,288**	**159,147**	**12,358**	**1,183,793**	976,288	139,557	27,495	1,143,340

Retail loans

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	271,163	11,784	-	**282,947**	221,206	28,821	-	250,027
Special monitoring	465	5,702	-	**6,167**	88	8,364	-	8,452
Default	-	-	19,473	**19,473**	-	-	22,893	22,893
Gross amount	**271,628**	**17,486**	**19,473**	**308,587**	221,294	37,185	22,893	281,372
Loss allowance	(4,967)	(1,970)	(8,916)	**(15,853)**	(4,282)	(3,530)	(9,487)	(17,299)
Carrying amount	**266,661**	**15,516**	**10,557**	**292,734**	217,012	33,655	13,406	264,073

Parent

Corporate and SME loans

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	936,805	64,334	-	**1,001,139**	927,938	76,339	-	1,004,277
Special monitoring	73,232	95,982	-	**169,214**	45,033	65,005	-	110,038
Default	-	-	33,577	**33,577**	-	-	33,922	33,922
Gross amount	**1,010,037**	**160,316**	**33,577**	**1,203,930**	972,971	141,344	33,922	1,148,237
Loss allowance	(10,689)	(2,709)	(21,866)	**(35,264)**	(12,655)	(6,445)	(8,353)	(27,453)
Carrying amount	**999,348**	**157,607**	**11,711**	**1,168,666**	960,316	134,899	25,569	1,120,784

Retail loans

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	60,454	4,552	-	**65,006**	49,855	5,729	-	55,584
Special monitoring	80	701	-	**781**	68	711	-	779
Default	-	-	4,199	**4,199**	-	-	5,267	5,267
Gross amount	**60,534**	**5,253**	**4,199**	**69,986**	49,923	6,440	5,267	61,630
Loss allowance	(1,057)	(920)	(3,623)	**(5,600)**	(1,391)	(1,546)	(4,406)	(7,343)
Carrying amount	**59,477**	**4,333**	**576**	**64,386**	48,532	4,894	861	54,287

The tables below present the gross amount of “Stage 2” loans and advances by age category.

Consolidated

	2021			2020		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
			(In Millions of Pesos)			
Current	161,128	7,831	**168,959**	139,146	21,790	160,936
Past due up to 30 days	605	4,172	**4,777**	6,573	7,468	14,041
Past due 31 - 90 days	142	5,483	**5,625**	505	7,927	8,432
Past due 91 - 180 days	-	-	**-**	-	-	-
Over 180 days	-	-	**-**	-	-	-
	161,875	**17,486**	**179,631**	146,224	37,185	183,409

Parent

	2021			2020		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
			(In Millions of Pesos)			
Current	160,063	4,012	**164,075**	134,433	4,533	138,966
Past due up to 30 days	143	540	**683**	6,536	1,196	7,732
Past due 31 - 90 days	110	701	**811**	375	711	1,086
Past due 91 - 180 days	-	-	**-**	-	-	-
Over 180 days	-	-	**-**	-	-	-
	160,316	**5,253**	**165,569**	141,344	6,440	147,784

26.1.3.2 Treasury and other investment securities, net

Credit risk exposures arising from treasury and other investment securities are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Due from BSP	**268,827**	223,989	**197,435**	197,974
Due from other banks	**34,572**	40,155	**27,734**	36,605
Interbank loans receivable and SPAR, net	**30,852**	30,251	**30,023**	26,622
Financial assets at FVTPL	**21,146**	37,140	**15,575**	33,865
Financial assets at FVOCI	**131,390**	126,851	**113,713**	118,623
Investment securities at amortized cost, net	**338,672**	244,653	**333,193**	216,810
	825,459	703,039	**717,673**	630,499

Credit quality of treasury and other investment securities, net

Consolidated

	2021				2020			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring								
Due from BSP	268,827	-	-	**268,827**	223,989	-	-	223,989
Due from other banks	34,572	-	-	**34,572**	40,155	-	-	40,155
Interbank loans receivable and SPAR	30,852	-	-	**30,852**	30,245	-	-	30,245
Financial assets at FVTPL	21,146	-	-	**21,146**	37,140	-	-	37,140
Financial assets at FVOCI	131,390	-	-	**131,390**	126,851	-	-	126,851
Investment securities at amortized cost	338,678	-	-	**338,678**	244,666	-	-	244,666
Default								
Interbank loans receivable and SPAR	-	-	46	**46**	-	-	47	47
Gross carrying amount	**825,465**	**-**	**46**	**825,511**	703,046	-	47	703,093
Loss allowance	(6)	-	(46)	**(52)**	(13)	-	(41)	(54)
Carrying amount	**825,459**	**-**	**-**	**825,459**	703,033	-	6	703,039

Parent

	2021				2020			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring								
Due from BSP	197,435	-	-	**197,435**	197,974	-	-	197,974
Due from other banks	27,734	-	-	**27,734**	36,605	-	-	36,605
Interbank loans receivable and SPAR	30,023	-	-	**30,023**	26,616	-	-	26,616
Financial assets at FVTPL	15,575	-	-	**15,575**	33,865	-	-	33,865
Financial assets at FVOCI	113,713	-	-	**113,713**	118,623	-	-	118,623
Investment securities at amortized cost	333,199	-	-	**333,199**	216,823	-	-	216,823
Default								
Interbank loans receivable and SPAR	-	-	46	**46**	-	-	47	47
Gross carrying amount	**717,679**	**-**	**46**	**717,725**	630,506	-	47	630,553
Loss allowance	(6)	-	(46)	**(52)**	(13)	-	(41)	(54)
Carrying amount	**717,673**	**-**	**-**	**717,673**	630,493	-	6	630,499

26.1.3.3 Other financial assets at amortized cost

Other financial assets at amortized cost that are exposed to credit risk are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Accounts receivable, net	**1,367**	1,662	**5,369**	1,342
Rental deposits	**762**	767	**647**	650
Other accrued interest and fees receivable	**79**	58	**7**	12
Others	**130**	61	**98**	34
	2,338	2,548	**6,121**	2,038

The carrying amounts of the above financial assets represent the BPI Group's maximum exposure to credit risk.

The BPI Group's other financial assets at amortized cost (shown under Other assets, net) generally arise from transactions with various unrated counterparties with good credit standing. The BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss methodology for other financial assets.

26.1.3.4 Loan commitments

Credit risk exposures arising from undrawn loan commitments are as follows:

Consolidated

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	376,603	2,099	-	**378,702**	364,305	2,309	-	366,614
Special monitoring	15,239	-	-	**15,239**	10,152	-	-	10,152
Default	-	-	615	**615**	-	-	590	590
Gross amount	**391,842**	**2,099**	**615**	**394,556**	374,457	2,309	590	377,356
Loss allowance*	(546)	(75)	(126)	**(747)**	(760)	(119)	(80)	(959)
Carrying amount	**391,296**	**2,024**	**489**	**393,809**	373,697	2,190	510	376,397

**Included in "Miscellaneous liabilities" in Note 17*

Parent

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
				(In Millions of Pesos)				
Credit grade								
Standard monitoring	370,603	1,964	-	**372,567**	358,804	2,183	-	360,987
Special monitoring	14,955	-	-	**14,955**	9,934	-	-	9,934
Default	-	-	611	**611**	-	-	586	586
Gross amount	**385,558**	**1,964**	**611**	**388,133**	368,738	2,183	586	371,507
Loss allowance*	(534)	(68)	(126)	**(728)**	(738)	(110)	(79)	(927)
Carrying amount	**385,024**	**1,896**	**485**	**387,405**	368,000	2,073	507	370,580

**Included in "Miscellaneous liabilities" in Note 17*

26.1.4 Credit impaired loans and advances

The BPI Group closely monitors collaterals held for financial assets considered to be credit-impaired (Stage 3), as it becomes more likely that the BPI Group will take possession of collateral to mitigate potential credit losses. Loans and advances that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Consolidated

	2021			2020		
	Gross exposure	**Impairment allowance**	**Net carrying amount**	Gross exposure	Impairment allowance	Net carrying amount
			(In Millions of Pesos)			
Credit-impaired assets						
Corporate and SME loans	36,223	23,865	**12,358**	37,566	10,071	27,495
Retail loans	19,473	8,916	**10,557**	22,893	9,487	13,406
Total credit-impaired assets	**55,696**	**32,781**	**22,915**	60,459	19,558	40,901
Fair value of collateral	**27,302**			26,531		

Parent

	2021			2020		
	Gross exposure	**Impairment allowance**	**Net carrying amount**	Gross exposure	Impairment allowance	Net carrying amount
			(In Millions of Pesos)			
Credit-impaired assets						
Corporate and SME loans	33,577	21,866	**11,711**	33,922	8,353	25,569
Retail loans	4,199	3,623	**576**	5,267	4,406	861
Total credit-impaired assets	**37,776**	**25,489**	**12,287**	39,189	12,759	26,430
Fair value of collateral	**15,534**			12,493		

The BPI Group acquires assets by taking possession of collaterals held as security for loans and advances.

As at December 31, 2021, the BPI Group's foreclosed collaterals have carrying amount of P3,282 million (2020 - P2,971 million). The related foreclosed collaterals have aggregate fair value of P10,630 million (2020 - P9,494 million). Foreclosed collaterals include real estate (land, building, and improvements), auto and chattel. Repossessed properties are sold as soon as practicable and are classified as Assets held for sale in the statement of condition. In 2021, the Parent Bank realized a gain of P140 million (2020 - P53 million) from disposals of foreclosed collaterals with book value of P62 million (2020 - P148 million).

26.1.5 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent transfer between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The following tables summarize the changes in the loss allowance for loans and advances between the beginning and the end of the annual period. No movement analysis of allowance for impairment is presented for treasury and other investment debt securities and other financial assets subject to impairment as the related loss allowance is deemed insignificant for financial reporting purposes.

Consolidated

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2021	**12,721**	**6,667**	**10,071**	**29,459**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	**(2,204)**	**1,770**	**1,261**	**827**
Transfer from Stage 2	41	(1,194)	233	(920)
Transfer from Stage 3	1	5	(166)	(160)
New financial assets originated	3,802	-	-	3,802
Financial assets derecognized during the year	(2,802)	(3,108)	(675)	(6,585)
Changes in assumptions and other movements in provision	(787)	(1,134)	14,258	12,337
	(1,949)	(3,661)	14,911	9,301
Write-offs and other movements	546	(278)	(1,117)	(849)
Loss allowance, at December 31, 2021	**11,318**	**2,728**	**23,865**	**37,911**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2021	**4,282**	**3,530**	**9,487**	**17,299**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(904)	1,094	2,557	2,747
Transfer from Stage 2	193	(2,193)	1,350	(650)
Transfer from Stage 3	39	103	(608)	(466)
New financial assets originated	2,465	-	-	2,465
Financial assets derecognized during the year	(495)	(196)	(830)	(1,521)
Changes in assumptions and other movements in provision	(593)	(357)	1,839	889
	705	(1,549)	4,308	3,464
Write-offs and other movements	(20)	(11)	(4,879)	(4,910)
Loss allowance, at December 31, 2021	**4,967**	**1,970**	**8,916**	**15,853**

Parent

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2021	**12,655**	**6,445**	**8,353**	**27,453**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(2,165)	1,758	1,156	749
Transfer from Stage 2	31	(1,154)	206	(917)
Transfer from Stage 3	-	5	(135)	(130)
New financial assets originated	3,727	-	-	3,727
Financial assets derecognized during the year	(2,737)	(2,955)	(430)	(6,122)
Changes in assumptions and other movements in provision	(702)	(1,121)	13,183	11,360
	(1,846)	(3,467)	13,980	8,667
Write-offs and other movements	(120)	(269)	(467)	(856)
Loss allowance, at December 31, 2021	**10,689**	**2,709**	**21,866**	**35,264**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2021	**1,391**	**1,546**	**4,406**	**7,343**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(261)	589	1,276	1,604
Transfer from Stage 2	89	(982)	799	(94)
Transfer from Stage 3	1	3	(36)	(32)
New financial assets originated	109	-	-	109
Financial assets derecognized during the year	(24)	(59)	(395)	(478)
Changes in assumptions and other movements in provision	(244)	(176)	870	450
	(330)	(625)	2,514	1,559
Write-offs and other movements	(4)	(1)	(3,297)	(3,302)
Loss allowance, at December 31, 2021	**1,057**	**920**	**3,623**	**5,600**

Consolidated

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2020	**6,870**	**3,110**	**6,157**	**16,137**
Less: Beginning balance of CTL	(249)	(39)	(325)	(613)
Adjusted loss allowance, at January 1, 2020	**6,621**	**3,071**	**5,832**	**15,524**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(3,608)	5,046	2,827	4,265
Transfer from Stage 2	83	(589)	126	(380)
Transfer from Stage 3	-	-	-	-
New financial assets originated	6,920	-	-	6,920
Financial assets derecognized during the year	(1,375)	(1,108)	(391)	(2,874)
Changes in assumptions and other movements in provision	5,925	(110)	661	6,476
	7,945	3,239	3,223	14,407
Write-offs and other movements	(1,845)	357	1,016	(472)
Loss allowance, at December 31, 2020	**12,721**	**6,667**	**10,071**	**29,459**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2020	**3,236**	**1,780**	**4,821**	**9,837**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,138)	2,697	5,362	6,921
Transfer from Stage 2	100	(1,014)	1,586	672
Transfer from Stage 3	3	33	(113)	(77)
New financial assets originated	2,000	-	-	2,000
Financial assets derecognized during the year	(68)	(99)	(314)	(481)
Changes in assumptions and other movements in provision	2,023	101	1,428	3,552
	2,920	1,718	7,949	12,587
Write-offs and other movements	(1,874)	32	(3,283)	(5,125)
Loss allowance, at December 31, 2020	**4,282**	**3,530**	**9,487**	**17,299**

Parent

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2020	**5,972**	**2,990**	**4,809**	**13,771**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(3,409)	4,865	2,801	4,257
Transfer from Stage 2	81	(569)	126	(362)
Transfer from Stage 3	-	-	-	-
New financial assets originated	6,657	-	-	6,657
Financial assets derecognized during the year	(1,336)	(1,095)	(263)	(2,694)
Changes in assumptions and other movements in provision	5,929	(111)	302	6,120
	7,922	3,090	2,966	13,978
Write-offs and other movements	(1,239)	365	578	(296)
Loss allowance, at December 31, 2020	**12,655**	**6,445**	**8,353**	**27,453**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2020	**808**	**941**	**3,085**	**4,834**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(273)	1,186	3,004	3,917
Transfer from Stage 2	79	(646)	921	354
Transfer from Stage 3	2	1	(42)	(39)
New financial assets originated	201	-	-	201
Financial assets derecognized during the year	(15)	(47)	(227)	(289)
Changes in assumptions and other movements in provision	589	111	1,410	2,110
	583	605	5,066	6,254
Write-offs and other movements	-	-	(3,745)	(3,745)
Loss allowance, at December 31, 2020	**1,391**	**1,546**	**4,406**	**7,343**

Critical accounting estimate and judgment - Measurement of expected credit loss for loans and advances

The measurement of the expected credit loss (ECL) for loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 31.3.2.2.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for SICR;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Forward-looking information incorporated in the ECL models

Three distinct macroeconomic scenarios (baseline, upside and downside) are considered in the BPI Group's estimation of expected credit losses in Stage 1 and Stage 2. These scenarios are based on assumptions supported by economic theories and historical experience. The downside scenario reflects a negative macroeconomic event occurring within the first 12 months, with conditions deteriorating for up to two years, followed by a recovery for the remainder of the period. This scenario is grounded in historical experience and assumes a monetary policy response that returns the economy to a long-run, sustainable growth rate within the forecast period. The probability of each scenario is determined using expert judgment and recession probability tools provided by reputable external service providers. The baseline case incorporates the BPI Group's outlook both for the domestic and global economy. The upside and downside scenarios take into account certain adjustments that will lead to a more positive or negative economic outcome, respectively.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes is likewise considered, if material.

The BPI Group has performed historical analyses and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The most significant period-end assumptions used for the ECL estimate are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

At December 31, 2021

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	7.4	6.3	8.4	7.3	4.4	3.3
Inflation rate (%)	3.5	3.2	2.5	2.2	4.5	4.2
BVAL 5Y (%)	4.6	3.7	4.3	3.4	6.1	5.2
US Treasury 5Y (%)	1.5	2.8	1.2	2.3	1.8	3.0
Exchange rate	52.500	55.234	51.921	53.928	53.095	56.587

At December 31, 2020

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	7.4	5.9	8.4	6.9	5.4	3.9
Inflation rate (%)	3.0	2.5	2.0	1.5	4.7	3.5
BVAL 5Y (%)	3.0	3.6	2.5	3.1	5.5	6.1
US Treasury 5Y (%)	0.5	0.5	0.7	0.7	0.3	0.3
Exchange rate	49.848	53.780	48.375	49.672	51.340	58.171

Sensitivity analysis

The loan portfolios have different sensitivities to movements in MEVs, so the above three scenarios have varying impact on the expected credit losses of BPI Group's portfolios. The allowance for impairment is calculated as the weighted average of expected credit losses under the baseline, upside and downside scenarios. The impact of weighting these multiple scenarios was an increase in the allowance for impairment by P42 million as at December 31, 2021 from the baseline scenario (2020 - P23 million).

Transfers between stages

Transfers from Stage 1 and Stage 2 are based on the assessment of SICR from initial recognition. The impact of moving from 12 months expected credit losses to lifetime expected credit losses, or vice versa, varies by product and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in expected credit losses. Assuming all Stage 2 accounts are considered as Stage 1, allowance for impairment would have decreased by P1,137 million as at December 31, 2021 (2020 - P1,839 million).

26.1.6 Concentrations of risks of financial assets with credit risk exposure

The BPI Group's main credit exposure at their carrying amounts, as categorized by industry sectors follow:

Consolidated (December 31, 2021)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
				(In Millions of Pesos)			
Due from BSP	268,827	-	-	-	-	-	**268,827**
Due from other banks	34,572	-	-	-	-	-	**34,572**
Interbank loans receivable and SPAR	30,898	-	-	-	-	(46)	**30,852**
Financial assets at FVTPL	11,306	113	11	-	9,716	-	**21,146**
Financial assets at FVOCI	2,609	1,049	2,509	477	124,746	-	**131,390**
Investment securities at amortized cost	12,321	3,960	3,114	2,420	316,863	(6)	**338,672**
Loans and advances	123,701	123,621	238,971	392,168	651,830	(53,764)	**1,476,527**
Other financial assets	-	-	-	-	3,262	(924)	**2,338**
At December 31, 2021	**484,234**	**128,743**	**244,605**	**395,065**	**1,106,417**	**(54,740)**	**2,304,324**

Consolidated (December 31, 2020)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
				(In Millions of Pesos)			
Due from BSP	223,989	-	-	-	-	-	**223,989**
Due from other banks	40,155	-	-	-	-	-	**40,155**
Interbank loans receivable and SPAR	30,292	-	-	-	-	(41)	**30,251**
Financial assets at FVTPL	7,199	-	-	-	29,941	-	**37,140**
Financial assets at FVOCI	10,691	3,307	-	1,881	110,972	-	**126,851**
Investment securities at amortized cost	43,342	1,784	2,081	1,083	196,376	(13)	**244,653**
Loans and advances	129,101	116,525	217,675	369,704	621,166	(46,758)	**1,407,413**
Other financial assets	-	-	-	-	3,531	(983)	**2,548**
At December 31, 2020	**484,769**	**121,616**	**219,756**	**372,668**	**961,986**	**(47,795)**	**2,113,000**

Parent Bank (December 31, 2021)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
				(In Millions of Pesos)			
Due from BSP	197,435	-	-	-	-	-	**197,435**
Due from other banks	27,734	-	-	-	-	-	**27,734**
Interbank loans receivable and SPAR	30,069	-	-	-	-	(46)	**30,023**
Financial assets at FVTPL	8,547	-	11	-	7,017	-	**15,575**
Financial assets at FVOCI	1,249	1,049	2,509	477	108,429	-	**113,713**
Investment securities at amortized cost	11,723	3,004	2,956	2,420	313,096	(6)	**333,193**
Loans and advances	122,757	69,347	236,226	229,964	615,622	(40,864)	**1,233,052**
Other financial assets	-	-	-	-	6,874	(753)	**6,121**
At December 31, 2021	**399,514**	**73,400**	**241,702**	**232,861**	**1,051,038**	**(41,669)**	**1,956,846**

Parent Bank (December 31, 2020)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
				(In Millions of Pesos)			
Due from BSP	197,974	-	-	-	-	-	**197,974**
Due from other banks	36,605	-	-	-	-	-	**36,605**
Interbank loans receivable and SPAR	26,663	-	-	-	-	(41)	**26,622**
Financial assets at FVTPL	5,081	-	-	-	28,784	-	**33,865**
Financial assets at FVOCI	10,321	3,307	-	1,881	103,114	-	**118,623**
Investment securities at amortized cost	34,749	1,185	1,743	1,083	178,063	(13)	**216,810**
Loans and advances	127,929	61,909	215,238	218,201	586,590	(34,796)	**1,175,071**
Other financial assets	-	-	-	-	2,860	(822)	**2,038**
At December 31, 2020	**439,322**	**66,401**	**216,981**	**221,165**	**899,411**	**(35,672)**	**1,807,608**

26.1.7 Provision for (reversal of) credit and impairment losses

The BPI Group's provision for (reversal of) credit and impairment losses are attributable to the following accounts:

		Consolidated			Parent		
	Notes	**2021**	2020	2019	**2021**	2020	2019
				(In Millions of Pesos)			
Loans and advances	10,26	**12,765**	26,994	5,852	**10,226**	20,232	5,014
Assets held for sale		**44**	12	(197)	**20**	(78)	(240)
Interbank loans receivable and SPAR	5	**5**	1	(11)	**5**	1	(9)
Investment securities at amortized cost	9	**(7)**	13	(2)	**(7)**	13	(2)
Undrawn loan commitments	26,32	**(212)**	309	(101)	**(199)**	308	(103)
Impairment on equity investment	12	**-**	-	-	**60**	313	-
Accounts receivable	14	**83**	509	30	**215**	452	11
Other assets		**457**	162	(9)	**271**	153	(5)
		13,135	28,000	5,562	**10,591**	21,394	4,666

26.2 Market risk

The BPI Group is exposed to market risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk management in BPI covers managing exposures to trading risk, foreign exchange risk, and interest rate risk in the banking book.

Market risk management is incumbent on the BOD through the RMC. At the management level, the BPI Group's market risk exposures are managed by the RMO, headed by the Parent Bank's CRO who reports directly to the RMC. In order to effectively manage market risk, the Bank has well established policies and procedures approved by the RMC and confirmed by the Executive Committee/BOD. In addition, the Internal Audit is responsible for the independent review of risk assessment measures and procedures and the control environment.

The BPI Group reviews and controls market risk exposures of both its trading and non-trading portfolios. Trading portfolios include those positions arising from BPI's market-making and risk-taking activities. The BPI Group also has derivatives exposures in interest rate swaps, currency swaps and structured notes as part of its trading and position taking activities. Non-trading portfolios include positions arising from core banking activities, which includes the BPI Group's retail and commercial banking assets and liabilities.

Value-at-Risk (VaR) measurement is an integral part of the BPI Group's market risk control system. This metric estimates, at 99% confidence level, the maximum loss that a trading portfolio may incur over a trading day. This metric indicates as well that there is 1% statistical probability that the trading portfolios' actual loss would be greater than the computed VaR. In order to ensure model soundness, the VaR is periodically subject to model validation and back testing. VaR is supplemented by other risk metrics and measurements that would provide preliminary signals to Treasury and to the management to assess the vulnerability of BPI Group's positions. To control the risk, the RMC sets risk limits for trading portfolios which are consistent with the BPI Group's goals, objectives, risk appetite, and strategies.

Stress tests indicate the potential losses that could arise in extreme conditions that would have detrimental effect to the BPI Group's positions. The BPI Group periodically performs price stress testing to assess the BPI Group's condition on assumed stress scenarios. Contingency plans are frequently reviewed to ensure the BPI Group's preparedness in the event of real stress. Results of stress tests are reviewed by Senior Management and by the RMC.

The average daily VaR for the trading portfolios are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Local fixed-income	**76**	63	**75**	62
Foreign fixed-income	**94**	68	**85**	58
Foreign exchange	**105**	52	**6**	5
Derivatives	**180**	100	**147**	100
Equity securities	**21**	31	**-**	-
Mutual fund	**24**	-	**-**	-
	500	314	**313**	225

26.2.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency which they are measured.

The BPI Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its foreign currency financial position and cash flows. The table below summarizes the BPI Group's exposure to more material foreign currency exchange rate risk primarily in US Dollar (USD), shown in their Peso equivalent at December 31:

Consolidated

	2021			2020		
	USD	Others*	**Total**	USD	Others*	Total
			(In Millions of Pesos)			
Financial assets						
Cash and other cash items	3,195	203	**3,398**	2,440	410	2,850
Due from other banks	31,044	1,896	**32,940**	32,976	4,342	37,318
Interbank loans receivable and SPAR	13,158	620	**13,778**	9,353	-	9,353
Financial assets at FVTPL	5,758	140	**5,898**	8,009	1,154	9,163
Financial assets at FVOCI - debt securities	47,979	1,568	**49,547**	39,691	1,046	40,737
Investment securities at amortized cost	111,205	1,695	**112,900**	102,826	1,098	103,924
Loans and advances, net	113,229	6,450	**119,679**	120,709	10,406	131,115
Others financial assets	2,723	9	**2,732**	3,274	113	3,387
Total financial assets	**328,291**	**12,581**	**340,872**	319,278	18,569	337,847
Financial liabilities						
Deposit liabilities	257,513	7,713	**265,226**	238,496	11,323	249,819
Derivative financial liabilities	1,846	204	**2,050**	3,209	165	3,374
Bills payable	48,664	-	**48,664**	66,038	5,998	72,036
Due to BSP and other banks	609	-	**609**	868	-	868
Manager's checks and demand drafts outstanding	444	37	**481**	235	5	240
Other financial liabilities	5,938	311	**6,249**	3,960	125	4,085
Accounts payable	199	2	**201**	136	85	221
Total financial liabilities	**315,213**	**8,267**	**323,480**	312,942	17,701	330,643
Net on-balance sheet position	**13,078**	**4,314**	**17,392**	6,336	868	7,204

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Parent Bank

	2021			2020		
	USD	Others*	**Total**	USD	Others*	Total
			(In Millions of Pesos)			
Financial assets						
Cash and other cash items	3,031	203	**3,234**	2,267	405	2,672
Due from other banks	23,616	1,513	**25,129**	31,912	3,396	35,308
Interbank loans receivable and SPAR	13,158	-	**13,158**	9,353	-	9,353
Financial assets at FVTPL	3,788	128	**3,916**	7,639	1,094	8,733
Financial assets at FVOCI - debt securities	38,659	1,568	**40,227**	36,001	1,027	37,028
Investment securities at amortized cost	107,977	-	**107,977**	90,870	136	91,006
Loans and advances, net	111,401	5,283	**116,684**	117,208	8,990	126,198
Others financial assets	11,581	2,664	**14,245**	8,417	145	8,562
Total financial assets	**313,211**	**11,359**	**324,570**	303,667	15,193	318,860
Financial liabilities						
Deposit liabilities	240,939	7,585	**248,524**	224,134	9,526	233,660
Derivative financial liabilities	1,770	204	**1,974**	3,209	165	3,374
Bills payable	45,758	-	**45,758**	64,567	5,415	69,982
Due to BSP and other banks	470	-	**470**	868	-	868
Manager's checks and demand drafts outstanding	441	37	**478**	232	5	237
Other financial liabilities	14,817	2,950	**17,767**	3,797	8,874	12,671
Accounts payable	199	2	**201**	60	3	63
Total financial liabilities	**304,394**	**10,778**	**315,172**	296,867	23,988	320,855
Net on-balance sheet position	**8,817**	**581**	**9,398**	6,800	(8,795)	(1,995)

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Presented below is a sensitivity analysis demonstrating the impact on pre-tax income of reasonably possible change in the exchange rate between US Dollar and Philippine Peso. The fluctuation rate is based on the historical movement of US Dollar against the Philippine Peso year on year.

		Effect on pre-tax income	
Year	Change in currency	Consolidated	Parent
		(In millions of Pesos)	
2021	**+/-2.19%**	**+/- 286**	**+/- 193**
2020	+/- 2.29%	+/- 589	+/- 656

26.2.2 Interest rate risk

Interest rate risk is the risk that cash flows or fair value of a financial instrument will fluctuate due to movements in market interest rates.

Interest rate risk in the banking book (IRRBB)

IRRBB is the current and prospective risk to the BPI Group's capital and earnings arising from the adverse movements in interest rates that affect its banking book positions (core banking activities). The BPI Group is exposed to re-pricing risk arising from financial assets and liabilities that have different maturities and are re-priced taking into account the prevailing market interest rates. Excessive levels of interest rate risks in the banking book can pose a significant threat to the BPI Group's earnings and capital base.

The BPI Group employs two methods to measure the potential impact of interest rate risk in the banking book: (i) one that focuses on the impact on economic value of the future cash flows in the banking book due to changes in interest rates - Balance Sheet VaR (BSVaR), and (ii) one that focuses on the potential deterioration in net interest earnings - Earnings-at-Risk (EaR). The RMC sets limits on the two interest rate risk metrics which are monitored regularly by the Market and Liquidity Risk Management Division of the RMO. The EaR and BSVaR are built on the interest rate/repricing gap profile of the bank. The interest rate gap is the difference between the amount of interest rate sensitive assets and liabilities and off-balance sheet items. It distributes the balance sheet accounts according to their contractual maturity if fixed, or repricing date if floating. For accounts that do not have defined maturity or repricing schedules (e.g. non-maturity deposits), behavioural models are employed to determine their repricing buckets.

Earnings-at-Risk (EaR)

The EaR is built on repricing profile of the BPI Group and considers principal payments only. The BPI Group projects interest inflows from its financial assets and interest outflows from its financial liabilities in the next 12 months as earnings are affected when interest rates move against the BPI Group's position. As of December 31, 2021, the net interest income impact of movement in interest rates resulted to a decrease of P210 million (2020 - P5,174 million increase) for the whole BPI Group and decrease of P204 million (2020 - P4,614 million increase) for the Parent Bank.

BSVaR

The BS VaR model is also built on repricing gap or the difference between the amount of rate-sensitive financial assets and liabilities which considers both principal and interest payments. It is the present value of the BPI Group's expected net cash flows due to changes in interest rates. As at December 31, 2021, the average monthly BSVaR for the banking book stood at P24,497 million (2020 - P21,251 million) for the whole BPI Group and P20,806 million (2020 - P17,397 million) for the Parent Bank.

The IRRBB levels are closely monitored against RMC-approved limits and results are reported and discussed regularly at the Management level through the Asset and Liability Committee (ALCO) and at the Board level through the Risk Management Committee (RMC). The BPI Group manages interest rate exposures related to its assets and liabilities through a transfer-pricing system administered by Treasury. Investment securities and interest rate derivatives are also used to hedge interest rate risk and manage repricing gaps in the balance sheet.

The BPI Group also conducts price stress tests in the banking book and EaR stress tests for a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on the BPI Group's economic value and earnings. The design of the price and EaR stress tests include steepening and flattening yield curves, parallel up/down and short rate up/down shocks. The interest rate shocks applied is calibrated for all major currencies in which the BPI Group has significant positions. The results of the stress test are reported to the RMC and Senior Management and are integrated into the overall risk management framework of the BPI Group.

The BPI Group has established comprehensive risk management framework (e.g., policies, procedures, risk limits structures) supported by a robust risk management system. Furthermore, the risk management process, including its various components, is subject to periodic independent review (i.e. internal audit and model validation) and consistently calibrated to ensure accuracy, relevance, propriety and timeliness of data and assumptions employed. The assumptions and parameters used in building these metrics are properly documented. Any changes in the methodology and assumptions used are duly approved by the Chief Risk Officer and noted by the RMC.

The table below summarizes the BPI Group's exposure to interest rate risk, categorized by the earlier of contractual repricing or maturity dates.

Consolidated (December 31, 2021)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
			(In Millions of Pesos)		
As at December 31, 2021					
Financial Assets					
Cash and other cash items	-	-	-	35,143	**35,143**
Due from BSP	-	-	-	268,827	**268,827**
Due from other banks	-	-	-	34,572	**34,572**
Interbank loans receivable and SPAR	-	-	-	30,852	**30,852**
Financial assets at FVTPL	406	444	971	19,325	**21,146**
Financial assets at FVOCI	-	-	-	131,390	**131,390**
Investment securities at amortized cost	-	-	-	338,672	**338,672**
Loans and advances, net	487,616	311,336	568,296	109,279	**1,476,527**
Other financial assets	-	-	-	2,338	**2,338**
Total financial assets	**488,022**	**311,780**	**569,267**	**970,398**	**2,339,467**
Financial Liabilities					
Deposit liabilities	1,087,175	370,115	497,857	-	**1,955,147**
Derivative financial liabilities	395	472	870	1,895	**3,632**
Bills payable and other borrowed funds	1,886	1,020	-	92,133	**95,039**
Due to BSP and other banks	-	-	-	953	**953**
Manager's checks and demand drafts outstanding	-	-	-	6,931	**6,931**
Other financial liabilities	-	-	-	7,256	**7,256**
Total financial liabilities	**1,089,456**	**371,607**	**498,727**	**109,168**	**2,068,958**
Total interest gap	**(601,434)**	**(59,827)**	**70,540**	**861,230**	**270,509**

Consolidated (December 31, 2020)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
		(In Millions of Pesos)			
As at December 31, 2020					
Financial Assets					
Cash and other cash items	-	-	-	37,176	**37,176**
Due from BSP	-	-	-	223,989	**223,989**
Due from other banks	-	-	-	40,155	**40,155**
Interbank loans receivable and SPAR	-	-	-	30,251	**30,251**
Financial assets at FVTPL	188	1,790	1,108	34,054	**37,140**
Financial assets at FVOCI	-	-	-	126,851	**126,851**
Investment securities at amortized cost	-	-	-	244,653	**244,653**
Loans and advances, net	490,534	218,351	590,879	107,649	**1,407,413**
Other financial assets	-	-	-	2,548	**2,548**
Total financial assets	**490,722**	**220,141**	**591,987**	**847,326**	**2,150,176**
Financial Liabilities					
Deposit liabilities	731,596	407,805	576,776	-	**1,716,177**
Derivative financial liabilities	193	1,752	1,207	2,505	**5,657**
Bills payable and other borrowed funds	2,054	9,571	-	140,322	**151,947**
Due to BSP and other banks	-	-	-	1,491	**1,491**
Manager's checks and demand drafts outstanding	-	-	-	7,108	**7,108**
Other financial liabilities	-	-	-	10,694	**10,694**
Total financial liabilities	**733,843**	**419,128**	**577,983**	**162,120**	**1,893,074**
Total interest gap	**(243,121)**	**(198,987)**	**14,004**	**685,206**	**257,102**

Parent Bank (December 31, 2021)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
		(In Millions of Pesos)			
As at December 31, 2021					
Financial Assets					
Cash and other cash items	-	-	-	33,868	**33,868**
Due from BSP	-	-	-	197,435	**197,435**
Due from other banks	-	-	-	27,734	**27,734**
Interbank loans receivable and SPAR	-	-	-	30,023	**30,023**
Financial assets at FVTPL	406	444	971	13,754	**15,575**
Financial assets at FVOCI	-	-	-	113,713	**113,713**
Investment securities at amortized cost	-	-	-	333,193	**333,193**
Loans and advances, net	424,674	238,764	524,511	45,103	**1,233,052**
Other financial assets	-	-	-	6,121	**6,121**
Total financial assets	**425,080**	**239,208**	**525,482**	**800,944**	**1,990,714**
Financial Liabilities					
Deposit liabilities	957,669	288,826	429,290	-	**1,675,785**
Derivative financial liabilities	395	472	870	1,808	**3,545**
Bills payable and other borrowed funds	-	-	-	82,550	**82,550**
Due to BSP and other banks	-	-	-	814	**814**
Manager's checks and demand drafts outstanding	-	-	-	5,243	**5,243**
Other financial liabilities	-	-	-	4,974	**4,974**
Total financial liabilities	**958,064**	**289,298**	**430,160**	**95,389**	**1,772,911**
Total interest gap	**(530,880)**	**(50,090)**	**95,323**	**705,654**	**217,803**

Parent Bank (December 31, 2020)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
			(In Millions of Pesos)		
As at December 31, 2020					
Financial Assets					
Cash and other cash items	-	-	-	35,912	**35,912**
Due from BSP	-	-	-	197,974	**197,974**
Due from other banks	-	-	-	36,605	**36,605**
Interbank loans receivable and SPAR	-	-	-	26,622	**26,622**
Financial assets at FVTPL	188	1,791	1,108	30,778	**33,865**
Financial assets at FVOCI	-	-	-	118,623	**118,623**
Investment securities at amortized cost	-	-	-	216,810	**216,810**
Loans and advances, net	431,004	161,565	544,112	38,390	**1,175,071**
Other financial assets	-	-	-	2,038	**2,038**
Total financial assets	**431,192**	**163,356**	**545,220**	**703,752**	**1,843,520**
Financial Liabilities					
Deposit liabilities	646,179	331,517	492,514	-	**1,470,210**
Derivative financial liabilities	193	1,752	1,207	2,505	**5,657**
Bills payable and other borrowed funds	-	9,571	-	130,777	**140,348**
Due to BSP and other banks	-	-	-	1,491	**1,491**
Manager's checks and demand drafts outstanding	-	-	-	5,447	**5,447**
Other financial liabilities	-	-	-	5,924	**5,924**
Total financial liabilities	**646,372**	**342,840**	**493,721**	**146,144**	**1,629,077**
Total interest gap	**(215,180)**	**(179,484)**	**51,499**	**557,608**	**214,443**

26.3 Liquidity risk

Liquidity risk is the risk that the BPI Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The BPI Group's liquidity profile is observed and monitored through its metric, the Minimum Cumulative Liquidity Gap (MCLG). The MCLG is the smallest net cumulative cash inflow (if positive) or the largest net cumulative cash outflow (if negative) over the next three (3) months. The MCLG indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the BPI Group. A red flag is immediately raised and reported to management and the RMC when the MCLG level projected over the next 3 months is about to breach the RMC-prescribed MCLG limit.

26.3.1 Liquidity risk management process

The BPI Group's liquidity management process, as carried out within the BPI Group and monitored by the RMC includes:

- day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as borrowed by customers;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring liquidity gaps and ratios against internal and regulatory requirements;
- managing the concentration and profile of debt maturities; and
- performing periodic liquidity stress testing on the BPI Group's liquidity position by assuming a faster rate of withdrawals in its deposit base.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities (Note 26.3.2) and the expected collection date of the financial assets. Sources of liquidity are regularly reviewed by the BPI Group to maintain a wide diversification by currency, geography, counterparty, product and term.

The BPI Group also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit.

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016, the Parent Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the BPI Group's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Parent Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid securities. HQLAs therefore, serve as defense against potential stress events.

The main drivers of the Parent Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits, unsecured borrowings, committed and/or uncommitted facilities, derivatives cash flows and cash inflows from maturing corporate, business and retail loans, among others. Cash outflows from derivatives contracts are effectively offset by derivatives cash inflows. These two are accorded 100% outflow and inflow factors, respectively.

Net Stable Funding Ratio (NSFR)

On January 1, 2019, the Parent Bank adopted BSP Circular No. 1007 issued in 2018 regarding the NSFR requirement. The NSFR is aimed at strengthening the Parent Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the BPI Group. The NSFR is expressed as the ratio of available stable funding and the required stable funding and complements the LCR as it takes a longer view of the BPI Group's liquidity risk profile. The BPI Group's capital, retail deposits and long-term debt are considered as stable funding sources whereas the BPI Group's assets including, but not limited to, performing and non-performing loans and receivables, HQLA and non-HQLA securities as well as off-balance items form part of the required stable funding. The Parent Bank's solo and consolidated NSFRs are well-above the regulatory minimum of 100%.

The Parent Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby avoiding undue concentrations by counterparty, maturity, and currency. The Parent Bank manages its liquidity position through asset-liability management activities supported by a well-developed funds management practice as well as a sound risk management system. As part of risk oversight, the Parent Bank monitors its liquidity risk on a daily basis, in terms of single currency and significant currencies, to ensure it is operating within the risk appetite set by the BOD and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the Parent Bank has a set of policies and escalation procedures in place that govern its day-to-day risk monitoring and reporting processes.

The table below shows the actual liquidity metrics of the BPI Group and the Parent Bank:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Liquidity coverage ratio	**220.68%**	231.86%	**221.67%**	240.40%
Net stable funding ratio	**154.88%**	153.58%	**152.11%**	153.13%
Leverage ratio	**10.63%**	10.92%	**10.22%**	10.61%
Total exposure measure	**2,471,163**	2,262,656	**2,085,573**	1,924,061

The decline in the Parent Bank's LCR was driven by higher volumes of operational deposits. Cash, reserves and due from BSP make up 38% of the total stock of HQLA for the year ended December 31, 2021.

26.3.2 Maturity profile - Non-derivative financial instruments

The tables below present the maturity profile of non-derivative financial instruments based on undiscounted cash flows including future interest which the BPI Group uses to manage the inherent liquidity risk. The maturity analysis is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the financial asset will be realized, or the financial liability will be settled.

