BPI

Elevating Financial Inclusion

INTEGRATED REPORT 2022

Our Vision
Our Mission

In December 2021, we launched our reinvented Vision, Mission, and Values. Our objective is to restate them in a more relatable, concise and simple manner, and highlight the shift to be more customer-centered, ensuring that this philosophy threads all our values. Beyond changing and looking for the right words to describe who we are as an institution, was the more humbling task of acknowledging that while we are proud of who we are and what we have achieved, there is definitely more to what we can do and demand of ourselves.

Approved by the BPI Executive Committee, these have been refreshed to reflect our highest aspirations as an organization, confirm our strong dedication to achieve our objectives amidst the challenges of a rapidly evolving business environment and reaffirm the ideals and way of life that all BPI Unibankers are called to live by every day.

OUR VISION

Building a better Philippines—
one family, one community at a time.

By family we mean our clients who we hope to serve and guide to the best of our abilities—so that they may achieve their financial goals. Behind every account, loan, investment, credit card—behind all that we create and offer should be for their best interest.

We will do this one at a time not because we are slow, but because we pay attention to their specific needs—treating them as individuals and not just business opportunities.

OUR MISSION

We are your trusted financial partner, nurturing your future and making life easier.

Our knowledge and expertise will be for naught unless we gain the trust of our customers.

It is our responsibility to provide advice, show them what we can do, and offer our services so that they can have a more prosperous future.

CORE VALUES

N - We are Nurturing

- We show concern for others
- We help our customers achieve a better life
- We serve with passion and care

I - We act with Integrity

- We act honestly, responsibly, and respectfully at all times
- We treat everyone with fairness
- We deliver on our commitments and take ownership of our actions

C - We are Customer Obsessed

- We anticipate our customers' needs and serve with a heart
- We innovate to give them the best solutions
- We make it easy for our customers

E - We act with Excellence

- We work as one to get the job done
- We do things right the first time
- We give our best to all

BPI CREDO

We believe our first responsibility is to our CLIENTS. If we understand and address our clients' financial needs, we will be entrusted with their most important financial transactions, and we will build lasting relationships. We do well when our clients do well.

We believe in our responsibility to our PEOPLE. We seek to hire the best people for each job, provide them with the means to perform at a high level and reward them fairly. We value integrity, professionalism, and loyalty. We promote a culture of mutual respect, meritocracy, performance, and teamwork. We strive to be the employer of choice among Philippine financial institutions.

We believe in our responsibility to our SHAREHOLDERS. We treat capital as a most valuable asset and seek to generate superior returns while being prudent in risk-taking, spending, and investment.

We believe in our responsibility to our COUNTRY. Our prosperity is greatly dependent on the well-being of our nation. We aim to be inclusive and responsible in nation building. Through BPI Foundation, we are committed to the welfare and sustainability of the communities we serve.

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About the Report

The BPI 2022 Integrated Report entitled, "**Elevating Financial Inclusion"**, highlights the overall financial as well as environmental, social, governance, and economic (ESG+E_2) performance of the BPI Group from Jan. 1 to Dec. 31, 2022. This report aims to expand stakeholders' understanding of how our business contributes to building a better Philippines through our business model and strategy.

REPORTING BOUNDARY
It covers BPI and its subsidiaries and affiliates in both domestic and foreign offices, unless otherwise stated in the data presentation. Any divergence from the reporting boundaries may be due to the nature of the data source, insufficient data, insignificance in scale of operations, and non-controllable aspects of operations by BPI management.

REPORTING FRAMEWORKS AND DISCLOSURES
BPI's 2022 Integrated Report is guided by and aligned with the following standards:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- Global Reporting Initiative's (GRI) Standards
- Sustainability Accounting Standards Board (SASB) Standards
- Task-Force for Climate Related Financial Disclosures (TCFD)
- Bangko Sentral ng Pilipinas (BSP) and Philippine Securities and Exchange Commission (SEC) guidelines for annual and sustainability reports

BPI's financial and operational performance disclosures are submitted to the following agencies:

- Bangko Sentral ng Pilipinas (BSP)
- Securities and Exchange Commission (SEC)
- Philippine Stock Exchange (PSE)
- Philippine Bureau of Internal Revenue (BIR)
- Philippine Dealing and Exchange Corp. (PDEx)
- Singapore Exchange (SGX)

DATA SOURCES
Data covering the macroeconomic, behavioral, and demographic trends of the Philippine banking industry were sourced from the reports of the BSP, Philippine Statistics Authority (PSA), Asian Development Bank (ADB), and World Bank. Other data sources are found in the footnotes.