Consolidated (December 31, 2021)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2021				
Financial Assets				
Cash and other cash items	35,143	-	-	**35,143**
Due from BSP	268,866	-	-	**268,866**
Due from other banks	34,572	-	-	**34,572**
Interbank loans receivable and SPAR	30,859	71	-	**30,930**
Financial assets at FVTPL	13,301	1,182	3,694	**18,177**
Financial assets at FVOCI	37,499	36,415	69,980	**143,894**
Investment securities at amortized cost	45,432	105,717	240,363	**391,512**
Loans and advances, net	521,202	550,196	458,500	**1,529,898**
Other financial assets	2,338	-	-	**2,338**
Total financial assets	**989,212**	**693,581**	**772,537**	**2,455,330**
Financial Liabilities				
Deposit liabilities	1,086,489	366,365	491,971	**1,944,825**
Bills payable and other borrowed funds	48,679	47,391	-	**96,070**
Due to BSP and other banks	953	-	-	**953**
Manager's checks and demand drafts outstanding	6,931	-	-	**6,931**
Lease liabilities	2,081	3,358	2,911	**8,350**
Other financial liabilities	7,256	-	-	**7,256**
Total financial liabilities	**1,152,389**	**417,114**	**494,882**	**2,064,385**
Total maturity gap	**(163,177)**	**276,467**	**277,655**	**390,945**

Consolidated (December 31, 2020)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2020				
Financial Assets				
Cash and other cash items	37,176	-	-	37,176
Due from BSP	223,989	-	-	223,989
Due from other banks	40,155	-	-	40,155
Interbank loans receivable and SPAR	30,345	14	87	30,446
Financial assets at FVTPL	21,637	1,010	11,093	33,740
Financial assets at FVOCI	45,333	19,051	70,602	134,986
Investment securities at amortized cost	53,430	84,155	123,368	260,953
Loans and advances, net	621,097	318,461	605,102	1,544,660
Other financial assets	2,548	-	-	2,548
Total financial assets	1,075,710	422,691	810,252	2,308,653
Financial Liabilities				
Deposit liabilities	731,729	408,122	577,286	1,717,137
Bills payable and other borrowed funds	84,810	25,197	43,132	153,139
Due to BSP and other banks	1,491	-	-	1,491
Manager's checks and demand drafts outstanding	7,108	-	-	7,108
Lease liabilities	2,098	3,299	4,278	9,675
Other financial liabilities	10,694	-	-	10,694
Total financial liabilities	837,930	436,618	624,696	1,899,244
Total maturity gap	237,780	(13,927)	185,556	409,409

Parent Bank (December 31, 2021)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2021				
Financial Assets				
Cash and other cash items	33,868	-	-	**33,868**
Due from BSP	197,445	-	-	**197,445**
Due from other banks	27,734	-	-	**27,734**
Interbank loans receivable and SPAR	30,030	71	-	**30,101**
Financial assets at FVTPL	8,915	344	3,393	**12,652**
Financial assets at FVOCI	29,982	33,274	61,710	**124,966**
Investment securities at amortized cost	44,439	105,013	235,943	**385,395**
Loans and advances, net	488,979	436,227	348,710	**1,273,916**
Other financial assets, net	6,121	-	-	**6,121**
Total financial assets	**867,513**	**574,929**	**649,756**	**2,092,198**
Financial Liabilities				
Deposit liabilities	957,211	288,208	426,338	1,671,757
Bills payable and other borrowed funds	37,003	46,371	-	83,374
Due to BSP and other banks	814	-	-	814
Manager's checks and demand drafts outstanding	5,243	-	-	5,243
Lease liabilities	1,463	2,554	2,634	6,651
Other financial liabilities	4,974	-	-	4,974
Total financial liabilities	**1,006,708**	**337,133**	**428,972**	**1,772,813**
Total maturity gap	**(139,195)**	**237,796**	**220,784**	**319,385**

Parent Bank (December 31, 2020)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2020				
Financial Assets				
Cash and other cash items	35,912	-	-	35,912
Due from BSP	197,974	-	-	197,974
Due from other banks	36,605	-	-	36,605
Interbank loans receivable and SPAR	26,716	14	87	26,817
Financial assets at FVTPL	18,566	915	11,055	30,536
Financial assets at FVOCI	43,863	18,633	63,680	126,176
Investment securities at amortized cost	39,940	79,680	112,647	232,267
Loans and advances, net	556,706	232,501	428,088	1,217,295
Other financial assets, net	2,038	-	-	2,038
Total financial assets	958,320	331,743	615,557	1,905,620
Financial Liabilities				
Deposit liabilities	646,279	331,570	492,702	1,470,551
Bills payable and other borrowed funds	82,343	14,995	43,132	140,470
Due to BSP and other banks	1,491	-	-	1,491
Manager's checks and demand drafts outstanding	5,447	-	-	5,447
Lease liabilities	1,676	2,469	3,765	7,910
Other financial liabilities	5,924	-	-	5,924
Total financial liabilities	743,160	349,034	539,599	1,631,793
Total maturity gap	215,160	(17,291)	75,958	273,827

26.3.3 Maturity profile - Derivative instruments

(a) Derivatives settled on a net basis

The BPI Group's derivatives that are settled on a net basis consist of interest rate swaps, non-deliverable forwards and non-deliverable swaps. The table below presents the contractual undiscounted cash flows of interest rate swaps based on the remaining period from December 31 to the contractual maturity dates that are subject to offsetting, enforceable master netting arrangements and similar agreements.

Consolidated and Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2021		(In Millions of Pesos)		
Interest rate swap contracts - held for trading				
- Inflow	406	444	971	1,821
- Outflow	(395)	(472)	(871)	(1,738)
- Net inflow	**11**	**(28)**	**100**	**83**
Non-deliverable forwards and swaps - held for trading				
- Inflow	167	30	-	197
- Outflow	(34)	(167)	(14)	(215)
- Net outflow	**133**	**(137)**	**(14)**	**(18)**

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2020		(In Millions of Pesos)		
Interest rate swap contracts - held for trading				
- Inflow	188	1,792	1,108	3,088
- Outflow	(193)	(1,752)	(1,207)	(3,152)
- Net inflow	(5)	40	(99)	(64)
Non-deliverable forwards and swaps - held for trading				
- Inflow	13	-	-	13
- Outflow	(679)	(794)	(287)	(1,760)
- Net outflow	(666)	(794)	(287)	(1,747)

(b) Derivatives settled on a gross basis

The BPI Group's derivatives that are settled on a gross basis include foreign exchange derivatives mainly currency forwards and currency swaps. The table below presents the contractual undiscounted cash flows of foreign exchange derivatives based on the remaining period from reporting date to the contractual maturity dates.

Consolidated

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2021		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	1,449	34	41	1,524
- Outflow	(1,679)	-	-	(1,679)
- Net inflow	**(230)**	**34**	**41**	**(155)**
Foreign exchange derivatives - held for hedging				
- Inflow	-	-	-	-
- Outflow	-	-	-	-
- Net outflow	**-**	**-**	**-**	**-**

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2020		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	1,168	188	42	1,398
- Outflow	(740)	(1)	(4)	(745)
- Net inflow	428	187	38	653
Foreign exchange derivatives - held for hedging				
- Inflow	278	-	-	278
- Outflow	-	-	-	-
- Net outflow	278	-	-	278

<u>Parent Bank</u>

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2021		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	1,426	34	41	1,501
- Outflow	(1,602)	-	-	(1,602)
- Net inflow	**(176)**	**34**	**41**	**(101)**
Foreign exchange derivatives - held for hedging				
- Inflow	-	-	-	-
- Outflow	-	-	-	-
- Net outflow	-	-	-	-

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2020		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	1,106	188	42	1,336
- Outflow	(740)	(1)	(4)	(745)
- Net inflow	366	187	38	591
Foreign exchange derivatives - held for hedging				
- Inflow	278	-	-	278
- Outflow	-	-	-	-
- Net outflow	278	-	-	278

26.4 Fair value measurement

The following tables present the carrying value of assets and liabilities and the level of fair value hierarchy within which the fair value measurements are categorized:

26.4.1 Assets and liabilities measured at fair value on a recurring or non-recurring basis

Consolidated (December 31, 2021)

	Carrying Amount	Fair value Level 1	Level 2	**Total**
Recurring measurements:			(In Millions of Pesos)	
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	3,553	-	3,553	**3,553**
Trading assets				
- Debt securities	17,593	14,784	2,809	**17,593**
- Equity securities	188	188	-	**188**
Financial assets at FVOCI				
- Debt securities	131,390	131,390	-	**131,390**
- Equity securities	3,351	1,982	1,369	**3,351**
	156,075	148,344	7,731	**156,075**
Financial liabilities				
Derivative financial liabilities	3,632	-	3,632	**3,632**
Non-recurring measurements				
Assets held for sale, net	3,282	-	10,630	**10,630**

Consolidated (December 31, 2020)

	Carrying Amount	Fair value Level 1	Level 2	Total
Recurring measurements:			(In Millions of Pesos)	
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	4,788	-	4,788	4,788
Trading assets				
- Debt securities	32,352	30,307	2,045	32,352
- Equity securities	70	70	-	70
Financial assets at FVOCI				
- Debt securities	126,851	126,765	86	126,851
- Equity securities	3,335	1,784	1,551	3,335
	167,396	158,926	8,470	167,396
Financial liabilities				
Derivative financial liabilities	5,657	-	5,657	5,657
Non-recurring measurements				
Assets held for sale, net	2,971	-	9,494	9,494

Parent Bank (December 31, 2021)

	Carrying Amount	Fair value Level 1	Level 2	**Total**
Recurring measurements			(In Millions of Pesos)	
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	3,520	-	3,520	**3,520**
Trading assets - debt securities	12,055	12,055	-	**12,055**
Financial assets at FVOCI				
- Debt securities	113,713	113,713	-	**113,713**
- Equity securities	1,828	1,517	311	**1,828**
	131,116	127,285	3,831	**131,116**
Financial liabilities				
Derivative financial liabilities	3,545	-	3,545	**3,545**
Non-recurring measurements				
Assets held for sale, net	505	-	3,866	**3,866**

Parent Bank (December 31, 2020)

	Carrying Amount	Fair value Level 1	Level 2	Total
Recurring measurements		(In Millions of Pesos)		
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	4,716	-	4,716	4,716
Trading assets - debt securities	29,149	29,149	-	29,149
Financial assets at FVOCI				
- Debt securities	118,623	118,623	-	118,623
- Equity securities	1,677	1,370	307	1,677
	154,165	149,142	5,023	154,165
Financial liabilities				
Derivative financial liabilities	5,657	-	5,657	5,657
Non-recurring measurements				
Assets held for sale, net	357	-	3,439	3,439

There are no assets and liabilities whose fair values fall under the Level 3 category as at December 31, 2021 and 2020. Likewise, there were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 and 2020.

26.4.2 Fair value disclosures of assets and liabilities not measured at fair value

Consolidated (December 31, 2021)

	Carrying Amount	Fair value Level 1	Level 2	**Total**
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	35,143	-	35,143	**35,143**
Due from BSP	268,827	-	268,827	**268,827**
Due from other banks	34,572	-	34,572	**34,572**
Interbank loans receivable and SPAR, net	30,852	-	30,852	**30,852**
Investment securities at amortized cost, net	338,672	339,189	-	**339,189**
Loans and advances, net	1,476,527	-	1,524,826	**1,524,826**
Other financial assets	2,338		2,338	**2,338**
Financial liabilities				
Deposit liabilities	1,944,825	-	1,944,825	**1,944,825**
Bills payable and other borrowed funds	95,039	82,550	12,695	**95,245**
Due to BSP and other banks	953	-	953	**953**
Manager's checks and demand drafts outstanding	6,931	-	6,931	**6,931**
Other financial liabilities	7,256	-	7,256	**7,256**
Non-financial assets				
Investment properties	165	-	1,899	**1,899**

Consolidated (December 31, 2020)

	Carrying Amount	Fair value Level 1	Level 2	Total
			(In Millions of Pesos)	
Financial assets				
Cash and other cash items	37,176	-	37,176	37,176
Due from BSP	223,989	-	223,989	223,989
Due from other banks	40,155	-	40,155	40,155
Interbank loans receivable and SPAR, net	30,251	-	30,251	30,251
Investment securities at amortized cost, net	244,653	253,097	-	253,097
Loans and advances, net	1,407,413	-	1,511,405	1,511,405
Other financial assets	2,548	-	2,548	2,548
Financial liabilities				
Deposit liabilities	1,716,177	-	1,708,322	1,708,322
Bills payable and other borrowed funds	151,947	128,351	21,498	149,849
Due to BSP and other banks	1,491	-	1,491	1,491
Manager's checks and demand drafts outstanding	7,108	-	7,108	7,108
Other financial liabilities	10,694	-	10,694	10,694
Non-financial assets				
Investment properties	150	-	638	638

Parent Bank (December 31, 2021)

	Carrying Amount	Fair value Level 1	Level 2	**Total**
			(In Millions of Pesos)	
Financial assets				
Cash and other cash items	33,868	-	33,868	**33,868**
Due from BSP	197,435	-	197,435	**197,435**
Due from other banks	27,734	-	27,734	**27,734**
Interbank loans receivable and SPAR, net	30,023	-	30,023	**30,023**
Investment securities at amortized cost, net	333,193	333,720	-	**333,720**
Loans and advances, net	1,233,052	-	1,217,489	**1,217,489**
Other financial assets	6,121	-	6,121	**6,121**
Financial liabilities				
Deposit liabilities	1,671,757	-	1,671,757	**1,671,757**
Bills payable and other borrowed funds	82,550	82,550	-	**82,550**
Due to BSP and other banks	814	-	814	**814**
Manager's checks and demand drafts outstanding	5,243	-	5,243	**5,243**
Other financial liabilities	4,974	-	4,974	**4,974**
Non-financial assets				
Investment properties	153	-	1,860	**1,860**

Parent Bank (December 31, 2020)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	35,912	-	35,912	35,912
Due from BSP	197,974	-	197,974	197,974
Due from other banks	36,605	-	36,605	36,605
Interbank loans receivable and SPAR, net	26,622	-	26,622	26,622
Investment securities at amortized cost, net	216,810	224,636	-	224,636
Loans and advances, net	1,175,071	-	1,199,349	1,199,349
Other financial assets	2,038	-	2,038	2,038
Financial liabilities				
Deposit liabilities	1,470,210	-	1,467,541	1,467,541
Bills payable and other borrowed funds	140,348	118,806	21,498	140,304
Due to BSP and other banks	1,491	-	1,491	1,491
Manager's checks and demand drafts outstanding	5,447	-	5,447	5,447
Other financial liabilities	5,924	-	5,924	5,924
Non-financial assets				
Investment properties	139	-	638	638

26.5 Insurance risk management

The non-life insurance entities decide on the retention, or the absolute amount that they are ready to assume insurance risk from one event. The retention amount is a function of capital, experience, actuarial study and risk appetite or aversion.

In excess of the retention, these entities arrange reinsurances either thru treaties or facultative placements. They also accredit reinsurers based on certain criteria and set limits as to what can be reinsured. The reinsurance treaties and the accreditation of reinsurers require BOD's approval.

Note 27 - Capital Management

Capital management is understood to be a facet of risk management. The primary objective of the BPI Group is the generation of recurring acceptable returns to shareholders' capital. To this end, the BPI Group's policies, business strategies and activities are directed towards the generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

Cognizant of its exposure to risks, the BPI Group maintains sufficient capital to absorb unexpected losses, stay in business for the long haul, and satisfy regulatory requirements. The BPI Group further understands that its performance, as well as the performance of its various units, should be measured in terms of returns generated vis-à-vis allocated capital and the amount of risk borne in the conduct of business.

Effective January 1, 2014, the BSP, through its Circular 781, requires each bank and its financial affiliated subsidiaries to adopt new capital requirements in accordance with the provisions of Basel III. The new guidelines are meant to strengthen the composition of the bank's capital by increasing the level of core capital and regulatory capital. The Circular sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

Information on the regulatory capital is summarized below:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Tier 1 capital	**291,396**	277,830	**291,322**	277,755
Tier 2 capital	**14,847**	13,593	**12,961**	11,835
Gross qualifying capital	**306,243**	291,423	**304,283**	289,590
Less: Regulatory adjustments/required deductions	**28,688**	30,760	**78,076**	73,557
Total qualifying capital	**277,555**	260,663	**226,207**	216,033
Risk weighted assets	**1,664,989**	1,527,572	**1,430,838**	1,309,660
CAR (%)	**16.67**	17.06	**15.81**	16.50
CET1 (%)	**15.78**	16.17	**14.90**	15.59

The BPI Group has fully complied with the CAR requirement of the BSP.

Likewise, regulatory capital structures of certain subsidiaries on a standalone basis are managed to meet the requirements of the relevant regulatory bodies (i.e. Insurance Commission (IC), SEC, PSE etc.). These subsidiaries have fully complied with the applicable regulatory capital requirements.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Bank is likewise fully compliant with this requirement.

Note 28 - Commitments and Contingencies

At present, there are lawsuits, claims and tax assessments pending against the BPI Group. In the opinion of management, after reviewing all actions and proceedings and court decisions with legal counsels, the aggregate liability or loss, if any, arising therefrom will not have a material effect on the BPI Group's financial position or financial performance.

BPI and some of its subsidiaries are defendants in legal actions arising from normal business activities. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the financial statements.

In the normal course of business, the BPI Group makes various commitments that are not presented in the financial statements. The BPI Group does not anticipate any material losses from these commitments.

Note 29 - Subsequent Event

Release of the 4th Tranche of the Peso Bond and Commercial Paper Program

On January 31, 2022, the BPI Group released the fourth tranche of the Peso Bond Commercial Paper Program with a par value amounting to P27,000 million. These bonds issued at a fixed rate of 2.81% p.a., payable quarterly. These bonds are unconditional, unsecured and unsubordinated, and are expected to mature within 2 years from issuance or January 31, 2024.

Note 30 - Other Disclosures

30.1 BPI and BFB Merger

The plan of merger between the Parent Bank and BFB was cleared by the Philippine Deposit Insurance Corporation on June 30, 2021 and the Monetary Board in its resolution dated September 30, 2021 as reflected in the letter of the BSP dated October 4, 2021. On December 21, 2021, the SEC likewise signified its approval on the merger effective January 1, 2022.

The integration of both entities will provide considerable advantages to the customers and employees of BPI and BFB, and present potential synergies that will benefit shareholders. The accelerated shift to digital, the focus on operational efficiency and the expected reduction in the gap in regulatory reserve requirements between commercial banks and thrift banks were factors in the timing of the transaction.

Purchase consideration

On merger date, the Parent Bank shall issue common shares to BFB shareholders amounting to the net assets of the latter in the standalone financial statements as at December 31, 2020.

The Parent Bank, owning 100% of the shares of BFB, shall effectively issue treasury shares as a consideration of the merger. The number of treasury shares to be issued shall be computed based on the net assets of BFB as of December 31, 2020 over the share price of the Parent Bank as of December 29, 2020. The details are as follows:

	Amount
	(In Thousands of Pesos, except share price and treasury shares)
Net assets of BFB as of December 31, 2020	
Total assets	287,090,333
Total liabilities	254,047,648
	33,042,685
Share price of BPI as of December 29, 2020	P81.35
Number of treasury shares to be issued	406,179,276

These treasury shares are expected to be sold or disposed of by the Parent Bank within six (6) months following the effective date of the merger in accordance with Chapter 3, Section 10 of the General Banking Law of 2000 (Republic Act 8791).

Net assets acquired

Details of BFB assets and liabilities as at acquisition date (January 1, 2022) and December 31, 2020 are as follows:

	January 1, 2022	December 31, 2020
	(In Thousands of Pesos)	
Assets acquired		
Cash and other cash items	982,150	1,004,339
Due from Bangko Sentral ng Pilipinas	67,065,132	17,846,031
Due from other banks	10,152,692	4,935,660
Interbank loans receivable and securities purchased under agreements to resell	-	3,631,258
Financial assets at fair value through profit or loss	101,960	-
Financial assets at fair value through other comprehensive income	16,220,549	6,802,621
Investment securities at amortized cost, net	-	24,233,039
Loans and advances, net	228,649,520	219,636,857
Assets held for sale, net	2,639,361	2,452,159
Bank premises, furniture, fixtures and equipment, net	1,713,807	1,791,553
Deferred income tax assets	3,448,694	3,885,474
Other assets, net	686,981	871,342
	331,660,846	287,090,333
Liabilities assumed		
Deposit liabilities	274,766,919	234,582,648
Other borrowed funds	9,583,528	9,544,988
Manager's checks and demand drafts outstanding	1,676,663	1,644,409
Accrued taxes, interest and other expenses	1,698,772	1,734,264
Deferred credits and other liabilities	11,018,995	6,541,339
	298,744,877	254,047,648
Net assets	32,915,969	33,042,685

Goodwill; Other reserves

As the transaction is outside the scope of PFRS 3, *Business Combinations*, the merger was accounted for using the pooling of interests method following the guidance under the PIC Q&A No. 2018-06. In applying the pooling of interests method, all assets and liabilities of BFB are taken into the merged business at their carrying values with no restatement of comparative 2020 figures. Likewise, no goodwill was recognized as the result of the business combination.

The difference between the carrying amount of the net assets acquired and the purchase consideration shall be an addition/deduction to the other reserves balance as follows:

	Amount
	(In Thousands of Pesos)
Purchase price	33,042,685
Carrying amount of net assets acquired	32,915,969
Other reserves (addition to capital funds)	126,716

i. Contingencies and commitments acquired

As a result of the merger, the Parent Bank acquired certain off-balance sheet items pertaining to undrawn loan commitments within the scope of PFRS 9. Details of such liabilities are as follows:

	Amount
	(In Thousands of Pesos)
Undrawn loan commitments	6,422,982
Loss allowance	(18,984)
Carrying amount	6,403,998

ii. Acquired receivables

The details of the loans and advances, net acquired as a result of the business combination and its related fair value is as follows:

	Amount
	(In Thousands of Pesos)
Corporate loans	
Large corporate customers	15,135,453
Small and medium enterprises	17,916,051
Retail loans	
Real estate mortgages	151,807,726
Auto loans	51,177,718
Credit cards	1,922,634
Others	174
	237,959,756
Accrued interest receivable	1,972,675
Unearned discount/income	(107,809)
	239,824,622
Allowance for impairment	(11,175,102)
Net carrying amount	228,649,520
Fair value	292,693,036

The details of the other receivables, net, which form part of Other assets, net, acquired as a result of the business combination and its related fair value are as follows:

	Amount
	(In Thousands of Pesos)
Gross carrying amount	256,831
Allowance for impairment	(136,311)
Net carrying amount	120,520
Fair value	120,520

iii. Revenue and profit contribution

In accordance with the Plan of Merger between the Parent Bank and BFB, any net income earned by the latter from January 1, 2021 until the effective date shall be declared and paid as dividends to the Parent Bank. On December 29, 2021, the BOD of BFB declared cash dividends amounting to P3,532 million (P353 per share) out of its unrestricted surplus payable to the Parent Bank as at December 29, 2021. The cash dividends remain to be outstanding as at reporting date. The remaining net income after dividend declaration will form part of Other reserves upon effectivity of the merger.

A summary of the statement of income of BFB for the year ended December 31, 2021 is as follows:

	Amount (In Thousands of Pesos)
INTEREST INCOME	
On loans and advances	15,446,743
On investment securities	339,408
On deposits with BSP and other banks	602,061
	16,388,212
INTEREST EXPENSE	
On deposits	4,452,939
On other borrowed funds	451,342
	4,904,281
NET INTEREST INCOME	11,483,931
IMPAIRMENT LOSSES	2,000,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	9,483,931
OTHER INCOME	
Fees and commissions	1,450,304
Foreign exchange profit and securities trading gain	13,038
Net gains on disposals of investment securities measured at amortized cost	319,673
Other operating income	484,954
	2,267,969
OTHER EXPENSES	
Compensation and fringe benefits	2,398,486
Occupancy and equipment-related expenses	1,950,452
Other operating expenses	2,887,531
	7,236,469
INCOME BEFORE INCOME TAX	4,515,431
PROVISION FOR INCOME TAX	
Current	669,987
Deferred	296,133
	966,120
NET INCOME FOR THE YEAR	3,549,311

Cash flows as a result of the merger

Cash and cash equivalents acquired as a result of the business combination shall form part of the net cash inflows from investing activities in the statement of cash flows for the period beginning January 1, 2022. The breakdown of the cash and cash equivalents acquired are as follows:

	Amount (In Thousands of Pesos)
Cash and other cash items	982,150
Due from Bangko Sentral ng Pilipinas	67,065,132
Due from other banks	10,152,692
Interbank loans receivable and securities purchased under agreements to resell (with maturity of three months or less)	-
	78,199,974

Acquisition-related costs

Acquisition-related costs of P121 million that were not directly attributable to the issue of shares are included in other operating expenses in the statement of income and in operating cash flows in the statement of cash flows for the period beginning January 1, 2021 until effectivity of the merger.

30.2 Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses

On October 14, 2021, the Monetary Board approved the guidelines on restructured loans under BSP Memorandum No. M-2021-056 which shall be effective until December 31, 2022.

Key points of the issuance include:

- Establishment of prudent criteria in the assessment and modification of terms and conditions of loans.
- Classification under Stage 1, 2, or 3 shall be based on the assessment of the borrowers' financial difficulty and ability to pay based on revised terms.

- Restructured loans should not automatically be considered as credit-impaired warranting classification as non-performing. It will only be classified as such when it falls under Stage 3.
- Monitoring of list of restructured loans including risk classification, staging, and provisioning.

The Bank will be applying the guidelines, which will only be relevant for prudential reporting purposes, to its commercial loan portfolio beginning January 1, 2022.

Note 31 - Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

31.1 Basis of preparation

The financial statements of the BPI Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

As allowed by the SEC, the pre-need subsidiary of the Parent Bank continues to follow the provisions of the Pre-Need Uniform Chart of Accounts (PNUCA) prescribed by the SEC and adopted by the IC.

The financial statements comprise the statements of condition, statements of income and statements of total comprehensive income shown as two statements, statements of changes in capital funds, statements of cash flows and the notes.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, financial assets at FVOCI, and plan assets of the BPI Group's defined benefit plans.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the BPI Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore fairly present the financial position and results of the BPI Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

Critical accounting estimates
- Fair value of derivatives and other financial instruments (Note 7)
- Useful lives of bank premises, furniture, fixtures and equipment (Note 11)
- Impairment of investments subsidiaries and associates (Note 12)
- Calculation of defined benefit obligation (Note 23)
- Measurement of expected credit losses for loans and advances (Note 26.1.4)

Critical accounting judgments
- Classification of investment securities at amortized cost (Note 9)
- Realization of deferred income tax assets (Note 13)
- Determining the lease term (Note 20)
- Determining the incremental borrowing rate (Note 20)

31.2 Changes in accounting policy and disclosures

(a) New amendments to existing standards adopted by the BPI Group

The BPI Group has adopted the following amendments to existing standards effective January 1, 2021:

- Amendment to PFRS 16, '*Leases*'

  The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

  As at December 31, 2021, the Bank recognized a lease concession adjustment to reflect the amendments made to the existing lease contracts following the reliefs provided by the Bank's lessors due to the COVID-19 pandemic. The lease concession adjustment is deemed immaterial for financial reporting purposes.

- Amendments to PFRS 9, ‘*Financial Instruments*’, PFRS 7 ‘*Financial Instruments: Disclosures*’, PFRS 4, ‘*Insurance Contracts*’ and PFRS 16 ‘*Leases*’

  These amendments that were issued in August 2020 address issues that arise during the reform of an interest rate benchmark rate (IBOR), including the replacement of one benchmark rate with an alternative one.

  The key reliefs provided by the amendments are as follows:

  - Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform (that is, are necessary as a direct consequence of IBOR reform and are economically equivalent) will not result in an immediate gain or loss in the income statement.

  - Hedge accounting. The hedge accounting reliefs will allow most PFRS 9 hedge relationships that are directly affected by IBOR reform to continue (Note 19). However, additional ineffectiveness might need to be recorded.

Hedge relationships

The ‘Phase 2’ amendments address issues arising during interest rate benchmark reform, including specifying when the ‘Phase 1’ amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

The ‘Phase 1’ amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs had the effect that IBOR reform should not generally cause hedge accounting to terminate prior to contracts being amended. However, any hedge ineffectiveness is continued to be recorded in the statement of income. Furthermore, the amendments set out triggers for when the reliefs would end, which included the uncertainty arising from interest rate benchmark reform no longer being present. The BPI Group has not adopted any hedge accounting reliefs provided by ‘Phase 1’ in 2020 as the sole cash flow hedge held was not IBOR-based (Note 7).

The hedge accounting reliefs provided by ‘Phase 2’ of the amendments are as follows:

- Hedge designation: When the phase 1 amendments cease to apply, the BPI Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:
  - designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
  - amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
  - amending the description of the hedging instrument. The BPI Group will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- Hedges of groups of items: When amending hedges for groups of items (such as the fair value hedge of interest rate risk within the mortgage portfolio) for IBOR reform, hedged items are allocated to sub-groups within that hedge designation, based on the benchmark rate being hedged for that subgroup (for example, a GBP LIBOR sub-group and a SONIA sub-group within the fair value hedge of the mortgage portfolio). The benchmark rate for each sub-group is designated as the hedged risk.

- Risk components: The BPI Group is permitted to designate an alternative benchmark rate as a noncontractually specified risk component, even if it is not separately identifiable at the date when it is designated, provided that the BPI Group reasonably expects that it will meet the requirements within 24 months of the first designation and the risk component is reliably measurable. The 24-month period applies separately to each alternative benchmark rate which the BPI Group might designate.

For the year ended December 31, 2021, the BPI Group has not adopted any hedge accounting reliefs provided by ‘Phase 2’ of the amendments since there are no outstanding hedging relationships for the year then ended.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD, GBP and EUR LIBOR and other inter-bank offered rates (‘IBORs’) has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

As part of the reforms noted above, the international regulators have decided to no longer compel panel banks to participate in the LIBOR submission process after the end of 2021 - although it acknowledges that COVID-19 might impact on these plans - and to cease oversight of these benchmark interest rates. Regulatory authorities and private sector working groups, including the International Swaps and Derivatives Association ('ISDA') and the Working Group on Sterling and Risk-Free Reference Rates, continue to discuss alternative benchmark rates for LIBOR.

It is currently expected that SOFR (Secured Overnight Financing Rate), SONIA (Sterling Overnight Index Average) and €STR (Euro Short Term-Rate) (collectively, "replacement rates") will replace USD LIBOR, GBP LIBOR and EUR LIBOR, respectively. There remain key differences between LIBOR and the replacement rates. LIBOR is a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. The replacement rates are currently 'backward-looking' rates, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which the replacement rates currently do not. To transition existing contracts and agreements that reference LIBOR to their respective replacement rates, adjustments for term differences and credit differences might need to be applied to the replacement rates, to enable the two benchmark rates to be economically equivalent on transition.

The Philippine Interbank Reference Rate (PHIREF) is the benchmark rate used by key local players in setting the reset value for the Philippine Peso floating leg of interest rate swaps. This is derived from done deals in the interbank foreign exchange swap market and computed using USD LIBOR.

As at December 31, 2021, the BPI Group has approved SOFR and SONIA as the replacement rates for USD and GBP LIBOR, respectively, while the remaining exposure on EUR LIBOR matured prior to the cessation of the related benchmark rate. The adoption of the above changes in interest rate benchmark did not have a material impact on the financial statements of the BPI Group.

The following table contains details of all financial instruments that BPI Group holds which reference LIBOR as at December 31, 2021:

Consolidated:

			Of which: have reference to a currency LIBOR* (In Millions of Pesos)							
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	35,143	-	-	-	-	-	-	-	-	-
Due from BSP	268,827	-	-	-	-	-	-	-	-	-
Due from other banks	34,572	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	30,852	-	-	-	-	-	-	-	-	-
Investment securities at					-	-	-	-		-
amortized cost	338,672	-	4,421	-					4,421	
Loans and advances, net	1,476,527	-	68,787	-	-	-	2,069	-	70,856	-
Other financial assets	2,338	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	1,955,147	-	774	-	-	-	-	-	774
Bills payable and other					-	-	-	-	-	-
borrowed funds	-	95,039	-	-						
Due to BSP and other banks	-	953	-	-	-	-	-	-	-	-
Manager's checks and demand					-	-	-	-	-	-
drafts outstanding	-	6,931	-	-						
Lease liabilities	-	7,326	-	-	-	-	-	-	-	-
Other financial liabilities	-	7,256	-	-	-	-	-	-	-	-
	2,186,931	2,072,652	73,208	774	-	-	2,069	-	75,277	774
Measured at fair value										
Financial assets at FVTPL	17,781	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	134,741	-	-	-	-	-	-	-	-	-
	152,522	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	2,339,453	2,072,652	73,208	774	-	-	2,069	-	75,277	774
Derivative assets and liabilities	3,553	3,632	150,842	-	9,900	-	785	-	161,527	-
Total carrying value of assets and liabilities exposed	2,343,006	2,076,284	224,050	774	9,900	-	2,854	-	236,804	774

**Based on the notional amounts of their related contracts*

Parent:

(in millions of Pesos)	Carrying Value Assets	Carrying Value Liabilities	Of which: have reference to a currency LIBOR* (In Millions of Pesos) USD Libor Assets	USD Libor Liabilities	PHIREF Assets	PHIREF Liabilities	GBP Libor Assets	GBP Libor Liabilities	Total Assets	Total Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	33,868	-	-	-	-	-	-	-	-	-
Due from BSP	197,435	-	-	-	-	-	-	-	-	-
Due from other banks	27,734	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	30,023	-	-	-	-	-	-	-	-	-
Investment securities at amortized cost	333,193	-	4,421	-	-	-	-	-	4,421	-
Loans and advances, net	1,233,052	-	68,091	-	-	-	2,069	-	70,160	-
Other financial assets	6,121	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	1,675,875	-	774	-	-	-	-	-	774
Bills payable and other borrowed funds	-	82,550	-	-	-	-	-	-	-	-
Due to BSP and other banks	-	814	-	-	-	-	-	-	-	-
Manager's checks and demand drafts outstanding	-	5,243	-	-	-	-	-	-	-	-
Lease liabilities	-	6,248	-	-	-	-	-	-	-	-
Other financial liabilities	-	4,974	-	-	-	-	-	-	-	-
	1,861,426	1,775,704	72,512	774	-	-	2,069	-	74,581	774
Measured at fair value										
Financial assets at FVTPL	12,055	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	115,541	-	-	-	-	-	-	-	-	-
	127,596	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	1,989,022	1,775,704	72,512	774	-	-	2,069	-	74,581	774
Derivative assets and liabilities	3,520	3,545	147,673	-	9,900	-	-	-	157,573	-
Total carrying value of assets and liabilities exposed	1,992,542	1,779,249	220,185	774	9,900	-	2,069	-	232,154	774

**Based on the notional amounts of their related contracts*

(b) New standards and amendments to existing standards not yet adopted by the BPI Group

The following new accounting standards and amendments to existing standards are not mandatory for December 31, 2021 reporting period and have not been early adopted by the BPI Group:

- PFRS 17, Insurance Contracts (effective for annual periods beginning on or after January 1, 2025)

  PFRS 17 was issued in May 2017 as replacement for PFRS 4, Insurance Contracts. PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period. The standard allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

  The IC, in coordination with Philippine Insurers and Reinsurers Association, is currently reviewing the impact of PFRS 17 across the entire industry and has established a project team to manage the implementation approach. The IC, considering the extension of IFRS 17 and the challenges of the COVID-19 pandemic to the insurance industry, has deferred the implementation of PFRS 17 to January 1, 2025, granting an additional two-year period from the date of effectivity proposed by the IASB. The BPI Group is assessing the quantitative impact of PFRS 17 as at reporting date.

Likewise, the following amendments to existing standards are not mandatory for December 31, 2021 reporting period and have not been early adopted by the BPI Group:

- Amendments to PAS 16, 'Property, Plant and Equipment'

  The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

- Amendments to PFRS 3, '*Business Combinations*'

  Amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, '*Provisions, Contingent Liabilities and Contingent Assets*' and Interpretation 21, *Levies*.

- Amendment to PAS 37, '*Provisions, Contingent Liabilities and Contingent Assets*'

  The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- Amendments to PAS 1, '*Presentation of Financial Statements*'

  The amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

  In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*'

  The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, '*Income Taxes*

  The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

- Annual Improvements to PFRS Standards 2018-2020

  The following improvements were finalized in May 2020:
  i. PFRS 9, '*Financial Instruments*', clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
  ii. PFRS 16, '*Leases*', amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the BPI Group.

31.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The BPI Group recognizes a financial instrument in the statements of condition when, and only when, the BPI Group becomes a party to the contractual provisions of the instrument.

31.3.1 Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired (see definition on Note 31.3.2.2) at initial recognition - the BPI Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the BPI Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the BPI Group commits to purchase or sell the asset.

At initial recognition, the BPI Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, as described in Note 31.3.2.1 below, which results in the loss provision being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the BPI Group recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

31.3.2 Financial assets

31.3.2.1 Classification and subsequent measurement

The BPI Group classifies its financial assets in the following measurement categories: at FVTPL, FVOCI, and at amortized cost. The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and advances, due from BSP and other banks, government and corporate bonds and other financial receivables.

Classification and subsequent measurement of debt instruments depend on the BPI Group's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the BPI Group classifies its debt instruments into one of the following three measurement categories:

- *Amortized cost*
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Amortized cost financial assets include cash and other cash items, due from BSP, due from other banks, interbank loans receivables and SPAR, loans and advances, and other financial assets.

- *FVOCI*
  Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *FVTPL*
  Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within "Securities trading gain" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.

Business model

The business model reflects how the BPI Group manages the assets in order to generate cash flows. That is, whether the BPI Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified and measured at FVTPL. Factors considered by the BPI Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payment of Principal and Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the BPI Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the BPI Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The BPI Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The BPI Group subsequently measures all equity investments at FVTPL, except where the BPI Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The BPI Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as 'Other operating income' when the BPI Group's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the "Securities trading gain" in the statements of income.

31.3.2.2 Impairment of amortized cost and FVOCI financial assets

The BPI Group assesses impairment as follows:
- individually for loans that exceed specified thresholds. Where there is objective evidence of impairment, individually assessed provisions will be recognized; and
- collectively for loans below the specified thresholds noted above or if there is no objective evidence of impairment. These loans are included in a group of loans with similar risk characteristics and collectively assessed for impairment. If there is objective evidence that the group of loans is collectively impaired, collectively assessed provisions will be recognized.

Expected credit losses

The BPI Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The BPI Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

PFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the BPI Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The BPI Group determines SICR based on prescribed benchmarks approved by the Board of the Directors.
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with PFRS 9 is that it should consider forward-looking information.
- POCI financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3). The BPI Group has no POCI as at December 31, 2021 and 2020.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Determination of SICR

The BPI Group compares the probabilities of default occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition to determine SICR. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category;
- adverse changes in business, financial and/or economic conditions of the borrower;

- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition;
- the account has become past due beyond 30 days where an account is classified under special monitoring category (refer to Note 26.1.2 for the description of special monitoring); and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the BPI Group.

Measuring ECL - Inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood that the borrower will default (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.

- EAD is based on the amounts the BPI Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD). For example, for a revolving commitment, the BPI Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

  The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

  - For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
  - For committed credit lines, the EAD is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

- LGD represents the BPI Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

  The LGDs are determined based on the factors which impact the recoveries made post-default.

  - For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
  - For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies and historical recoveries.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change - are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on January 1, 2018 to the reporting date.

Forward-looking information incorporated in the ECL models

The BPI Group incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and expected credit losses for each portfolio. MEVs that affect a specific portfolio's non-performing loan rate(s) are determined through statistical modelling and the application of expert judgment. The BPI Group's economics team establishes possible global and domestic economic scenarios. With the use of economic theories and conventions, expert judgment and external forecasts, the economics team develops assumptions to be used in forecasting variables in the next five (5) years, subsequently reverting to long run-averages. The probability-weighted ECL is calculated by running each scenario through the relevant ECL models and multiplying it by the appropriate scenario weighting.

The estimation and application of forward-looking information requires significant judgment. As with any economic forecasts, the projections and likelihood of occurrences are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The scenarios and their attributes are reassessed at each reporting date. Information regarding the forward-looking economic variables and the relevant sensitivity analysis is disclosed in Note 26.

Financial assets with low credit risk

Loss allowance for financial assets at amortized cost and FVOCI that have low credit risk is limited to 12-month expected credit losses. Management considers "low credit risk" for listed government bonds to be an investment grade credit rating with at least one major rating agency. Other debt instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default and credit-impaired assets

The BPI Group considers a financial instrument in default or credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments (with the exception of credit cards and micro-finance loans where a borrower is required to be 90 days past due and over 7 days past due, respectively, to be considered in default).

Qualitative criteria

The counterparty is experiencing significant financial difficulty which may lead to non-payment of loan as may be indicated by any or combination of the following events:

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- The counterparty is in breach of major financial covenant(s) which lead(s) to event of default;
- An active market for the security has disappeared;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the BPI Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD, and LGD throughout the BPI Group's expected credit loss calculations.

The BPI Group's definition of default is substantially consistent with non-performing loan definition of the BSP. For cross-border, treasury and debt securities, these are classified as defaulted based on combination of BSP and external credit rating agency definitions.

31.3.3 Modification of loans

The BPI Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the BPI Group assesses whether or not the new terms are substantially different to the original terms. The BPI Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BPI Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BPI Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in the statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the BPI Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of income. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Loan modifications in compliance with the Bayanihan Acts I and II in 2020, was treated in line with BPI Group's policies discussed above.

31.3.4 Derecognition of financial assets other than modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the BPI Group transfers substantially all the risks and rewards of ownership, or (ii) the BPI Group neither transfers nor retains substantially all the risks and rewards of ownership and the BPI Group has not retained control.

The BPI Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the BPI Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.5 Write-off of financial assets

The BPI Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the BPI Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The BPI Group may write-off financial assets that are still subject to enforcement activity. The write-off of loans is approved by the BOD in compliance with the BSP requirements. Loans written-off are fully covered with allowance.

Recoveries on charged-off assets

Collections on accounts or recoveries from impaired financial assets previously written off are recognized in profit or loss under Miscellaneous income in the period where the recovery transaction occurs.

31.3.6 Financial liabilities

31.3.6.1 Classification of financial liabilities

The BPI Group classifies its financial liabilities in the following categories: financial liabilities at FVTPL and financial liabilities at amortized cost.

(a) Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the BPI Group as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the statements of income and are reported as "Securities trading gain". The BPI Group has no financial liabilities that are designated at fair value through profit loss.

b) Other liabilities measured at amortized cost

Financial liabilities that are not classified as at FVTPL fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost include deposits from customers and banks, bills payable, amounts due to BSP and other banks, manager's checks and demand drafts outstanding, subordinated notes and other financial liabilities under deferred credits and other liabilities.

31.3.6.2 Subsequent measurement and derecognition

Financial liabilities at FVTPL are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or has expired). Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.7 Loan commitments

Loan commitments are contracts in which the BPI Group is required to provide loans with pre-specified terms to customers. These contracts, which are not issued at below-market interest rates and are not settled net in cash or by delivering or issuing another financial instrument, are not recorded in the statements of condition.

31.3.8 Derivative financial instruments

A derivative instrument is initially recognized at fair value on the date a derivative contract is entered into, and is subsequently remeasured to its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument or is held for trading.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting (and therefore, held for trading) are recognized immediately in profit or loss and are included in "Securities trading gain".

Hedge accounting

The BPI Group designates derivatives as either:
- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the BPI Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The BPI Group documents its risk management objective and strategy for undertaking its hedge transactions.

In 2021, the BPI Group's existing cash flow hedge activity in 2020 has matured (Note 7). There are no fair value hedges or net investment hedges as of reporting date.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the "Cash flow hedge reserve" within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within "Other operating income".

When the group excludes the forward element of a forward contract and foreign currency basis spread of financial instruments in the hedge designation, the fair value change of the forward element and currency basis spread that relates to the hedged item ('aligned forward element/currency basis spread') is recognized within OCI in the costs of hedging reserve within equity. If the group designates the full change in fair value of the derivative (including forward points and currency basis spreads) the gains or losses relating to the effective portion of the change in fair value of the entire derivative are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss within other operating income in the same periods during which the hedged future cash flows affect profit or loss. However, if the amount is a loss and the BPI Group expects that all or a portion of that loss will not be recovered in one or more future periods, the amount that is not expected to be recovered shall immediately be reclassified to profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time shall be reclassified to profit or loss in the same periods during which the future cash flows affect profit or loss. When the future cash flows are no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

31.3.8.1 Embedded derivatives

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the BPI Group assesses the entire contract for classification and measurement in accordance with the policy outlined in Note 30.3.2 above. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statements of income unless the BPI Group chooses to designate the hybrid contracts at FVTPL.

31.3.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The BPI 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, PSE, 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 BPI Group considers relevant and observable market prices in its valuations where possible. The BPI Group has no assets or liabilities classified under Level 3 as at and for the year ended December 31, 2021 and 2020.

31.3.10 Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate 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 effective interest rate, the BPI Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

31.3.11 Dividend income

Dividend income is recognized in profit or loss when the BPI Group's right to receive payment is established.

31.3.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of condition 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.

As at December 31, 2021 and 2020, there are no financial assets and liabilities presented at net amounts due to offsetting.

31.3.13 Cash and cash equivalents

Cash and cash equivalents consist of Cash and other cash items, Due from BSP, Due from other banks, and Interbank loans receivable and securities purchased under agreements to resell (SPAR) with maturities of less than three months from the date of acquisition and that are subject to insignificant risk of changes in value.

31.3.14 Repurchase and reverse repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks and customers and included in the statement of condition under "Interbank loans receivable and securities purchased under agreements to resell". Securities lent to counterparties are also retained in the financial statements.

31.4 Consolidation

The subsidiaries financial statements are prepared for the same reporting year as the consolidated financial statements. Refer to Note 1 for the list of the Parent Bank's subsidiaries.

(a) Subsidiaries

Subsidiaries are all entities over which the BPI Group has control. The BPI Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The BPI Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the BPI Group's voting rights relative to the size and dispersion of holdings of other shareholders give the BPI Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the BPI Group. They are de-consolidated from the date that control ceases.

The BPI Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BPI Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BPI Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the BPI Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the BPI Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the BPI Group, except for the pre-need subsidiary which follows the provisions of the PNUCA as allowed by the SEC.

When the BPI Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the BPI Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Parent Bank loses control of a subsidiary, the Parent Bank:

- derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- recognizes any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. The remeasured value at the date that control is lost shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or the cost on initial recognition of an investment in an associate or joint venture, if applicable.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests other than those related to discontinued operation are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the Parent Bank are reported in consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the statements of income as net income (loss) attributable to non-controlling interests.

(c) Associates

Associates are all entities over which the BPI Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The BPI Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the BPI Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the BPI Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The BPI Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the BPI Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit (loss) of an associate' in profit or loss.

Unrealized gains on transactions between the BPI Group and its associates are eliminated to the extent of the BPI Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the BPI Group.

(d) Business combination between entities under common control

Business combinations under common control are accounted for using the pooling of interest method following the guidance under the PIC Q&A No. 2018-01. Under this method, the Parent Bank does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

31.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Parent Bank's separate financial statements are accounted for using the cost method in accordance with PAS 27. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Parent Bank recognizes a dividend from a subsidiary or associate 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 indicator of impairment that the investment in the subsidiary or associate is impaired. If this is the case, the Parent Bank calculates the amount of impairment as the difference between the recoverable amount and carrying value and the difference is recognized in profit or loss.

Investments in subsidiaries and associates are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries and associates at which time the cost and the related accumulated impairment loss are removed in the statements of condition. Any gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

31.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer who allocates resources to, and assesses the performance of the operating segments of the BPI Group.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with PFRS 8, the BPI Group has the following main banking business segments: consumer banking, corporate banking and investment banking. Its insurance business is assessed separately from these banking business segments (Note 3).

31.7 Bank premises, furniture, fixtures and equipment

Land and buildings comprise mainly of branches and offices. All bank premises, furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an asset which comprises its purchase price, import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BPI Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Land is carried at historical cost and is not depreciated. Depreciation for buildings and furniture and equipment is calculated using the straight-line method to allocate cost or residual values over the estimated useful lives of the assets, as follows:

Building	25-50 years
Furniture and equipment	3-5 years
Equipment for lease	2-8 years

Leasehold improvements are depreciated over the shorter of the lease term (ranges from 5 to 10 years) and the useful life of the related improvement (ranges from 5 to 10 years). Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. There are no bank premises, furniture, fixtures and equipment that are fully impaired as at December 31, 2021 and 2020.

An item of Bank premises, furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

31.8 Investment properties

Properties that are held either to earn rental income or for capital appreciation or both, and that are not significantly occupied by the BPI Group are classified as investment properties. Transfers to, and from, investment property are made when, and only when, there is a change in use, evidenced by:

(a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) Commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
(c) End of owner occupation, for a transfer from owner-occupied property to investment property; or
(d) Commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to and from investment property do not result in gain or loss.

Investment properties comprise land and building. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on investment property is determined using the same policy as applied to Bank premises, furniture, fixtures, and equipment. Impairment test is conducted when there is an indication that the carrying amount of the asset may not be recovered. An impairment loss is recognized for the amount by which the property's carrying amount exceeds its recoverable amount, which is the higher of the property's fair value less costs to sell and value in use.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

31.9 Foreclosed assets

Assets foreclosed shown as Assets held for sale in the statements of condition are accounted for at the lower of cost and fair value less cost to sell similar to the principles of PFRS 5. The cost of assets foreclosed includes the carrying amount of the related loan. Impairment loss is recognized for any subsequent write-down of the asset to fair value less cost to sell.

Foreclosed assets not classified as Assets held for sale are accounted for in any of the following classification using the measurement basis appropriate to the asset as follows:

(a) Investment property is accounted for using the cost model under PAS 40;
(b) Bank-occupied property is accounted for using the cost model under PAS 16; and
(c) Financial assets are accounted for under PFRS 9.

When foreclosed assets are recovered through a sale transaction, the gain or loss recognized from the difference between the carrying amount of the foreclosed asset disposed and the net disposal proceeds is recognized in profit or loss.

31.10 Discontinued operations

A discontinued operation is a component of the BPI Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of income, statement of total comprehensive income and statement of cash flows. Likewise, prior year balances of such statements are restated in accordance with the provisions of PFRS 5. The details of the discontinued operations are disclosed in Note 12.

31.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the BPI Group's share in the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under Other assets, net in the statements of condition. Goodwill on acquisitions of associates is included in Investments in subsidiaries and associates. Separately recognized goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary/associate include carrying amount of goodwill relating to the subsidiary/associate sold.

Goodwill is an indefinite-lived intangible asset and hence not subject to amortization.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by each primary reporting segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have finite useful lives of ten years and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship. Contractual customer relationships are included under Other assets, net in the statements of condition.

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the expected useful lives (three to five years). Computer software is included under Other assets, net in the statements of condition.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the BPI Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other assets to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Management contracts

Management contracts are recognized at fair value at the acquisition date. They have a finite useful life of five years and are subsequently carried at cost less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method over the estimated useful life of the contract. Management contracts are included under Other assets in the statement of condition.

31.12 Impairment of non-financial assets

Assets that have indefinite useful lives - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment and more frequently if there are indicators of impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

31.13 Borrowings and borrowing costs

The BPI Group's borrowings consist mainly of bills payable and other borrowed funds. Borrowings are recognized initially at fair value, which is the issue proceeds, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. The BPI Group has no qualifying asset as at December 31, 2021 and 2020.

Borrowings derecognized when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statements of Income as other income.

31.14 Fees and commission income

The BPI Group has applied PFRS 15 where revenue is recognized when (or as) The BPI Group satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the BPI Group satisfies the performance obligation and recognizes revenue over time. Otherwise, revenue is recognized at the point in time at the point of transfer control of the good or service to the customer.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the BPI Group expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Where there is a single performance obligation, the transaction price is allocated in its entirety to that performance obligation. Where there are multiple performance obligations, the transaction price is allocated to the performance obligation to which it relates based on stand-alone selling prices.

The BPI Group recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The BPI Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the BPI Group does not adjust any of the transaction prices for the time value of money.

There are no warranties and other similar obligation and refunds agreed with customers.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party (i.e. the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses) are recognized on completion of underlying transactions. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided.

31.15 Credit card income

Credit card arrangements involve numerous contracts between various parties. The BPI Group has determined that the more significant contracts within the scope of PFRS 15 are (1) the contract between the BPI Group and the credit card holder ('Cardholder Agreement') under which the BPI Group earn miscellaneous fees (e.g., annual membership fees, late payment fees, foreign exchange fees, etc.) and (2) an implied contract between the BPI Group and merchants who accept the credit cards in connection with the purchase of their goods and/or services ('Merchant Agreement') under which the BPI Group earn interchange fees.

The Cardholder Agreement obligates the BPI Group, as the card issuer, to perform activities such as process redemption of loyalty points by providing goods, services, or other benefits to the cardholder; provide ancillary services such as concierge services, travel insurance, airport lounge access and the like; process late payments; provide foreign exchange services and others. The amount of fees stated in the contract represents the transaction price for that performance obligation.

The implied contract between the BPI Group and the merchant results in the BPI Group receiving an interchange fee from the merchant. The interchange fee represents the transaction price associated with the implied contract between the BPI Group and the merchant because it represents the amount of consideration to which the BPI Group expects to be entitled in exchange for transferring the promised service (i.e., purchase approval and payment remittance) to the merchant. The performance obligation associated with the implied contract between the BPI Group and the merchant is satisfied upon performance and simultaneous consumption by the customer of the underlying service. Therefore, a portion of the interchange fee is allocated to the performance obligations based on stand-alone transaction price and revenue is recognized when these performance obligations are satisfied.

31.16 Foreign currency translation

(a) Functional and presentation currency

Items in the financial statements of each entity in the BPI Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Parent Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates as at the date of initial recognition. Non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at FVOCI are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss recognized under "Securities trading gain" in the statement of income. Translation differences on non-monetary financial instruments, such as equities classified as financial assets at FVOCI, are included in Accumulated other comprehensive income (loss) in the capital funds.

(c) Foreign subsidiaries

The results and financial position of BPI's foreign subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component (Currency translation differences) of Accumulated other comprehensive income (loss) in the capital funds. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

(d) Income from foreign exchange trading

Foreign exchange gains and losses arising from trading of foreign currencies are recorded under "Income from foreign exchange trading" in the statement of income. Gains or losses are calculated as the difference between the carrying amount of the asset sold and the net disposal proceeds at the date of sale.

31.17 Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the BPI Group is established.

31.18 Provisions for legal or contractual obligations

Provisions are recognized when all of the following conditions are met: (i) the BPI Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item is included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

31.19 Income taxes

(a) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the year except to the extent that current tax is related to items (for example, current tax on financial assets at FVOCI) that are charged or credited in other comprehensive income or directly to capital funds.

The BPI Group has substantial income from its investment in government securities subject to final withholding tax. Such income is presented at its gross amount and the final tax paid or withheld is included in Provision for income tax - Current.

(b) Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

The BPI Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, and associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, and associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the BPI Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the BPI Group is unable to control the reversal of the temporary difference for associates except when there is an agreement in place that gives the BPI Group the ability to control the reversal of the temporary difference.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

31.20 Employee benefits

(a) Short-term benefits

The BPI Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Defined benefit retirement plan

The BPI Group has a defined benefit plan that shares risks among entities within the group. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of condition in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Defined benefit costs comprise of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when the plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest income or expense in the statement of income.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For individual financial reporting purposes, the unified plan assets are allocated among the BPI Group entities based on the level of the defined benefit obligation attributable to each entity to arrive at the net liability or asset that should be recognized in the individual financial statements.

(c) Defined contribution retirement plan

The BPI Group also maintains a defined contribution plan that covers certain full-time employees. Under its defined contribution plan, the BPI Group pays fixed contributions based on the employees' monthly salaries. The BPI Group, however, is covered under RA No. 7641, otherwise known as The Philippine Retirement Pay Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. Accordingly, the BPI Group accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The BPI Group and Parent Bank determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) then, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plan are recognized in the statement of income.

The defined contribution liability is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Actuarial gains and losses arising from the remeasurements of the net defined contribution liability are recognized immediately in the other comprehensive income.

(d) Share-based compensation

The BPI Group engages in equity-settled share-based payment transactions in respect of services received from certain employees.

The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of employee services received in respect of the shares or share options granted is recognized in profit or loss (with a corresponding increase in reserve in capital funds) over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models which take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

When the stock options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (par value) and share premium for the excess of exercise price over par value.

(e) Bonus plans

The BPI Group recognizes a liability and an expense for bonuses and recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

31.21 Capital funds

Share capital consists of common shares which are instruments that meet the definition of "equity".

Share premium includes any premiums or consideration received in excess of the total par value of the common shares issued.

Incremental costs directly attributable to the issue of new shares are treated as a deduction from the share issuance proceeds.

31.22 Earnings per share (EPS)

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. In case of a rights issue, an adjustment factor is being considered for the weighted average number of shares outstanding for all periods before the rights issue. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

31.23 Dividends on common shares

Dividends on common shares are recognized as a liability in the BPI Group's financial statements in the period in which the dividends are approved by the BOD.

31.24 Fiduciary activities

The BPI Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the BPI Group (Note 24).

31.25 Leases

31.25.1 BPI Group is the lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the BPI Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the BPI Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the BPI Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the BPI Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Lease modification

Lease modifications are accounted either as a separate lease or not a separate lease. The BPI Group accounts for the lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right of use to one or more underlying assets; and
- 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.

For lease modification that is not accounted for a separate lease, at the effective date of lease modification, the BPI Group:

- allocates the consideration in the modified contract on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the BPI Group accounts for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease; and
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The BPI Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

31.25.2 BPI Group is the lessor

PFRS 16 substantially carries forward the lessor accounting requirements in PAS 17. Accordingly, the BPI Group (as a lessor) continues to classify its leases as operating leases or finance leases.

Operating lease

Properties (land and building) leased out under operating leases are included in "Investment properties" in the statements of condition. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

Lease income under finance lease is recognized over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

31.26 Insurance and pre-need operations

(a) Non-life insurance

The more significant accounting policies observed by the non-life insurance subsidiaries follow: (a) gross premiums written from short-term insurance contracts are recognized at the inception date of the risks underwritten and are earned over the period of cover in accordance with the incidence of risk using the 24th method; (b) acquisition costs are deferred and charged to expense in proportion to the premium revenue recognized; reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs; (c) a liability adequacy test is performed which compares the subsidiaries' reported insurance contract liabilities against current best estimates of all contractual future cash flows and claims handling, and policy administration expenses as well as investment income backing up such liabilities, with any deficiency immediately charged to profit or loss; (d) amounts recoverable from reinsurers and loss adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts; and (e) financial assets and liabilities are measured following the classification and valuation provisions of PFRS 9.

(b) Pre-need

The more significant provisions of the PNUCA as applied by the pre-need subsidiary follow: (a) premium income from sale of pre-need plans is recognized as earned when collected; (b) costs of contracts issued and other direct costs and expenses are recognized as expense when incurred; (c) pre-need reserves which represent the accrued net liabilities of the subsidiary to its plan holders are actuarially computed based on standards and guidelines set forth by the Insurance Commission; the increase or decrease in the account is charged or credited to other costs of contracts issued in profit or loss; and (d) insurance premium reserves which represent the amount that must be set aside by the subsidiary to pay for premiums for insurance coverage of fully paid plan holders, are actuarially computed based on standards and guidelines set forth by the Insurance Commission.

31.27 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

31.28 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where PAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no changes to the presentation made during the year.

31.29 Subsequent events (or Events after the reporting date)

Post year-end events that provide additional information about the BPI Group's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Note 32 - Supplementary information required under BSP Circular No. 1074

Presented below are the additional information required by BSP Circular No. 1074 issued on January 8, 2020. This information is presented for BSP reporting purposes and is not required in the basic financial statements.

(i) Basic Quantitative Indicators of Financial Performance

The key financial performance indicators follow (in %):

	Consolidated		Parent	
	2021	2020	**2021**	2020
Return on average equity				
- Daily average[1]	**8.40**	7.70	**9.70**	10.81
- Simple average[2]	**8.28**	7.79	**9.60**	11.00
Return on average assets				
- Daily average[3]	**1.08**	0.98	**1.21**	1.33
- Simple average[4]	**1.03**	0.96	**1.15**	1.31
Net interest margin				
- Daily average[5]	**3.30**	3.49	**3.06**	3.31
- Simple average[6]	**3.15**	3.45	**2.91**	3.26

[1]*Net income divided by average total equity for the period indicated. Average equity is based on the daily average balance of equity for the years ended December 31, 2021 and 2020.*
[2]*Net income divided by average total equity for the period indicated. Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2021 and 2020.*
[3]*Net income divided by average total assets as at period indicated. Average total assets are based on the daily average balance of total assets as at December 31, 2021 and 2020.*
[4]*Net income divided by average total assets as at period indicated. Average total assets are based on the year-on-year balance of total assets as at December 31, 2021 and 2020.*
[5]*Net interest income divided by average interest-earning assets. Average interest earning assets is based on the daily average balance of interest earning assets as at December 31, 2021 and 2020.*
[6]*Net interest income divided by average interest-earning assets. Average interest earning assets is based on the year-on-year balance of interest earning assets as at December 31, 2021 and 2020.*

(ii) Description of Capital Instrument Issued

BPI considers its common shares as capital instrument for purposes of calculating its capital adequacy ratio as at December 31, 2021 and 2020.

Significant Credit Exposures

Details of the loans and advances portfolio as to concentration per industry/economic sector (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
Real estate, renting and other related activities	**25.63**	25.42	**18.05**	18.04
Manufacturing	**15.62**	14.97	**18.54**	17.79
Wholesale and retail trade	**10.69**	10.97	**11.83**	12.18
Consumer	**8.08**	8.01	**5.44**	5.12
Financial institutions	**8.08**	8.88	**9.64**	10.57
Agriculture and forestry	**1.94**	2.53	**2.31**	3.01
Others	**29.96**	29.22	**34.19**	33.29
	100.00	100.00	**100.00**	100.00

Breakdown of Total Loans

Details of the loans and advances portfolio as at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**268,427**	257,311	**138,333**	132,600
Chattel mortgage	**51,878**	51,821	**6**	8
Others	**122,943**	203,629	**120,803**	201,013
	443,248	512,761	**259,142**	333,621
Unsecured loans	**1,079,224**	932,434	**1,009,327**	870,066
	1,522,472	1,445,195	**1,268,469**	1,203,687

Other collaterals include hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

Breakdown of performing and non-performing loans net of allowance for credit losses, as reported to the BSP, are as follows:

Consolidated

	2021			2020		
	Performing	Non-performing	**Total**	Performing	Non-performing	Total
			(In Millions of Pesos)			
Corporate loans	1,198,873	17,531	**1,216,404**	1,147,201	12,990	1,160,191
Credit cards	67,397	3,762	**71,159**	58,652	5,453	64,105
Other retail loans	218,255	16,663	**234,918**	200,612	20,310	220,922
	1,484,525	37,956	**1,522,481**	1,406,465	38,753	1,445,218
Allowance for probable losses	(8,546)	(17,572)	**(26,118)**	(13,073)	(14,483)	(27,556)
Net carrying amount	**1,475,979**	**20,384**	**1,496,363**	1,393,392	24,270	1,417,662

**Amounts exclude accrued interest receivables and GLLP*

Parent

	2021			2020		
	Performing	Non-performing	**Total**	Performing	Non-performing	Total
			(In Millions of Pesos)			
Corporate loans	1,177,981	16,087	**1,194,068**	1,127,042	10,507	1,137,549
Credit cards	65,765	3,576	**69,341**	56,803	5,096	61,899
Other retail loans	4,584	476	**5,060**	3,823	430	4,253
	1,248,330	20,139	**1,268,469**	1,187,668	16,033	1,203,701
Allowance for probable losses	(7,378)	(12,790)	**(20,168)**	(11,001)	(9,470)	(20,471)
Net carrying amount	**1,240,952**	**7,349**	**1,248,301**	1,176,667	6,563	1,183,230

**Amounts exclude accrued interest receivables and GLLP*

BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans,* states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

(iii) Information on Related Party Loans

Details of related party loans are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
		(In Millions of Pesos)		
Loans and advances from:				
Subsidiaries	**-**	189	**-**	-
Associates	**60**	509	**60**	509
Ayala Group	**65,195**	76,509	**65,195**	71,123
Other related parties	**546**	24,160	**544**	7,569

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos, except percentages)			
Total outstanding loans and advances	**65,801**	101,367	**65,799**	79,201
% to total outstanding related party loans				
Subsidiaries	**-**	0.19	**-**	0.00
Associates	**0.09**	0.50	**0.09**	0.64
Ayala Group	**99.08**	75.48	**99.08**	89.80
Other related parties	**0.83**	23.83	**0.83**	9.56

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos, except percentages)			
Total outstanding loans and advances	**65,801**	101,367	**65,799**	79,201
% to total outstanding related party loans				
Unsecured related party loans	**66.61**	32.58	**66.61**	41.69
Past due related party loans	**0.00**	0.00	**0.00**	0.00
Non-performing related party loans	**0.00**	0.00	**0.00**	0.00

Details of DOSRI loans are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Outstanding DOSRI loans	**15,230**	15,675	**15,229**	15,673

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In percentages)			
% to total outstanding loans and advances	**1.00**	1.08	**1.20**	1.30
% to total outstanding DOSRI loans				
Unsecured DOSRI loans	**3.11**	3.20	**3.11**	3.20
Past due DOSRI loans	**0.01**	0.00	**0.01**	0.00
Non-performing DOSRI loans	**0.02**	0.00	**0.02**	0.00

The BPI Group is in full compliance with the General Banking Act and the BSP regulations on DOSRI loans as at December 31, 2021 and 2020.

(iv) Secured Liabilities and Assets Pledged as Security

The BPI Group's Bills payable (Note 16) include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As at December 31, 2021 and 2020, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 10).

(v) Contingencies and commitments arising from off-balance sheet items

The following is a summary of BPI's contingencies and commitments at their equivalent peso amounts as reported to the BSP:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Guarantees issued	**2,327**	1,401	**2,327**	1,401
Financial standby letters of credit - foreign	**15,367**	8,370	**15,367**	8,370
Performance standby letters of credit - foreign	**4,453**	3,442	**4,453**	3,442
Commercial letters of credit	**10,719**	9,055	**10,719**	9,055
Trade related guarantees	**1,305**	2,255	**1,305**	2,255
Commitments	**124,754**	126,903	**122,689**	125,004
Spot foreign exchange contracts	**10,208**	18,616	**10,208**	18,616
Derivatives	**357,556**	339,259	**349,039**	336,211
Other contingent accounts	**1,141,823**	1,095,617	**27,337**	45,902
	1,668,512	1,604,918	**543,444**	550,256

Other contingent accounts pertain to inward and outward bills for collection, late deposits or payments received, and trust department accounts.

Significant credit risk exposures arising from off-balance sheet items are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	(In Millions of Pesos)			
Undrawn loan commitments	**360,425**	352,844	**354,002**	346,995
Unused letters of credit	**34,131**	24,512	**34,131**	24,512
Gross carrying amount	**394,556**	377,356	**388,133**	371,507
Loss allowance	**(747)**	(959)	**(728)**	(927)
Carrying amount	**393,809**	376,397	**387,405**	370,580

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the BPI Group is required to provide a loan with pre-specified terms to the customer. These off-balance sheet items are within the scope of PFRS 9 where the BPI Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to the off-balance sheet items is recognized in “Miscellaneous liabilities” (Note 17).

The BPI Group has no other off-balance sheet items other than the items listed above.

Note 33 - Supplementary information required by the Bureau of Internal Revenue

On December 28, 2010, Revenue Regulations (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 PFRSs.

Below is the additional information required by RR No. 15-2010 that is relevant to the Parent Bank. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

(i) Documentary stamp tax

Documentary stamp taxes paid through the Electronic Documentary Stamp Tax System for the year ended December 31, 2021 consist of:

	Amount (In Millions of Pesos)
Deposit and loan documents	6,016
Trade finance documents	565
Mortgage documents	453
Others	2
	7,063

(ii) Withholding taxes

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2021 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Income taxes withheld on compensation	1,868	214	2,082
Withholding tax on withdrawal from decedent’s account	22	2	24
Final income taxes withheld on interest on deposits and yield on deposit substitutes	1,041	46	1,087
Final income taxes withheld on income payment	285	204	489
Creditable income taxes withheld (expanded)	390	51	441
Fringe benefit tax	76	20	96
VAT withholding tax	36	2	38
	3,718	**539**	**4,257**

(iii) All other local and national taxes

All other local and national taxes paid/accrued for the year ended December 31, 2021 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Gross receipts tax	3,819	370	4,189
Real property tax	119	-	119
Municipal taxes	291	-	291
Others	82	-	82
	4,311	**370**	**4,681**

Local and national taxes imposed by the government which are incurred under the normal courses of business are part of "Taxes and Licenses" within Other Operating Expense (Note 21).

(iv) Tax cases and assessments

As at reporting date, the Parent Bank has pending cases filed in courts, with the tax authorities contesting certain tax assessments, and for various claims for tax refund.

Bank of the Philippine Island
Financial Indicators
As at December 31, 2021 and 2020

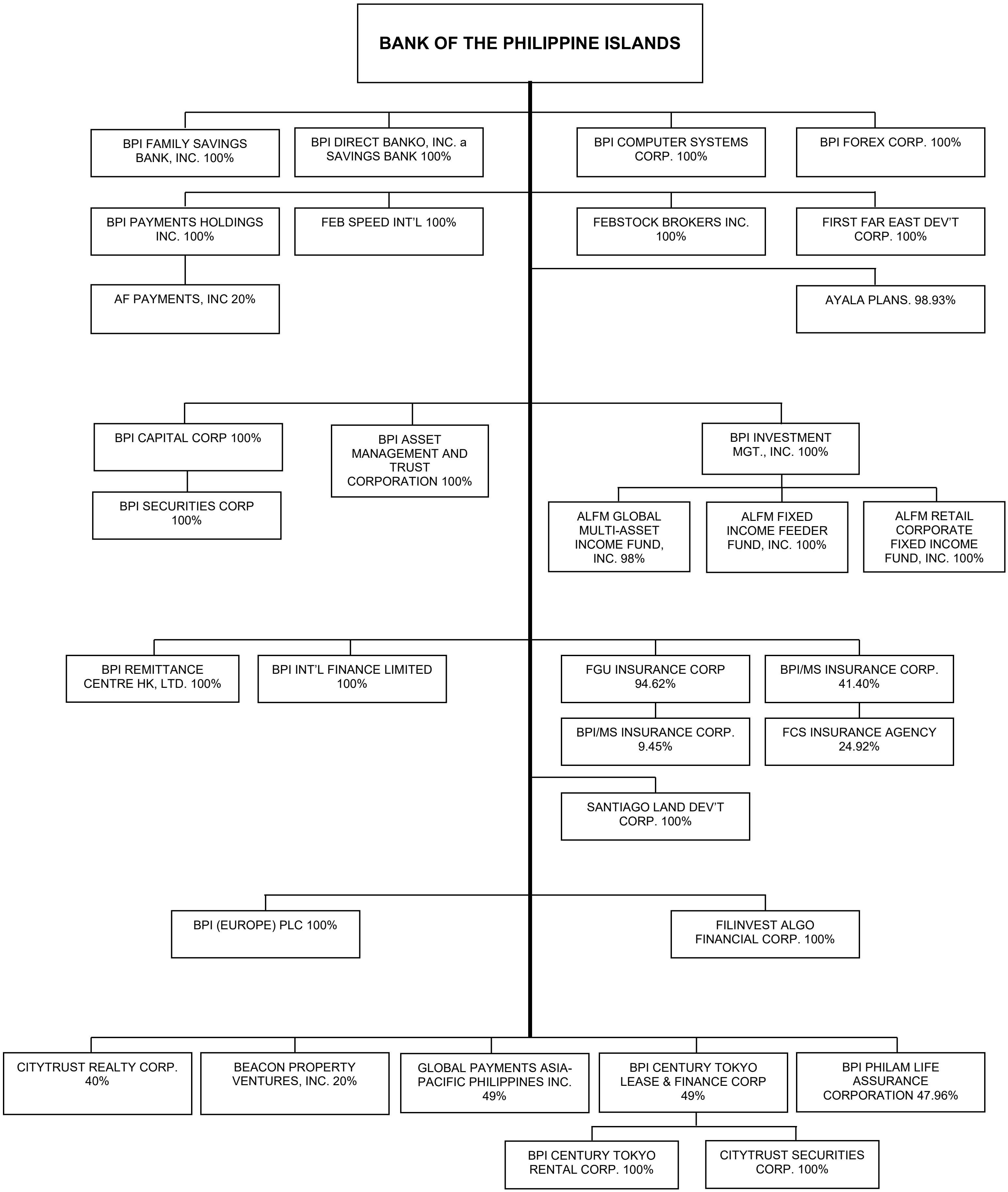
Ratio	Formula (in Millions of Pesos, except ratios)		Current Year	Prior Year
			in percentage	
Liquidity ratio	Total current assets divided by total current liabilities		50.60	62.68
	Total current assets	989,212		
	Divided by: Total deposits	1,955,147		
	Liquidity ratio	0.5060		
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity		32.43	54.30
	Total liabilities (Bills payable and Bonds payable)	95,039		
	Divided by: Total equity	293,060		
	Debt-to-equity ratio	0.3243		
Asset-to-equity ratio	Total assets divided by total equity		826.42	798.13
	Total assets	2,421,915		
	Divided by: Total equity	293,060		
	Asset-to-equity ratio	8.2642		
Interest rate coverage ratio	Earnings before interest expense, income taxes, depreciation, and amortization		364.64	231.35
	EBITDA	54,820		
	Divided by: Total interest Expense	15,034		
	Interest rate coverage ratio	3.6464		
Return on equity	Net income divided by daily average equity		8.40	7.70
	Net income	23,880		
	Divided by: Daily average equity	284,414		
	Return on equity	0.0840		
Return on assets	Net income divided by daily average assets		1.08	0.98
	Net income	23,880		
	Divided by: Daily average assets	2,220,644		
	Return on assets	0.0108		

Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by daily average net interest bearing assets Net interest income 69,583 Divided by: Daily average Net Interest Bearing Assets 2,106,049 NIM 0.0330	3.30	3.49
Other ratios:			
Average assets to average equity	Daily average assets divided by daily average equity Daily average assets 2,220,644 Divided by: Daily average equity 284,414 Average assets to average equity 7.8078	780.78	786.84
Net interest to average assets (NRFF)	Net interest income divided by daliy average assets Net interest income 69,583 Divided by: Daily average assets 2,220,644 NRFF 0.0313	3.13	3.30
Cost to income ratio	Total operating expense divided by total income (Net interest income and Other income) Total operating expense 50,733 Divided by: Total income (Net Interest income and Other income) 97,405 Cost to income ratio 0.5208	52.08	47.25
Cost to asset ratio	Total operating expense divided by daily average assets Total operating expense 50,733 Divided by: Daily average assets 2,220,644 Cost to asset ratio 0.0228	2.28	2.20
Capital to assets ratio	Total equity divided by total assets Total equity 293,060 Divided by: Total assets 2,421,915 Capital to assets ratio 0.1210	12.10	12.53

Bank of the Philippine Islands
14/F Ayala North Exchange, Tower I
6796 Ayala Avenue corner Salcedo Street,
Legaspi Village, Makati City Philippines

Reconciliation of Retained Earnings Available for Dividend Declaration
As at and for the year ended December 31, 2021
(In Millions of Pesos)

Unappropriated Retained Earnings, based on audited financial statements, beginning of the year			**115,453**
Add:	**Net income actually earned/realized during the period**	22,783	
Less:	**Non-actual/unrealized income net of tax:**		
	• Equity in net income of associate/joint venture	-	
	• Unrealized foreign exchange gain (after tax) except those attributable to Cash and cash equivalents	542	
	• Unrealized actuarial gain	-	
	• Fair value adjustment (mark-to-market gains)	1,948	
	• Fair value adjustment of investment property resulting to gain	-	
	• Adjustment due to deviation from PFRS (gain)	-	
	• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
	Subtotal	2,490	
Add:	**Non-actual losses, net of tax:**		
	• Depreciation on revaluation increment (after tax)	-	
	• Adjustment due to deviation from PFRS/GAAP - loss	-	
	• Loss on fair value adjustment of investment property (after tax)	-	
	Subtotal	-	
	Net income actually earned during the year		**20,293**
Add (Less):	Dividend declarations during the year	(8,124)	
	Appropriations of Retained Earnings during the year	-	
	Reversals of appropriations	-	
	Effects of prior period adjustments	-	
	Treasury shares	-	
	Others	(12)	
	Subtotal		**(8,136)**
Unappropriated retained earnings available for dividend distribution, end of the year			**127,610**


BANK OF THE PHILIPPINE ISLANDS
BPI FAMILY SAVINGS BANK, INC. 100%
BPI DIRECT BANKO, INC. a SAVINGS BANK 100%
BPI COMPUTER SYSTEMS CORP. 100%
BPI FOREX CORP. 100%
BPI PAYMENTS HOLDINGS INC. 100%
FEB SPEED INT'L 100%
FEBSTOCK BROKERS INC. 100%
FIRST FAR EAST DEV'T CORP. 100%
AF PAYMENTS, INC 20%
AYALA PLANS. 98.93%
BPI CAPITAL CORP 100%
BPI ASSET MANAGEMENT AND TRUST CORPORATION 100%
BPI INVESTMENT MGT., INC. 100%
BPI SECURITIES CORP 100%
ALFM GLOBAL MULTI-ASSET INCOME FUND, INC. 98%
ALFM FIXED INCOME FEEDER FUND, INC. 100%
ALFM RETAIL CORPORATE FIXED INCOME FUND, INC. 100%
BPI REMITTANCE CENTRE HK, LTD. 100%
BPI INT'L FINANCE LIMITED 100%
FGU INSURANCE CORP 94.62%
BPI/MS INSURANCE CORP. 41.40%
BPI/MS INSURANCE CORP. 9.45%
FCS INSURANCE AGENCY 24.92%
SANTIAGO LAND DEV'T CORP. 100%
BPI (EUROPE) PLC 100%
FILINVEST ALGO FINANCIAL CORP. 100%
CITYTRUST REALTY CORP. 40%
BEACON PROPERTY VENTURES, INC. 20%
GLOBAL PAYMENTS ASIA-PACIFIC PHILIPPINES INC. 49%
BPI CENTURY TOKYO LEASE & FINANCE CORP 49%
BPI PHILAM LIFE ASSURANCE CORPORATION 47.96%
BPI CENTURY TOKYO RENTAL CORP. 100%
CITYTRUST SECURITIES CORP. 100%

BANK OF THE PHILIPPINE ISLANDS
As at December 31, 2021
(in Millions of Pesos)

Schedule A - Financial Assets

	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Due from Bangko Sentral ng Pilipinas		268,827	
Due from other banks		34,572	
Interbank loans receivable and Securities purchase under agreements to resell		30,852	
Sub-total		334,251	1,956
Financial assets at fair value through profit or loss – Trading securities (*)		17,781	
Financial assets at fair value through profit or loss – Derivative financial assets		3,553	
Sub-total		21,334	306
Financial assets at fair value through other comprehensive income (*)		134,741	2,473
Investment Securities at amortized cost (*)		338,672	7,657
Loans and advances, net		1,476,527	72,225
Others		2,338	-
TOTAL		**2,307,863**	**84,617**

(*) Please refer succeeding pages for the detailed information on these financial assets

BANK OF THE PHILIPPINE ISLANDS AS OF DECEMBER 31, 2021				
Name of issuing entity and association of each issue (i)	**Number of shares or principal amount of bonds and notes**	**Amount shown in the balance sheet (In Millions of Pesos) (ii)**	**Valued based on market quotation at end of reporting period (In Millions of Pesos) (iii)**	**Income received and accrued**
A. FINANCIAL ASSETS AT FVTPL				
ALFM DOLLAR BOND FUND, INC.	596,199,553	596	596	
ALFM EURO BOND FUND, INC	231,677,133	232	232	
ALFM MONEY MARKET FUND, INC.	329,057,803	329	329	
ALFM PESO BOND FUND, INC.	1,489,586,830	1,490	1,490	
AYALA LIFE FIXED-INCOME FUND	86,275,048	163	163	
BDO UNIBANK INC.	84,250,348	86	86	
BANGKO SENTRAL NG PILIPINAS	5,000,000,000	4,997	4,997	
INDONESIAN GOVERNMENT	112,924,984	126	126	
PAMI GLOBAL BOND FUND, INC.	39,505,024	40	40	
PHILIPPINE GOVERNMENT	5,807,432,510	5,757	5,757	
PHILIPPINE STOCK INDEX FUND CORP	50,176,000	50	50	
PHILIPPINE NATIONAL BANK	9,917,011	10	10	
POWER SECTOR ASSET	15,299,700	18	18	
RIZAL COMMERCIAL BANKING CORP	72,265,583	75	75	
RELX PLC	101,960,199	113	113	
Republic Services, Inc	50,980,099	55	55	
REPUBLIC OF THE PHILIPPINES	95,878,120	106	106	
SECURITY BANK CORPORATION	4,691,908	5	5	
SSI Group Inc.	166,985,247	188	188	
UNION BANK OF THE PHILIPPINES	6,884,865	7	7	
US TREASURY	2,600,646,590	2,575	2,575	
US TREASURY BILL	764,701,491	763	763	
TOTAL		**17,781**	**17,781**	**306**
B. FINANCIAL ASSETS AT FVOCI				
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	18,512,650	19	19	
Bank of the Philippine Islands	85,207,298	86	86	
BAYER US FINANCE LLC	254,995,000	285	285	
BANK OF CHINA/PARIS	76,498,500	76	76	
BPI AMTC	629,592,874	692	692	
BROADCOM INC	274,782,612	303	303	
CHINA CONSTRUCTION BANK CORP	76,498,500	76	76	
JPMORGAN CHASE & CO	5,099,900	5	5	
DELL TECHNOLOGIES INC	154,118,978	179	179	
DM WENCESLAO EQUITY	497,542,800	281	281	
FPC RESOURCES LIMITED	1,802,355,659	1,921	1,921	
FAR EAST HORIZON LTD	198,896,100	195	195	
GLP PTE LTD	458,991,000	477	477	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA - HONG KONG BRANCH	76,498,500	77	77	
ICTSI TREASURY BV	972,346,934	1,014	1,014	
REPUBLIC OF INDONESIA	50,999,000	57	57	
INDONESIAN GOVERNMENT	634,142,300	649	649	
REPUBLIC OF INDONESIA	50,999,000	56	56	
JD COM INC	509,990,000	547	547	
JGSH PHILIPPINES LIMITED	45,899,100	48	48	
JOLLIBEE WORLDWIDE PTE LTD	1,019,980,000	1,109	1,109	
LENOVO GROUP LIMITED	407,992,000	454	454	
PHILIPPINE GOVERNMENT	81,247,795,702	80,662	80,662	
PHILIPPINE NATIONAL BANK	10,199,800	10	10	
POWER SECTOR ASSET	10,199,800	12	12	
PT INDONESIA INFRASTRUCTURE FINANCE	502,340,150	482	482	
PT SARANA MULTI INFRASTRUKTUR	415,641,850	404	404	
RIZAL COMMERCIAL BANKING CORP	1,172,977	1	1	
PHILIPPINE GOVERNMENT	1,000,000,000	1,004	1,004	
REPUBLIC OF THE PHILIPPINES	1,692,473,700	1,699	1,699	
Roxas and Company Inc.	13,143,641	13	13	
SMC GLOBAL POWER HOLDINGS CORP	316,000,000	331	331	
UNION BANK OF THE PHILIPPINES	152,997,000	156	156	
US TREASURY	39,014,235,000	38,946	38,946	
VARIOUS SHARES	1,990,422,673	2,278	2,278	
VENA ENERGY CAPITAL PTE LTD	31,925,374	33	33	
WESTPAC BANKING CORP	101,998,000	104	104	
TOTAL		**134,741**	**134,741**	**2,473**

BANK OF THE PHILIPPINE ISLANDS
AS OF DECEMBER 31, 2021

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (In Millions of Pesos) (ii)	Valued based on market quotation at end of reporting period (In Millions of Pesos) (iii)	Income received and accrued
C. INVESTMENT SECURITIES AT AMORTIZED COST				
ABOITIZ POWER CORP	117,000,000	119	121	
AC ENERGY FINANCE INTL LTD	509,990,000	519	544	
Adani Green Energy Up Ltd	152,940,298	164	166	
ABOITIZ EQUITY VENTURES, INC.	300,000,000	301	300	
AYALA LAND INC.	171,450,000	172	171	
ALIBABA GROUP HOLDING LIMITED	1,121,940,199	1,194	1,183	
Asian Development Bank	137,768,600	145	139	
AT&T INC	1,118,951,559	1,236	1,214	
BAIDU INC	637,487,500	698	683	
BAYER US FINANCE LLC	85,423,325	96	95	
BAYFRONT INFRASTRUCTURE CAP PTE LTD	1,335,085,708	1,345	1,335	
BAYFRONT INFRASTRUCTURE CAPITAL II PTE LTD	3,085,439,500	3,111	3,085	
BDO UNIBANK INC.	173,396,600	178	174	
BRITISH TELECOM PLC	356,955,199	412	403	
BROADCOM INC	669,764,164	731	724	
BANGKO SENTRAL NG PILIPINAS	2,503,285,915	3,323	3,366	
CNAC HK FINBRIDGE COMPANY LIMITED	748,308,327	792	784	
Comcast Group	308,613,099	366	363	
CYBERZONE PROPERTIES INC.	375,000,000	379	383	
CVS HEALTH CORP	407,935,298	457	449	
DELL TECHNOLOGIES INC	355,871,022	417	412	
Deutsche Telekom AG	101,960,199	117	114	
DEUTSCHE TELEKOM AG	407,992,000	460	455	
EBAY INC	356,955,199	357	355	
European Investment Bank	344,421,500	353	345	
ENERGY DEVELOPMENT CORP	466,000,000	466	459	
FILINVEST LAND, INC.	1,865,600,000	1,868	1,863	
FAR EAST HORIZON LTD	311,093,900	314	304	
Greenko Energy Holdings	101,960,199	111	109	
INTERNATIONAL FINANCE CORPORATION	1,211,094,240	1,232	1,335	
PT Indonesia Infrastructure Finance "IIF"	101,960,199	100	97	
JD COM INC	815,984,000	880	870	
LENOVO GROUP LIMITED	596,631,598	669	657	
LG CHEM LTD	739,447,699	738	730	
McDonalds Corporation	101,960,199	105	105	
Mondelez International Inc-A	152,940,298	158	158	
Others	50,000,000	42	50	
PHILIPPINE GOVERNMENT	218,764,287,994	220,304	219,263	
PHILIPPINE NATIONAL BANK	101,998,000	102	105	
POWER SECTOR ASSET	11,533,831,842	13,722	13,846	
PT TOWER BERSAMA INFRASTRUCTURE TBK	659,111,076	662	651	
RIZAL COMMERCIAL BANKING CORP	550,789,200	555	567	
REPUBLIC OF THE PHILIPPINES	44,904,321,001	55,963	57,559	
Royalty Pharma Plc	101,960,199	104	99	
SECURITY BANK CORPORATION	101,998,000	103	108	
SIGMA ALIMENTOS S.A. DE C.V.	815,984,000	880	862	
SM PRIME HOLDINGS INC	897,000,000	905	898	
STAR ENERGY GEOTHERMAL	15,204,076,875	15,307	15,121	
Tesco PLC	344,421,500	369	351	
Thames Water Utilities Ltd	344,421,500	393	376	
UNION BANK OF THE PHILIPPINES	203,996,000	202	208	
US TREASURY	2,881,358,447	2,892	3,019	
VENA ENERGY CAPITAL PTE LTD	528,255,137	540	538	
VIACOMCBS INC	883,245,978	984	965	
VODAFONE GROUP PLC	407,954,199	453	445	
Walgreens Boots Alliance, Inc.	101,960,199	107	108	
TOTAL		**338,672**	**339,189**	**7,657**

BANK OF THE PHILIPPINE ISLANDS

December 31, 2021

Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amount Collected	Amount written off	Current	Not Current	Balance at end of period
Nothing to report. Transactions with these parties are made under the normal course of business.							