DISCLOSURE PRINCIPLES
The seven <IR> guiding principles underpin the preparation of the report content and how information is presented.

- **Materiality -** In 2022, we revisited our existing list of identified stakeholder concerns and material topics to reflect best practices and standards according to latest ESG developments. The list of material topics may be read on pages 301 to 302.
- **Conciseness -** Where applicable, references to prior published information are noted and only material topics that affect the value creation of BPI is presented.
- **Consistency and comparability -** The report references the GRI and SASB disclosure standards. Comparative data from prior years are also provided.
- **Reliability and completeness -** Business units, including subsidiaries, regularly report their performance to management. BPI's Internal Audit also regularly examines the different units of the BPI Group. For 2022 year-end reporting, BPI engaged Isla Lipana and Co. to audit the Bank's financial statements, and DNV to provide external assurance for the non-financial disclosures of this report.
- **Connectivity -** The report recognizes the interrelatedness and relationships between the factors that affect BPI's ability to create value.
- **Stakeholder relationships -** Our key stakeholders impact our business, and they in turn are affected by our operations. A discussion on the formal platforms of engagements and our responses to key concerns may be read on pages 36 to 37.
- **Strategic focus and future orientation -** A discussion on how the Bank creates financial and non-financial value for its stakeholders and how risks and opportunities are managed are presented on pages 31 to 47.

FEEDBACK
For questions, comments, and suggestions, contact us through:

BPI Investor Relations
investorrelations@bpi.com.ph

BPI Corporate Affairs and Communications
corporateaffairs@bpi.com.ph

Our Business

As the first bank in the Philippines and Southeast Asia, the Bank of the Philippine Islands (BPI), a member of the Ayala group of companies, is one of the first institutions to be listed on the PSE. BPI has established a history of client trust, financial strength, and innovation. Since 1851, our 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.

BPI aims to provide better access to financial services for every Filipino. The Bank wants everyone — from individuals, enterprises, and institutions – to directly or indirectly benefit from the economic value generated and enabled by its business. It shall continue to provide products and services efficiently, always mindful of the corporate values that have guided the company through 171 years. BPI is nurturing to both customers and communities. Its employees act with integrity and excellence, and are customer obsessed. A fully diversified universal bank and a recognized leader in the banking industry, BPI, together with its subsidiaries and affiliates, 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.

The Bank continues to enhance its digital infrastructure for a truly digital banking experience in the future. Clients can have delightfully better, more convenient, and secure access to BPI's services, through its online and mobile platforms, automated teller machines (ATMs), cash accept machines (CAMs), BPI Express Assist (BEA) machines and point of sale (POS) debit systems.

As of today, the Bank's network boasts of 1,186 BPI and BPI Direct BanKo (BanKo) branches and branch-lite units (BLUs) nationwide. This comes as the merger of BPI and BPI Family Savings Bank took effect on Jan. 1, 2022.

BPI also has 2,080 ATMs and CAMs, and about 9.3 million clients being served by an 18,201-strong employee workforce. Together with subsidiaries and affiliates in the BPI group, the Bank seeks to serve all client segments, including corporate, consumer, as well as small, medium, and micro-entrepreneurs.

Overseas, BPI offers diverse value-added services through two banking subsidiaries: BPI International Finance Limited in Hong Kong and Bank of the Philippine Islands (Europe) Plc, with a head office in London. This global presence is further strengthened through around 130 international tie-ups, remittance centers in Hong Kong, and representative offices in in Tokyo and Dubai, which have been established to meet the financial services needs of overseas Filipinos.