BANK OF THE PHILIPPINE ISLANDS
December 31, 2021
(In Millions of Pesos)

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements.

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written-off	Current	Not Current	Balance at the end of period
BANK OF THE PHILIPPINE ISLANDS	3	19	2	-	20	-	20
BPI DIRECT BANKO, INC.	445	76	-	-	521	-	521
BPI COMPUTER SYSTEMS CORP.	-	8	-	-	8	-	8
BPI CAPITAL CORP.	4	-	-	-	4	-	4
BPI FAMILY SAVINGS BANK, INC.	151	3,532	105	-	3,578	-	3,578
BPI INVESTMENT MANAGEMENT, INC.	7	7	-	-	14	-	14
BPI SECURITIES CORP.	100	-	2	-	98	-	98
BPI ASSET MANAGEMENT AND TRUST CORP.	59	221	-	-	280	-	280
BPI/MS INSURANCE CORPORATION	2	-	1	-	1	-	1
	771	**3,863**	**110**	**-**	**4,524**	**-**	**4,524**

BANK OF THE PHILIPPINE ISLANDS
As at December 31, 2021
(in Millions of Pesos)

Schedule D - Long-term Debt

Title of issue and type of obligation	Amount authorized by indenture (Original Currency)	Amount shown under caption "Current portion of long-term debt" in related balance sheet (in PHP)	Amount shown under caption "Long-term debt" in related balance sheet (in PHP)	Terms of Long-term debts
Parent Bank				
Bonds payable	USD 600	-	30,519	Int Rate : 4.25 % Frequency of Payment: Semi - Annual Maturity Date : 9/4/2023 Face Value : USD 600,000,000
Bonds payable	USD 300	-	15,239	Int Rate : 2.5 % Frequency of Payment: Semi - Annual Maturity Date : 9/10/2024 Face Value : USD 300,000,000
Bonds payable	Php 15,328	15,328	-	Int Rate : 0.424 % Frequency of Payment: Quarterly Maturity Date : 1/24/2022 Face Value : PHP 15,328,200,000
Bonds payable	Php 21,500	21,463	-	Int Rate : 0.0305 % Frequency of Payment: Quarterly Maturity Date : 5/07/2022 Face Value : PHP 21,500,000,000
SUB-TOTAL		**36,791**	**45,758**	

BPI Family Savings Bank, Inc.				
Bonds payable	Php 9,600	9,584	-	Int Rate : 4.30 % Frequency of Payment: Quarterly Maturity Date : 06/16/2022 Face Value : PHP 9,600,000,000

BPI Europe				
Bills payabe		1,886	1,020	Various
TOTAL		**48,261**	**46,778**	

BANK OF THE PHILIPPINE ISLANDS

December 31, 2021

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
	Nothing to report.	

BANK OF THE PHILIPPINE ISLANDS
December 31, 2021

Schedule F - Guarantees of Securities of Other Issuers

Name of Issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by Person for which statement is filed	Nature of guarantee
		Nothing to report.		

BANK OF THE PHILIPPINE ISLANDS
December 31, 2021

Schedule G - Capital stock

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights *	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares	5,000,000,000	4,513,128,255	12,905,000	2,294,725,778	30,133,482	2,188,268,995
Preferred A Shares	60,000,000	-	-	-	-	-

**Shares granted but not yet exercised*

COVER SHEET

P W - 1 2 1

S.E.C. Registration Number

B A N K O F T H E P H I L I P P I N E I S L A N D S

(Company's Full Name)

A Y A L A N O R T H E X C H A N G E , T O W E R 1

A Y A L A A V E . C O R N E R S A L C E D O S T .

L E G A S P I V I L L A G E , M A K A T I C I T Y

Atty. Maria Lourdes P. Gatmaytan

Contact Person

(632) 8246-5902

Company Telephone Number

0 9 3 0

Month *Day*

Fiscal Year

1 7 - Q

FORM TYPE

0 4 2 8

Month *Day*

Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

11,912

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

STANDARD DOCUMENT COVER SHEET
FOR SEC FILINGS

All documents should be submitted under a cover page which clearly identifies the company and the specific document form as follows:

SEC Number PW-121
File Number

BANK OF THE PHILIPPINE ISLANDS
AYALA NORTH EXCHANGE TOWER 1, AYALA AVE. CORNER SALCEDO ST., LEGASPI VILLAGE, MAKATI CITY, METRO MANILA
(632) 8246-5902
FISCAL YEAR ENDING DECEMBER 31
(indicate if anything above is new and the date it was changed)

SEC FORM 17–Q QUARTERLY REPORT
AMENDMENT DESIGNATION (if applicable)

PERIOD-ENDED SEPTEMBER 30, 2022
(if a report, financial statement, GIS, or related amendment or show-cause filing)

NONE
EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER
(state “NONE” if that is the case)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **SEPTEMBER 30, 2022**

2. Commission identification number **PW-121**

3. BIR Tax Identification No. - **TIN: 000-438-366-000**

4. **BANK OF THE PHILIPPINE ISLANDS**
   Exact name of registrant as specified in its chart

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code: (SEC Use Only)

7. **AYALA NORTH EXCHANGE TOWER 1**
   Ayala Avenue corner Salcedo St., Legaspi Village
   Makati City (current business address) **ZIP Code 1229**
   Address of principal office Postal Code

8. **(632) 8246-5902**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**4,513,128,255**

11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes [x] No [ ]
    If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	**Common**

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports) Yes [x] No [ ]

(b) Has been subject to such filing requirements for the last 90 days Yes [x] No [ ]

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(in Thousands of Pesos)

	UNAUDITED SEPTEMBER 30, 2022	AUDITED DECEMBER 31, 2021
RESOURCES		
Cash and Other Cash Items	29,399,237	35,143,098
Due from Bangko Sentral ng Pilipinas	187,115,318	268,827,080
Due from Other Banks	50,541,438	34,572,351
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	3,347,205	30,851,558
Financial Assets at Fair Value through Profit or Loss	50,456,681	21,334,390
Financial Assets at Fair Value through OCI	81,714,978	134,740,715
Financial Assets at Amortized Cost	446,750,112	338,672,092
Loans and Advances, net	1,600,386,040	1,476,526,967
Assets Held for Sale, net	3,807,265	3,282,263
Bank Premises, Furniture, Fixtures and Equipment, net	15,790,144	17,524,600
Investments in Subsidiaries and Associates, net	6,617,619	7,164,726
Assets Attributable to Insurance Operations	17,193,659	17,562,625
Deferred Income Tax Assets, net	16,208,814	15,818,857
Other Resources, net	18,894,530	19,893,548
TOTAL RESOURCES	**2,528,223,040**	**2,421,914,869**
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand	376,172,702	369,079,125
Savings	1,171,541,259	1,137,123,846
Time	486,219,905	448,944,029
Sub-total	**2,033,933,866**	**1,955,146,999**
Derivative Financial Liabilities	9,649,099	3,631,616
Other Borrowed Funds	84,154,740	95,039,051
Due to Bangko Sentral ng Pilipinas and Other Banks	4,374,590	953,437
Manager's Checks and Demand Drafts Outstanding	7,517,451	6,931,060
Accrued Taxes, Interest and Other Expenses	9,173,901	8,413,478
Liabilities Attributable to Insurance Operations	13,225,266	13,241,507
Deferred Credits and Other Liabilities	50,805,578	43,401,908
TOTAL LIABILITIES	**2,212,834,491**	**2,126,759,057**
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	49,193,075	45,131,283
Share Premium	104,073,739	74,934,116
Reserves	662,501	564,120
Surplus	206,789,242	181,100,635
Accumulated Other Comprehensive Income/ (Loss)	(14,302,571)	(8,670,465)
Treasury Shares	(33,042,684)	-
	313,373,303	**293,059,688**
NON-CONTROLLING INTERESTS	2,015,246	2,096,124
TOTAL CAPITAL FUNDS	**315,388,549**	**295,155,812**
TOTAL LIABILITIES AND CAPITAL FUNDS	**2,528,223,040**	**2,421,914,869**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended September 30, 2022 and 2021
(In Thousands of Pesos)

	2022	2021
INTEREST INCOME		
On loans and advances	21,993,585	18,236,447
On FA at amortized cost	3,903,606	1,737,414
On FA at FV through OCI	478,792	575,823
On deposits with BSP and other banks	334,232	473,134
On FA at FV through profit or loss	82,032	106,662
	26,792,247	**21,129,481**
INTEREST EXPENSE		
On Deposits	3,718,262	2,527,548
On Bills Payable and other borrowings	767,702	1,300,273
	4,485,964	3,827,821
NET INTEREST INCOME	**22,306,283**	**17,301,659**
IMPAIRMENT LOSSES	**2,500,000**	**3,750,000**
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	**19,806,283**	**13,551,659**
OTHER INCOME		
Fees and commissions	2,796,907	2,730,765
Income from foreign exchange trading	693,720	647,735
Trading gain (loss) on securities	564,999	155,304
Income attributable to insurance operations	316,419	400,831
Other operating income	3,138,131	2,269,084
	7,510,177	**6,203,718**
OTHER EXPENSES		
Compensation and fringe benefits	4,833,335	4,668,305
Occupancy and equipment-related expenses	4,617,384	4,015,825
Other operating expenses	4,791,046	3,708,602
	14,241,766	**12,392,732**
INCOME BEFORE INCOME TAX	**13,074,694**	**7,362,645**
PROVISION FOR INCOME TAX		
Current	2,688,667	1,989,977
Deferred	246,646	-347,417
	2,935,313	**1,642,560**
NET INCOME FOR THE QUARTER	**10,139,381**	**5,720,085**
Attributable to:		
Equity holders of BPI	**10,099,440**	**5,657,786**
Non-controlling interest	**39,941**	**62,299**
	10,139,381	**5,720,085**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended September 30, 2022 and 2021
(In Thousands of Pesos)

	2022	2021
NET INCOME BEFORE MINORITY INTEREST	**10,139,381**	**5,720,085**
Other Comprehensive Income:		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	-900,161	-91,678
Fair value reserve on investments of insurance subsidiaries, net of tax effect	-44,257	-52,467
Share in other comprehensive income of associates	-130,629	-176,849
Currency translation differences	-45,384	327,156
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	1,842	495
Share in other comprehensive income gain (loss) of associates	208,141	207,057
Total Other Comprehensive Income (Loss), net of tax effect	**-910,448**	**213,715**
Total Comprehensive Income for the Year	**9,228,933**	**5,933,800**
Attributable to:		
Equity holders of BPI	9,207,322	5,885,219
Non-Controlling Interest	21,611	48,582
	9,228,933	**5,933,800**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Nine Months Ended September 30, 2022 and 2021
(In Thousands of Pesos)

	Unaudited 2022	Unaudited 2021
INTEREST INCOME		
On loans and advances	60,068,666	53,835,780
On FA at amortized cost	10,535,759	5,411,039
On FA at FV through OCI	1,455,989	1,856,352
On deposits with BSP and other banks	931,995	1,262,326
On FA at FV through profit or loss	211,473	237,740
	73,203,882	**62,603,238**
INTEREST EXPENSE		
On Deposits	8,980,272	7,493,505
On Bills Payable and other borrowings	2,577,622	3,941,546
	11,557,893	11,435,052
NET INTEREST INCOME	**61,645,989**	**51,168,187**
IMPAIRMENT LOSSES	**7,500,000**	**10,251,489**
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	**54,145,989**	**40,916,698**
OTHER INCOME		
Fees and commissions	8,476,945	8,447,765
Income from foreign exchange trading	1,966,731	1,564,951
Trading gain (loss) on securities	845,644	1,756,355
Income attributable to insurance operations	878,063	1,298,686
Other operating income	13,644,374	7,386,476
	25,811,757	**20,454,233**
OTHER EXPENSES		
Compensation and fringe benefits	14,354,015	13,784,720
Occupancy and equipment-related expenses	12,609,008	11,522,350
Other operating expenses	13,127,460	11,182,367
	40,090,483	**36,489,436**
INCOME BEFORE INCOME TAX	**39,867,263**	**24,881,494**
PROVISION FOR INCOME TAX		
Current	9,562,527	5,880,739
Deferred	(397,253)	1,357,396
	9,165,274	**7,238,135**
NET INCOME FOR THE PERIOD	**30,701,989**	**17,643,359**
Attributable to:		
Equity holders of BPI	**30,546,491**	**17,474,871**
Non-controlling interest	**155,497**	**168,489**
	30,701,989	**17,643,359**
Earnings per share:		
Based on 4,513,128,255 shares as of September 30, 2022 and September 30, 2021	**P 6.77**	**P 3.87**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2022 and 2021
(In Thousands of Pesos)

	Unaudited 2022	Unaudited 2021
NET INCOME BEFORE MINORITY INTEREST	**30,701,989**	**17,643,359**
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	(4,723,079)	(1,387,321)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(206,464)	(122,035)
Share in other comprehensive income of associates	(1,094,133)	(650,582)
Currency translation differences	(169,651)	593,522
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	46,353	(422,721)
Share in other comprehensive income gain (loss) of associates	455,682	284,500
Total Other Comprehensive Income (Loss), net of tax effect	**(5,691,293)**	**(1,704,637)**
Total Comprehensive Income for the Year	**25,010,696**	**15,938,723**
Attributable to:		
Equity holders of BPI	24,914,386	15,808,323
Non-Controlling Interest	96,310	130,399
	25,010,696	**15,938,723**

BANK OF THE PHILIPPINE ISLANDS

STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2022 & SEPTEMBER 30, 2021
(In Thousands of Pesos)

	Consolidated								
	Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2021	**45,131,283**	**74,934,116**	**564,120**	**181,100,635**	**(8,670,465)**	**-**	**293,059,688**	**2,096,124**	**295,155,812**
Comprehensive Income									
Net Income for the year	-	-	-	30,546,491	-	-	30,546,491	155,497	30,701,989
Other Comprehensive Income for the year	-	-	-	-	(5,632,106)	-	(5,632,106)	(59,188)	(5,691,293)
Total Comprehensive Income for the year	**-**	**-**	**-**	**30,546,491**	**(5,632,106)**	**-**	**24,914,386**	**96,310**	**25,010,696**
Transactions with owners									
Issuance of Shares - BPI & BFB Merger	4,061,793	28,980,891	-	-	-	(33,042,684)	-	-	-
Executive Stock Plan amortization	-	158,733	10,175	-	-	-	168,908	-	168,908
Cash Dividends	-	-	-	(4,783,916)	-	-	(4,783,916)	(177,188)	(4,961,104)
Total transactions with owners	**4,061,793**	**29,139,624**	**10,175**	**(4,783,916)**	**-**	**(33,042,684)**	**(4,615,008)**	**(177,188)**	**(4,792,196)**
Other movements									
Transfer from Reserve to Surplus	-	-	(2,175)	2,175	-	-	-	-	-
Transfer from Surplus to Reserves	-	-	72,570	(72,570)	-	-	-	-	-
Merger Reserves	-	-	17,810	-	-	-	17,810	-	17,810
Others	-	-	-	(3,573)	-	-	(3,573)	(0)	(3,573)
Total other movements	**-**	**-**	**88,206**	**(73,968)**	**-**	**-**	**14,238**	**(0)**	**14,238**
Balance, September 30, 2022	**49,193,075**	**104,073,739**	**662,501**	**206,789,242**	**(14,302,571)**	**(33,042,684)**	**313,373,303**	**2,015,246**	**315,388,549**

	Consolidated								
	Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2020	45,045,403	74,764,236	415,532	165,508,813	(5,899,181)	-	**279,834,802**	2,121,738	**281,956,540**
Comprehensive Income									
Net Income for the year	-	-	-	17,474,871	-	-	17,474,871	168,489	17,643,359
Other Comprehensive Income for the year	-	-	-	-	(1,666,548)	-	(1,666,548)	(38,089)	(1,704,637)
Total Comprehensive Income for the year	**-**	**-**	**-**	**17,474,871**	**(1,666,548)**	**-**	**15,808,323**	**130,399**	**15,938,723**
Transactions with owners									
Executive Stock Plan amortization	85,879	105,785	33,755	-	-	-	225,420	-	225,420
Cash Dividends	-	-	-	(4,061,793)	-	-	(4,061,793)	(184,636)	(4,246,429)
Total Transactions with owners	**85,879**	**105,785**	**33,755**	**(4,061,793)**	**-**	**-**	**(3,836,373)**	**(184,636)**	**(4,021,009)**
Other movements									
Transfer from Reserve to Surplus	-	-	84,172	-	-	-	84,172	-	84,172
Transfer from Surplus to Reserves	-	-	-	(84,172)	-	-	(84,172)	-	(84,172)
Others	-	-	-	(7)	-	-	(7)	(0)	(7)
Total other movements	**-**	**-**	**84,172**	**(84,180)**	**-**	**-**	**(7)**	**(0)**	**(7)**
Balance, September 30, 2021	**45,131,283**	**74,870,021**	**533,459**	**178,837,711**	**(7,565,729)**	**-**	**291,806,745**	**2,067,501**	**293,874,246**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(In Millions of Pesos)

	September 2022	September 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	13,075	7,363
Discontinued Operations	-	-
Adjustments for:		
Impairment losses	2,500	3,750
Depreciation and amortization	1,268	1,477
Share in net income of associates	(321)	(282)
Dividend and other Income	(6)	15
Share based compensation	6	12
Interest income	(26,792)	(21,129)
Interest received	26,033	21,344
Interest expense	4,678	3,902
Interest paid	(4,669)	(4,537)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	97	(60)
Financial Assets at FVTPL	(18,420)	9,673
Loans and advances, net	(45,399)	(30,269)
Assets held for sale	(228)	(72)
Assets attributable to Insurance operations	734	(978)
Other assets	(6,816)	(8,043)
Increase (decrease) in:		
Deposit liabilities	40,997	112,559
Due to Bangko Sentral ng Pilipinas and other banks	1,438	(21)
Manager's checks demand drafts outstanding	(319)	294
Accrued taxes, interest and other expenses	329	481
Liabilities attributable to insurance operations	(679)	(71)
Derivative financial instruments	3,030	612
Deferred credits and other liabilities	8,642	1,012
Net cash from (used in) operations	(822)	97,030
Income taxes paid	(4,587)	(2,456)
Net cash from (used in) operating activities	(5,409)	94,574
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	(17,856)	5,992
Bank premises, furniture, fixtures and equipment	(601)	(989)
Investment properties, net	(1)	1
Investment in subsidiaries and associates, net	(692)	599
Assets attributable to insurance operations	29	(295)
Dividends received	6	(15)
Net cash used in investing activities	(19,116)	5,293
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	-	-
Proceeds from issuance	53	62
(Decrease) Increase in bills payable and other borrowed funds	3,977	(37,637)
Payments for principal portion of lease liabilities	(410)	(374)
Net cash used in financing activities	3,620	(37,949)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,905)	61,918
CASH AND CASH EQUIVALENTS		
July 1	290,524	319,327
September 30	**269,619**	**381,245**

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(In Millions of Pesos)

	September 2022	September 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	39,867	24,881
Discontinued Operations	-	-
Adjustments for:		
Impairment losses	7,500	10,251
Depreciation and amortization	3,634	4,522
Share in net income of associates	(760)	(745)
Dividend and other Income	(36)	(4)
Share based compensation	10	34
Interest income	(73,204)	(62,603)
Interest received	71,050	64,752
Interest expense	11,750	11,666
Interest paid	(11,695)	(12,212)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	3,155	1,396
Financial Assets at FVTPL	(29,105)	(13,799)
Loans and advances, net	(129,692)	9,053
Assets held for sale	(547)	(280)
Assets attributatble to Insurance operations	(107)	1,130
Other assets	59	(6,900)
Increase (decrease) in:		
Deposit liabilities	78,787	80,789
Due to Bangko Sentral ng Pilipinas and other banks	3,301	(186)
Manager's checks demand drafts outstanding	586	(31)
Accrued taxes, interest and other expenses	488	2,192
Liabilities attributable to insurance operations	(178)	(1,420)
Derivative financial instruments	6,017	(1,273)
Deferred credits and other liabilities	8,324	(3,038)
Net cash from (used in) operations	(10,795)	108,176
Income taxes paid	(9,338)	(8,423)
Net cash from (used in) operating activities	(20,133)	99,753
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	(58,916)	15,501
Bank premises, furniture, fixtures and equipment	(1,624)	(2,564)
Investment properties, net	90	3
Investment in subsidiaries and associates, net	694	1,522
Assets attributable to insurance operations	212	(257)
Dividends received	36	4
Net cash used in investing activities	(59,508)	14,210
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(4,784)	(4,062)
Proceeds from issuance	159	192
(Decrease) Increase in bills payable and other borrowed funds	(10,884)	(58,207)
Payments for principal portion of lease liabilities	(1,184)	(1,228)
Net cash used in financing activities	(16,693)	(63,305)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,334)	50,658
CASH AND CASH EQUIVALENTS		
January 1	365,953	330,588
September 30	**269,619**	**381,245**

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at September 30, 2022 and 2021

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	47.51	52.48
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	26.85	32.12
Asset-to-equity ratio	Total assets divided by total equity	806.78	774.62
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	476.37	357.13
Return on equity	Net income divided by average equity	13.73	8.25
Return on assets	Net income divided by average assets	1.66	1.07
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.53	3.31
Average assets to average equity	Average assets divided by average equity	825.46	771.50
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.36	3.13
Cost to income ratio	Total operating expense divided by total income (revenues)	45.84	50.95
Cost to asset ratio	Total operating expense divided by average asset	2.18	2.23
Capital to assets ratio	Total equity divided by total assets	12.40	12.91

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
• Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles	• The Bank's interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, Philippine Accounting Standards (PAS), and interpretations approved by the Financial Reporting Standards Council (FRSC).
• The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:	
• A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.	• The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2021 which was in accordance with the PFRS adopted by the SEC.
• Explanatory comments about the seasonality or cyclicality of interim operations	• Nothing to report
• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents	• Nothing to report
• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.	• Nothing to report

SEC REQUIREMENT	DISCLOSURE
• Issuances, repurchases, and repayments of debt and equity securities	• Nothing to report
• Dividends paid (aggregate per share) separately for ordinary shares and other shares	• Nothing to report
• Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).	• Attached
• Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	• On 30 September 2022, the Board of Directors ("Board") of BPI approved in its meeting the proposed merger between BPI and Robinsons Bank Corporation (RBC), with BPI as the surviving bank, subject to shareholders' and regulatory approvals. • On the same meeting, the Board approved the amendments to Article Seventh of the Bank's Article of Incorporation to: a. Increase its Authorized Capital to P4.0 billion; b. Combine the allocation of authorized common shares for ESOP and ESPP into a 3% allocation for all employee stock incentive plans; and c. Deny pre-emptive rights over the 406,179,276 treasury shares which shall be disposed of by BPI in accordance with RA No. 8791, otherwise known as the General Banking Law of 2000.
• The effect of changes in the composition of the issuer during the	• Nothing to report

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.	
• Changes in contingent liabilities or contingent assets since the last annual balance sheet date	• Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
• Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	• Nothing to report
• Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same;	• The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational and IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in securities, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMCom). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMCom in identifying, measuring, controlling, monitoring, and reporting the Bank's financial and non-financial risks exposures. The Bank has established risk management policies and standards ensuring that controls are generally in place and working effectively. These allow the Bank and its key subsidiaries to manage credit, market and

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
	liquidity, operational and information technology (IT) risks, as well as emerging risks such as environmental and social risks, within the RMCom-approved risk appetite (BPI subsidiary Board-level RMComs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization. • The heightened uncertainties continued to be observed in the global and local financial markets have resulted in more active risk management strategies in the Bank. Sensitivity analyses, forward-looking simulations and stress testing, regular risk monitoring and escalation procedures, risk MIS reporting and in-depth discussions involving business units, Senior Management, and the Board of Directors, are measures to strengthen the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank continues to implement a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-looking macroeconomic assumptions and scenarios on the lingering impact of COVID-19, rising interest and inflation rates, Peso depreciation, and geopolitical events, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
	• The Bank is able to manage overall credit risks and maintain asset quality for the period, evidenced by generally acceptable NPL ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to BSP guidelines and regulatory ceilings on credit risk (including single borrower's limit and related party transactions). The Bank's NPL ratio was at 1.94% as of September 2022. Review of credit portfolios, products and programs, internal and regulatory credit stress tests, and risk reporting to Senior Management and the RMCom are regularly conducted to ensure that the Bank practices sound credit risk management. Since January 2018, the Bank adopted the accounting standards on classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed by BSP 1011. In view of the lingering COVID-19 pandemic and recent economic developments, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. Industry risk assessments, proactive collection and loan restructuring measures, and disciplined loan loss provisioning are being strictly observed to mitigate the effects of the COVID-19 pandemic, credit vulnerabilities due to recent economic developments, and industry risks on the Bank's borrowing accounts.

SEC REQUIREMENT	DISCLOSURE
	• The Bank closely monitors the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk exposures are measured using the historical simulation Value-at-Risk (VaR) model complemented by several risk metrics such as Stop Loss and DV01. For the third quarter of 2022, the Philippine Government Securities (GS)/PHP BVAL rates and US treasury rates continued to increase with levels up by an average of around 222 bps and 275 bps across the curve year-to-date, driven by persistently high levels of inflation, aggressive hikes and hawkish expectations in foreign and domestic policy rates, and the continued heightened geopolitical tensions and confrontations which have an adverse impact on the Bank's trading and securities/investment portfolios. Given the uncertainties, the Bank prudently manages its trading positions and ensures that its activities are within its set risk appetite, with its trading VaR levels well within the RMCom-approved limits as of end of the third quarter of 2022. • The Bank also conducts regular price stress tests that measure the potential impact of adverse movements in interest rates and other risk factors on the Bank's trading and banking books, and the corresponding impact to the Bank's CAR and CET1 ratios. The stress-testing activities are useful to help better assess how extreme, yet plausible conditions and external events may potentially affect the Bank's resilience and financial condition. The results of the third quarter 2022 price stress test on both the trading and banking books showed that the

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
	Bank's post-shock CAR and CET1 levels are expected to be well above the minimum regulatory requirement given adverse movements in risk factors. • Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the short- to medium- term horizon (i.e., those occurring in the next one to three years) due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the third quarter of 2022, BPI Group's BSVaR and EaR levels are well within the RMCom-approved limits. • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold an adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the third quarter of 2022, BPI

SEC REQUIREMENT	DISCLOSURE
	Group's MCLG is well above the RMCom-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. • The Bank regularly reviews its risk models and assumptions to assess performance, accuracy and/or effectiveness, from which recalibration or update is conducted, as necessary. Model validation is performed by a team independent of development, guided by an established framework and standards. Independent validation reports are presented to the Bank's RMCom and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank's risk data aggregation initiatives towards the completeness, accuracy, timeliness and quality of risk data, dashboards, and reporting. • On the Bank's management of operational and IT risks, for the third quarter of 2022, the Bank has maintained estimated operational and IT losses related to the Bank's operating activities to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RMCom's conservative and prudent risk appetite and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The Bank is conscientiously aware of new and emerging industry-wide risks, and duly considers these in regular risk assessments and in updating the Bank's risk strategies. • With the increased vulnerability to cyber-attacks as a result of the increasing amount of

SEC REQUIREMENT	DISCLOSURE
	employees working remotely and evolving threat landscape, investments in technology-based defenses remain to be a core cyber security strategy of the Bank. The 24/7 Cyber Security Operations Center enables the Bank to detect and respond to attacks when these happen. The Bank continues to deploy new technical tools to protect against email- and network-based attacks as well as expanding the coverage and depth of threat intelligence, with specific focus on combating phishing attacks. • The Bank continues to also put premium on building and maintaining a cyber-aware organization and has invested accordingly in an Information Security Awareness Program to ensure that employees are aware of the importance of protecting information. Awareness campaigns are also conducted for clients to combat fraud, which has risen with the increased adoption of online services by the public, and these have been intensified with sustained engagement in social media, BPI websites, press releases, e-mail bulletins and media outings. • For personnel safety and welfare given the COVID-19 pandemic, the Bank continues to fully comply with health and medical guidelines from the DOH and DOLE. Vaccines and booster shots are continuously provided to its employees and dependents, and lesser density in the corporate offices is maintained complying with the social distancing rules through work from home arrangement and split operations using the BCP sites, newly established alternate work sites, and/or mobility areas.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE
	• Considering the Bank's operational-related risk losses, both actual and hypothetical losses from the scenario analysis exercise, the Bank is sufficiently capitalized to cover both the expected and unexpected operational related losses.
• The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.	• The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2021.
• A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods	The BPI Group classifies its financial assets in the following measurement categories: at Fair Value through Profit and Loss (FVTPL), Fair Value through Other Comprehensive Income (FVOCI), and at amortized cost. The recognition of each category's fair values and gain(s)/loss(es) for the relevant periods are detailed below. • **FVTPL:** A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within "Securities trading gain" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately. • **FVOCI:** Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

SEC REQUIREMENT	DISCLOSURE

- **Amortized Cost:** carrying amount and fair value are summarized in the following table.

In P Million	Carrying Amount	Fair Value
September 30, 2022 (unaudited)	446,750	432,158
Dec 31, 2021 (audited)	338,672	339,189

The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured.

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended September 30, 2022

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	13,390	7,247	2,655	(986)	22,306
Impairment charge	804	1,702	(2)	(5)	2,500
Net interest income after impairment charge	12,586	5,544	2,657	(981)	19,806
Fees and commission income	2,302	487	246	(38)	2,998
Other income	2,409	417	1,761	359	4,947
GRT	(306)	(60)	(55)	(13)	(434)
Other Income, net	4,406	845	1,951	308	7,510
Compensation and fringe benefits	3,788	591	269	185	4,833
Occupancy and equipment-related expenses	1,392	30	105	3,091	4,617
Other operating expenses	6,610	745	383	(2,946)	4,792
Total operating expenses	11,790	1,366	756	329	14,242
Operating Profit	5,202	5,023	3,852	(1,002)	13,075
Provision for Income Tax					2,935
Share in net income of associates					321
Total Assets	540,637	1,298,216	707,980	(18,610)	2,528,223
Total Liabilities	1,471,850	623,433	120,750	(3,199)	2,212,834

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Nine Months Ended September 30, 2022

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	34,746	20,942	8,396	(2,438)	61,646
Impairment charge	52	7,457	(5)	(3)	7,500
Net interest income after impairment charge	34,695	13,485	8,401	(2,435)	54,146
Fees and commission income	6,608	1,305	1,274	(112)	9,075
Other income	6,314	1,034	4,609	6,534	18,492
GRT	(831)	(147)	(318)	(459)	(1,755)
Other Income, net	12,091	2,193	5,565	5,963	25,812
Compensation and fringe benefits	10,892	1,792	835	835	14,354
Occupancy and equipment-related expenses	4,061	76	291	8,181	12,609
Other operating expenses	16,751	2,167	1,118	(6,908)	13,127
Total operating expenses	31,704	4,034	2,244	2,108	40,090
Operating Profit	15,081	11,644	11,722	1,420	39,867
Provision for Income Tax					9,165
Share in net income of associates					760
Total Assets	540,637	1,298,216	707,980	(18,610)	2,528,223
Total Liabilities	1,471,850	623,433	120,750	(3,199)	2,212,834

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

<u>Financial Condition as of September 30, 2022 versus as of December 31, 2021</u>

Total resources stood at P2.53 trillion, up P106.31 billion, or 4.4%, mainly from the increase in **loans and advances, net** of P123.86 billion, or 8.4%, ending at P1.60 trillion. These increases were backed up by the growth in earning assets and notable growth across all loan portfolios. Other material movements are as follows:

- **Financial assets at fair value at amortized cost** at P446.75 billion, up P108.08 billion, or 31.9%, due to various purchases of hold to collect debt securities;
- **Financial assets at fair value through profit or loss** at P50.46 billion, up P29.12 billion, 136.5%, due to increase in holdings of securities intended for trading;
- **Due from other banks** at P50.54 billion, up P15.97 billion, or 46.2%, due to the net increase in account balances with various banks;
- **Assets held for sale, net** at P3.81 billion, up P525.00 million, or 16.0%, due to the increase in foreclosed properties.

The above increases were tempered by the following accounts:

- **Due from Bangko Sentral ng Pilipinas** at P187.12 billion, down P81.71 billion, or 30.4%, due to the decline in various deposit placements in BSP;
- **Financial Assets at Fair Value through OCI** at P81.71 billion, down P53.03 billion, 39.4%, due to the decline in securities available for sale;
- **Interbank loans receivable and securities purchased under agreements to resell** at P3.35 billion, down P27.50 billion, or 89.2%, due to lower volume of interbank loans booked;
- **Cash and other cash items** at P29.40 billion, decreased P5.74 billion, or 16.3%, on account of lower cash placements as compared to year-end 2021;
- **Bank premises, furniture, fixtures and equipment, net** at P15.79 billion, down P1.73 billion, or 9.9%, due to the lower booking of right-of-use assets under PFRS 16;
- **Other Resources, net** at P18.89 billion, decreased P999.02 million, or 5.0%, on account of the decline in miscellaneous assets;
- **Investments in subsidiaries and associates, net** at P6.62 billion, down P547.11 million, or 7.6%, as a result of lower equity income brought by the BPI-BFB merger.

Total liabilities at P2.21 trillion, increased P86.08 billion, or 4.0%, mainly from the P78.79 billion, or 4.0%, increase in **total deposits,** ending at P2.03 trillion, on account of higher Time and CASA deposits. Other major increases as follows:

- **Deferred Credits and Other Liabilities** at P50.81 billion, increased P7.40 billion, or 17.1%, on higher other liabilities;
- **Derivative financial liabilities** at P9.65 billion, increased P6.02 billion, or 165.7%, owing to the increase in certain derivative positions;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P4.37 billion, higher by P3.42 billion, or 358.8%, due to higher outstanding balance collected for other banks;
- **Accrued taxes, interest and other expenses** at P9.17 billion, rose P760.42 million, or 9.0%, on higher accruals on other expense payable;

- **Manager's checks and demand drafts outstanding** at P7.52 billion, up P586.39 million, or 8.5%, on account of higher volume of manager's checks issued;

Notably, **other borrowed funds** at P84.15 billion, down P10.88 billion, or 11.5%, mainly due to bond maturities.

Total capital at P313.37 billion, increased P20.31 billion, or 6.9%, due to the P29.14 billion increase in **share premium**, ending at P104.07 billion, and higher **surplus** at P206.79 billion, up 14.2%. These increases are tempered by the additional issuance of common shares and was recognized as **treasury shares** at P33.04 billion, pursuant to the Bank's merger with BPI Family Savings Bank, Inc., effective as of January 1, 2022. **Share capital** stood at P49.19 billion, up 9.0%, tempered by the increase in **accumulated other comprehensive loss** at P14.30 billion, up P5.63 billion, or 65.0%, as a result of the booked treasury shares.

RESULTS OF OPERATIONS

<u>For the Quarters ended September 30, 2022 and 2021</u>

Net income of P10.10 billion for the third quarter of 2022 was up 78.5%, due to higher **revenue** at P29.82 billion, up 26.8%, on the back of double-digit growth from **net interest income and non-interest income.**

Net interest income at P22.31 billion, was up P5.00 billion, or 28.9%, as net interest margin (NIM) expanded 38 basis points (bps), driven by the recovery of asset yields.

Interest income, net of GRT stood at P26.79 billion, up 26.8%, on the back of the following increases in interest income on:

- **Loans and advances** at P21.99 billion, up 20.6%, on higher average asset volume and yields;
- **FA at FV at amortized cost** at P3.90 billion, up 124.7%, on higher average asset volume and yields;

Tempered by the following movements:

- **Deposits with BSP and other banks** at P334.23 million, down 29.4%, due to lower yields despite higher average asset volume;
- **FA at FV through OCI** at P478.79 million, down 16.9%, on account of lower average asset volume and higher yields;
- **FA at FV through profit or loss** at P82.03 million, down 23.1%, on account of lower average asset volume and higher yields.

Interest expense at P4.49 billion, up P658.14 million, or 17.2%, mainly due to the increase in interest expense on **deposits** at P3.72 billion, up P1.19 billion, due to higher average volume and cost, tempered by the decrease in interest expense on **bills payable and other borrowings** at P767.70 million, down P532.57 million, on account of lower average volume and cost.

Other income, net of GRT at P7.51 billion, up P1.31 billion, or 21.1%, mainly from the increase in **other operating income** at P3.14 billion, up P869.05 million, or 38.3%, primarily from the one-time gain on asset sale from previous quarter. Other material movements are:

- **Trading gain on securities** at P565.00 million, up P409.70 million, and **income from foreign exchange** transactions at P693.72 million, up P45.99 million, due to increase in transaction flows.
- **Income attributable to insurance operations** at P316.42 million, down P84.41 million, or 21.1%, due to lower income contribution of non-life insurance affiliate.

Other expenses at P14.24 billion, up P1.85 billion, or 14.9%, due to the increases in:

- **Other operating expenses** at P4.79 billion, up P1.08 billion, or 29.2%, on account of higher operations and marketing costs;
- **Occupancy and equipment-related expenses** at P4.62 billion, up P601.56 million, or 15.0%, due to increase in technology spend.

Impairment losses at P2.50 billion, lower P1.25 billion, or 33.3%, coming from the P3.75 billion level in 2021.

Provision for income tax at P2.94 billion, up P1.29 billion, or 78.7%, due to higher **current income tax** at P2.69 billion, up P698.69 million, on higher taxable revenue. **Deferred income tax** impact of P594.06 million brought about by lower loss provisioning this quarter.

Income attributable to non-controlling interest at P39.94 million, down P22.36 million, attributable to lower income contribution from the Bank’s non-life insurance affiliate.

Total comprehensive income at P9.23 billion, up P3.30 billion, due to higher **net income before minority interest** at P10.14 billion, up P4.42 billion, or 77.3%, partly offset by **total other comprehensive loss, net of tax effect** at P910.45 million, up P1.12 billion, compared to previous year’s P213.72 million. Material movements as follows:

For items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P900.16 million loss, increased P808.48 million, on account of lower market valuation loss of the Bank’s investment securities;
- **Currency translation differences** at P45.38 million loss, up P372.54 million, due to the weakening of the Euro Currency;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P44.26 million loss, decreased P8.21 million, or 15.6%, as a result of higher market valuation of the Bank’s life insurance affiliates’ investment funds;
- **Share in other comprehensive loss of associates** at P130.63 million, lower P46.22 million, on account of the higher valuation of the Bank’s life insurance affiliates’ investment securities compared to last year.

For items that will not be reclassified to profit and loss:

- **Actuarial gains on defined benefit plan, net of tax effect** at P1.84 million, up P1.35 million, on account of higher valuation of the affiliates' contribution to the retirement fund;

Income attributable to non-controlling interest at P21.61 million, down P26.97 million, on lower income contribution of the Bank's non-life insurance affiliate.

<u>**For the Nine Months ended September 30, 2022 and 2021**</u>

Net income at P30.55 billion, up P13.07 billion, or 74.8%, on higher **total revenues** at P87.46 billion, up P15.84 billion, or 22.1%, and lower **impairment losses** at P7.50 billion, down P2.75 billion, or 26.8%, due to improvement in asset quality and macroeconomic condition.

Net interest income at P61.65 billion, up P10.48 billion, or 20.5%, due to the continued loan growth and higher average NIM which expanded 23 bps mainly from the recovery of asset yields.

Interest income, net of GRT stood at P73.20 billion, up P10.60 billion, or 16.9%, on the back of the following movements in interest income:

- **Loans and advances** at P60.07 billion, up P6.23 billion, or 11.6%, on higher average asset volume and yields;
- **FA at FV at amortized cost** at P10.54 billion, up P5.12 billion, or 94.7%, on higher average asset volume and yields;

Tempered by the following:

- **FA at FV through OCI** at P1.46 billion, down 21.6%, on account of lower average asset volume and higher yields;
- **Deposits with BSP and other banks** at P932.00 million, down 26.2%, due to lower yields despite higher average asset volume;
- **FA at FV through profit or loss** at P211.47 million, down 11.0%, on account of lower average asset volume and higher yields.

Interest expense at P11.56 billion, up P122.84 million, or 1.1%, on the back of higher interest expense **on deposits** at P8.98 billion, up P1.49 billion, or 19.8%, tempered by the decrease in interest expense **on bills payable and other borrowings** at P2.58 billion, down P1.36 billion, or 34.6%.

Other income, net of GRT at P25.81 billion, increased P5.36 billion, or 26.2%, mainly from higher **other operating income** at P13.64 billion, up P6.26 billion, or 84.7%, due to the one-time gain on sale of property from last quarter. Other material movements as follows:

- **Income from foreign exchange trading** at P1.97 billion, up P401.78 million, or 25.7%, and due to increase in transaction flows.
- **Trading gain on securities** at P845.64 million, down P910.71 million, or 51.9%, on lower realized gains from various securities;

- **Income attributable to insurance operations** at P878.06 million, down P420.62 million, or 32.4%, due to lower income contribution of the Bank's life insurance affiliate.

Other expenses at P40.09 billion, up P3.60 billion, or 9.9%, driven by **other operating expenses** at P13.13 billion, up P1.95 billion, or 17.4%, on account of higher operations and regulatory costs. **Occupancy and equipment-related expenses** at P12.61 billion, up P1.09 billion, or 9.4%, on higher IT-related services and software maintenance.

Provision for income tax at P9.17 billion, up P1.93 billion, or 26.6%, on the back of the increase in **current income tax** of P3.68 billion, on higher taxable revenue, inclusive of the realized gain on the property sale. **Deferred income tax** impact of P1.75 billion, on lower loss provisioning this period.

Income attributable to non-controlling interest at P115.50 million, down 7.7%, due to the lower income contribution from the Bank's non-life insurance affiliate.

Total comprehensive income at P25.01 billion, increased P9.07 billion, or 56.9%, due to higher **net income before minority interest** at P30.70 billion, up P13.06 billion, or 74.0%, partly offset by the movement in **total other comprehensive loss, net of tax effect** at P5.69 billion, up P3.99 billion, on the back of the following:

For Items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P4.72 billion loss, up P3.33 billion, on lower market valuation of the Bank's investment securities;
- **Currency translation differences** at P169.65 million loss, due to the weakening of the Euro Currency;
- **Share in other comprehensive loss of associates** at P1.09 billion, up P443.55 million, on lower valuation of the Bank's life insurance affiliate's investments;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P206.46 million loss, as a result of lower market valuation of the Bank's non-life insurance affiliate's investment funds;

For Items that will not be reclassified to profit and loss:

- **Actuarial gain on defined benefit plan, net of tax effect** at P46.35 million, up P469.07 million, on higher actuarial gains compared to last year's actuarial loss;
- **Share in other comprehensive income of associates** at P455.68 million, up P171.18 million, on account of the higher valuation of the Bank's life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P96.31 million, down 26.1%, due to lower income contribution from the Bank's bancassurance business.

Key Performance Indicators

The following ratios, applied on a consolidated basis, are used to assess the performance of the Bank and its majority owned subsidiaries:

	September 30, 2022	September 30, 2021
Return on Equity (%)	13.73	8.25
Return on Assets (%)	1.66	1.07
Net Interest Margin (%)	3.53	3.31
Operating Efficiency Ratio (%)	45.84	50.95
Capital Adequacy Ratio (%) – Basel III	16.78	17.64

Return on equity (ROE), the ratio of net income to average equity, was at 13.73%, higher compared to last year's 8.25%, as the growth in net income outpaced the expansion of average equity.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.66%, compared to last year's 1.07%, as the growth in net income outpaced the expansion of average assets.

Net interest margin (NIM), net interest income divided by average interest-bearing assets, higher at 3.53%, driven by the recovery of asset yields.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, lower at 45.84%, as the growth in revenues outpaced the growth of operating expenses.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 16.78%, lower versus prior year's 17.64%, as the growth in risk-weighted assets outpaced the growth in qualifying capital. The CET 1 ratio at 15.89%, was also lower than the 16.76% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

Other than the disclosures enumerated above, the Bank has nothing to report on the following:

1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Any events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.
3. Other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from the Bank's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BANK OF THE PHILIPPINE ISLANDS
Issuer

JOSE TEODORO K. LIMCAOCO
President &
Chief Executive Officer

Date: November 8, 2022

ERIC ROBERTO M. LUCHANGCO
Senior Vice President &
Chief Finance Officer

Date: November 8, 2022

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2022

No. of Days Outstanding		Amount (In Thousands)
0-90	P	2,298,865
91-180		149,946
181-360		299,082
Over 360		1,027,661
Total		**3,775,554**
Less : Allow. For Probable Losses		**1,162,127**
Net of Allowance	P	**2,613,427**

ANNEX "G"

Information required by Part III, paragraphs (A) and (B) of "Annex C" ***as amended, SRC Rule 12***

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Management Discussion and Analysis of Financial Condition and Results of Operation

(a) Plan of Operations and Future Prospects

Tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022, as risks began to materialize. Risks from high inflation and the Ukraine war could push the world economy to the brink of recession if left unchecked. The International Monetary Fund (IMF) has projected global growth to decelerate from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. Meanwhile, the World Bank (WB) has slashed its global growth projection to 2.9% in 2022 and 3.0% in 2023.

Despite the risks, the Philippine economy is still expected to grow as the country's major growth drivers continue to recover. The Philippine government has set its growth targets of 6.5-7.5% for 2022 and 6.5%-8.0% for 2023, after rebounding to 5.6% in 2021. The Asian Development Bank (ADB) is projecting a 6.5% economic growth for the Philippines in 2022, supported by the acceleration of the COVID-19 vaccination program and continued public spending. The IMF forecasts the Philippines to grow by 6.5% in 2022, anchored on strong domestic demand and private investment. The WB also sees faster growth of 5.7% in 2022, spurred by sustained public investment and recovering household consumption.

The Bank intends to support the continued growth of the economy by becoming a positive enabler to the corporate, middle, and consumer markets. For 2022, the Bank aims to increase the asset base to ₱199 billion by growing its core businesses and creating future core businesses. The Bank also intends to reach greater market coverage through its more than 170 branches, over 400 ATMs and Cash Deposit Machines, Agency Banking partners, and digital platforms like the RBank Digital mobile application. Robinsons Bank will also continue to expand its product portfolio through innovative products and services to address emerging customer needs.

As part of its medium-term strategic initiative, the Roadmap 2026, Robinsons Bank envisions being among the top 13 Philippine banks in terms of assets by 2026 via aggressive organic growth. Through this Roadmap, the Bank aspires to provide the best experience to its customers, a winning culture for the employees, outstanding returns for the owners, and a responsive organization for the community.

(b) Past Financial Conditions and Operating Highlights

The following tables present information from the Bank's Consolidated Financial Statements as of December 31, 2021 and 2020, and for the three years ended December 31, 2021, 2020 and 2019 as audited by SyCip Gorres Velayo & Co. (SGV), independent public accountants.

Summary Table Year-to-Year Comparison:

(in million pesos)
Statements of Financial Position

	As of December 31					
	2021		**2020**		**2019**	
ASSETS						
Cash and Cash Equivalents	24,783	13.8%	27,135	18.0%	17,929	13.7%
Interbank Loans Receivable	14,882	8.3%	4,496	2.9%	2,409	1.8%
Investments Securities	35,006	19.5%	27,452	18.2%	25,336	19.3%
Loans and Receivables	99,212	55.2%	86,880	57.5%	80,806	61.6%
Other Assets	5,887	3.2%	5,184	3.4%	4,607	3.6%
	179,770	**100%**	**151,147**	**100%**	**131,087**	**100%**
LIABILITIES						
Deposit Liabilities	152,987	94.8%	117,447	88.4%	97,602	85.6%
Bonds Payable	-	0.00%	9,952	7.5%	9,890	8.7%
Bills Payable	2,500	1.6%	-	0.00%	2,041	1.8%
Other Liabilities	5,846	3.6%	5,422	4.1%	4,493	3.9%
	161,333	**100%**	**132,821**	**100%**	**114,026**	**100%**

(in million pesos)

Result of Operations

	For the Years Ended December 31					
	2021		**2020**		**2019**	
Net interest income and Non Interest income	**7,778**	**100%**	**6,580**	**100%**	**4,995**	**100%**
Operating Expenses (before provision for credit and impairment losses)	4,955	63.7%	4,572	69.5%	4,087	81.8%
Provision for credit and impairment losses	1,304	16.8%	1,102	16.7%	127	2.6%
Share in Net Income(Loss) of Associates	3	0.0%	-	-	-	-
Provision for Income tax	306	3.9%	-29	-0.4%	62	1.2%
Net Income	1,216	15.6%	935	14.2%	719	14.4%

Statement of Financial Position - 2021 vs. 2020

The Group’s total assets grew by 18.94% to ₱179.77 billion from ₱151.15 billion which is mainly attributable to the significant increase in the loan portfolio supported by funding growth. This is through its aggressive marketing strategy that is in line with the Group’s business plan under “Roadmap 2024”.

Cash and Other Cash Items, Due from Other Banks and Interbank Loans Receivable/Securities Purchased under Resale Agreement increased by ₱1.07 billion, ₱ 1.16 billion, and ₱10.39 billion, respectively, from ₱2.86 billion, ₱3.90 billion, and ₱4.50 billion, respectively, as of December 2020. On the other hand, Due from BSP decreased by ₱4.59 billion from ₱ 20.37 billion, as of December 2020.

Financial Assets at Fair Value through Other Comprehensive Income and Investment Securities at Amortized Cost increased by ₱7.21 billion and ₱425.49 million to ₱26.53 billion and ₱8.47 billion mainly due to purchases during the year. Financial Assets at Fair

Value Through Profit or Loss decreased by ₱85.16 million to ₱1.91 million due to trading related activities of the Bank.

Loans and Receivables registered growth of 14.19% at ₱99.21 billion from the level of ₱86.88 billion from the previous year due to increase in lending activities.

Property and Equipment decreased by ₱24.31 million or 1.79% due to disposals made during the year while Investment properties rose to ₱786.05 million from ₱464.89 in December 2020.

Investment in Subsidiary and Associates increased by ₱212 million due to investment in Unicon Insurance Brokers Corporation and GoTyme Bank Corporation in 2021.

Deferred Tax Asset – net and Other Assets (including ROPA and branch licenses) was lower by ₱51.99 million and higher by ₱246.89 million, respectively.

Consolidated Liabilities increased by 17.67% from ₱161.33 billion in December 2021 from ₱132.82 billion in December 2020.

Total Deposit Liabilities was at ₱152.99 billion. This was ₱35.54 billion higher compared to the levels in 2020, mainly due to increase in CASA by ₱36.22 billion reaching ₱131.41 billion in 2021. Time Deposits went down by ₱689.94 million to ₱15.63 billion this year.

Bills Payable increased by ₱2.50 billion due to the long-term peso denominated borrowing with Land Bank of the Philippines (LBP) wholesale lending facility.

Accrued Expenses decreased by ₱23.51 million in 2021 due to the decrease in Accrued Interest Payable by ₱52.19 million which was partially offset by the increase in Accrued Expenses by ₱29.14 million.

Other Liabilities went up by ₱534.10 million on account of increases in bills purchased and accounts payable.

Total equity accounts stood at Php18.44 billion from Php18.33 billion or an improvement of Php111.50 million attributed to current period's net income of Php1.22 billion, and improvement in Cumulative Translation Adjustments by Php49.79 million but was offset by the increase in Net Unrealized Loss on Financial Assets at FVOCI and Remeasurement losses on retirement plan by Php1.13 billion and Php23.45 million, respectively.

Statement of Financial Position - 2020 vs. 2019

The Group's total assets grew by 15.30% to ₱151.15 billion from ₱131.09 billion which is mainly attributable to the significant increase in the loan portfolio supported by funding growth. This is through its aggressive marketing strategy that is in line with the Group's business plan under "Roadmap 2024".

Due from BSP, Due from Other Banks, and Interbank Loans Receivable/Securities Purchased under Resale Agreement increased by ₱8.15 billion, ₱1.44 billion, and ₱2.09 billion, respectively, from ₱12.22 billion, ₱2.46 billion, and ₱2.41 billion, respectively, as of December 2019. On the other hand, Cash and Other Cash Items decreased by ₱386.33 million from ₱3.25 billion as of December 2019.

Financial Assets at Fair Value Through Profit or Loss increased by ₱82.14 million to ₱87.08 million due to trading related activities of the Bank. Financial Assets at Fair Value through Other Comprehensive Income increased by ₱5.34 billion to ₱19.32 billion or 38.23% mainly due to purchases during the year. Investment Securities at Amortized Cost decreased by 29.13% or ₱3.31 billion as a result of disposal of securities held during the year.

Loans and Receivables registered growth of 7.52% at ₱86.88 billion from the level of ₱80.81 billion from the previous year due to increase in lending activities.

Property and Equipment increased by ₱49.03 million or 3.75% due to expansion.

Deferred Tax Asset – net and Other Assets (including ROPA and branch licenses) was higher by ₱302.11 million and ₱225.08 million, respectively.

Consolidated Liabilities increased by 16.48% from ₱114.03 billion in December 2019 to ₱132.82 billion in December 2020.

Total Deposit Liabilities was at ₱117.45 billion. This was ₱19.85 billion higher compared to the levels in 2019, mainly due to increase in CASA by ₱19.20 billion reaching ₱95.19 billion in 2020. Time Deposits also went up by ₱634.88 million to ₱16.32 billion this year.

Bills Payable dropped by ₱2.04 billion due to settlement of long-term peso denominated borrowing with DBP wholesale lending facility and matured borrowing with BSP rediscounting.

Accrued Expenses increased by ₱293.77 million in 2020 due to higher transaction volumes.

Other Liabilities went up by ₱555.97 million on account of increases in bills purchased and accounts payable.

Total equity accounts stood at ₱18.33 billion from ₱17.06 billion or an improvement of ₱1.27 billion attributed to current period's net income of ₱934.59 million, and improvements in Net Unrealized Loss on Financial Assets at FVOCI, and Accumulated Translation Adjustments by ₱235.80 million, and ₱87.42 million, respectively.

Statement of Financial Position - 2019 vs. 2018

The Group's total assets grew by 8.02% to ₱131.09 billion from ₱121.35 billion which is mainly attributable to the significant increase in the loan portfolio supported by funding growth. This is through its aggressive marketing strategy that is in line with the Group's business plan under "Roadmap 2024".

Cash and Other Cash Items and Interbank Loans Receivable/Securities Purchased under Resale Agreement increased by ₱879.19 million and ₱220.30 million, respectively, from ₱2.37 billion and ₱2.19 billion, respectively, as of December 2018. On the other hand, Due from BSP and Due from Other Banks decreased by ₱3.89 billion and ₱546.17 million, respectively, from ₱16.11 billion, and ₱3.01 billion, respectively, as of December 2018.

Financial Assets at Fair Value Through Profit or Loss decreased by ₱3.27 million or 39.83% to ₱4.94 million due to trading related activities of the Bank while Financial Assets at Fair Value through Other Comprehensive Income increased by ₱856.67 million to ₱13.97 billion or 6.53% due to increase in market valuation of securities held, partly offset by net disposals for the year. Investment Securities at Amortized Cost decreased by 9.84% or ₱1.24 billion due to matured securities during the year.

Loans and Receivables registered growth of 18.12% at ₱80.81 billion from the level of ₱68.41 billion from the previous year due to increase in lending activities.

Property and Equipment increased by ₱685.44 million or 110.00% due to adoption of PFRS 16.

Deferred Tax Asset – net and Other Assets (including ROPA and branch licenses) was higher by ₱195.09 million and ₱185.94 million, respectively.

Consolidated Liabilities increased by 4.64% from ₱108.97 billion in December 2018 to ₱114.03 billion in December 2019.

Total Deposit Liabilities was at ₱97.60 billion. This was ₱2.59 billion higher compared to the levels 2018, mainly due to increase in Time Deposits by ₱2.36 billion reaching ₱15.69 billion in 2019. CASA also went up by ₱226.14 million to ₱75.99 billion this year.

Bonds Payable was at ₱9.89 billion due to issuance of fixed rate bonds, while Bills Payable dropped by ₱5.40 billion resulting from maturity of overnight lending availments from BSP.

Accrued Expenses increased by ₱78.29 million in 2019 due to higher transaction volumes.

Other Liabilities went up by ₱531.58 million brought about by the adoption of PFRS 16.

Total equity accounts stood at ₱17.06 billion from ₱12.38 billion or an improvement of ₱4.68 billion attributed to the conversion of the ₱3.00 billion 'Deposit for Future Stock Subscription' to 'Common Stock' this year, current period's net income of ₱719.43 million, and improvements in Net Unrealized Loss on Financial Assets at FVOCI, and Accumulated Translation Adjustments by ₱1.04 billion, and ₱9.14 million, respectively.

(c) Key Performance Indicators

Definition of Ratios

Profitability Ratios:

Return on Average Assets	-	Net Income after Income Tax Average Total Assets
Return on Average Equity	-	Net Income after Income Tax Average Total Equity
Net Interest Margin	-	Net Interest Income Average Interest Earning Assets
Cost-to-Income	-	OPEX – Provision for Impairment & Credit Losses Total Operating Income

Liquidity Ratios:

Liquid Assets to Total Assets	-	Total Liquid Assets Total Assets
Loans to Deposit Ratio	-	Loans (Net) Deposit Liabilities

Asset Quality Ratios:

NPL Ratio	-	Non-Performing Loans (net of specific allowance)

		Gross Loans
NPL Cover	-	Allowance for Probable Losses Non-Performing Loans (gross of allowance)

Solvency Ratios:

Ratio of debt to equity	-	Total Liabilities Total Equity
Ratio of total assets to equity	-	Total Assets Total Equity
Interest coverage ratio	-	Income Before Income Tax Interest Expense

Capital Adequacy Ratios:

CET 1/ Tier 1	-	CET1/Tier 1 Capital Total Risk Weighted Assets
Total CAR	-	Total Qualifying Capital Total Risk Weighted Assets

	2021	**2020**	**2019**
Profitability (%)			
Return on Average Assets	0.73	0.66	0.57
Return on Average Equity	6.62	5.28	4.89
Net Interest Margin on Average Earning Assets	4.44	4.42	3.59
Cost-to-Income	63.70	69.49	81.81
Liquidity (%)			
Ratio of Liquid Assets to Total Assets	22.06	20.93	15.52
Loans to deposit	64.85	73.97	82.79
Asset Quality (%)			
NPL Ratio	1.94	2.05	0.81
NPL Cover	68.19	39.25	53.18
Solvency Ratio (%)			
Ratio of debt to equity	875.04	724.78	668.36
Ratio of total assets to equity	975.04	824.78	768.36
Interest coverage ratio	102.06	44.29	26.38
Capitalization (%)			

Capital Adequacy Ratio			
CET 1/ Tier 1	13.65	16.37	16.55
Total CAR	14.38	17.29	17.46

Profitability

The Group's net income of ₱1.22 billion resulted in a ROE of 6.62% and ROA of 0.73%. Cost-to-income ratio of 63.70% was lower than 69.49% in 2020 and 81.81% in 2019 given improvements in operating income. Net interest margin was at 4.44%, slightly higher than last year's 4.42% on account of increase in loan related activities during the year.

Liquidity

Liquid assets comprised 22.06% of the Group's total resources, higher than 20.93% in 2020 and 15.52% in 2019, with the build-up in loans and investment securities. Loans (net)-to-deposit ratio was lower at 64.85% from 73.97% last year.

Asset Quality

NPL ratio was lower at 1.94% from 2.05% in 2020 in spite of increase in non-performing loans. Together with the booking of loan loss reserves, NPL coverage ratio (including RE-Appropriated) is at 68.19% from 39.25% in 2020.

Solvency Ratios

Debt-to-equity ratio for the year was computed at 875.04% higher than 724.78% in 2020 because of increase in client deposits this year. Asset-to-equity ratio consequently increased to 975.04% from 824.78% in 2020. Interest rate coverage ratio was computed at 102.06% from 44.29% in 2020.

Capitalization

The Bank maintained a sound capital position given its CET 1/ Tier 1 and Total CAR ratio of 13.65% and 14.38%, respectively. The Bank's continued profitability contributed to its capital strength as well as its capacity to regularly pay dividends to shareholders.

(d) Results of Operations

Result of Operation - 2021 vs. 2020

For the year ended December 31, 2021, the Group registered a net income of ₱1.22 billion, 30.12% higher compared to the ₱934.59 million net income for the same period last year.

Net interest income totaled ₱6.82 billion, higher by 17.74% or ₱1.03 billion for the same period last year. Total interest income grew by ₱475.40 million from ₱7.84 billion in 2020 to ₱8.31 billion in 2021 mainly due to the year-on-year growth in loan portfolio. On the other hand, Total Interest Expense dropped by ₱552.13 million mainly due to decrease in interest expense on deposits and bills payable.

Net service fees and commission income was at ₱414.18 million, higher by ₱182.30 million compared to ₱231.88 million registered last year.

Other income is lower in 2021 by ₱11.64 million at ₱543.12 million compared to ₱554.76 million for the same period last year due to lower trading and securities and foreign exchange gains.

Administrative and other operating expenses for the year 2021 amounted to ₱6.26 billion, ₱584.10 million higher compared to the same period last year mainly due to increase in Provision for Credit Losses by ₱202.21 million to prepare for impact of Covid 19, as well as increases in Compensation and Fringe Benefits, Insurance Expenses, and Occupancy and equipment-related costs by ₱149.01 million, ₱67.82 million and ₱54.62 million, respectively.

The Group incurred a total comprehensive income of ₱111.50 million for the year ended December 31, 2021, from a total comprehensive income of ₱1.27 billion registered last year, on account of higher net unrealized losses on financial assets at FVOCI.

Result of Operation - 2020 vs. 2019

For the year ended December 31, 2020, the Group registered a net income of ₱934.59 million, 29.91% higher compared to the ₱719.43 million net income for the same period last year.

Net interest income totaled ₱5.79 billion, higher by 36.69% or ₱1.55 billion for the same period last year. Total interest income grew by ₱638.25 million from ₱7.20 billion in 2019 to ₱7.84 billion in 2020 mainly due to the year-on-year growth in loans portfolio. On the other hand, Total Interest Expense dropped by ₱916.74 million mainly due to decrease in interest expense on deposits and bills payable.

Net service fees and commission income was at ₱231.88 million, lower by ₱38.19 million compared to ₱270.07 million registered last year.

Other income is higher in 2020 by ₱67.79 million at ₱554.76 million compared to ₱486.97 million for the same period last year due to stronger trading gains which offset the impact of loan modification losses due to Bayanihan 1 & 2.

Administrative and other operating expenses for the year 2020 amounted to ₱5.67 billion, ₱1.46 billion higher compared to the same period last year mainly due to increase in Provision for Credit Losses by ₱974.58 million to prepare for impact of Covid 19, as well as increases in Compensation and Fringe Benefits, Information & Technology Expenses, and Other Administrative Expenses by ₱137.66 million, ₱166.51 million and ₱92.02 million, respectively.

The Group incurred a total comprehensive income of ₱1.27 billion for the year ended December 31, 2020, from a total comprehensive income of ₱1.71 billion registered last year, on account of lower net unrealized gain on financial assets at FVOCI, partly offset by higher net income in 2020.

Result of Operation - 2019 vs. 2018

For the year ended December 31, 2019, the Group registered a net income of ₱719.43 million, 126.87% higher compared to the ₱317.11 million net income for the same period last year.

Net interest income totaled ₱4.24 billion, higher by 18.56% or ₱663.52 million for the same period last year mainly due to the growth in loans portfolio which account for the ₱1.49 billion increase in interest income. Total interest income grew by ₱1.44 billion from ₱5.76

billion in 2018 to ₱7.20 billion in 2019. This was partly offset by the increase in Interest Expense by ₱773.62 million due to higher interest expense on deposits and bills payable.

Net service fees and commission income was at ₱270.07 million, higher by ₱6.93 million compared to ₱263.14 million registered last year.

Other income is higher in 2019 by ₱218.28 million at ₱486.98 million compared to ₱268.70 million for the same period last year.

Administrative and other operating expenses for the year 2019 amounted to ₱4.21 billion, ₱550.30 million higher compared to the same period last year coming from increase in Depreciation and Amortization as a result of PFRS 9 adoption, Compensation and Fringe Benefits, and Other Administrative Expenses by ₱280.45 million, ₱199.91 million and ₱174.42 million, respectively.

The Group incurred a total comprehensive income of ₱1.71 billion for the year ended December 31, 2019, from a total comprehensive loss of ₱635.92 million registered last year, on account of higher net income, and net unrealized gain on financial assets at FVOCI.

(e) Contingent Liabilities and Material Changes

As to material event/s and uncertainties, the Bank has none to disclose on the following apart from those already disclosed elsewhere or presented in the accompanying audited financial statements:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer’s liquidity.

- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company.

- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

- Any known trends, events or uncertainties that have had or that are reasonably expected` to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

- Any significant elements of income or loss that did not arise from the issuer’s continuing operations.

- Any seasonal aspects that had a material effect on the financial condition or results of operations.

The Bank has outstanding commitments, contingent liabilities, bank guarantees and tax assessments that arose from the normal course of operations. The Bank does not anticipate losses that will materially affect its financial position and results of operations as a result of these transactions.

The following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	For the Years ended December 31		
	2021	**2020**	**2019**
Trust and investment group accounts	**₱35,673,879,283**	₱26,192,113,492	₱17,739,157,589
Committed credit lines	**7,659,531,656**	6,945,067,250	7,258,540,906
Inward bills for collection	**2,271,244,978**	1,450,730,126	984,396,933
Guarantees issued	**1,850,923,767**	1,839,592,801	3,207,412,389
Letters of credit	**667,045,172**	343,954,891	328,561,049
Spot exchange - foreign currency	**537,380,930**	2,083,121,571	2,654,047,816
Outward bills for collection	**124,641,556**	161,088,252	-
Late deposit/payment received	**20,604,807**	61,959,354	93,764,025
Items held for safekeeping	**188,923**	77,158	79,472
Contingent - foreign currency swap	**–**	1,092,920,578	1,284,358,910
Other contingent account	**184,260**	184,784	183,907

Causes for any material changes from Period to Period of Financial Statements

The causes for any material changes from 2018-2021 are explained in item 6(b) of SEC Form 17-A of the Bank.

Interim Periods:

The following tables present information from the unaudited and audited Bank's Consolidated Financial Statements as of September 30, 2022 and December 31, 2021, respectively. And for the period ended September 30, 2022 and September 30, 2021

Summary Table for Interim Comparison:

(in million pesos)
Statements of Financial Position

	As of September 30			
	2022		**2021**	
ASSETS				
Cash and Cash Equivalents	17,944	10.1%	31,263	18.6%
Interbank Loans Receivable	6,924	3.9%	4,932	2.9%
Investment Securities	41,204	23.1%	31,598	18.8%
Loans and Receivables	106,117	59.5%	94,247	56.1%
Other Assets	6,270	3.5%	6,064	3.6%
	178,459	**100%**	**168,104**	**100%**

LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities	141,559	89.4%	138,553	92.52%
Bonds Payable	-	0.0%	4,996	3.34%
Bills Payable	10,500	6.6%	-	0.00%
Other Liabilities	6,286	4.0%	6,201	4.14%
	158,345	**100%**	**149,750**	**100%**

(in million pesos)

Result of Operations

	For the Period Ended September 30			
	2022		**2021**	
Net interest income and Non-Interest income	**6,343**	**100%**	**5,708**	**100%**
Operating Expenses (before provision for credit and impairment losses)	4,140	65.3%	3,781	66.3%
Provision for credit and impairment losses	576	9.1%	974	17.1%
Share in Net Income (Loss) of Associates	(36)	(0.6%)	23	0.4%
Provision for Income tax	298	4.7%	34	0.6%
Net Income	1,293	20.4%	942	16.5%

Statement of Financial Position – September 2022 vs. December 2021

Assets:

The Group's Total Assets as of September 30, 2022 stood at ₱178.46 billion or 0.73% decrease from ₱179.77 billion in 2021, on account of decreases in Cash and Other Cash Items, Due from Bangko Sentral ng Pilipinas (BSP), Due from Other Banks, Interbank Loans and Receivables and SPURA, Financial Assets at Fair Value through Profit and Loss, Financial Assets at Fair Value through Other Comprehensive Income partly offset by increases in Investment Securities at Amortized Cost, Loans and Receivables, and Investment Properties.

Cash and Other Cash Items decreased by ₱484.72 million or 12.32% due to the leveling-off of cash-in-vault from its usual year-end build-up, while Interbank Loans and Receivables and SPURA also went down by ₱7.96 billion due to lower volume of placement in Reverse Repurchase Agreements (RRP) with BSP this year. Due from other banks also decreased by ₱2.04 billion or 40.30% mainly due to funding of investments in FCDU USD Bond portfolio.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) has decreased by ₱19.80 billion while Investment Securities at Amortized Cost increased by ₱26.00 billion mainly attributable to reclassification made last April 2022 due to change in PFRS 9 Business Model. Financial Assets at Fair Value Through Profit or Loss also decreased by ₱0.94 million due to maturities.

Loans and Receivables went up by ₱6.91 billion or 6.96% at ₱106.12 billion from a level of ₱99.21 billion in 2021.

Liabilities:

The Group's Total Liabilities decreased by 1.85% or ₱2.99 billion drop to ₱158.34 billion mainly due to decrease in Deposit Liabilities and partly offset by increases in Bills Payable, Accrued Expenses, and Manager's Checks.

The Group's deposit level stood at ₱141.56 billion as of September 30, 2022, comprising mainly of CASA deposits at 81.96% or ₱116.03 billion. Deposit Liabilities went down by 7.47% from ₱152.99 billion in 2021 contributed by decreases in CASA by 11.70% or ₱15.38 billion.

Bills payable increased by ₱8.00 billion due to additional long-term peso denominated borrowings of Parent with Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) wholesale lending facility amounting to ₱3.00 billion and ₱5.00 billion, respectively.

Accrued Expenses, and Manager's Check went up by ₱418.35 million or 20.22% at ₱2.49 billion due to provision for general expenses for the period.

Equity:

The Group's Total Equity accounts stood at ₱20.11 billion from ₱18.44 billion in 2021, or an increase of ₱1.68 billion or 9.10% due to increases in current period's Net Income of ₱1.29 billion and in Cumulative Translation Adjustments of ₱11.23 million. While Net Unrealized Loss on Financial Assets at FVOCI decreases by ₱373.43 million.

Result of Operations – September 30, 2022 vs. September 30, 2021

Net Income:

Net income amounted to ₱1.29 billion for the period ended September 30, 2022, showing an improvement of ₱350.98 million or 37.27% from a level of ₱941.80 million in September 2021. The increase is brought about by the growth in Total Operating Income by 11.13% or ₱635.19 million higher than the same period last year and by the decrease in Total Operating Expenses by ₱39.59 million reaching ₱4.72 billion this year or 0.83% decrease from ₱4.76 billion in the third quarter of 2021. Provision for Income Tax was higher than prior year by 778.22% or ₱264.15 million.

Interest Income:

Interest Income was higher than prior year by 13.71% or ₱846.40 million at ₱7.02 billion in September 2022 on account of improvement in loans and investments related activities during the period. Interest on Loans and Receivables rose by 10.63% or ₱542.05 million attributed to bigger loan portfolio this year. Interest on Financial Investments also increased by 34.51% or ₱298.36 million due to higher level of financial investments this year. Interest on Deposits with BSP and Other Banks increased by 30.19% or ₱14.98 million, while Interbank Loans Receivables and SPURA decreased by 5.53% or ₱8.99 million.

Interest Expense:

Interest Expense increased by 2.46% or ₱28.97 million to ₱1.20 billion this year mainly due to increase in interest on bills payable due to long-term peso denominated borrowing this year amounting to ₱267.58 million and deposit liabilities amounting to ₱140.82 million. This was offset by maturity of corporate bonds with interest of ₱375.06 million in third quarter of 2021.

Other Income:

Other Income decreased by 25.66% or ₱182.24 million at ₱527.94 million for the period ended September 30, 2022 mainly due to decreases in Trading and Securities Gains by 93.48% or ₱292.37 million.

This was partly offset by increase in Foreign Exchange Gains by 329.86% or ₱94.07 million.

Operating Expenses:

Operating expenses went down by 0.83% or ₱39.59 million this year mainly due to decrease in Provision for Credit Losses by ₱397.38 million (40.81%), partly offset by increases in Compensation and fringe benefits, Occupancy and equipment-related costs, Security Messengerial and Janitorial, Insurance, and Information Technology Expenses, by ₱140.42 million (11.82%), ₱30.08 million (11.39%), ₱58.16 million (30.73%), ₱71.83 million (32.37%) and ₱70.24 million (24.56%), respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The Bank has no disagreements with any of its external auditors in any matter of accounting principles, practices, or financial disclosures.

ANNEX "G-1"

BANK OF THE PHILIPPINE ISLANDS
Information required by Part III, paragraphs (A) and (B) of "Annex C"

Management Discussion and Analysis of Financial Condition and Results of Operations

a. Full fiscal year

The balance sheet highlights of BPI over the three-year period (2019-2021) are shown below:

In P Millions	AUDITED		
	2019	2020	2021
Assets	2,205,030	2,233,443	2,421,915
Net Loans	1,475,336	1,407,413	1,476,527
Deposits	1,695,343	1,716,177	1,955,147
Capital	269,577	279,835	293,060

2021 vs 2020

Total resources reached P2.42 trillion, up P188.47 billion, or 8.4%, from last year's P2.23 trillion. This was driven by the expansion in **total deposits** of P238.97 billion, or 13.9%, as CASA deposits increased P140.28 billion, 10.3%, to P1.51 trillion and Time Deposits increased P98.69 billion, or 28.2%, to P448.94 billion. The increase was partially offset by the settlement of maturing bonds booked under **other borrowed funds**, down P56.91 billion, or 37.5%. **Deferred credits and other liabilities** at P43.40 billion, down 5.4%, primarily from the decrease in other liabilities. **Derivative financial liabilities** also declined P2.02 billion, or 35.8%, due to lower market valuation of certain derivative products. **Liabilities attributable to insurance operations** at P13.24 billion, decreased P1.11 billion, or 7.7%, on account of lower reserves and other balances. **Due to Bangko Sentral ng Pilipinas and other banks** decreased by P537.77 million, or 36.1%, owing to lower tax collected for the Bureau of Internal Revenues (BIR) and other banks. **Accrued taxes, interest and other expenses** lower by P488.81 million, or 5.5%, on lower accrued income tax and other expenses payable.

Capital funds amounted to P293.06 billion, increased P13.22 billion, or 4.7%, higher than last year's P279.83 billion. **Surplus** contributed to the capital growth by P15.59 billion, or 9.4%, on account of the recognized appropriation of retained earnings. **Reserves** likewise increased by P148.59 million, or 35.8%, due to the 10% appropriated reserves from the trust business income in compliance with the existing BSP regulations. These are partially tempered by the increase in **accumulated other comprehensive loss** by P2.77 billion, or 47.0%, due to the recognized negative movement on defined benefit obligation in the beginning of the year.

On the asset side, **financial assets at amortized cost** increased P94.02 billion, up 38.4%, on account of additional placements in medium to long-term HTC securities. **Loans and advances, net** have bounced back to its pre-pandemic level at P1.48 trillion, grew P69.11 billion, or 4.9%, due to higher growth mostly across business segments compared to 2020. With higher placements in BSP deposits, **due from Bangko Sentral ng Pilipinas (BSP)** increased P44.84 billion, or 20.0%. **Other resources, net** was also higher by P3.05 billion, or 18.1%, on account of higher miscellaneous assets. **Assets held for sale, net** up P311.68 million, or 10.5%, due to lower allowance for losses recognized in 2021.

On the other hand, **financial assets at fair value through profit and loss** decreased P15.88 billion, or 42.7%, due to decrease in holdings of securities intended for trading. **Due from Other Banks** at P34.57 billion, down 13.9%, due to the net decrease in account balances with various banks. **Cash and other cash items** was lower by P2.03 billion, or 5.5%, on account of lower cash placements as compared to year-end 2020. **Deferred income tax assets, net** at P15.82 billion, down 9.7%, mainly due to the net impact of the new tax rate under the CREATE law. **Bank premises, furniture, fixtures and equipment, net** decreased P1.31 billion, or 6.9%, on account of lower booking of right-of-use assets under PFRS 16. **Assets attributable to insurance operations** at P17.56 billion, down 6.2%, due to lower assets booked from the Bank's non-life insurance affiliate.

2020 vs 2019

Total resources reached P2.23 trillion, up P28.41 billion, or 1.3%, from last year's P2.21 trillion. **Total deposits** grew P20.83 billion, or 1.2% to P1.72 trillion, on the back of growth in demand and savings deposits of 15.7% and 16.9%, respectively.

Derivative Financial Liabilities increased P2.78 billion, or 96.6%, due to lower market valuation of certain derivative products. On the other hand, **Due to Bangko Sentral ng Pilipinas and other banks** decreased by P1.46 billion, or 49.4%, on account of lower tax collected for the Bureau of Internal Revenues (BIR). **Manager's checks and demand draft outstanding** decreased by P1.19 billion, or 14.4%, on account of lower volume of manager's checks issued. **Accrued taxes, interest and other expenses** lower by P963 million, or 9.8%, on lower accrued interest payable.

Capital funds amounted to P279.84 billion, increased P10.26 billion, or 3.8%, higher than last year's P269.58 billion. **Surplus** contributed to the capital growth by P18.05 billion, or 12.2%, as a result of accumulated profits net of cash dividend payments. **Reserves** decreased by P4.69 billion, or 91.9%, representing required appropriation of general loan loss provisions in excess of PFRS9 loan loss provisions under BSP Circ. 1011. **Accumulated other comprehensive loss** likewise increased by P3.46 billion, or 141.9%, due to recognition of lower actuarial losses on defined benefit plan.

On the asset side, **loans and advances, net** declined P67.92 billion, or 4.6%, due to lower growth mostly across business segments compared to 2019. However, **financial assets at fair value through OCI** increased P76.28 billion, or 141.5%, largely due to the sale of hold to collect debt securities. **Due from Other Banks,** increased P17.80 billion, or 79.6% while **due from Bangko Sentral ng Pilipinas (BSP)** increased P16.14 billion, or 7.8% due to higher volume of placements with various banks in BSP deposits. **Financial assets at fair value through profit and loss** increased P13.10 billion, or 54.4%, due to increase in holdings of securities intended for trading. **Deferred income tax assets, net** grew P7.82 billion, or 80.6%, on account of the impairment losses setup for the period. **Interbank loans receivable and securities purchased under agreements to resell** increased P7.68 billion, or 34.0%, due to higher volume placements of interbank term loans. **Other resources, net** was higher by P1.44 billion, or 9.3%, primarily attributable to higher miscellaneous assets. **Assets attributable to insurance operations** increased P935 million, or 5.3%, due to higher securities investments of the Bank's non-life insurance affiliate. **Investments in subsidiaries and associates, net** increased P764 million, or 11.3%, as a result of higher income from the leasing business.

On the other hand, **financial assets at amortized cost** decreased P30.45 billion, or 11.1%, due to the net effect of the decrease in the Bank's various holdings in hold to collect securities. **Cash and other cash items** was lower by P10.08 billion, or 21.3%, on account of lower cash requirement for the period as compared to year-end 2019. **Bank premises, furniture, fixtures and equipment, net** decreased P4.92 billion, or 20.7%, as the booking of the Right-of-Use Asset for the Bank's leased properties and equipment (PFRS 16) decreased from its first recognition in 2019. **Assets held for sale, net** also declined P185 million, or 5.9%, due to sale of foreclosed properties and decline in building improvements.

2019 vs 2018

Total resources reached P2.20 trillion, P119.8 billion, or 5.7%, higher than last year's P2.09 trillion. **Total deposits** grew P109.6 billion, or 6.9% to P1.70 trillion, on the back of growth in time, demand, and savings deposits of 17.6%, 6.1%, and 1.8%, respectively. **Deferred credits and other liabilities** increased by P4.6 billion, or 10.8%, from the recognition of lease liabilities on office spaces as part of the Bank's adoption of PFRS 16: Leases. **Manager's checks and demand draft outstanding** increased by P1.4 billion, or 19.7%, on account of higher volume of manager's checks issued. **Accrued taxes, interest and other expenses** rose by P809 million, or 8.9%, on higher accrued interest payable and accrued expenses. On the other hand, **other borrowed funds** decreased by P16.1 billion, or 9.6%, largely due to lower bills payable. **Due to Bangko Sentral ng Pilipinas and other banks** decreased by P1.0 billion, or 26.1%, on account of lower tax collected for the Bureau of Internal Revenues (BIR). **Derivative Financial Liabilities** declined by P1.0 billion, or 26.1%, due to lower market valuation of certain derivative products. **Capital funds** amounted to P269.6 billion, P21.0 billion, or 8.5%, higher than last year's P248.5 billion. **Surplus** contributed to the capital growth by P20.0 billion, or 15.7%, as a result of accumulated profits net of cash dividend payments. **Reserves** likewise increased by P1.0 billion, or 24.7%, representing required appropriation of general loan loss provisions in excess of PFRS9 loan loss provisions under BSP Circ. 1011. **Accumulated other comprehensive loss** increased by P263 million, or 12.1%, due to the increase in actuarial losses on defined benefit plan.

On the asset side, **loans and advances, net** increased P120.4 billion, or 8.9%, led by the growth in the corporate and consumer segments. **Financial assets at fair value through OCI** likewise increased P16.7 billion, or 44.9%, due to the net effect of the increase in the Bank's various holdings in hold to collect and sell debt securities. **Due from Other Banks,** increased by P9.9 billion, or 79.2%, due to net increase in the account balances with various banks. **Bank premises, furniture, fixtures and equipment, net** increased by P7.5 billion, or 46.1%, as the Bank adopted PRFS 16 which entails the recognition of Right-of-Use Asset for the Bank's leased properties and equipment. **Financial assets at fair value through profit and loss** increased by P7.4 billion, or 44.2%, due to increase in holdings of securities intended for trading on outlook of lower interest rates. **Cash and other cash items** grew P3.7 billion, or 8.5%, on account of higher cash requirement for the period as compared to year-end 2018. **Assets attributable to insurance operations** increased by P1.2 billion, or 7.3%, due to higher securities investments of the Bank's non-life insurance affiliate. **Deferred income tax assets, net** grew P1.2 billion, or 13.7%, on account of the impairment losses setup for the period. **Investments in subsidiaries and associates, net** increased P1.1 billion, or 19.2%, as a result of higher income from the asset management and trust subsidiaries. On the other hand, **Due from Bangko Sentral ng Pilipinas (BSP)** decreased by P18.1 billion, or 8.0% due to lower volume of placement in BSP deposits and lower reserve requirements. **Financial assets at amortized cost** decreased by P12.5 billion, or 4.3%, due to the net effect of the decrease in the Bank's various holdings in hold to collect and sell debt securities. **Interbank loans receivable and securities purchased under agreements to resell** declined P11.7 billion, or 34.2%, due to lower volume of placement in Reverse Repurchase Agreements (RRP) and interbank term loans. **Other resources, net** was lower by P6.8 billion, or 30.6%, primarily attributable to lower miscellaneous assets. **Assets held for sale, net** also declined P208 million, or 6.2%, due to sale of foreclosed properties.

Results of Operations

The income statement highlights of BPI over the three-year period are shown below:

In P Millions	AUDITED		
	2019	2020	2021
Net Interest Income	65,945	72,264	69,583
Non-Interest Income	28,389	29,659	27,822
Impairment Losses	5,822	28,000	13,135
Operating Expenses	50,077	48,154	50,733
Net Income	28,803	21,409	23,880

2021 vs. 2020

The Bank posted a **net income** of P23.88 billion, increased P2.47 billion, or 11.5% YoY, due to the lower **impairment losses** booked in 2021 versus the accelerated recognition last year in anticipation for higher NPL. Decline in **total revenues** and slightly higher **operating expenses**, partially tempered the growth.

Net interest income stood at P69.58 billion, down P2.68 billion, or 3.7%, as NIM at 3.30% contracted 19 bps on account of lower asset yields cost of funds. Average assets posted a modest increase of 1.5%.

- **Interest income** decreased P11.69, or 12.1%, versus the P96.31 billion from last year. Interest income **on loans and advances** at P72.22 billion, decreased P10.09 billion, or 12.3%, owing to lower average volume and asset yields. Interest income **on financial assets** also lower at P10.43 billion, down 13.4%, due to lower asset yield, despite higher average volume.
- **Interest expense** of P15.03 billion, decreased P9.01 billion, or 37.5%, primarily from the decrease in Interest expense **on deposits** of P8.82 billion, or 46.4%, due to lower interest cost despite higher average volume.

Other income at P27.82 billion, down P1.84 billion, or 6.2%, on significantly lower **trading gain on securities**, down P6.35 billion, or 79.8%, on account of lower realized gains from various sales of financial assets at FVOCI and hold collect debt securities. This was partially offset by higher **fees and commissions** at P11.20 billion, up P2.21 billion, or 24.6%, on higher transaction-based service charges. **Other operating income** also increased P1.66 billion, up 18.3%, owing to the increase in miscellaneous income and higher income from credit card business. **Income attributable to insurance operations** at P1.85 billion, up 23.1%, owing to higher income contribution from the Bank's life insurance affiliates. **Income from foreign exchange trading** up 13.6%, due to favorable trading opportunities.

Other expenses were higher at P50.73 billion, up P2.58 billion, or 5.4%, primarily from **occupancy and equipment-related expenses** at P16.01 billion, increased P1.40 billion, or 9.6%, on higher technology spend driven by Bank's continued digitalization initiative.

Impairment losses stood at P13.13 billion, down 53.1%, lower than the P28.0 billion booked in 2020.

Provision for income tax at P9.43 billion, higher by P5.52 billion, compared to the P3.91 billion from last year. **Current taxes** at P8.33 billion, lower by P2.42 billion, or 22.5%, and **deferred taxes** at P1.10 billion, higher by P7.94 billion, brought about by the impact of CIT and DIT rate adjustments from the implementation of CREATE law and lower loss provisioning in 2021 vs 2020.

Income attributable to non-controlling interest decreased P12.51 million, or 5.1%, owing to lower income contribution from the Bank's non-life insurance affiliate.

Comprehensive Income

Total comprehensive income at P21.27 billion, up P3.01 billion, or 16.5%, due to the increase in **net income before minority interest** by P2.46 billion, or 11.4%, and decrease in **total other comprehensive loss, net of tax effect** by P546.15 million, or 16.1%.

Net change in fair value reserve on FVOCI securities, net of tax effect at P3.59 billion loss, increased P2.23 billion, on account of lower market valuation of the Bank's investment securities. **Share in other comprehensive loss of associates** at P727.15 million loss, also increased P1.37 billion, due to the lower market valuation of the life insurance affiliate's investments securities. **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P209.04 million loss, increased P403.24 million, as a result of lower market valuation of the insurance subsidiaries' investment funds. On the other hand, gain from **remeasurement of defined benefit obligation** increased P3.99 billion, or 118.0%, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund. **Share in other comprehensive income of associates** at P447.97 million, increased P1.69 billion, due to higher accumulated fluctuation reserves of the Bank's insurance affiliate. Gain from **currency translation differences** at P626.25 million, increased P864.09 million, on account of the higher net effect from cash flow hedging.

Comprehensive income attributable to non-controlling interest decreased P155.10 million, or 49.4%, due to lower market valuation of the insurance's subsidiaries' investments.

<u>2020 vs. 2019</u>

On November 18, 2020, the Board of Directors approved the transfer of the Parent Bank's majority ownership via the sale of BPI's 2% share in BPI CTL to TCC, effective December 22, 2020. This resulted in a 49% to 51% ownership structure between BPI and TCC. The loss of control of the Parent Bank over BPI CTL resulted in the deconsolidation of the finance lease operations and was presented as a discontinued operation.

Accordingly, the Bank's **net income attributable to equity holders arising from continued operations** reached P21.41 billion, decreased P7.39 billion, or 25.7%, from the P28.80 billion recognized in the prior year. This amount is net of the **loss arising from the discontinued operations** of (P211) million resulted from the recent transaction. Moreover, the decline in net income was primarily from the P28.0 billion **impairment losses** booked for the full year 2020, as the economic slowdown leads to an increase in non performing loans. However, total revenues for the year increased by 10.5%, to P101.92 billion, and **operating expenses** amounted to P48.15 billion, almost flat compared to previous year, declined -0.4%.

Net interest income stood at P72.26 billion, up P6.69 billion, or 10.2%, on account of the P119.81 billion, or 5.8%, expansion in average asset base, and 14-basis point expansion in margins.

- **Interest income** decreased P4.18 billion, or 4.2%, compared from the P100.49 billion of the same period last year. Interest income **on loans and advances** decreased P3.74 billion, or 4.4%, on the back of lower asset yields, down by 84 bps, despite higher average volume by P122.8 billion. Interest income **on financial assets** likewise decreased P657 million due to lower asset yield, despite higher average volume. However, interest income **on deposits with BSP and other banks** increased P222 million, or 12.9%, as both average volume and yield rose by P33.06 billion and 57 bps, respectively.

- **Interest expense** of P24.04 billion, decreased P10.87 billion, or 31.1%, on the back of the decreases in both interest expense **on deposits** at P18.99 billion, down P9.89 billion, or 34.2%, and **on bills payable and other borrowings** at P5.06 billion, down P980 million, or 16.2%, due to higher average volume despite lower interest cost.

Other income at P29.66 billion, up P2.97 billion, or 11.1%, higher than the P26.69 billion earned in the same period of 2019. The increase was primarily from the **net gains on disposals of investment securities at amortized cost** at P4.65 billion, up P4.52 billion, or 3,520.2%, as the Bank sold a portion of debt securities portfolio. **Income attributable to insurance operations** also increased P282 million, up 23.1%, to P1.51 billion, due to higher income contribution from the Bank's life and non-life insurance affiliates. On the other hand, **other operating income** at P9.14 billion, decreased P1.13 billion, or 11.0%, due to decline in gain in asset sales and credit card income.

Other expenses at P48.15 billion, decreased P190 million, or 0.4%, due to controlled spending:

- **Compensation and fringe benefits** at P18.01 billion, was up P636 million, or 3.7%, on increased manpower compensation and Bank contribution to retirement fund;
- **Occupancy and equipment-related expenses** at P14.61 billion, down P129 million, or 0.9%, due lower rent and utilities costs;
- **Other operating expenses** at P15.54 billion, also decreased P697 million, or 4.3%, due from lower costs for advertising and publicity, and miscellaneous expenses.

Impairment losses stood at P28.0 billion, 5.0x more than the P5.56 billion set aside in 2019, due to pre-emptive provisioning on anticipated credit loss.

Provision for income tax at P3.91 billion, lower by P5.45 billion, or 58.2%, relative to the P9.36 billion from last year. **Current taxes** at P10.75 billion, was higher by P775 million, or 7.8%, attributable to the higher taxable income subject to regular corporate income tax. **Deferred taxes** at (P6.84) billion, up 1,003%, on account of the higher provisioning set-up for the year.

Income attributable to non-controlling interest increased P4 million, or 1.6%, due from higher income contribution from the Bank's non-life insurance affiliate.

Comprehensive Income

Total comprehensive income at P18.26 billion, decreased P10.95 billion, or 37.5%, due to decreases in both **net income before minority interest** by P7.14 billion, or 24.6%, and **total other comprehensive income (loss), net of tax effect** by P3.53 billion, to (P3.39) billion. The total comprehensive income was net of the **loss arising from the discontinued operations** of P215 million.
Net change in fair value reserve on FVOCI securities, net of tax effect at P643 million, increased P694 million, on account of higher market valuation of the Bank's investment securities. On the other hand, loss from **remeasurement of defined benefit obligation** increased P1.98 billion, to (P3.38) billion, due to change in financial assumption. **Share in other comprehensive loss of associates** at (P1.24) billion, also increased P1.21 billion, due to the lower market valuation of the life insurance affiliate's investments securities. **Share in other comprehensive income of associates** at P640 million, also decreased P646 million, due lower accumulated fluctuation reserves of the Bank's insurance affiliate. **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P195 million, declined P350 million, or 64.2%, as a result of lower market valuation of the insurance subsidiaries' investment funds. Loss from **currency translation differences** at (P238) million, increased P36 million, or 18.0%, on account of the net effect from cash flow hedging.

Comprehensive income attributable to non-controlling interest decreased P127 million, or 28.7% due to lower market valuation of the insurance's subsidiaries' investments.

2019 vs. 2018

In 2019, the Bank's net income reached P28.8 billion, an increase of P5.7 billion, or 24.8%, from the P23.1 billion recognized in the prior year. This increase was boosted by revenue growth of P15.8 billion, or 20.1%, which was partially tempered by the increase in operating expenses of P6.5 billion, or 14.8%.

Net interest income stood at P65.9 billion, up P10.1 billion, or 18.1%, on account of the P165.7 billion, or 8.6%, expansion in average asset base, and 24-basis point expansion in margins.

- **Interest income** increased P21.4 billion or 26.7%, from previous year's P80.2 billion. Interest income **on loans and advances** increased by P17.7 billion, or 25.6%, on the back of higher average volume and asset yield by P122.8 billion, and 84 bps, respectively. Interest income **on financial assets** likewise increased by P3.1 billion also due to higher average volume and yield of P59.2 billion and 35 bps, respectively. Interest income **on deposits with BSP and other banks** increased by P550 million, or 46.8%, due to higher average yield, partially tempered by the decrease in average volume;
- **Interest expense** of P35.6 billion, increased P11.3 billion, or 46.4%, driven by the increases in both interest expense **on deposits** at P28.9 billion, up P7.3 billion, or 34.1%, and **on bills payable and other borrowings** at P6.8 billion, up P3.7 billion, or 118.7%, due to higher average volume and interest cost.

Other income at P28.4 billion, up P5.7 billion, or 25.2%, higher than the P22.7 billion earned in the same period of 2018 primarily from the **securities trading gain** of P4.0 billion, up P3.3 billion, or 457.7%, due to profit taking on favorable trading opportunities. **Other operating income** at P12.0 billion, increased P1.6 billion, or 15.4%, due to higher credit card income and miscellaneous income. **Fees and commissions** at P9.1 billion, increased P838 million, or 10.2%, mainly from the higher service charges.

Other expenses at P50.1 billion, increased P6.5 billion, or 14.8%, due to increased spending of the following:

- **Occupancy and equipment-related expenses** at P16.1 billion, grew P3.0 billion, or 22.6%, due to the impact of the PRFS 16 implementation and higher technology-related outsourced services costs;
- **Compensation and fringe benefits** at P17.5 billion, was up P2.2 billion, or 14.2%, on increased manpower complement for both microfinance and regular branches;
- **Other operating expenses** at P16.5 billion, also increased P1.3 billion, or 8.8%, primarily from higher costs for regulatory, marketing, transaction servicing, and outsourced services.

Impairment losses stood at P5.8 billion, which includes specific reserves for the Hanjin exposure.

Provision for income tax at P9.4 billion, up P2.7 billion, or a 40.2% increase from P6.7 billion last year. **Current taxes** at P10.0 billion, was higher by P2.6 billion, or 35.6%, attributable to the higher taxable income subject to regular corporate income tax. **Deferred taxes** at (P685) million, on account of the higher write-offs for the year.

Income attributable to non-controlling interest increased P28 million, or 11.3%, because of higher income contribution from the Bank's non-life insurance affiliates.

Comprehensive Income

Total comprehensive income at P28.8 billion, increased P6.9 billion, or 31.5%, due to increases in both **net income before minority interest** by P5.8 billion, or 24.7%, and **total other comprehensive income, net of tax effect** by P1.4 billion, or 109.9%.

Share in other comprehensive income of associates at P1.3 billion, jumped P2.6 billion, or 200.4%, due to the upward market valuation of investments of the bancassurance affiliates. **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P545.3 million, increased P945 million, or 236.4%, as a result of higher market valuation of the bancassurance affiliates' investment funds. **Net change in fair value reserve on FVOCI securities, net of tax effect** at (P51) million, increased P739 million, or 93.5%, on account of higher market valuation of the Bank's investment securities.

Currency translation differences at (P202) million, decreased P176 million, or 684.6%, on account of the net effect from cash flow hedging. These increases were partly tempered by the decreases in **actuarial gains (losses) on defined benefit plan, net of tax effect**, of P2.0 billion due to change in financial assumption, and **share in other comprehensive gain (loss) of associates** of P627 million, due to the remeasurement/fair valuation of BPI-Philam's liabilities, property, and equipment.

Comprehensive income attributable to non-controlling interest increased P279 million, or 171.8% due to higher market valuation of the insurance's subsidiaries' investments.

Key Performance Indicators

	AUDITED		
	2019	2020	2021
Return on Equity	11.0%	7.7%	8.4%
Return on Assets	1.4%	1.0%	1.1%
Net Interest Margin	3.4%	3.5%	3.3%
Operating Efficiency Ratio	52.4%	47.2%	52.1%
Capital Adequacy Ratio	16.1%	17.1%	16.7%

The same ratios are also used to evaluate the performance of the Bank's subsidiaries.

2021 vs. 2020

Return on equity (ROE), the ratio of net income to average equity, and **Return on assets (ROA)**, the ratio of net income to average assets, were higher at 8.4% and 1.1%, respectively, as a result of the increase in net income of 11.5%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, was lower at 3.3% by 19 basis points than the 3.5% in 2020, as asset yields remained low, partially offset by lower cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, was higher at 52.1% from 47.2%, driven by lower revenues and higher operating expenses.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was lower at 16.7% compared to last year's 17.1%, as the growth in total risk-weighted assets outpaced the growth of the qualifying capital. The CET 1 ratio at 15.8%, was also lower than the 16.2% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

b. Interim periods: Comparable discussion to assess material changes

Financial Condition: September 30, 2022 versus as of December 31, 2021

Total resources stood at P2.53 trillion, up P106.31 billion, or 4.4%, mainly from the increase in **loans and advances, net** of P123.86 billion, or 8.4%, ending at P1.60 trillion. These increases were backed up by the growth in earning assets and notable growth across all loan portfolios. Other material movements are as follows:

- **Financial assets at fair value at amortized cost** at P446.75 billion, up P108.08 billion, or 31.9%, due to various purchases of hold to collect debt securities;
- **Financial assets at fair value through profit or loss** at P50.46 billion, up P29.12 billion, 136.5%, due to increase in holdings of securities intended for trading;
- **Due from other banks** at P50.54 billion, up P15.97 billion, or 46.2%, due to the net increase in account balances with various banks;
- **Assets held for sale, net** at P3.81 billion, up P525.00 million, or 16.0%, due to the increase in foreclosed properties.

The above increases were tempered by the following accounts:

- **Due from Bangko Sentral ng Pilipinas** at P187.12 billion, down P81.71 billion, or 30.4%, due to the decline in various deposit placements in BSP;
- **Financial Assets at Fair Value through OCI** at P81.71 billion, down P53.03 billion, 39.4%, due to the decline in securities available for sale;
- **Interbank loans receivable and securities purchased under agreements to resell** at P3.35 billion, down P27.50 billion, or 89.2%, due to lower volume of interbank loans booked;
- **Cash and other cash items** at P29.40 billion, decreased P5.74 billion, or 16.3%, on account of lower cash placements as compared to year-end 2021;
- **Bank premises, furniture, fixtures and equipment, net** at P15.79 billion, down P1.73 billion, or 9.9%, due to the lower booking of right-of-use assets under PFRS 16;

- **Other Resources, net** at P18.89 billion, decreased P999.02 million, or 5.0%, on account of the decline in miscellaneous assets;
- **Investments in subsidiaries and associates, net** at P6.62 billion, down P547.11 million, or 7.6%, as a result of lower equity income brought by the BPI-BFB merger.

Total liabilities at P2.21 trillion, increased P86.08 billion, or 4.0%, mainly from the P78.79 billion, or 4.0%, increase in **total deposits,** ending at P2.03 trillion, on account of higher Time and CASA deposits. Other major increases as follows:

- **Deferred Credits and Other Liabilities** at P50.81 billion, increased P7.40 billion, or 17.1%, on higher other liabilities;
- **Derivative financial liabilities** at P9.65 billion, increased P6.02 billion, or 165.7%, owing to the increase in certain derivative positions;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P4.37 billion, higher by P3.42 billion, or 358.8%, due to higher outstanding balance collected for other banks;
- **Accrued taxes, interest and other expenses** at P9.17 billion, rose P760.42 million, or 9.0%, on higher accruals on other expense payable;
- **Manager's checks and demand drafts outstanding** at P7.52 billion, up P586.39 million, or 8.5%, on account of higher volume of manager's checks issued;

Notably, **other borrowed funds** at P84.15 billion, down P10.88 billion, or 11.5%, mainly due to bond maturities.

Total capital at P313.37 billion, increased P20.31 billion, or 6.9%, due to the P29.14 billion increase in **share premium**, ending at P104.07 billion, and higher **surplus** at P206.79 billion, up 14.2%. These increases are tempered by the additional issuance of common shares and was recognized as **treasury shares** at P33.04 billion, pursuant to the Bank's merger with BPI Family Savings Bank, Inc., effective as of January 1, 2022. **Share capital** stood at P49.19 billion, up 9.0%, tempered by the increase in **accumulated other comprehensive loss** at P14.30 billion, up P5.63 billion, or 65.0%, as a result of the booked treasury shares.

Results of Operations: For the Nine Months ended September 30, 2022 versus September 30, 2021

Net income at P30.55 billion, up P13.07 billion, or 74.8%, on higher **total revenues** at P87.46 billion, up P15.84 billion, or 22.1%, and lower **impairment losses** at P7.50 billion, down P2.75 billion, or 26.8%, due to improvement in asset quality and macroeconomic condition.

Net interest income at P61.65 billion, up P10.48 billion, or 20.5%, due to the continued loan growth and higher average NIM which expanded 23 bps mainly from the recovery of asset yields.

Interest income, net of GRT stood at P73.20 billion, up P10.60 billion, or 16.9%, on the back of the following movements in interest income:

- **Loans and advances** at P60.07 billion, up P6.23 billion, or 11.6%, on higher average asset volume and yields;
- **FA at FV at amortized cost** at P10.54 billion, up P5.12 billion, or 94.7%, on higher average asset volume and yields;

Tempered by the following:

- **FA at FV through OCI** at P1.46 billion, down 21.6%, on account of lower average asset volume and higher yields;
- **Deposits with BSP and other banks** at P932.00 million, down 26.2%, due to lower yields despite higher average asset volume;
- **FA at FV through profit or loss** at P211.47 million, down 11.0%, on account of lower average asset volume and higher yields.

Interest expense at P11.56 billion, up P122.84 million, or 1.1%, on the back of higher interest expense **on deposits** at P8.98 billion, up P1.49 billion, or 19.8%, tempered by the decrease in interest expense **on bills payable and other borrowings** at P2.58 billion, down P1.36 billion, or 34.6%.

Other income, net of GRT at P25.81 billion, increased P5.36 billion, or 26.2%, mainly from higher **other operating income** at P13.64 billion, up P6.26 billion, or 84.7%, due to the one-time gain on sale of property from last quarter. Other material movements as follows:

- **Income from foreign exchange trading** at P1.97 billion, up P401.78 million, or 25.7%, and due to increase in transaction flows.

- **Trading gain on securities** at P845.64 million, down P910.71 million, or 51.9%, on lower realized gains from various securities;
- **Income attributable to insurance operations** at P878.06 million, down P420.62 million, or 32.4%, due to lower income contribution of the Bank's life insurance affiliate.

Other expenses at P40.09 billion, up P3.60 billion, or 9.9%, driven by **other operating expenses** at P13.13 billion, up P1.95 billion, or 17.4%, on account of higher operations and regulatory costs. **Occupancy and equipment-related expenses** at P12.61 billion, up P1.09 billion, or 9.4%, on higher IT-related services and software maintenance.

Provision for income tax at P9.17 billion, up P1.93 billion, or 26.6%, on the back of the increase in **current income tax** of P3.68 billion, on higher taxable revenue, inclusive of the realized gain on the property sale. **Deferred income tax** impact of P1.75 billion, on lower loss provisioning this period.

Income attributable to non-controlling interest at P115.50 million, down 7.7%, due to the lower income contribution from the Bank's non-life insurance affiliate.

Total comprehensive income at P25.01 billion, increased P9.07 billion, or 56.9%, due to higher **net income before minority interest** at P30.70 billion, up P13.06 billion, or 74.0%, partly offset by the movement in **total other comprehensive loss, net of tax effect** at P5.69 billion, up P3.99 billion, on the back of the following:

For Items that may be reclassified subsequently to profit and loss:
- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P4.72 billion loss, up P3.33 billion, on lower market valuation of the Bank's investment securities;
- **Currency translation differences** at P169.65 million loss, due to the weakening of the Euro Currency;
- **Share in other comprehensive loss of associates** at P1.09 billion, up P443.55 million, on lower valuation of the Bank's life insurance affiliate's investments;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P206.46 million loss, as a result of lower market valuation of the Bank's non-life insurance affiliate's investment funds;

For Items that will not be reclassified to profit and loss:
- **Actuarial gain on defined benefit plan, net of tax effect** at P46.35 million, up P469.07 million, on higher actuarial gains compared to last year's actuarial loss;
- **Share in other comprehensive income of associates** at P455.68 million, up P171.18 million, on account of the higher valuation of the Bank's life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P96.31 million, down 26.1%, due to lower income contribution from the Bank's bancassurance business.

Key Performance Indicators: For Nine months ended September 30, 2022 versus September 30, 2021

Return on equity (ROE), the ratio of net income to average equity, was at 13.73%, higher compared to last year's 8.25%, as the growth in net income outpaced the expansion of average equity.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.66%, compared to last year's 1.07%, as the growth in net income outpaced the expansion of average assets.

Net interest margin (NIM), net interest income divided by average interest-bearing assets, higher at 3.53%, driven by the recovery of asset yields.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, lower at 45.84%, as the growth in revenues outpaced the growth of operating expenses.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 16.78%, lower versus prior year's 17.64%, as the growth in risk-weighted assets outpaced the growth in qualifying capital. The CET 1 ratio at 15.89%, was also lower than the 16.76% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

B. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with Isla Lipana & Co. on accounting and financial disclosures.

ANNEX "H"

Information required by Part IV, paragraph (A) of "Annex C", *as amended, SRC Rule 12 (D*irectors, executive officers, promoters)

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Directors and Executive Officers of the Issuer

(a) Incumbent Directors

1. LANCE Y. GOKONGWEI, Chairman of the Board, Filipino, 56 years old.
He has been the Chairman of Robinsons Bank Corporation since May 6, 2010. He is also the President and Chief Executive Officer of JG Summit Holdings, Inc. (JGSHI) and Cebu Air, Inc. He is likewise the Chairman of Universal Robina Corporation, Robinsons Land Corporation, Robinsons Retail Holdings, Inc., Altus Property Ventures, Inc., Robinsons Bank Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman and a Director of Manila Electric Company, and a Director of RL Commercial REIT, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and Endeavor Acquisition Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

2. FREDERICK D. GO, Vice-Chairman, Filipino, 53 years old.
He has been a Director of Robinsons Bank since May 6, 2010. He is also the Vice Chairman of the Board and of the Executive Committee. Presently, he is the President and Chief Executive Officer of Robinsons Land Corporation. He concurrently serves as the President and Chief Executive Officer of Altus Property Ventures, Inc. and the President of Universal Hotels and Resorts, Inc. He is also the Chairman of RL Commercial REIT, Inc., and the Luzon International Premier Airport Development Corporation. He is a Trustee and the President of Robinsons Land Foundation, Inc. and Universal Cultural Foundation, Inc. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, Taicang Ding Feng Real Estate Development Company Limited, Taicang Ding Sheng Real Estate Development Company Limited, Chongqing Robinsons Land Real Estate Company Limited, and Chongqing Ding Hong Real Estate Development Company Limited. He is a Director of Cebu Air, Inc., Manila Electric Company, JG Summit Olefins Corporation, and Cebu Light Industrial Park. He also serves as the Vice Chairman of the Philippine Retailers Association. He received a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University.

3. ELFREN ANTONIO S. SARTE, President and CEO/Director, Filipino, 62 years old.
He has been the President and Chief Executive Officer of the Robinsons Bank Corporation since November 17, 2014. He is also a member of its Executive Committee and Risk Management Committee. He is also the Vice-Chairman of the Board of Directors of Legazpi Savings Bank and the Chairman of its Executive Committee. He is also the Chairman Unicon Insurance Brokers Corporation, an affiliate of the Bank, and a Director of the another bank's affiliate, GoTyme Bank Corporation, a digital bank. He is also the Chairman of the Board of Directors of Philippine Clearing House Corporation. Prior to joining the Bank in November 2014, he was the President, Director and CEO of Allied Savings Bank (2013 to 2014); Consumer Finance Group Head (2013) and Head of Consumer Credit and

Collection Division (2010 to 2013) of Philippine National Bank; and Head of Consumer Credit Risk Management Division (2006 to 2010), Credit Services Division (1996 to 2006) and Credit Investigation and Appraisal Division (1995 to 1996) of Union Bank of the Philippines. He was also a Manager at the Credit Information Bureau (1983 to 1995). He has a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from the De La Salle University.

4. **ROBINA GOKONGWEI PE, Director, Filipino, 61 years old.**

She has been a Director of Robinsons Bank Corporation since May 6, 2010. She is the President and Chief Executive Officer of Robinsons Retail Holdings, Inc. (RRHI). Operating a diverse portfolio of brands, RRHI is one of the largest multi-format retailers in the country. She is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Bank Corporation. She is a trustee and the secretary of the Gokongwei Brothers Foundation, Inc. and a trustee and Vice Chairman of the Immaculate Concepcion Academy Scholarship Fund. She is also a member of the Xavier School Board of Trustees. She was formerly a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984.

5. **PATRICK HENRY C. GO, Director, Filipino, 52 years old**

He has been a Director of Robinsons Bank Corporation since May 6, 2010. He is also the current Vice Chairman of the Bank's Trust Committee and a member of its Corporate Governance Committee. He is also the President and Chief Executive Officer of JG Summit Olefins Corp. and the Vice President and Managing the URC Packaging Division and URC Flexible Packaging Division. He is a Director of JG Summit Holdings Inc., Robinsons Land Corp and Universal Robina Corp. He has a Bachelor of Science degree in Management from the Ateneo de Manila University and took The General Manager Program from the Harvard Business School.

6. **OMAR BYRON T. MIER, Director, Filipino, 76 years old.**

He was appointed as a Director of the Bank in 2015. Apart from sitting as a Director of the Bank, he also serves as a member of its Trust Committee, a member of Risk Oversight Committee and an alternate member of its Executive Committee. Mr. Mier likewise sits as the Chairman of Legazpi Savings Bank Inc. He also serves as an independent director of Robinsons Land Corporation and Paymaya Corp. where he also sits as the chairman and member of its Audit Committee and of its Risk and Compliance Committee, respectively, since 2016. Before joining the Bank, he holds around four decades of experience in the banking industry, including Citibank N.A., where he served as Country Risk Manager in Manila (1983 to 1985), Public Sector Group Head (1985 to 1987), Country Risk Officer in Malaysia (1992 to 1995), Head of Risk Management Group and World Corporate Group Head (1992 to 1995); Deutsche Bank, as Deputy General Manager and Corporate Banking Head (1995 to 2002); and Philippine National Bank (2005-2014), where he held various senior positions the last of which as President and CEO. He has a Bachelor of Science degree in Business Administration Major in Accounting, Bachelor of Arts degree in Economics, and Master of Arts in Economics from the University of the Philippines. He is also a Certified Public Accountant.

7. **HERMOGENES S. ROXAS, Independent Director, Filipino, 69 years old.**

He has been an Independent Director of Robinsons Bank Corporation since December 19, 2013. He is the current Chairman of the Bank's Corporate Governance Committee. He is the Vice- Chairman of the Bank's IT Steering Committee and a Vice-Chairman of its RPT Committee. He is also a member of the Bank's Audit Committee. Mr. Roxas is also a Director of LSB where he chairs its Audit Committee, sat as the vice-chair of its Corporate Governance Committee, and a member of its Risk Oversight Committee. He has more than three decades of experience in banking and has held various senior positions at

Commercial Banking & Trust Company and United Coconut Planters Bank and its subsidiaries. He was also the President of UCPB Savings Bank; a Director at UCPB Leasing & Finance Corp., UCPB Foreign Exchange Corp., UCPB Capital Corp., UCPB Rural Bank, and UCPB Securities Inc. He has a Bachelor of Science degree in Business Administration from the University of the Philippines.

8. DAVID C. MERCADO, Independent Director, Filipino, 72 years old.
He has been an Independent Director of Robinsons Bank Corporation since February 27, 2014. He is the Chairman of the Bank's Risk Oversight Committee, Vice-Chairman of the Bank's Audit Committee, and a member of the RPT Committee. He has more than three decades of experience in banking and has held various senior positions in Allied Banking Corporation and United Coconut Planters Bank. At UPCB, he became their Assistant Vice President- Account Management Division (1986 to 1987), Assistant Vice President - Deposit Services Department (1987 to 1993), Vice President and Regional Branch Head (1993 to 2004), Vice President and Head of Branch Banking Group (2004 to 2006) and lastly, as First Vice President of Consumer Banking Group (2006 to 2011). He earned his Business Administration degree from the Philippine School of Business Administration. He is also a Certified Public Accountant.

9. CATALINO S. ABACAN, Independent Director, Filipino, 68 years old.
He was appointed as an Independent Director of the Bank on February 24, 2021. He is the Chairman of the Bank's Audit Committee, Vice-Chairman of Risk Oversight Committee, and a member of the Related Party Transactions Committee. He also sits as the Board Chairman (Independent Director) of Sun Savings Bank, Inc., a Cebu-based thrift bank, since 2019. His career in the banking industry spans forty-five (45) years, commencing at the Philippine Banking Corporation (1975 to 1994), where he performed various operational functions, then with Lippo Bank of Indonesia (Manila Offshore Banking Unit and a branch in Cambodia) as Head of its Operations (1994 to 1997). He thereafter held various senior positions at Union Bank of the Philippines (UBP), including being an Executive Vice-President of Channel Management (2013 to 2015) as well as President and CEO of City Savings Bank, Inc. (2015 to 2018) and PR Savings Bank, Inc. (2018 to 2019), both subsidiary banks of UBP. He graduated with Latin honors from the University of the East (Manila), earning a Bachelor of Science in Business Administration – Major in Accounting degree and completed all academic requirements for a Master's degree in Business Administration at the Ateneo Graduate School of Business. He is also a Certified Public Accountant.

10. TEODORO M. PANGANIBAN, Independent Director, Filipino, 71 years old.
He was appointed as an Independent Director of the Bank on March 24, 2021. He is the Chairman of the Bank's IT Steering Committee, Vice Chairman of the Corporate Governance Committee, and a member of the Audit Committee. He is currently the Chairman of the Board of First Agro-Industrial Rural Bank Inc., and also serves as a Director of Bangko Kabayan, Maxicare Healthcare Corporation, and Maxilife. He has almost five decades of experience in banking which commenced with Citibank, N.A. (1971 to 1997), where he rose up in the ranks to be Vice President and Senior Country Operations Officer. He also held various senior positions at Unionbank of the Philippines (UBP) (1997 to 2019), including being SVP and Head of its Process Management Unit, and thereafter EVP and Head of the Channel Management, and Chief Risk Officer. He became a Director of City Savings Bank from 2013 to 2018, and of Philippine Resources Savings Banking Corp. (2018 to 2019). He also sat as a Director of the Philippine Clearing House Corporation (2004 to 2019) as a nominee/representative of UBP. He graduated with a degree in Bachelor of Science in Business Administration Major in Accounting from the University of the Philippines - Diliman.

11. ERNESTO C. SANTIAGO, Independent Director, Filipino, 75 years old.

He was appointed as an Independent Director of the Bank on June 29, 2022. He is the Chairman of the Bank's RPT Committee, and Member of the Bank's Risk Oversight Committee and Corporate Governance Committee. He is also currently a Director and Member of the Executive and Investment Committee of St. Peter Life Plan, Inc. In his almost 20 years stint at St. Peter Life, Inc., he served in various capacities, namely, Executive Consultant (June 2019 – June 2020); chairman (November 2010 – May 2017); President & Chief Executive Officer (November 2007 – October 2010); Executive Vice President & Chief Operating Officer (April 2004 – October 2007); and Vice President – Finance and Administration (January 2001 – March 2004). For a time, he was the Vice-Chairman of St. Peter Group Management Inc. (June 2017 – May 2019). He also served as a Faculty Member of the Finance Cluster of Ateneo Graduate School of Business (January 1996 – December 2006); Vice-President and Credit Rating Member of the Credit Information Bureau, Inc. (May 1995 – December 1999); Financial Controller, KPMG – Bahrain (Sept 1987 – March 1995); and Manager, In-Charge of Secretariat and Credit Services of the Credit Management Association of the Philippines (May 1968 – April 1983). He obtained his Master in Business Administration from the Ateneo Graduate School of Business, Batch 1982 Graduated First Honor and finished his Bachelor in Accountancy from University of the East, Batch 1968, as a Consistent Dean's Lister. He is a Certified Public Accountant having placed 17th in the 1970 CPA Examination. He is a Life Member of the Financial Executives of the Philippines and a Member of the Management Association of the Philippines.

The independent directors have met and continue to meet all the qualifications and possess none of the disqualifications of an Independent Director under the Bank's Code of Corporate Governance, SEC issuances (SEC Memorandum Circular No. 4 Series of 2017 regarding *Term Limit of Independent Directors*), Section 38 of the Securities Regulation Code and relevant BSP rules.

(b) Advisors

1. JAMES L. GO, Member, Filipino, 82 years old.

He is the Chairman of JGSHI and Cebu Air, Inc. He is also the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation and Vice Chairman of Robinsons Retail Holdings, Inc. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation and JG Summit Olefins Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a Director of PLDT, Inc. since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT, Inc. He was elected a Director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA

2. JOHNSON ROBERT G. GO, JR., Member, Filipino, 57 years old.

He presently serves as Director of JG Summit Holdings, Inc., Universal Robina Corporation, A. Soriano Corporation, and Robinsons Land Corporation, among others. He has served as President of Robinsons Convenience Stores, Inc. (2002) and as Vice President of Robinsons Daiso Diversified Corp. (2010). He is also a trustee of the Gokongwei Brothers Foundation, Inc. His banking experience spans around 17 years, when he was elected as a Director of the Bank. He has Bachelor of Arts degree in Interdisciplinary Studies from the Ateneo de Manila University.

3. BRIAN M. GO, Member, Filipino, 48 years old.

He is the Chief Finance and Risk Officer of JGSHI. He is concurrently Vice President of International Trading Operations & Corporate New Ventures for Universal Robina

Corporation (URC). He is also a member of the Investment Committee of JG Digital Equity Ventures (JGDEV), a board director for JG Summit Petrochemical Corporation, and a Senior Advisory Board member of Robinsons Bank. Brian started his career in New York City with Booz Allen Hamilton in 1996, in the Financial Services practice. He returned to Manila in 1998, working at DTPI (Digitel/Sun Cellular), working in Corporate Planning, and as Managing Director of the datacom business. He worked in China from 2003 to 2013, serving as Finance Director, then Chief Financial Officer, of Ding Feng Real Estate (DFRE) group of companies. From 2007, he concurrently assumed the General Manager role for URC China, and was later General Manager for URC Malaysia/Singapore. Brian graduated from Harvard College in 1996. He completed an Executive MBA with KelloggHKUST in 2007, and is a CFA charterholder.

4. **LISA Y. GOKONGWEI-CHENG, Member, Filipino, 53 years old**

She is the Senior Vice President, Digital Transformation and Corporate Services of JGSHI since 2020. She is the President and Director of Summit Media (2011 to present). She has held various senior positions and directorships in the group namely: Summit Internet Investments, Inc. (2000), Jobstreet Philippines (2000-2014), JE Holdings, Inc. (2002), Robinsons Retail Holdings, Inc. (2002 to present), I-tech Global Business Solutions, Inc. (2010-2020), Hongkong- China Foods Co. (2013), and as Vice President and Director of Summit- App Addictive Philippines, Inc. (2000). She was also Vice President at Metromedia Times Corporation (1993 to 1997) and Digital Communications as Project Manager (1995 to 1999). She has a Bachelor of Arts degree from Ateneo de Manila University, and obtained her master's degree in Journalism at Columbia University in 1993.

(c) Executive Officers

1. **Elfren Antonio S. Sarte**, 62, Filipino, President and Chief Executive Officer of the Bank and is a member of its Executive Committee and Risk Management Committee. He is also the Vice-Chairman off the Board of Directors of Legazpi Savings Bank and the Chairman of its Executive Committee. He is also the Chairman Unicon Insurance Brokers Corporation, an affiliate of the Bank, and a Director of the another bank's affiliate, GoTyme Bank Corporation, a digital bank. He is also the Chairman of the Board of Directors of Philippine Clearing House. Prior to joining the Bank in November 2014, he was the President, Director and CEO of Allied Savings Bank (2013 to 2014); Consumer Finance Group Head (2013) and Head of Consumer Credit and Collection Division (2010 to 2013) of Philippine National Bank; and Head of Consumer Credit Risk Management Division (2006 to 2010), Credit Services Division (1996 to 2006) and Credit Investigation and Appraisal Division (1995 to 1996) of Union Bank of the Philippines. He was also a Manager at the Credit Information Bureau (1983 to 1995). He has a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from the De La Salle University.

2. **Andro M. Yee**, 57, Filipino, Executive Vice President, and is the Bank's Chief Financial Officer. He joined the Bank in 1997 and became the Bank's Compliance Officer (concurrent Chief Audit Executive) (1997-2009), Chief Audit Executive (2009-2010), and Controller (2010-2013). He also sat as a Director of Bancnet, Inc. (2009-2011) and currently sits as one of the Directors of LSB and UIBC. He was also the head of the Bank's Community Banking Group (2013-2018) that spearheaded the Bank's effort to offer financially inclusive products (i.e., Microfinance and Motorcycle Loans) to the unbanked and underbanked sector of the society in the country. Over the years, he has had numerous trainings and seminars on anti-money laundering, compliance, corporate governance, internal auditing, trust operations and investment management, IT security, corporate fraud control, and risk-based audit. He earned his Bachelors of Science degree in

Business Administration, Major in Accounting, from the University of the Philippines in the Visayas. He is also a Certified Public Accountant.

3. **Eric B. Santos**, 63, Filipino, Executive Vice President, the head of the Bank's Consumer Banking Segment. He has been with the banking industry for over 40 years and has held senior management positions in various banks such as United Coconut Planters Bank (UCPB), UCPB Savings Bank, Planters Development Bank and Premiere Development Bank prior to joining the Bank in 2012 as Chief Credit Officer. He was also elected as a Director of LSB in 2012 to 2013 and was re-elected in 2016 to present. He graduated from the Polytechnic University of the Philippines (PUP) with a degree of Bachelors of Science in Accountancy. He has attended extensive trainings on corporate governance, risk management, anti-money laundering, leadership, credit, and equity and debt financing.

4. **Mykel D. Abad**, 54, Filipino, Executive Vice President of the Bank and also the President of LSB. Prior to becoming the President of LSB, he has held senior management positions in UCPB, International Bank Exchange, and Robinsons Savings Bank. He finished his Bachelor of Science degree in Statistics from the University of the Philippines and he has a Masters degree in Applied Business Economics from the University of Asia and the Pacific. He has attended numerous trainings abroad such as the Youth Marketing Seminar conducted in Kuala Lumpur Malaysia and ICAAP Master Class and Asset Liability Management seminars, both of which were conducted in Singapore. He also underwent extensive trainings on anti-money laundering, corporate governance, treasury operations, and risk management. He has also completed the Executive Development Program of JG Summit, conducted by visiting professors from Harvard and INSEAD among others.

5. **Ma. Regina N. Lumain**, 60, Filipino, Executive Vice President, Treasurer of Robinsons Bank and Director of Unicon Insurance Brokerage. Prior to joining the Bank in 2000, she held senior management positions in PCI Bank and PCIB Savings Bank. She graduated cum laude from the University of the East with a Bachelor of Arts degree in Economics. She also brings with her an extensive experience in Treasury and Investments. Over the years, she had attended trainings on corporate governance, anti-money laundering, BSP issuances, Camels Rating, risk management, market reading, data privacy, asset and liability management and other Treasury related seminars. She is also an SEC licensed for Fixed Income Salesman.

6. **Salvador DH. Paps**, 59, Filipino, Executive Vice President, and the head of the Bank's Retail Banking Segment. His experience in the banking sector now span for more than 30 years. He has worked as the Bank's Business Center Head, Cluster Head, and Area Head before becoming the Bank's Retail Banking Group Head in 2016. Prior to joining the Bank, he already held senior management positions in ABN-AMRO Savings Bank and BA Savings Bank. He earned his Bachelor of Arts degree in Economics from San Beda College and has attended extensive trainings on customer experience management, business building and account servicing, Internal Capital Adequacy Assessment Process (ICAAP) training, Related Party Transaction (RPT) Training, Coaching for Effectiveness Workshop, and Finance for Senior Executive (AIM) to name a few.

7. **Agnes Theresa A. Salvador**, 62, Filipino, Executive Vice President. She was previously the head of the Bank's Transaction Banking Group and Product Management Group before taking on her current post as the Chief Digital Commercial Officer and Head of the Digital Banking Segment. She has more than 30 years of banking experience. She formerly held senior management positions

as Cash Management Services Head of Philippine Bank of Communication (PBCom), Country Product Management Head of JP Morgan, and Cash Management Solutions Head of Rizal Commercial Banking Corporation (RCBC), among others. She has a Bachelor of Science degree in Architecture from the University of the Philippines and has attended and finished the Strategic Business Economic Program from University of Asia Pacific.

8. **Exequiel T. Tua**, 63, Filipino, Senior Vice President, and the Bank's Chief Operating Officer. He has been designated as the Bank's Chief Operating Officer since 1 October 2019. He has been in the banking industry for more than 30 years. Prior to joining the Bank in 2006, he has worked with several financial institutions such as Banco Filipino, PAIC Bank, Small Business Guarantee Corp., National Commercial Bank (KSA), Philippine National Bank, and Citibank Savings, Inc. He also had extensive trainings on anti-money laundering, information security, risks and compliance trainings, Basel regulations, and has completed the Asian Institute of Management's (AIM) Enterprise Risk Management program in 2011. He obtained his Bachelor of Science degree in Economics from University of Sto. Tomas (UST), MBA from DLSU Graduate School and completed his core subjects in PhD Commerce at UST.

9. **Juanito Andres A. Henson**, 56, Filipino, Senior Vice President, and currently heading the Bank's Lending Segment-Account Management Group 1. He started his professional career as a management trainee in Malayan Insurance Company. He then moved to PCIBank where he was part of its Officer Development Program. From there, he worked with PCIBank's Middle Market Group where he functioned as Credit Review Officer and as an Account Officer. Prior to joining the Bank, he also became an Account Officer of Dao Heng Bank (a bank based in Hong-Kong) and he also had a stint with the Philippine International Trading Corporation (a GOCC). He has been with the Bank since 1998, first as a Senior Manager to now as Senior Vice President. He obtained both his Bachelor of Science degree in Business & Economics as well as his Master's degree in Business Administration from the De La Salle University. He has had extensive trainings on anti- money laundering, forgery and fraud detection, and has finished the Excell Finance for Senior Executives program conducted by the Asian Institute of Management (AIM).

10. **Eric C. Macalintal**, 57, Filipino, Senior Vice President, and the Bank's Chief Information Technology Officer. Before joining the Bank in 2011, he has worked with EastWest Bank as Vice President of their Project Management Office (PMO). He also worked with Premiere Bank where he headed their information technology department. He obtained his Bachelors of Science degree in Mathematics from the University of Sto. Tomas. He also has Masters of Science degree in Computer Science from Ateneo Professional School. He has had extensive training on Islamic Finance and anti-money laundering conducted by Malaysian Institute of Management and he also attended training on Applied Finance in Singapore Management University.

11. **Roel S. Costuna**, 53, Filipino, Senior Vice-President, and the Bank's Corporate Secretary and Head of its Legal Services Group. He is also the concurrent Legal Head and Corporate Secretary of Legazpi Savings Bank, Inc. and Unicon Insurance Brokers Corporation. Before joining the Bank, he was the Chief Legal Counsel and Head of Legal & Documentation Division of Philippine Veterans Bank (2007-2013); Legal Head & Assistant Corporate Secretary of Chinatrust Commercial Bank Corporation (2005-2007); and Head Documentation and Opinion Team of International Exchange Bank (1997-2005). He also worked with the firms Sycip Gorres Velayo & Co. - Tax Division and Castillo Laman Tan Pantaleon & San Jose

Law Offices. He obtained his Bachelor of Laws (LlB) degree from U.P. College of Law in Diliman, Quezon City in 1994 and placed 12th in the Bar Examinations given that same year. He obtained his Bachelor of Arts degree (Political Science), Magna Cum Laude, from the University of Eastern Philippines. He has been in the practice of law for the last 27 years and attended various seminars and programs on corporate governance, anti-money laundering, trust, and mandatory continuing legal education.

12. **Rosario C. Marcelo**, 53, Filipino, Senior Vice President, Head of the Bank's Corporate Banking Segment-Account Management Group 2. Ms. Marcelo has 30 years of banking experience, with strong background in commercial lending, credit portfolio review, and remedial management. Prior to joining the Bank in 2012, she has held senior management positions in Planters Development Bank as Account Management Head, BDO Unibank as Credit Portfolio Review Head, and in EastWest Bank as Corporate Banking Division Head and Remedial Management Head. She sat as Director of Legazpi Savings Bank from 2013 to 2016. Ms. Marcelo obtained her Bachelor of Science degree in Business Administration from the University of the Philippines, Diliman, and has had several extensive trainings in banking and other related fields.

13. **Maria Teresa Ponce-Sanchez**, 59, Filipino, Senior Vice President, is the head of the Bank's Treasury-Domestic Trading Group. She worked with PCIBank's Treasury Department for 14 years (1985-1999) before joining the Bank's Treasury Group in 2000. In her more than 30 years of experience, she attended numerous trainings on treasury related topics. She is also an SEC Certified/Licensed Fixed Income Salesman and was appointed as the Treasurer of Legazpi Savings Bank during the period starting 2014 to 2015. She is also the Treasurer of UNICON Insurance Brokers Corporation (a subsidiary of Robinsons Bank). She obtained her Bachelors of Science degree in Business & Economics from the De La Salle University, Manila.

14. **Janette C. Gonzalvo**, 51, Filipino, Senior Vice President, and the Bank's Motorcycle Finance Group Head. She has been with the banking industry for more than 30 years and held various positions in Union Bank as Credit Risk Management Head (Housing and Small Business Loans), Export and Industry Bank as Credit Division Head, Premiere Development Bank as Risk Management Office Head and Credit and Collection Group Head, and Philippine National Bank as Credit Management Head (Luzon, Visayas and Mindanao) prior to joining Robinsons Bank in 2012 as Credit Management Group Head (2012 to 2018). She held a Directorship position with LSB from 2015-2018. She obtained her Bachelor of Science degree in Marketing Management from the University of St. La Salle.

15. **Ma. Ellen A. Victor**, 64, Filipino, Senior Vice President, and is the head of the Bank's Commercial Banking Segment in charge of corporate loans and cash management services. Ms. Victor finished her Bachelor of Science degree in Accounting in De La Salle University Manila and is a Certified Public Accountant. She has more than 30 years of banking experience and previously held various positions such as Credit Evaluation Head of RCBC, Senior Lending Officer in UCPB and Eastwest Bank, Trust Investments Head of UCPB, Trust Head and Customer Service Head of Standard Chartered Bank, and Credit Administration Division Head of UCPB Savings Bank. She continuously updates her knowledge and had attended several trainings and seminars in the fields of Corporate Lending and Finance, Credit, Trust banking and AMLA, among others.

16. **Alejandro Antonio B. Gaerlan,** 49, Filipino, Senior Vice President, is the head of the Bank's Treasury-Foreign Exchange/FCDU Group. He has a Bachelor of Arts degree in Economics from Ateneo De Manila University and is a Certified Treasury Professional. Prior to joining the Bank, he has held senior management positions in Rizal Commercial Banking Corporation as an Assistant Vice President (1996-2009) and with Bank of Commerce as Vice President (2009-2016).

17. **Ramon Eduardo E. Abasolo,** 58, Filipino, Senior Vice President. He was hired as Deputy IT Head and transitioned to become the head of Customer Experience Group before assuming the role of Chief Digital Officer. He is currently the head of the Digital Banking Group and responsible for the digital retail business and online banking channels. He has more than 35 years of banking technology experience, holding various IT positions in Citibank Manila, Citibank Japan, and Citibank Indonesia. He was Application Development Head of BDO, Chief Technology Officer of PNB and head of Enterprise Architecture in BPI. He graduated with a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

18. **Jane K. Gocuan**, 51, Filipino, Senior Vice President. She currently is the Branch Sales and Relationship Management Group head. With more than 29 years of banking experience, she started her banking career in Standard Chartered Bank in 1992 and rose through the ranks and retired as Branch Manager of its Cebu Branch (with a rank of VP) in 2007. In her 14 years with the Bank, she was deployed in Data Processing, Branch Banking (handling operations, customer service and sales) and Priority Banking. She then went on to take on larger responsibilities as Cluster Head for Vismin (FVP) at Chinatrust Commercial Bank (Branch Banking, Retail Banking Division) from 2011 to 2016 (promoted to SVP). She then took on the role of Treasury Head for Wealth Development Bank (SVP). After which she moved to DBP, where she was engaged as Sales & Distribution Head for Retail Bank, and then tasked to head the Visayas Lending Group (SVP). She obtained her Bachelor of Business Management degree from the University of the Philippines College Cebu, where she graduated Magna Cum Laude. She also earned her Master's degree in Business Management from the same school. She further completed the Treasury Certification Program run by the Ateneo-BAP Institute of Banking and holds an International Investment Advice Certificate from the Securities Institute of London.

19. **Laarni V. Ona**, 53, Filipino, Senior Vice President and Human Resource Management Group Head (HRMG) and the concurrent HRMG Head of its subsidiary, LSB. She has been in the banking industry since 1993. She started her career as a management trainee and later took on the role of a Business Manager in Philippine National Bank (PNB). Thereafter, she held positions as Executive Assistant to the CEO and later Deputy Training Head in Standard Chartered Bank Philippines. Later, as the Training Head for JP Morgan Bank, IBM and as an Organization Development (OD) Head in Union Bank of the Philippines. She joined Robinsons Bank in 2019 as the Talent Management and Organizational Development Division Head and was appointed as the Human Resource Management Group Head in September 2020. She is certified as Professional Scrum Master, Scrum Product Owner and Professional Coach (ICF). She also attended numerous and extensive trainings and seminars involving human resource management, talent, competency and succession management, among others. She earned her degree of Bachelor of Science in Industrial Engineering from St. Louis University and finished her Masters in Business Administration from the De La Salle University.

20. **Ermelindo S. Andal, Jr.**, 49, Filipino, Senior Vice President, is the Head of Business Process Transformation of the Bank. He joined the Bank last May 2022. He oversees the Bank's Project Management Office, Systems and Methods Unit, and Business Process Management. His group is responsible for the management and implementation of enterprise projects, the regular rationalization and updating of the Bank's Policies and Manuals, and the continual process improvement and innovations. He has extensive experience in Operations Management, leading this area during his stint in UnionBank, Maybank Philippines, and EastWest Bank. He was also a former Group Chief Information Officer (CIO) and Group Data Protection Officer (DPO) of the Filinvest Group. He earned his Bachelor of Science degree in Mathematics, graduating Magna Cum Laude, and Master of Science degree in Mathematics, from the University of San Carlos in Cebu City. He has certification in Six Sigma Green Belt and Six Sigma Black Belt.

21. **Manuel G. Bosano III**, 54, Filipino, he joined the bank last July 2022 as Senior Vice President and Head of Account Management Group-3 under Corporate and Commercial Banking Segment. He has over 33 years of banking experience covering the areas of corporate/commercial banking, transaction banking, branch banking, trust and treasury. Prior to joining Rbank, he spent thirteen (13) years with Maybank Philippines handling various roles and the most recent of which was head of their Global Banking Group. He graduated from San Beda College with a degree in Bachelor of Arts majoring in Economics.

22. **Cynthia C. Bautista**, 55, Filipino, First Vice President, and the concurrent Chief Audit Officer of the Bank and LSB. She started her audit career in 1989 and before joining the Bank in 2013, she held senior audit positions in East West Bank (2009-2012) and Planters Bank (2012-2013). She also worked as an Internal Quality Review Officer of AIG Philam Savings Bank (2008-2009) and as an Operational Risk Management Officer (2001-2005) and Credit Risk Management Officer (2005-2008) of PBCom. She earned her Bachelors of Science degree in Business Administration, Major in Accounting, from the Pamantasan ng Lungsod ng Maynila (PLM). Over the years, she had attended extensive trainings on cyber-security, corporate governance, anti-money laundering, quality assurance, risk- based audit, risk management, and Basel II, among others. She is also a Certified Public Accountant.

23. **Lalaine C. Sta Ana**, 57, Filipino, First Vice President, joined the Bank on February 17, 2020, as Trust Officer and Group Head of the Bank's Trust and Investment Group. Prior to joining the bank, she headed the Corporate and Institutional Portfolio Management Division of Metrobank's Trust Banking Group. She served as Board Director of the Trust Officers Association of the Philippines (TOAP) from 2015-2019. She also held the Trust Officer position for CTBC Bank Philippines, owned by CTBC Financial Holdings, one of the largest private financial institutions in Taiwan. She held various senior management positions in Trust & Investment Services and Retail Banking Groups of Standard Chartered Bank, Philippines, where she obtained several certifications on mutual funds, bonds and premium foreign currency investments. She's a Certified Trust Practitioner of Philippine Trust Institute, where she graduated with distinction. She is a Certified SEC Registered Licensee, both as a Securities Broker and Fixed Income Salesman. She obtained her Bachelor's Degree from St. Scholastica's College, majored in Financial Management.

24. **Trisha Marie Gerette B. Gutierrez,** 53, Filipino, First Vice President & Head of Enterprise Risk Management Group, she joined the bank in 2019 as Credit Risk Management Division Head. She is formerly a Director for Credit Risk and Business

Control for the Bank of Singapore Ltd. – Philippine Representative Office. She is a former Credit Officer for ING Bank N.V., Manila Branch. She is also a former Credit Risk Manager at BDO Unibank, Inc. She is a former Credit Risk Manager for Banco Satander Philippines, Inc. and a former Deputy Head of Research for Abacus Securities Corporation. She received her B.S. Business Economics from the University of the Philippines, Diliman.

25. **Romel D. Meniado,** 48, Filipino, First Vice President, and the concurrent Chief Compliance Officer (CCO) of RBank and its subsidiary bank, Legazpi Savings Bank (LSB). Prior to joining the Bank in 2009, he has worked with the Bangko Sentral ng Pilipinas for 12 years (1996-2008) as Bank Examiner. He also was the Bank's Assistant Controller (2009-2010) and Chief Audit Executive (2010-2013) before becoming as the Bank's Chief Compliance Officer (2013-2018). He was seconded to LSB as Chief Operating Officer (2018-2022) and was later on recalled to RBank as CCO on a concurrent capacity. He obtained his Bachelors of Science degree in Accountancy from the Polytechnic University of the Philippines and has a Masters degree in Business Administration from the De La Salle University, Taft. Throughout his career, he has attended numerous trainings and seminars on corporate governance, PFRS 9, anti-money laundering, finance, FATCA, strategic compliance, trust operations, Basel, money market trading, derivatives, risk management, financial investigation, among others. He is also a Certified Public Accountant.

(d) Directors and Independent Directors

Director	**Person who nominated**	**Independent Director**	**Person who nominated and Relationship with Nominee**
Lance Y. Gokongwei Chairman	JG Summit Capital Services Corp.	Catalino S. Abacan	Elfren Antonio S. Sarte/No relation
Mr. Frederick D. Go Vice Chairman	JG Summit Capital Services Corp.	Teodoro M. Panganiban	Elfren Antonio S. Sarte/No relation
Elfren Antonio S. Sarte Director/President & CEO	JG Summit Capital Services Corp.	Hermogenes S. Roxas	Elfren Antonio S. Sarte/No relation
Robina Y. Gokongwei-Pe Director	JG Summit Capital Services Corp.	Ernesto C. Santiago	Elfren Antonio S. Sarte/No relation
Patrick Henry C. Go Director	JG Summit Capital Services Corp.	David C. Mercado	Elfren Antonio S. Sarte/No relation
Omar Byron T. Mier Director	JG Summit Capital Services Corp.		Elfren Antonio S. Sarte

(e) Involvement in Legal Proceedings

To the knowledge and information of the Bank, none of the above-named directors and executive officers have been involved in any of the following events during the past five (5) years and material to the evaluation:

i. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

ii. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

iii. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

iv. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

For the past five (5) years and material to the evaluation, the Bank, its affiliates, subsidiaries, directors and officers, have not been involved in any legal proceedings that would affect their ability, competence or integrity, and/or would involve a material or substantial portion of their property before any court of law, quasi-judicial body or administrative body in the Philippines or elsewhere, except in the usual routine cases directed against the Bank, arising from the ordinary conduct of its business.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of nine (9) in-house lawyers who are graduates of reputable law schools in the country. For its external counsels, the Bank retains the services of the following respected law firms:

- Romulo Mabanta Buenaventura Sayoc & Delos Reyes
- Valerio & Associates Law Office
- Atty. Filmore C. Gomos Law Office
- Atty. Rodrigo Talledo Law Office
- Guzman & San Gabriel Law Office

(f) Significant Employees

There are no persons who are not executive officers of Robinsons Bank Corporation who are expected to make a significant contribution to the business.

(g) Family Relationship

1.) Mr. Lance Y. Gokongwei, Ms. Robina Y. Gokongwei-Pe, and Ms. Lisa Y. Gokongwei-Cheng are siblings.
2.) Mr. James L. Go is the uncle of Mr. Lance Y. Gokongwei, Ms. Robina Y. Gokongwei-Pe, and Ms. Lisa Y. Gokongwei-Cheng.
3.) Mr. Frederick D. Go, Mr. Patrick Henry C. Go, Mr. Brian M. Go, are cousins of Mr. Lance Y. Gokongwei, Ms. Robina Y. Gokongwei-Pe, and Ms. Lisa Y. Gokongwei-Cheng.

Except for the foregoing, none of the other directors or executive officers are related to each other within the fourth civil degree either by consanguinity or affinity.

ANNEX "H-1"

BANK OF THE PHILIPPINE ISLANDS

Information required by Part IV, paragraph (A) of "Annex C", directors, executive officers, promoters and control persons.

A. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS

1. The following are the Board of Directors and Executive Officers of BPI as of 30 September 2022:

Directors	**Position**
Jaime Augusto Zobel de Ayala	Chairman
Jose Teodoro K. Limcaoco	Director
René G. Bañez	Director
Romeo L. Bernardo	Director
Cezar P. Consing	Vice-Chairman
Ramon R. del Rosario, Jr.	Director
Aurelio R. Montinola III	Director
Octavio Victor R. Espiritu	Director
Ignacio R. Bunye	Lead Independent Director
Emmanuel S. de Dios	Independent Director
Janet Guat Har Ang	Independent Director
Cesar V. Purisima	Independent Director
Maria Dolores B. Yuvienco	Independent Director
Jaime Z. Urquijo	Director
Executive Officers	**Position/Designation**
Jose Teodoro K. Limcaoco	President, Chief Executive Officer
Ramon L. Jocson	Executive Vice-President, Chief Operating Officer
Eric Roberto M. Luchangco	Senior Vice-President, Chief Finance Officer and Chief Sustainability Officer
Marita Socorro D. Gayares	Senior Vice-President, Chief Risk Officer
Marie Josephine M. Ocampo	Executive Vice-President
Juan Carlos L. Syquia	Executive Vice-President
Maria Cristina L. Go	Executive Vice-President
Joseph Anthony M. Alonso	Senior Vice-President, Chief Credit Officer
Mary Catherine Elizabeth P. Santamaria	Senior Vice-President, Chief Customer and Marketing Officer
Dino R. Gasmen	Senior Vice-President, Treasurer
Maria Theresa D. Marcial	President and CEO, BPI Asset Management and Trust Group
Maria Lourdes P. Gatmaytan	Corporate Secretary

BOARD OF DIRECTORS

1. JAIME AUGUSTO ZOBEL DE AYALA, Filipino, 63, has been a member of the board of directors (non-executive director) of BPI since March 1990 and chairman since March 2004. He is currently the chairman of the Bank's Executive Committee, Personnel and Compensation Committee and a member of the Nomination Committee. Mr. Zobel served as vice chairman from 1995 to March 2004.

Mr. Zobel also serves as a director of Ayala Corporation since May 1987. He is the chairman of the board of Ayala Corporation since 2006. He was its CEO from 2006 to 2021. He holds the following positions in publicly listed companies: chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.); and vice chairman of Ayala Land, Inc. He is also the chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc.; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Limited.

Outside the Ayala group, he is a director of Temasek Holdings (Private) Limited and a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and

Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean's Advisors, and HBS Asia Advisory Committee. He sits on the board of Singapore Management University (SMU) and is the chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Philippines National Advisory Council. He is the co-vice chairman of the Makati Business Club, the chairman of Endeavor Philippines, and a trustee emeritus of Eisenhower Fellowships.

He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the president of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

Mr. Zobel graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

2. JOSE TEODORO K. LIMCAOCO, Filipino, 60 years old, was elected as President and Chief Executive Officer of Bank of the Philippine Islands (BPI) in April 2021.

He serves as chairman of BPI Capital Corporation, BPI Asset Management and Trust Corporation, BPI/MS Insurance Corporation, BPI AIA Life Assurance Corporation and BPI Europe Plc; president and vice chairman of The Bank of the Philippine Islands Foundation, Inc.; vice chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation, and director of Bankers Association of the Philippines, BAP Data Exchange, Inc., and Philippine Dealing System Holdings Corp. Previously, he served as president of BPI Family Savings Bank from 2010-2015 and president of BPI Capital Corporation from 2007-2010. He was also director/treasurer of Ayala Life Assurance, Inc. in 2009, director/chairman of Ayala Plans, Inc. in 2010-2015, and director of Globe Fintech Innovations, Inc. in 2017-2022 and AC Energy International Inc. in 2019-2022. He also worked at BPI from 1989 to 1992 and at BPI Capital from 1995 to 1997.

From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer and Finance Group Head of Ayala Corporation. He served as a director of publicly listed companies Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and as a director of SSI Group, Inc. He also served as a director of a number of Ayala group companies including those involved in healthcare, infrastructure, education, energy, and industrial technologies.

Mr. Limcaoco joined Ayala Corporation as a managing director in 1998. His responsibilities prior to his secondment to BPI in 2007 included assistant treasurer of Ayala Corporation, trustee and treasurer of Ayala Foundation, Inc., president of myAyala.com, and director/treasurer of Azalea Technology Investments, Inc. from 2001-2006.

He served as the president of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. and with BZW Asia.

He is a director and treasurer of Just For Kids, Inc., a family-owned company.

He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

3. JANET GUAT HAR ANG, Singaporean, 63 years old, was elected as an independent director of BPI in May 2021. She is a member of the Bank's Risk Management Committee.

Ms. Ang is currently the chairman of SISTIC.com Pte Ltd and an independent director of the board of the SPH Limited. She also serves as the chairman of the NUS Institute of Systems Science, the Singapore Polytechnic and the Caritas Singapore Agape Fund Board of Trustees. Ms. Ang is also the deputy chairman of the Singapore Business Federation Foundation as well as member of the Board of The Esplanade Company Ltd, the Home Team Science & Technology Agency.

Ms. Ang serves on the Council for Board Diversity and the Singapore Business Federation, and is a Senior Advisor of the RGE Group and independent director of the Tanoto Foundation. She is a Fellow of the Singapore Computer Society, a Fellow of Singapore Institute of Directors and a member and past president of the International Women's Forum (Singapore). She is a nominated MP of the Parliament of Singapore and Singapore's Non-Resident Ambassador to the Holy See.

Ms. Ang had a thirty-seven year career in the information technology industry and had lived and worked in Japan and China over a span of eleven years. She was a managing director of IBM Singapore from 2001 to 2003 and again from 2011-2015. Ms. Ang was a member of the IBM Industry Academy. Her last executive role was as IBM Vice President, Industry Solutions, IBM Asia Pacific.

Ms. Ang was awarded The Public Service Medal in 2019. She was also awarded the Singapore Computer Society IT Leaders Award – Hall of Fame in 2018, the NUS Distinguished Alumni Service Award in 2015 and the NUS Business School Eminent Alumni Award in 2014.

Ms. Ang graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore.

4. RENÉ G. BAÑEZ, Filipino, 67 years old, was elected as director of BPI in August 2021. He is a member of the Bank's Executive, Related Party Transaction, and Retirement/Pension Committees. Mr. Bañez also serves as a board director of BPI Asset Management and Trust Corporation and BPI Capital Corporation.

Mr. Bañez served as the commissioner of the Bureau of Internal Revenue (BIR) from February 2001 to August 2002 and as deputy commissioner from June 1993 to November 1995.

In the private sector, he held several senior-level positions in PLDT until his retirement in 2016. He was senior vice president and head of the Supply Chain, Asset Protection and Management Group, from 2008 to 2016; senior vice president and chief governance officer from 2004 to 2007; corporate governance advisor from 2003 to 2004; senior vice president, Support Services and Tax Management from 2000 to 2001; and first vice president, Support Services and Tax Management from 1998 to 2000. Prior to joining PLDT, he was Group Tax Director of Metro Pacific Investment Corporation until 1998.

Before his appointment to the BIR in 1993, he spent more than 11 years at accounting firm Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), starting as a tax consultant in 1982 until he became tax principal (Partner) from 1990 to 1993. He was a faculty member at the Ateneo de Manila University College of Law, handling Taxation, from 1990 to 2007.

He is affiliated with the Equestrian Order of the Holy Sepulchre, and is a member of the Finance Board of the Archdiocese of Manila and Diocese of Pasig, a board member/trustee of Radio Veritas Corporation, Pope Pius Foundation, Catholic Travel Inc., Mirador Jesuit Villa & Retreat House Corporation, Loyola School of Theology Corporation, Solidaritas Fund and Unitas Asia Corp. (a subsidiary of Radio Veritas Asia).

Mr. Bañez earned his Bachelor of Laws degree in 1981 and his Bachelor of Arts degree in 1976 both from Ateneo de Manila University.

5. ROMEO L. BERNARDO, Filipino, 68 years old, has served as a member of the board of directors of BPI since February 1998, and an independent director since August 2002 until April 2019. He is currently a member of the Executive and Personnel and Compensation Committees.

Mr. Bernardo serves as an independent director of the following PSE-listed companies: Aboitiz Equity Ventures, Inc., RFM Corporation, Monde Nissin Corporation and PHINMA. He is also a non-executive director of Globe Telecom, Inc. He is the chairman of the board of directors of the ALFM family of funds. He is likewise a public advocate of good corporate and national governance and frequently writes on the subject in his capacity as vice chairman and co-founder of the Foundation for Economic Freedom and the Philippine Advisor of GlobalSource Partners, Inc., a worldwide network providing insights on emerging markets. He was a board director of the Management Association of the Philippines in 2017-2018 and the Finex Foundation in 2017.

Mr. Bernardo is a former undersecretary of the Department of Finance and founded his consultancy practice, Lazaro Bernardo Tiu & Associates in 1996. He has worked and/or been engaged as consultant in various multilateral institutions such as the World Bank, International Finance Corporation, Asian Development Bank, and Japan International Cooperation Agency. He has also worked with government institutions such as the Department of Finance and the National Economic Development Authority (NEDA) in policy matters involving pension reform, capital markets reform, and fiscal and debt management.

Mr. Bernardo graduated with a B.S. Business Economics degree (Magna Cum Laude), from the University of the Philippines in 1974. He obtained his M.A. Development Economics at Williams College, Williamstown, Massachusetts in 1977.

6. IGNACIO R. BUNYE, Filipino, 77 years old, was elected as an independent director of BPI in April 2016. He is the chairman of the Bank's Related Party Transaction Committee and a member of the Corporate Governance and Personnel and Compensation Committees. He was appointed lead independent director in April 2021. Mr. Bunye also serves as an independent director of BPI Asset Management and Trust Corporation, BPI Direct BanKo, Inc., A Savings Bank and BPI Capital Corporation.

Mr. Bunye was a member of the Monetary Board of the Bangko Sentral ng Pilipinas from 2008 to 2014. He previously held the positions of Presidential Political Adviser in 2008, Presidential Spokesperson in 2003, and Press Secretary in 2002. He also worked in BPI's Treasury and Corporate Finance departments from 1983 to 1986 before he began his government service in the City of Muntinlupa (then a municipality) as officer-in-charge and later as Mayor between 1986 and 1998.

During his twelve-year stewardship in Muntinlupa, Mr. Bunye founded the Muntinlupa Polytechnic College (now Pamantasan ng Lungsod ng Muntinlupa) and laid the foundation for the establishment of the Ospital ng Muntinlupa. In a concurrent capacity, he also served as Chairman of the Metropolitan Manila Authority (now Metropolitan Manila Development Authority) between 1991 and 1992, and was a member of the House of Representatives representing Muntinlupa between 1998 and 2001. A former print and broadcast journalist, he now writes a regular weekly column for Manila Bulletin, Tempo, People's Tonight, Sun Star, BusinessWeek Mindanao, Panay News and Filipino Reporter (in New York).

Significant awards and recognition received by Mr. Bunye include the Asian Institute of Management Honor and Prestige Award, the Bangko Sentral Service Excellence Medal, the Gran Oden de Isabela Catolica, and the Order of Lakandula (rank of Bayani).

Mr. Bunye is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Arts degree and Bachelor of Laws degree from the Ateneo de Manila University in 1964 and 1969, respectively. He passed the Philippine Bar Examination in 1969.

7. CEZAR P. CONSING, Filipino, 62 years old, was elected as regular director of the Bank in April 2021. He served as President and Chief Executive Officer of BPI from 2013 to 2021. He is currently the vice chairman of BPI's Board and Executive Committee, member of Risk Management and Nomination Committees. Mr. Consing also serves as member of the board of directors of BPI Asset Management and Trust Corporation, BPI Capital Corporation, and BPI Direct BanKo, Inc., A Savings Bank.

Mr. Consing is the chairman of Philippine Dealing System Holdings and its three operating subsidiaries, a position he has held since 2019. Mr. Consing is a board director of the publicly listed Ayala Corporation since 2020 and was appointed as president and Chief Executive Officer in September 2022. Mr. Consing is also a board director of the following publicly listed companies: Globe Telecom (2021-present), and AC Energy (2021-present). He is also a director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Limited.

Mr. Consing served as the chairman and president of the Bankers Association of the Philippines from 2019-2021. He was the president of Bancnet, Inc. from 2017-2021. Mr. Consing was a partner at the Rohatyn Group from 2004-2013. He headed its Hong Kong office and its private investing business in Asia and was a board director of its real estate and energy and infrastructure private equity investing subsidiaries. Mr. Consing worked for J. P. Morgan & Co. in Hong Kong and Singapore from 1985-2004. He headed the firm's investment banking business in Asia Pacific from 1997-2004 and served as president of J. P. Morgan Securities (Asia Pacific) Ltd. as a senior managing director, Mr. Consing was a member of the firm's Global Investment Banking Management Committee, its Asia Pacific Management Committee, and its Global Managing Director Selection Committee.

Mr. Consing worked for BPI from 1981-1985, as a management trainee and eventually as assistant vice president. Mr. Consing has served as an independent board director of the following publicly listed companies in Asia: Jollibee Foods Corporation (2010-2021), CIMB Group Holdings (2006-2013), and First Gen Corporation (2005-2013), and a board director of National Reinsurance Corporation (2014-2019), where he also served as chairman (2018-2019). He currently serves on the board of FILGIFTS.com. He has also served on the boards of SQREEM Technologies, Endeavor Philippines and the Hongkong based Asian Youth Orchestra. He is a board director of the US-Philippines Society and the Philippine-American Educational Foundation, and a board trustee of the Manila Golf Club Foundation. He is a member of the National Mission Council of De La Salle Philippines and a board trustee of College of St. Benilde and La Salle Greenhills. Mr. Consing has been a member of the Trilateral Commission since 2014.

Mr. Consing received an A.B. Economics degree (Accelerated Program), Magna Cum Laude, from De La Salle University, Manila, in 1979. He obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

8. EMMANUEL S. DE DIOS, Filipino, 68 years old, was elected as independent director of Bank of the Philippine Islands (BPI) in April 2022 and is the chairman of the Corporate Governance Committee. Mr. de Dios is a board member of ABS-CBN Corporation and was appointed as independent director on April 23, 2013. Mr. de Dios has been a Professor of Economics at the University of the Philippines School of Economics since 1980. He is also the President of Human Development Network (Philippines) since July 2012. He is the current trustee/chairman of Pulse Asia Research, Inc.

He was the Dean of the University of the Philippines School of Economics from 2007 to 2010.

He received his AB Economics degree from the Ateneo de Manila University (cum laude) in 1978 and his Ph.D. in Economics from the University of the Philippines in 1987. He pursued post-doctoral studies at the Universität Konstanz in Germany from 1987 to 1988 and is the author or editor of various books, monographs, articles and reviewers in economics.

9. RAMON R. DEL ROSARIO, JR., Filipino, 77, was elected as director of Bank of the Philippine Islands (BPI) in April 2020 and is a member of the Corporate Governance and Retirement and Pension Committees.

He currently holds the following positions in the following companies: Chairman and Chief Executive Officer of Phinma Corporation; President and Chief Executive Officer of Philippine Investment Management, Inc.; Chairman of Araullo University, University of Iloilo, University of Pangasinan, Cagayan de Oro College, Southwestern University, St. Jude College, Republican College, Rizal College of Laguna, Union College of Laguna, United Pulp and Paper Co., Inc., PHINMA Hotels, Inc. and PHINMA Hospitality, Inc. He is vice chairman of Phinma Foundation, Inc. and Phinma Property Holdings Corp., director of Philcement Corp. and other PHINMA managed companies; chairman of Philippine Business for Education; and vice chairman of Caritas Manila. He is a former chairman of the Ramon Magsaysay Award Foundation and Makati Business Club, where he remains a trustee; and former chairman of the National Museum of the Philippines. He was the president of PHINMA Corp. until April 2022. He has managed Phinma since 2002 and brings with him a wealth of experience in leading a diversified conglomerate.

Mr. del Rosario graduated from De La Salle College in 1967 with degrees in BSC-Accounting and AB Social Sciences (Magna Cum Laude) and from Harvard Business School in 1969 with a Master in Business Administration degree.

10. OCTAVIO VICTOR R. ESPIRITU, Filipino, 78 years old, has been a member of the board of directors of BPI since April 2000 and an independent director since April 2003 until May 2021. He is currently the chairman of Risk Management Committee and member of the Audit Committee. He was appointed lead independent director in April 2019 until May 2021.

Mr. Espiritu is an independent director of Bloomberry Resorts Corporation and Manila Water Company Inc., a member of the board of directors of Philippine Stratbase Consultancy, Inc., Pueblo de Oro Golf & Country Club, and The Country Club, Inc. He is the chairman of GANESP Ventures, Inc. and MAROV Holding Company, Inc. He is also a trustee and board member of the Carlos P. Romulo Foundation.

Mr. Espiritu was the president and Chief Executive Officer of Far East Bank & Trust Company (which merged with the Bank of the Philippine Islands in the year 2000) from 1984 until April 2000. He was also the president of the Bankers Association of the Philippines for three consecutive terms from March 25, 1991 to March 28, 1994. He served as the chairman of the board of trustees of Ateneo de Manila University for 14 years.

He graduated with an A.B. Economics degree from the Ateneo de Manila University in 1963 and obtained his M.A. Economics degree from Georgetown University, U.S.A in 1966.

11. AURELIO R. MONTINOLA III, Filipino, 71 years old, has been a member of the board of directors of BPI since 2004. Mr. Montinola served as President and Chief Executive Officer of BPI for eight years from 2005 to 2013, and BPI Family Savings Bank, Inc. for twelve years from 1992 to 2004. He also served as chairman of BPI/MS Insurance Corporation from 2005-2015 and remained as a director until June 2022. He is the chairman of the Bank's Retirement/Pension Committee and member of the Bank's Executive, and Personnel & Compensation Committees. Among the several BPI subsidiaries and affiliates, Mr. Montinola serves as member of the board of directors of the following: BPI Capital Corporation, BPI Direct BanKo, Inc., A Savings Bank, and The Bank of the Philippine Islands Foundation, Inc.

Mr. Montinola is the chairman of Far Eastern University, Inc. and an independent director of Roxas and Company, Inc., both PSE-listed companies. Among others, he is also the chairman of Ramon Magsaysay Award Foundation, Amon Trading Corporation, Roosevelt

College, Inc. and East Asia Computer Center, Inc. He is a member of the board of trustees of the Philippine Business for Education Inc. where he sits as vice chairman.

Significant awards received by Mr. Montinola include Management Man of the Year 2012 (Management Association of the Philippines), Asian Banker Leadership Award (twice), and Legion d'Honneur (Chevalier) from the French Government.

He obtained his Bachelor of Science in Management Engineering degree at the Ateneo de Manila University in 1973 and his MBA from the Harvard Business School in 1977.

12. CESAR V. PURISIMA, Filipino, 62 years old, was elected as independent director of BPI in January 2021. He is the chairman of BPI's Nomination Committee, and member of the Executive, Risk Management and Audit Committees. He also serves as a member of the board of directors of BPI Capital Corporation.

Mr. Purisima also currently serves as an independent director of Ayala Corporation, Ayala Land, Inc., Universal Robina Corporation, and Jollibee Foods Corporation. He is also a founding partner of lkhlas Capital Singapore Pte. Ltd., a pan-ASEAN private equity platform. He is a member of the board of AlA Group Limited, a member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation, a member of Singapore Management University's lnternational Advisory Council in the Philippines and member of the Board of Advisors of ABS-CBN. He is also a member of the board of trustees of the World Wildlife Fund- Philippines, De La Salle University, and the International School of Manila. He is an Asia Fellow at the Milken Institute, a global, non-profit, non-partisan think tank.

Mr. Purisima served in the government of the Philippines as Secretary of Finance and chair of Economic Development Cluster of the President's Cabinet from July 2010 to June 2016 and as secretary of Trade and Industry from January 2004 to February 2005. He also previously served on the boards of a number of government institutions, including as a member of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP), Governor of the Asian Development Bank and World Bank for the Philippines, Alternate Governor of the International Monetary Fund for the Philippines, and chairman of the Land Bank of the Philippines. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to serving the government, Mr. Purisima was the chairman & country managing partner of the Philippines' largest professional services firm SGV & Co.

He was conferred the Chevalier dans I'Ordre national de Ia Legion d'Honneur (Knight of the National Order of the Legion of Honour) by the president of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the president of the Philippines in 2016, and the Chevalier de I'Ordre national du Merite (Knight of the National Order of Merit) by the president of the French Republic in 2001.

Mr. Purisima is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. Mr. Purisima obtained his Bachelor of Science in Commerce (Majors in Accounting & Management of Financial Institutions) degree from De La Salle University (Manila) in 1979, Master of Management degree from J.L. Kellogg Graduate School of Management, Northwestern University in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation (Philippines) in 2012.

13. JAIME Z. URQUIJO, Filipino, 34 years old, was elected as director of BPI in September 2022. Mr. Urquijo serves as a director of AC Industrial Technology Holdings, Inc., ACE Enexor, Inc., Merlin Solar Technologies, Inc., Merlin Solar Technologies, Inc. (Philippines), Renewable Energy Joint Stock Company, BIM Energy Joint Stock Company, BIM Wind Power Joint Stock Company, BPI/MS Insurance Corporation and Integrated Micro-Electronics, Inc. He is presently the Assistant Vice President for Business Development at AC Energy Corporation (ACEN) and a Senior Manager at Ayala Corporation.

Mr. Urquijo served as director of BPI AIA Life Assurance Corporation (formerly BPI-Philam Life Assurance Corporation) from 2021 to 2022. He held a key manager position in the Corporate Strategy and Business Development Group of Ayala Corporation from 2016 to 2021. He was a founding member and Head of Business Development of AF Payments, Inc. from 2014 to 2016, a joint venture between Ayala Corporation and the Metro Pacific group which won a Public Private Partnership (PPP) concession to replace the ticketing system of the LRT and MRT of Metro Manila with a unified contactless ticketing system, called the beep card. The beep card was the first interoperable transport card in the Philippines.

Mr. Urquijo started his career at J.P. Morgan in New York in 2010 and was an analyst and associate until 2013. He graduated with a B.A. in Political Science from the University of Notre Dame and received his M.B.A. from INSEAD in 2018.

***14. MARIA DOLORES B. YUVIENCO**,* Filipino, 74 years old, was elected as director of BPI in April 2014 and as independent director in April 2016. Mrs. Yuvienco currently serves as the chairman of the Audit Committee, a member of the Related Party Transactions Committee and the Personnel and Compensation Committee. In July 2019, Mrs. Yuvienco was elected as independent director of BPI Asset Management and Trust Corporation, and designated chairman of the AMTC Corporate Governance Committee and a member of the AMTC Risk Oversight Committee.

She serves as independent director of First Consolidated Bank (Thrift Bank), and chairman of the Nomination and Governance Committee.

Ms. Yuvienco worked for 41 years with the Bangko Sentral ng Pilipinas (formerly known as Central Bank of the Philippines) under various capacities until her compulsory retirement in March 2013. She held the post of Assistant Governor in the Supervision and Examination Sector when she retired. Her exposure at the BSP was largely in bank supervision where her responsibilities ranged from the crafting of policies/regulations on banking supervision to supervising on-site examination and off-site monitoring of BSP-supervised entities. As a ranking official in the BSP, she had opportunities to meet and share ideas with her counterparts in other central banks in the region. Owing to her experience, she was tapped as a resource speaker in various training programs of the Southeast Asian Center for Banking in Kuala Lumpur.

Ms. Yuvienco attended the Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit (The Board's Agenda: Mindset Shifts for a Sustainable and Equitable Future) held by Institute of Corporate Directors (ICD) on 18 October 2022 to comply with the requirement of Bangko Sentral ng Pilipinas (BSP).

Ms. Yuvienco graduated from St. Theresa's College, Quezon City in 1967, with a degree of Bachelor of Science in Commerce, major in Accounting. She took up post graduate studies at the University of the Philippines Diliman. She is a Certified Public Accountant and a Career Executive Service Professional.

**Independent Director as defined in Sec. 38 of the Securities Regulation Code and BSP Circular Nos. 296 and 749.*

Per Article V of the Amended By-Laws of the Bank, all nominations for election of Directors by the stockholders shall be submitted in writing to the Board of Directors through the Corporate Secretary, together with the written acceptance of the nominee, not later than the date prescribed by law, rules and regulations or at such earlier or later date as the Board of Directors may fix. No nominee shall qualify to be elected as Director unless this requirement is complied with. In accordance with this, the nominations are subsequently processed and evaluated by the Nomination Committee of the Bank in a meeting called for that purpose in compliance with SRC Rule 38.

EXECUTIVE OFFICERS

1. **JOSE TEODORO K. LIMCAOCO***
   President & Chief Executive Officer

   [Please see above.]

   **Member of the Board of Directors of BPI*

2. **RAMON L. JOCSON**
   Executive Vice President & Chief Operating Officer

   Filipino, 62 years old, is currently an EVP and the COO of BPI. Mon heads BPI's Enterprise Services which serves as the backbone of the organization that includes Human Resources, Centralized Operations, Information Systems, Digital Channels, Facilities Services. He chairs the Bank's IT Steering Committee and is a member of the Bank's Management Committee.

   Mon is currently a Member of the National University of Singapore- Institute of Systems Science (NUS-ISS) Management Board. He is also a Member of Yoma Bank's (Myanmar) Technology Advisory Committee.

   He began his career as a Systems Analyst with IBM Manila in 1982, and subsequently taking on more responsibility as he assumed different positions, including Information Systems Manager, Systems Engineering Manager and Manager of Quality. In 1995, he was assigned in Singapore where he led IBM's Applications/Systems Integration business in ASEAN and South Asia. In 1996, he was appointed as Managing Director for IBM Philippines.

In 2000, he took on a new assignment as Vice President and GM of IBM Global Services, ASEAN and South Asia. He was then appointed as Vice President and GM of IBM Global Services for Industrial Sector for Asia Pacific in 2005. Two years later, in 2007, Mon took on the role of Vice President and GM of Application Services for the Growth Market Unit, where he led IBM's Applications Management and Application Integration Services in Asia Pacific, Central and Eastern Europe, Latin America and Middle East/Africa. He was then appointed as VP & GM of Integrated Technology Services for Asia Pacific in 2010.

In 2013, Mon was appointed as VP & GM of IBM Global Services for Central and Eastern Europe based in Prague, Czech Republic. In this capacity, he was responsible for IBM's services portfolio in Russia/CIS, Turkey, Poland & Baltics, Central Europe and South East Europe. From January 2015 until he joined BPI in September 2015, he was back in Singapore as IBM Asia Pacific VP & GM for Strategic Outsourcing, which catered to major regional banks, telcos and airlines as major clients.

Mon was also a member of IBM's Growth & Transformation Team, which is composed of the top senior leaders in IBM which worked directly with the Chairman on key/strategic initiatives.

He has served on several external boards, including the Economic Development Board of Singapore, Philamlife and iPeople.

Mon served as the Vice-Chairman of the CyberSecurity Committee of the Bankers Association of the Philippines from 2017 to 2022.

Mon graduated from the University of the Philippines in 1982 with a B.S. Industrial Engineering degree. He obtained his MBA from the Ateneo Graduate School of Business.

3. **MARIE JOSEPHINE M. OCAMPO**
Executive Vice President

Filipino, 60 years old, Ms. Ocampo is the Head of the Mass Retail Segment of the Bank, where she oversees BPI's credit, debit and prepaid card businesses as well as personal and micro finance loans.

Ms. Ocampo is currently the Chairman of the Board of BPI Direct BanKo, the bank's micro-finance subsidiary. She is a member of the Board of BPI Payments Holdings Inc., Global Payments AsiaPacific Philippines, Inc., AF Payments Inc., and CARD MRI Rizal Bank Inc.

Ms. Ocampo started her career in BPI as Vice-President for Marketing and Sales of BPI Credit Cards in 1996. She soon took the position of President for BPI Card Corporation, the bank's credit card subsidiary where she won the prestigious Agora Award-2000 Marketing Company of the Year. In 2005, Ms. Ocampo was then cross-posted to BPI's Consumer Banking Group as Head of Kiosk Banking and Head of Personal Banking. She also became the Chief Marketing Officer of BPI from 2008 until 2014 where she was responsible for retooling the bank's data warehouse and customer analytics capabilities into its distinct competitive advantage. Ms. Ocampo also developed the bank's CRM initiatives on top of driving the bank's advertising and digital initiatives across the breadth of products, channels and services. In 2015, she became the Payments and Remittance group head, and was tasked to grow fee revenue via expanding existing businesses and developing new payment platforms.

Prior to joining BPI, Ms. Ocampo gained over 10 years of marketing experience in Procter & Gamble and Johnson & Johnson Australia and the Philippines, where she led the expansion of J&J's Health Care, Baby Care and Sanitary Protection business. Ms. Ocampo graduated Magna Cum Laude and received her Bachelor of Science in Business Management, Honors Program at Ateneo de Manila University. She also completed the Advanced Management Program at the Harvard Business School in 2007.

4. **JUAN CARLOS L. SYQUIA**
Executive Vice President

Filipino; 56 years old; Head of Corporate Banking (to be renamed Institutional Banking). Mr. Syquia's responsibilities include managing the Corporate Banking Relationship Management, Commercial Banking Relationship Management, Corporate & Commercial Credit Products, Transaction Banking (Cash Management and Trade), Remittance & Fund Transfer, and Investment Banking (which includes Equity Brokerage).

Mr. Syquia has over 30 years of work experience in the financial services industry. Before taking on his current role, he was the President of BPI Capital Corporation and Co-Head for Investment Banking for the Bank. He re-joined the Bank via BPI Capital Corporation in June 2016. Prior to this, Mr. Syquia was Managing Director and Country Head of Corporate Clients for Standard Chartered Bank in the Philippines serving in that role from late 2011. In that role, he was principally responsible for wholesale banking strategy of the bank in the Philippines.

Mr. Syquia spent 17 years with the ING Group where he started with Baring Brothers & Co. in 1994. Within the banking group of ING, he took on various roles in relationship management, corporate finance origination, and investment banking execution. His last role in ING Bank was as Managing Director, Head of Corporate Finance at ING Bank Manila. In 2007, he moved to a regional role as Head of Strategy and Business Development at ING Asia Pacific Ltd., the regional hub of ING Group's life insurance and asset management practice. He held Board of Director positions at ING Insurance Bhd. (Malaysia), Pacific Antai Life Insurance Co. (Shanghai, China), ING Vysya Life Insurance (India).

Mr. Syquia is a product of the BPI's Officer Training Program which he completed in 1990 during his first stint at the Bank. In 1991, he was assigned to the Cebu region where he formed part of a two-man team that established the Corporate Banking Division desk in Cebu. He carries an MBA Degree (Honors) with a concentration in Finance and International Business from Fordham University, NY as well as an AB degree in Management Economics from the Ateneo de Manila University.

5. ERIC ROBERTO M. LUCHANGCO
Senior Vice-President, Chief Finance Officer & Chief Sustainability Officer

Filipino, 53 years old, was appointed to his current position as CFO, Chief Sustainability Officer, and head of Strategy and Finance effective June 2022. In this role, he oversees the Bank's strategic planning and budgeting, capital structure, investor relations and sustainability agenda.

Immediately prior, Mr. Luchangco was Head of Business Banking from June 2019 until May 2022, where he managed BPI's presence within the SME space, which had been identified as a growth area for the Bank, with a vision of becoming the partner of choice for SMEs in the Philippines.

Mr. Luchangco initially joined the BPI Group in 2013, starting with BPI Capital, BPI's investment banking unit, as Head of Debt Capital Markets. He later expanded his responsibilities to concurrently become Head of Execution and Treasurer of BPI Capital. In June 2017, he moved into BPI to become the Head of Corporate Credit Products, where his team managed the credit reviews and renewals of all the accounts under the Corporate Bank.

Prior to joining BPI, Mr. Luchangco worked at Daiwa Capital Markets, spending time in their Manila, Hong Kong and Singapore offices, originating and executing a wide variety of investment banking transactions.

Mr. Luchangco graduated Management Economics from Ateneo de Manila University, and received his MBA degree from the Ross School of Business at the University of Michigan

6. MARITA SOCORRO D. GAYARES
Senior Vice-President, Chief Risk Officer

Filipino, 60 years old, is the Chief Risk Officer of the BPI Group of Companies and Head of its Risk Management Office since January 2018. She is primarily responsible for the overall management of the BPI Group's enterprise risks and provides executive and strategic risk support to the Bank's Board of Directors, through the Risk Management Committee.

Prior to her CRO appointment, Ms. Gayares served as BPI's Chief Compliance Officer from 2012 to 2017 with overall responsibility for compliance, anti-money laundering, corporate governance, and data privacy frameworks.

Ms. Gayares joined BPI in 2000 as part of the merger with Far East Bank. Aside from heading Risk Management and Compliance, her work experience include stints in areas of Corporate Banking, Credit, Transaction Banking, Loans Operations, Project Management and Financial Control.

Ms. Gayares is a graduate of the University of the Philippines with a Bachelor's degree in Business Economics and completed her

MBA at George Washington University in Washington, D.C.

7. MARIA CRISTINA L. GO
Executive Vice-President

Filipino, 53 years old, Ms. Go took leadership of the newly formed Consumer Banking Segment comprised of the different businesses that primarily serve the needs of the bank's over 9 million individual customers in August 2021, following the merger of BPI and BPI Family Savings Bank where she served as its President since June 2017. Consumer Banking is comprised of the branches, retail digital platforms, core retail products specifically deposits, auto loans, housing loans and bancassurance and the support services. Since the consolidation of these businesses into OneConsumer bank, Ms. Go has steadfastly focused on driving strategy focused on transforming the customer experience towards becoming what the bank refers to as "phygital", leveraging on the bank's vast physical presence to offer trusted advice through its 9,100-strong cadre of expert bank personnel complimented by best-in-class digital capabilities that make banking easier and more convenient, anytime, anywhere. In the past year, the Consumer Bank has been able to aggressively expand the retail customer base with new digital product offerings, increase market shares in deposits and loans through enhanced customer engagements and business partnerships, and improve asset quality through innovative risk management and recovery initiatives. Ms. Go inspired a high performing, agile and collaborative culture to be able to serve the ever changing needs of customers.

In BPI Family Savings Bank (BFSB), she transformed processes, products and culture to be resilient and relevant to the changes in the economic, industry and customer landscape and enabled high quality business growth by putting in place scorecard models, data-driven decision making, and lending programs. She preserved BFSB's leadership position in the thrift bank industry until the effectivity of the OneBPI merger in January 2021. Prior to assuming leadership of BFSB, she served as Group Head of BFSB Retail Loans after heading BPI's Payments and Unsecured Lending Group where she led initiatives and innovations that differentiated BPI in the industry, such as the launches of the first EMV compliant credit cards and Real Thrills, the first instant rewards program.

Before joining BPI, Ms. Go was Vice President at Citibank Philippines managing the bank's Retail Bank Marketing then at Citibank Credit Cards Cross Sell Division in New York. She also worked in Ayala Land, Inc. to establish and head its Market Planning and Development Division where she became part of the team responsible for the company's foray into the middle-market. She started her career in Procter & Gamble as Brand Assistant then was promoted to Assistant Brand Manager, managing brands such as Mr. Clean, Perla, Star and Dari Crème. She served as the Secretary and Trustee of the Chamber of Thrift Banks. She currently serves as Director and Chairman of the Personnel Committee of BPI MS Insurance Corporation, Chairman of BPI Payments Holdings, Inc., and a Director of the Board of TransUnion Philippines. She is part of the Ayala Group's Innovation Advisory Council since it was organized in 2013. She serves as a mentor for high-impact entrepreneurs in Endeavor Philippines and writes for the Philippine Star's Property Report. She is a member of the Management Association of the Philippines, Harvard Global Club of the Philippines, Filipina CEO Circle and NextGen Organization of Women Corporate Directors. She graduated magna cum laude with a degree in BS Business Administration and Accountancy from the University of the Philippines Diliman, was awarded one of the Ten Outstanding Students of the Philippines, placed first in the CPA licensure exam in 1991, and earned a Master's degree from the Harvard Business School with honors in 1996. She was also awarded as one of the UP College of Business Administration's Distinguished Alumni in 2012 and one of the Most Influential Filipina Women by the Global Filipina Women's Network in 2016.

8. JOSEPH ANTHONY M. ALONSO
Senior Vice-President, Chief Credit Officer

FIlipino, 57 years old, Mr. Alonso as Chief Credit Officer, is responsible for managing the aggregate risk in the BPI Group's loan portfolio - ensuring that portfolio quality and profitability is maintained across the lending units within the BPI Group through establishment of procedures and guidelines that facilitate effective decision making based on overall risk appetite and compliance with internal policies and regulatory requirements. He also serves as Vice Chairman of the Bank's Credit Committee and a member of the Fraud Committee. He was a Board member of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation until July 2019.

Mr. Alonso was involved with Corporate Relationship Management for most of his 24-year career in BPI, having started as a Market Head in the Asian Division and eventually becoming Division Head of the Asian Corporates/PEZA Division. The Division also included the Special Projects Team under the Financial Institutions Group, BPI Leasing Corporation, and BPI Rental Corporation prior to its merger with Tokyo Century Corporation of Japan.

Mr. Alonso started his banking career with The Mitsubishi Bank, Ltd. in Tokyo in 1990 as a management trainee, holding positions in branch, treasury and international operations, and SME and multinational relationship management. Prior to joining BPI in January 1997, Mr. Alonso headed the Japan Desk in the World Corporation Group of Citibank, N.A. Manila Branch from 1994. Mr. Alonso obtained his BS Business Administration degree at the Faculty of Economics of Oita University in Japan in 1990 under a scholarship grant from the Japan Ministry of Education. He was also a scholar of the National Science and Technology Authority while attending the College of Engineering at the University of the Philippines Diliman.

9. MARY CATHERINE ELIZABETH P. SANTAMARIA
Senior Vice-President, Chief Customer and Marketing Officer

Filipino, 55 years old, Ms. Santamaria was appointed to her current position as Chief Customer and Marketing Officer (CCMO) of the bank in August 2021. Her role was expanded to lead a strategic imperative of Chief Customer Officer concurrent with her present position as Chief Marketing Officer. She is tasked to focus on understanding our customers and their behaviors to guide the way we will serve them in creating products and solutions that they will love and bringing added value in the way we narrate and communicate on purpose and brand promise.

She joined BPI group in 2011, starting with Customer Relationship Marketing (CRM). She had various roles in the bank and subsequently expanded her responsibilities to Chief Marketing Officer in November 2018

With over 30 years of marketing experience, Ms. Santamaria began her career in the advertising industry with Adformatix. She worked with leading companies such as Philippine Airlines, Monterey and Wyeth-Suaco. Most notable was her stint at Kraft Foods Philippines where she held various marketing positions and was appointed to Kraft Foods International headquarters as Director, Business Development where she identified business opportunities for specific market categories across Central Eastern Europe, Brazil, Australia, China and Saudi Arabia and was subsequently appointed as General Manager for Kraft Foods Jaya, leading Singapore, Malaysia and Brunei. Prior to joining BPI, Ms. Santamaria was connected with Globe Telecom where she spearheaded the repositioning of various mobile brands.

In BPI, she leads the branding reinvention and takes on the transformation for customer delight experiences.

Accolades throughout her career – Adformatix - Rookie of the year; Kraft Foods - Asia Pacific's President Award, Kraft Foods International's President Award, Best Asia Pacific Advertising in Cheese; Globe Telecom – Best Innovation – TM; Marketing Interactive - Bronze award in Excellence in Data Driven Marketing and Consumer Insight; BPI - Best Innovation Project - Employee category in 2016 and continues to be recognized in the Unibank Excellence Awards program in 2018 through 2022.

She served as Vice President for the Bank Marketing Association of the Philippines (BMAP) in 2018.

Ms. Santamaria obtained her Bachelor of Science in Business Administration (Cum Laude) from the University of the Philippines in 1988. She also has a Certificate of Strategic Business Economics (with Distinction) and Master Business Economics from the University of Asia and the Pacific (Philippines) in 2001. She also took a course from the Chicago Business School in February 2006 and completed a Telecoms Marketing Mini MBA from Informa Telecoms and Media in London in April 2006.

10. DINO R. GASMEN
Senior Vice-President, Treasurer

Filipino, 56 years old, Mr. Gasmen serves as Treasurer and Head of the Bank's Global Markets Segment. He is responsible for optimizing the Bank's resources through management of interest rate and liquidity gaps, as well as its fixed income and currency market-making, trading, and distribution capabilities. Mr. Gasmen is Chairman of the Bank's Asset & Liability Committee and is a member of the Management Committee.

Prior to joining BPI in 2014, Mr. Gasmen spent 17 years at HSBC Global Markets covering various roles, such as heading the Rates Trading Business in the Philippines, Indonesia, Vietnam, and Sri Lanka, as well as Balance Sheet Management for HSBC Philippines. He also worked in HSBC Bank PLC in the United Kingdom as Asian Product Manager where he helped local sales teams in the distribution of Asian markets products.

In BPI, Mr. Gasmen has been at the helm of various divisions in Global Markets. He was the Head of Asset & Liability Management (ALM) in 2014. In this role, he was responsible for ensuring multicurrency liquidity and optimizing portfolio investments. Mr. Gasmen also served as the Head of the Treasury Trading Division from 2015 until 2018, leading the Foreign Exchange (FX) Trading, Foreign and Local Fixed Income Trading, and Derivatives Trading Desks. In 2018, he reassumed the role of Head of ALM until his assignment as the bank's Treasurer in 2020.

Mr. Gasmen served as the President of the Money Market Association of the Philippines (MART) in 2006, and ACI Financial Markets Association Philippines in 2018.

He holds a B.S. in Electrical Engineering and a Master's Degree in Business Administration from the University of the Philippines Diliman.

11. MARIA THERESA D. MARCIAL
President and CEO, BPI Asset Management and Trust Group

Filipino, 52 years old, is President & CEO of BPI Asset Management & Trust Corporation. She leads the asset and wealth management business of the bank, providing a wide range of investment, trust and wealth management solutions to corporate, institutional, high net worth, mass affluent and retail client segments.

Ms. Marcial is a seasoned banker. Through 27 years of experience, she has developed expertise in a broad range of disciplines including investment management and trust, corporate banking, debt and equity capital markets, finance, corporate strategy and sustainability. She has held senior leadership positions in BPI, including 5 years as Chief Finance Officer, responsible for driving the bank's strategic planning and budget process, performance management, capital structure, and sustainability agenda. She had oversight of financial and regulatory reporting for BPI group of companies, shaped the bank's strategic imperatives while engaging with business partners, investors and capital markets. As CFO, she led the most important and innovative capital raising transactions of the bank to support its growth and digital transformation.

She is presently a board director of BPI AIA Life Assurance Corporation and BPI Europe Plc, independent director of Alternergy Holdings Corporation, and a fellow of Foundation for Economic Freedom. In the past, she held key management and governance roles including - chairman of BPI Finance Committee and BPI Sustainability Council, member of BPI Asset and Liability Committee and BPI Credit Committee, treasurer of BPI Foundation, board director and treasurer of BPI MS Insurance Corporation, board director of AF Payments, BPI Global Payments Asia Pacific Philippines, BPI Investment Management, and ALFM Mutual Funds.

She was the head of BPI Asset Management and Trust Group from 2009 to 2014. She previously served as president of the Fund Managers Association of the Philippines, president of the Trust Officers Association of the Philippines, vice-chairman of Capital Markets Development Committee of FINEX, and alternate governor of the Market Governance Board of Philippine Dealing and Exchange Corporation. Prior to her banking career, she worked for the Philippine government - the Agricultural Policy Credit Council and the National Economic and Development Authority.

In 2014, she was recognized as one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor, Most Outstanding Alumnus of the University of the Philippines Los Baños in 2006, and received the CEM Centennial Outstanding Alumni Award from the University of the Philippines Los Baños in 2019. Ms. Marcial is an advocate of marine conservation and renewable energy. She is a trustee and treasurer of WWF Philippines, member of WWF Asia Pacific Council, and board director of Philippines Inter-Island Sailing Federation. She previously served as member of the National Advisory Council of WWF Philippines. She is an outdoor enthusiast, with interests in offshore sailing and yacht racing, open water scuba diving, wreck diving and underwater photography. She obtained the Royal Yachting Association Skipper Certification in Sydney, Australia in 2015. In 2018, she participated in the Rolex Middle Sea Race, a 606-nautical mile Category 2 offshore yacht race around Sicily organized by the Royal Malta Yacht Club. She has logged over 5,000 nautical miles sailing in offshore and coastal waters of the Philippines, New South Wales Australia, South China Sea, and Mediterranean Sea.

She has a master's degree in Economics from the University of the Philippines Diliman and bachelor's degree in Economics, cum laude, from the University of the Philippines Los Baños. She completed the Advanced Management Program at Harvard Business School in 2010 and the CFA Institute Investment Management Workshop also at Harvard Business School in 2006.

12. MARIA LOURDES P. GATMAYTAN
Co-Head of Legal / Head of Corporate Legal Affairs and Corporate Secretary

Filipino, 54 years old, Atty. Gatmaytan is concurrently the Co-Head of Legal/ Head of Corporate Legal Affairs and Corporate Secretary of BPI. She also serves as Corporate Secretary of BPI Asset Management and Trust Corporation, BPI Investment Management, Inc., BPI Direct BanKo, Inc., A Savings Bank and BPI/MS Insurance Corporation. Atty. Gatmaytan earned her Juris Doctor degree from the Ateneo de Manila School of Law, graduating with honors in 1993. She received her Bachelor of Science degree in Legal Management from the Ateneo de Manila University in 1989.

2. Significant Employees

The Bank values its human resources and considers its entire workforce as significant employees. It expects each employee to do his share in achieving the company's set goals and objectives.

3. Family Relationships

Mr. Jaime Zobel de Ayala Urquijo, a member of the Board, is a 3rd degree relative by consanguinity (nephew) of the Chairman of the Board of Directors, Mr. Jaime Augusto Zobel de Ayala.

4. Legal Proceedings

To the knowledge of the Bank, none of its nominees for election as Directors and its Executive Officers have been subject of the following legal proceedings during the last five (5) years:

i. any bankruptcy petition filed by or against any business of which such director or officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

ii. any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;

iii. any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

iv. being found by domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

ANNEX "I"

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
ROBINSONS BANK CORPORATION
HELD ON WEDNESDAY, JUNE 29, 2022
VIA MICROSOFT TEAMS

Stockholders Present		
Total Number of Shares	:	1,500,000,000
Number of Shares of Stockholders Present in Person	:	11
Number of Shares of Stockholders Represented by Proxy	:	1,499,975,249
Total Number of Shares Present or Represented	:	1,499,975,259
Total Number of Shares Not Represented	:	24,741

Directors Present:

Lance Y. Gokongwei	-	Chairman, Board of Directors Chairman, Executive Committee Member, Trust Committee
Frederick D. Go	-	Vice-Chairman, Board of Directors Vice-Chairman, Executive Committee
Elfren Antonio S. Sarte	-	President and CEO Member, Executive Committee Member, Risk Oversight Committee
Robina Gokongwei-Pe	-	Chairman, Trust Committee
Patrick Henry C. Go.	-	Vice-Chairman, Trust Committee Member, Corporate Governance Committee
Omar Byron T. Mier	-	Alternate Member, Executive Committee Member, Risk Oversight Committee Member, Trust Committee Resource Person, Audit Committee Resource Person, Corporate Governance Committee Resource Person, RPT Committee
Hermogenes S. Roxas	-	Chairman, Corporate Governance Committee Vice-Chairman, RPT Committee Vice-Chairman, IT Steering Committee Member, Audit Committee
David C. Mercado	-	Chairman, Risk Oversight Committee Vice-Chairman, Audit Committee Member, RPT Committee
Catalino S. Abacan	-	Chairman, Audit Committee Vice-Chairman, Risk Oversight Committee

		Member, RPT Committee
Teodoro M. Panganiban	-	Chairman, IT Steering Committee Vice-Chairman, Corporate Governance Committee Member, Audit Committee

Senior Board Advisers Present:

James L. Go
Lisa Y. Gokongwei-Cheng
Johnson Robert G. Go, Jr.
Brian M. Go

Officers Present:

Atty. Roel S. Costuna	-	Senior Vice President & Corporate Secretary
Eric B. Santos	-	Executive Vice President and Head of Consumer Banking Segment
Ma. Regina N. Lumain	-	Executive Vice President and Treasurer
Salvador D. Paps	-	Executive Vice President and Head of Retail Banking Segment
Ma. Ellen A. Victor	-	Senior Vice President and Head of Corporate Banking Segment
Irma D. Velasco	-	First Vice President and Controller
Glenn H. Francisco	-	First Vice President and Head of Credit Management Group
Rosario C. Marcelo	-	Senior Vice President and Head of Account Management Group II
Cynthia C. Bautista	-	First Vice President, Chief Audit Officer and Head of Internal Audit Group
Lalaine C. Sta. Ana	-	First Vice President and Head of Trust & Investments Group
Laarni V. Ona	-	Senior Vice President and Head of Human Resource Management Group

Others Present:

Stockholder Ernesto C. Santiago
Former Independent Director Roberto S. Gaerlan

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

The Chairman of the Board, Mr. Lance Y. Gokongwei, called the stockholders' meeting to order and presided over the same. The Corporate Secretary, Atty. Roel S. Costuna, recorded the minutes of the proceedings.

II. PROOF OF DUE NOTICE OF MEETING

The Chairman inquired from the Corporate Secretary about the sending of the notice of meeting to stockholders.

The Corporate Secretary certified that notices of the annual meeting including the SEC Form 20-IS or Definitive Information Statement required under the law, were duly sent to all the stockholders on record in accordance with the period and manner prescribed under the provisions of the Bank's By-Laws.

III. PROOF OF PRESENCE OF QUORUM

Relative to the Chairman's inquiry on the presence of quorum, the Corporate Secretary affirmed the same, certifying that based on the attendance sheet, out of the 1,500,000,000 total issued and outstanding shares of the Bank, there are present in person and by proxy 1,499,975,259 shares[1] entitled to vote, representing an attendance of 99.99%, constituting more than a majority of the total issued and outstanding shares entitled to vote. Therefore the meeting was competent to transact the business for which it was called.

IV. CONFIRMATION OF THE MINUTES OF THE ANNUALSTOCKHOLDERS' MEETING ON JUNE 23, 2021

The Chairman stated that the first item in the agenda is the confirmation of the Minutes of the Annual Stockholders' Meeting held on June 23, 2021. The Corporate Secretary certified that the stockholders were furnished copies of the minutes of the meeting on June 2, 2022 as part of the SEC Form 20-IS or Information Statement.

Upon motion duly made by stockholder Mr. Hermogenes S. Roxas, which was seconded by stockholder Mr. David C. Mercado, and with no objections from the stockholders present, the reading of the Minutes of the Annual Stockholders' Meeting held on 23 June 2021 was dispensed with, and that the same was approved as distributed, and the stockholders adopted the following resolution:

Resolution No. 2022-01

> *"RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on June 23, 2021 of Robinsons Bank Corporation is hereby noted and approved."*

The Corporate Secretary recorded the following votes cast for this agenda item:

[1] The absent stockholders were Mr. Ignacio Mamaril, Jr. 19,887 shares and Mr. Vincente Pang with 4,854.

Vote	Number of Votes (One Share – One Vote)	Percentage of Shares Represented
Yes	1,499,975,259	100
No	0	0
Abstain	0	0
Total	1,499,975,259	100

V. REPORT OF THE PRESIDENT AND THE MANAGEMENT

The Chairman called upon the Bank's President, Mr. Elfren Antonio S. Sarte, to provide his report on the results of the Bank's operations for the year which ended on December 31, 2021 and the Bank's Audited Financial Statements also for the year which ended on December 31, 2021.

The President commenced his report by stating that the items required by law for disclosure to the shareholders are already part of the Information Statement distributed by the Corporate Secretary. He proceeded to deliver the highlights of the results of the Bank's operations for the year ended December 31, 2021, as well as the financial highlights as of May 2022.

Using a power point presentation, he discussed in detail the Operational Highlights of the Bank which included the financial position for 2021, together with its Business Outlook.

The President discussed the Bank's 2021 Industry Ranking and showed that it improved in ranking for Total Assets by 1 notch to 17th place with its Php177 Billion, while for Total Deposits it rose by 2 notches to 16th place with its Php110 Billion. On the other hand, Loans of Php150 Billion remained steady at 15th place.

The President then discussed the 2021 Operational Highlights beginning with the emphasis on a customer-centric mindset that implemented adaptive digital initiatives to deliver an effortless banking experience. The first of these digital initiatives is RBank Digital (RDX) which boasts 135,381 enrolled users, four million transactions, a Php19 Billion in transaction value, earned Php16 million in fee income, and has an 83% digital/over-the-counter ratio. The app features the credit card transaction history, QR generator for P2P transfers, QR reader for P2M transactions, RRemit (remittance to Cebuana), RRewards (Robinsons Rewards redemption), push notifications, InstaBalé (payroll loans), share/save transaction confirmation screen, deposit account opening, e-Gov, quick links, and CSAT survey. RDX as of December 2021 had 97,658 active users, a 134% year-on-year increase from December 2020. As of May 2022, there are 110,518 active RDX users out of 164,962 total enrolled users, a 48% increase year-on-year from the 74,738 of May 2021. Instapay has the highest number of transactions in RDX, with 253,000 transactions in May 2022.

The second digital initiative is instaBalé which was launched in May 2021 and already has a 120,143 transaction count, Php421 million in availments for 2021, and a fee income of Php13 Million. The month of May 2022 already had Php94.174 Million in loan availments and Php2.566 Million in fee income. Other digital initiatives of the Bank include the Digital Corporate, Remittance, GoR Checkout, Corporate ADA, CMS Bills Payment, e-Gov Payments, Supply Chain Financing, and e-Recurring Payment System (e-RPS).

The President reported that for the 2021 Financial Highlights of Robinsons Bank, the Bank remains resilient and its consolidated assets have reached Php180 billion, expanding 2.7 times faster than the industry. It increased by 19% year-on-year to end at Php179.8 billion at 19% CAGR. This brought the Bank's ranking a notch higher at 17th, surpassing PhilTrust Bank. The Bank's assets grew faster than the industry's 7% annual expansion in 2021. This growth in the Bank's assets was supported by the 14% year-on-year expansion of gross loans and the 28% increase in investment securities. As of May 2022, consolidated assets grew 7% year-on-year to Php175.3 Billion.

Consolidated Gross Loans ended up at Php99.2 billion with 21% CAGR, a 14% growth year-on-year. As of May 2022, this reached Php101.2 Billion with 13% year-on-year growth. Investment Securities reached Php35 Billion with 18% CAGR, a 28% growth year-on-year. As of May 2022, this has reached Php38.2 Billion at 30% year-on-year growth. Loan growth remains robust with consumer loans growing 6.5 times faster than the industry and corporate loans by 1.5 times. The Bank's gross loans rose by 12% year-on-year in 2021, as consumer loans rose by 17% and commercial loans grew by 12%. Consumer Loans ended with Php40.8 Billion at a 30% CAGR, a 17% year-on-year growth. By May 2022, it amounted to Php43.7 Billion with 16% year-on-year growth. Commercial Loans ended at Php58.4 Billion at 16% CAGR, a 12% year-on-year growth. By May 2022, this slightly declined to Php57.5 Billion, still with 13% year-on-year growth.

As of end-2021, the loan mix was 59% commercial and 41% consumer. The continuous growth in consumer loans was contributed by the expansion of home loans by 25%, cards by 23%, motorcycle loans by 6%, and personal loans by 6% in 2021. In terms of asset quality, the consolidated NPL amounted to Php3.3 Billion in 2021, equivalent to 2.90% of gross loans, inclusive of Inter-Bank Call Loan (IBCL), better than the industry's 3.97%.

The Bank's consolidated Liabilities and Capital reached Php179.8 Billion by the end of 2021 at a 19% CAGR, a 19% year-on-year growth. As of May 2022, this became Php175.3 Billion at a 7% year-on-year growth. Consolidated Deposits as of December 2021 reached Php152.99 Billion at 19% CAGR and 30% year-on-year growth. As of May 2022, this declined to Php139.45 Billion but still at 6% year-on-year growth. The increase in deposits which is 4.3 times higher than the industry growth funded the Bank's growth. As of end-2021, corporate bonds issued by the Bank have matured and have been replaced by deposits and other types of borrowing. CASA leaped by 103% to Php83 Billion from Php41 Billion in 2020. Capital adequacy ratio remains above the regulatory requirements.

The Bank reached a record profitability despite a challenging year. Consolidated Pre-Provision Profit reached Php2.5 Billion and earnings before interest and tax (EBIT) and Net Income breached Php1 Billion. Consolidated Pre-Provision Profit as of May 2022, amounted to Php1.071 Billion at 4% year-on-year growth. Likewise, the Bank's profitability ratios fared better than the industry. Consolidated EBIT was Php1.522 Billion at 35% CAGR and 68% year-on-year growth. In May 2022, this reached Php963 Million at 123% year-on-year growth. Consolidated Net Income as of December 2021 was Php1.216 Billion at 35% CAGR with 68% year-on-year growth. As of May 2022, this reached Php765 Million at 123% year-on-year growth.

Net Interest Margin in December 2021 was 4.44% and 4.64% in May 2022, which is better than industry ratios. Return on Equity in December 2021 was 6.62% and 9.59% in May 2022. Loans to Deposits Ratio was 64.85% in December 2021 and 72.57% as of May 2022. NPL Cover in December 2021 was 87.6% and 77.5% as of May 2022.

The President reported that the Bank also received a number of major awards and recognition. World Economic Magazine Awards 2021 awarded the Bank with "Best Commercial Bank Philippines 2021", "Most Innovative Digital Product (RBank Sign Up) Philippines 2021", and "Most Innovative Banking Credit Card Program Philippines 2021". International Business Magazine also awarded the

Bank with "Best Commercial Bank – Philippines" for 2019, 2020, and 2021, "Best Banking Credit Card Program – Philippines 2021 (Robinsons Bank DOS Mastercard)", "Best Bancassurance Product – Philippines 2021 (IPONsurance)", and "Best Mobile Banking App – Philippines (RBank Digital)". JG Pride in Performance 2021 awarded Robinsons Bank with the Rising Star Award, 2nd Place in Customer-Centric Culture (External) for RBank Sign Up, and 3rd Place in Purpose/Sustainability for Ubuntu – Heeding the Call of Community (RBank & LSB 2nd tranche of the SAP Distribution). The Global Economics Awards 2021 awarded the Bank with the Most Innovative Digital Banking Services – Philippines 2021, and the Best Bancassurance Product – Philippines 2021 (IPONsurance). The Asian Banking and Finance Retail Banking Awards 2021 awarded the Bank with Service Innovation of the Year 2021 (RBank Sign Up), and Consumer Finance Product of the Year 2021 (GO! Salary Loan Online). The Bank Marketing Association of the Philippines awarded the Bank with the Best Electronic Delivery Channel 2021 for Rbank Sign Up. Finally, Global Business Review Magazine awarded Robinsons Bank as the Fastest Growing Commercial Bank in the Philippines 2021, the Most Innovative Credit Card Philippines 2021, and the Most Innovative Digital Banking Services Philippines 2021. The President also expressed his gratitude to all employees of the Bank for continuing the mission of growing the Bank despite the difficulties brought about by the pandemic, to the Board, for its continuous support, wisdom and guidance, and the shareholders and the Gokongwei Family, for the support and faith in the Bank and its Management.

The Chairman commended the President and the Bank's Management for the significant progress of the Bank for the past years. He also asked the stockholders present whether they had any questions regarding the report.

After some discussion, Independent Director Mr. Catalino S. Abacan moved that the President's Report on the results of the operations of the Bank for the year ended December 31, 2021 and the Bank's Audited Financial Statements for the same period be noted and approved, which was seconded by Independent Director Mr. Teodoro M. Panganiban. There being no objection from the stockholders present, the stockholders approved the following resolution:

Resolution No. 2022-02

"RESOLVED, that the President's Report on the operations of Robinsons Bank Corporation for the year ended 31 December 2021 is hereby noted and approved."

The Corporate Secretary recorded the following votes cast for this agenda item:

Vote	Number of Votes (One Share – One Vote)	Percentage of Shares Represented
Yes	1,499,975,259	100
No	0	0
Abstain	0	0
Total	1,499,975,259	100

VI. APPROVAL AND RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD-LEVEL COMMITTEES, AND THE MANAGEMENT FOR THE YEAR ENDED 2021

The Chairman informed the stockholders that the next item on the agenda was the confirmation and ratification of the acts of the Board of Directors, Board-level Committees, and the Management of the Bank, including related party transactions, for the year 2021. All of the said items were covered in the Information Statement and the President's Report.

Upon motion duly made by Independent Director Mr. David C. Mercado that all of the said acts and transactions be, in all respects confirmed, ratified, and approved, which was seconded by Independent Director Mr. Catalino S. Abacan, and with no objections from the stockholders present, the stockholders approved the following resolution:

Resolution No. 2022-03

"RESOLVED, that all the acts of the Board of Directors, Board-level Committees, and Management, including related party transactions of Robinsons Bank Corporation (the "Bank") for the year 2021 are hereby confirmed, ratified and approved."

The Corporate Secretary recorded the following votes cast for this agenda item:

Vote	Number of Votes (One Share – One Vote)	Percentage of Shares Represented
Yes	1,499,975,259	100
No	0	0
Abstain	0	0
Total	1,499,975,259	100

VII. ELECTION OF BOARD OF DIRECTORS FOR THE ENSUING TERM

The Chairman proceeded to the next item on the agenda which was the election of members of Robinsons Bank's Board of Directors for the year 2022-2023. The election is made in accordance with the Bank's By-Laws where the directors of the Bank have a term of one (1) year, until the next election.

The Chairman declared that there are eleven (11) seats to be filled. The table was then opened for nominations to the position of members of the Board of Directors of the Bank, to serve as directors under the new term.

Stockholder Mr. Elfren Antonio S. Sarte moved to nominate the following as members of the Bank's Board of Directors:

1. Mr. Lance Y. Gokongwei
2. Mr. Frederick D. Go
3. Mr. Elfren Antonio S. Sarte
4. Ms. Robina Gokongwei-Pe
5. Mr. Patrick Henry C. Go
6. Mr. Omar Byron T. Mier
7. Mr. Hermogenes S. Roxas as Independent Director
8. Mr. David C. Mercado as Independent Director

9. Mr. Catalino S. Abacan as Independent Director
10. Mr. Teodoro M. Panganiban as Independent Director, and
11. Mr. Ernesto C. Santiago as Independent Director

Independent Director Mr. Hermogenes S. Roxas moved to close the nomination, which was seconded by Independent Director Mr. David C. Mercado. There being no objections to the motion, it was carried and the Corporate Secretary was hereby instructed to cast all the votes of those present in favor of the nominees.

The Corporate Secretary recorded the votes of the stockholders present and represented. The Chairman requested the Corporate Secretary to apply all the votes of stockholders present and represented in the meeting in favor of the eleven (11) nominees. The Corporate Secretary confirmed that all the votes received have been applied, whereupon all eleven nominees were deemed duly elected Directors of the Bank to serve their 1 year term or until their successors shall have been duly elected and qualified.

The Chairman extended his congratulations to the new member of the Bank's Board, Mr. Ernesto C. Santiago, and all the re-elected members of the Board of Directors of the Bank. He also expressed the thanks and gratitude of the Bank to Mr. Roberto S. Gaerlan who served as its Independent Director for almost nine (9) years.

The following are the votes cast for this agenda item:

Nominee	Vote	No. of Votes (One Share – One Vote)	Percentage of Shares Represented*
1. Mr. Lance Y. Gokongwei	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
2. Mr. Frederick D. Go	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
3. Mr. Elfren Antonio S. Sarte	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
4. Ms. Robina Gokongwei-Pe	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
5. Mr. Patrick Henry C. Go	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
6. Mr. Omar Byron T. Mier	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0

	Total	**1,499,975,259**	**100**
7. Mr. Hermogenes S. Roxas	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
8. Mr. David C. Mercado	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
9. Mr. Catalino S. Abacan	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
10. Mr. Teodoro M. Panganiban	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**
11. Mr. Ernesto C. Santiago	Yes	1,499,975,259	100
	No	0	0
	Abstain	0	0
	Total	**1,499,975,259**	**100**

**Rounded off to the nearest two (2) decimal points.*

Resolution No. 2022-04

"RESOLVED, that all votes deemed cast in favor of all those nominated, the following are the new duly elected members of the Board of Robinsons Bank Corporation:

1. *Mr. Lance Y. Gokongwei*
2. *Mr. Frederick D. Go*
3. *Mr. Elfren Antonio S. Sarte*
4. *Ms. Robina Y. Gokongwei-Pe*
5. *Mr. Patrick Henry C. Go*
6. *Mr. Omar Byron T. Mier*
7. *Mr. Hermogenes S. Roxas, as Independent Director*
8. *Mr. David C. Mercado, as Independent Director*
9. *Mr. Catalino S. Abacan, as Independent Director*
10. *Mr. Teodoro M. Panganiban, as Independent Director*
11. *Mr. Ernesto C. Santiago, as Independent Director"*

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next order of business was the appointment of the Bank's external auditor for the year 2022-2023. He mentioned that the Audited Financial Statements of the Bank for the fiscal year 2021 was prepared by Sycip, Gorres, Velayo & Co. (SGV).

Independent Director Mr. Catalino S. Abacan moved that the same firm, Sycip, Gorres, Velayo & Co. or SGV be re-appointed as the external auditor of the Bank. Stockholder Mr. Hermogenes S. Roxas seconded the motion.

There being no objections, the Chairman declared that the motion is unanimously approved and SGV is hereby re-appointed as the Bank's external auditor in the following resolution:

Resolution No. 2022-05

"RESOLVED, that the re-appointment of Sycip, Gorres, Velayo & Co. as external auditor of Robinsons Bank Corporation is hereby approved."

The Corporate Secretary recorded the following votes cast for this agenda item:

Vote	Number of Votes (One Share – One Vote)	Percentage of Shares Represented
Yes	1,499,975,259	100
No	0	0
Abstain	0	0
Total	1,499,975,259	100

IX. OTHER MATTERS

A. Delegation to the Board of the Authority to Amend the Bank's By-Laws

The Chairman asked the Corporate Secretary if there are any other matters in the agenda. The Corporate Secretary then informed those stockholders present that there is one (1) other matter in the agenda. The Corporate Secretary, acting as such and as legal counsel of the Bank, is again recommending to the stockholders the renewal of the delegation to the Board of the authority to amend the By-Laws to facilitate expedient revisions, which may be required by government regulators and/or to adopt good governance practices for another year or until the next annual stockholders' meeting.

The Chairman then opened the floor for any questions, clarifications, or discussions. After some discussions, Independent Director Mr. Hermogenes S. Roxas moved that the authority delegated by the stockholders to the Board to amend the By-Laws in order to facilitate revisions which may be required by government regulators and/or to adopt good governance practices, be renewed for another year or until the next annual stockholders meeting, as recommended by the Corporate Secretary. Independent Director Mr. David C. Mercado seconded the motion.

There being no objections, the motion was approved in the following resolution:

Resolution No. 2022-06

"RESOLVED, that the renewal of the delegation to the Board of the authority to amend the Bank's By-Laws to facilitate revisions which may be required by the government regulators, and/or to adopt good

governance practices for another year or until the next annual or regular stockholders' meeting, is hereby approved."

The Corporate Secretary recorded the following votes cast for this agenda item:

Vote	**Number of Votes (One Share – One Vote)**	**Percentage of Shares Represented**
Yes	1,499,975,259	100
No	0	0
Abstain	0	0
Total	**1,499,975,259**	**100**

X. ADJOURNMENT

The Chairman inquired whether or not there were any other items of business that needed to be discussed. The Corporate Secretary informed him that there are no more items in the agenda. As such, the Chairman opened the floor for a motion to adjourn. The President & CEO, Mr. Elfren Antonio S. Sarte, moved that the meeting be adjourned. Independent Director Mr. Hermogenes S. Roxas seconded the motion. There being no objections, the meeting was adjourned.

CERTIFIED CORRECT:

ATTY. ROEL S. COSTUNA
Corporate Secretary

ATTESTED BY:

LANCE Y. GOKONGWEI
Chairman

ELFREN ANTONIO S. SARTE
President & Chief Executive Officer

ANNEX J

SPECIAL MEETING OF STOCKHOLDERS OF
ROBINSONS BANK CORPORATION
JANUARY 17, 2023

GUIDELINES FOR PARTICIPATION OF SHAREHOLDERS BY REMOTE COMMUNICATION

ATTENDANCE VIA REMOTE COMMUNICATION:

Stockholders as of December 16, 2022, the record date set for the Annual Meeting of the stockholders of Robinsons Bank Corporation, may attend the Annual Meeting online through videoconferencing using *Microsoft Teams*.

REGISTRATION:

1. Stockholders intending to participate through remote communication or voting in absentia must notify at least five (5) days in advance the Corporate Secretary via email at Roel.Costuna@robinsonsbank.com.ph together with the following details or documents for validation purposes:

    a. Complete registered name;
    b. Complete mailing address;
    c. Active electronic mail (e-mail) address;
    d. Active mobile or landline number;
    e. Scanned copy of valid government-issued ID with photo and signature (front and dorsal side);
    f. Scanned copy of the stock certificate;
    g. Scanned copy of Board Resolution/Secretary's Certificate (for corporate stockholder).

2. If in case a stockholder cannot attend the meeting and wishes to be represented, he/she must designate a representative ("proxy") and submit a duly executed proxy form in addition to the documents listed above:

    a. For validation purposes, the proxy must also submit a valid government-issued ID with photo and signature together with an active electronic mail (e-mail) address and active mobile or landline number.

   b. Duly accomplished Proxy Forms must be submitted to the Corporate Secretary at least Seventy-Two (72) hours before the meeting.
   c. If the Proxy Form fails to designate a representative, the Presiding Officer of the meeting shall act as proxy of the stockholder.

3. The Corporate Secretary shall validate/verify the documents submitted by the stockholder and/or by proxy. The office of the Corporate Secretary shall inform the stockholder/proxy via email if the documents were validated or not.

4. For those stockholders with duly validated documents/proxy, the Office of the Corporate Secretary shall send an invite to participate in the meeting thru Microsoft Teams. It shall coordinate with the stockholder/proxy for the minimum requirements (e.g. PC, Laptop, iPad, Tablet, or Smartphone) and set-up to participate in them meeting via Microsoft Teams.

5. Only those stockholders who indicated to participate in the meeting and who were validated by the Corporate Secretary shall be allowed to participate in the meeting thru remote communication via Microsoft Teams in person or by proxy or vote in absentia. Only those who actually participated in the meeting in person or by proxy or voted in absentia shall be included in the determination of quorum.

VOTING AND RECORDS KEEPING:

1. Specific items of the agenda shall be discussed and voted upon during the meeting. Those stockholders who are voting in absentia on the items in the agenda must send their votes to the Corporate Secretary via email at Roel.Costuna@robinsonsbank.com.ph on or before the conclusion of the stockholders' meeting. The result of the voting shall be reported by the Corporate Secretary during the meeting:

   a. Stockholders may also send via email to the Corporate Secretary their comments, if any, on items in the agenda prior to the start of the stockholders' meeting. The Corporate Secretary shall bring those comments to the Presiding Officer for reply and/or notation.

2. Minutes of the meeting shall be prepared by the Corporate Secretary. The proceedings shall also be audio or video recorded to be safekept by the Office of the Corporate Secretary and shall be made available to stockholders upon proper request.