The Bank's headquarters now located at Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo Street, Makati City, as it is currently redeveloping its original headquarters at the corner of Ayala Avenue and Paseo de Roxas.

Business Model and Value Creation

2022 PERFORMANCE

OUR CAPITALS — financial, manufactured and intellectual, human, social and relationship, and natural — enable our business activities to create and enhance value for our stakeholders and contribute to the United Nations Sustainable Development Goals.

These capitals further boost our ability to serve our clients, employees, investors, suppliers, government and regulators, as well as the general public in order to contribute to financial inclusion, sustainable development, and nation building.

Our Capitals

F FINANCIAL

Our balance sheet further strengthened as we continue to expand and optimize our deposit franchise and loan book.

PHP 2.6 trillion in total assets

PHP 318 billion in total capital

MI MANUFACTURED AND INTELLECTUAL

Our delivery infrastructure, using both traditional and digital platforms, is reliable, secure, and cutting-edge.

1,186 branches and branch-lite units nationwide

2,080 ATMs and CAMs nationwide

375 million transactions via digital platforms

3.96 million users across all digital platforms

H HUMAN

Our employees with diverse talents are energized, engaged, and highly-trained.

18,201 employees (67% women, 33% men)

PHP 50 million spent on local training for employees

SR SOCIAL AND RELATIONSHIP

Our clients and banking partners trust us as the beacon of stability and credibility.

171 years of providing quality service and trusted advice

130 international remittance partners

BPI Credo and Core Values

N NATURAL

Our efficient use of resources minimizes our impact on the environment.

142,228 gigajoules electricity consumption

315,353 cubic meters water consumption

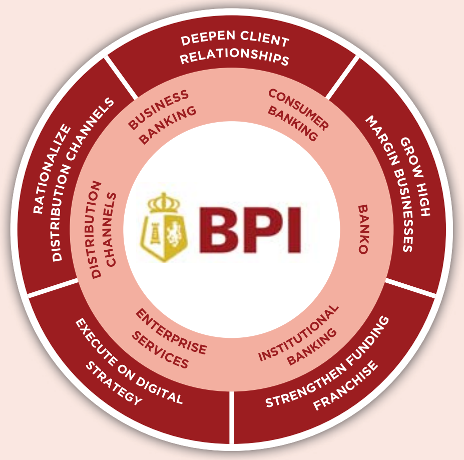
How We Create Value

OUR VISION

Building a better Philippines— one family, one community at a time.

OUR MISSION

We are your trusted financial partner, nurturing your future and making life easier.



BUSINESS OPERATIONS

STRATEGIES

SUSTAINABILITY STRATEGY

RESPONSIBLE BANKING	RESPONSIBLE OPERATIONS
• Financing Sustainable Development • Financial Inclusion • Supporting Nation Building	• Environmental Sustainability • Social Responsibility

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Value We Create

F SR H N MI

EMPLOYEES H MI SR

We empower our employees by providing them a workplace that fosters learning and development, career advancement, and sustainable engagement.

PHP 19.4 billion total payments to employees

973,446 total training hours

INVESTORS F

We generate superior returns for our investors while ensuring prudent risk management as well as maintaining transparency and equitability.

PHP 24.1 billion total payments to providers of capital (dividends and interest payments)

GOVERNMENT AND REGULATORS F SR

We contribute to economic growth through the facilitation of government securities, remittances, and payment of taxes, as well as compliance to regulations.

PHP 922.8 billion capital raised through loans and bonds for the government

PHP 22.8 billion total payments to government

CLIENTS AND COMMUNITIES F MI SR N

We serve our clients and the communities where we operate through products and services that promote financial inclusion, sustainable development, and nation-building.

FINANCIAL INCLUSION

PHP 10.6 billion microfinance loans to almost 150,000 SEMEs

FINANCING SUSTAINABLE DEVELOPMENT

PHP 756 billion of BPI's outstanding corporate and SME portfolio support the UN SDGs

51% of BPI's power generation portfolio is comprised of renewable energy projects

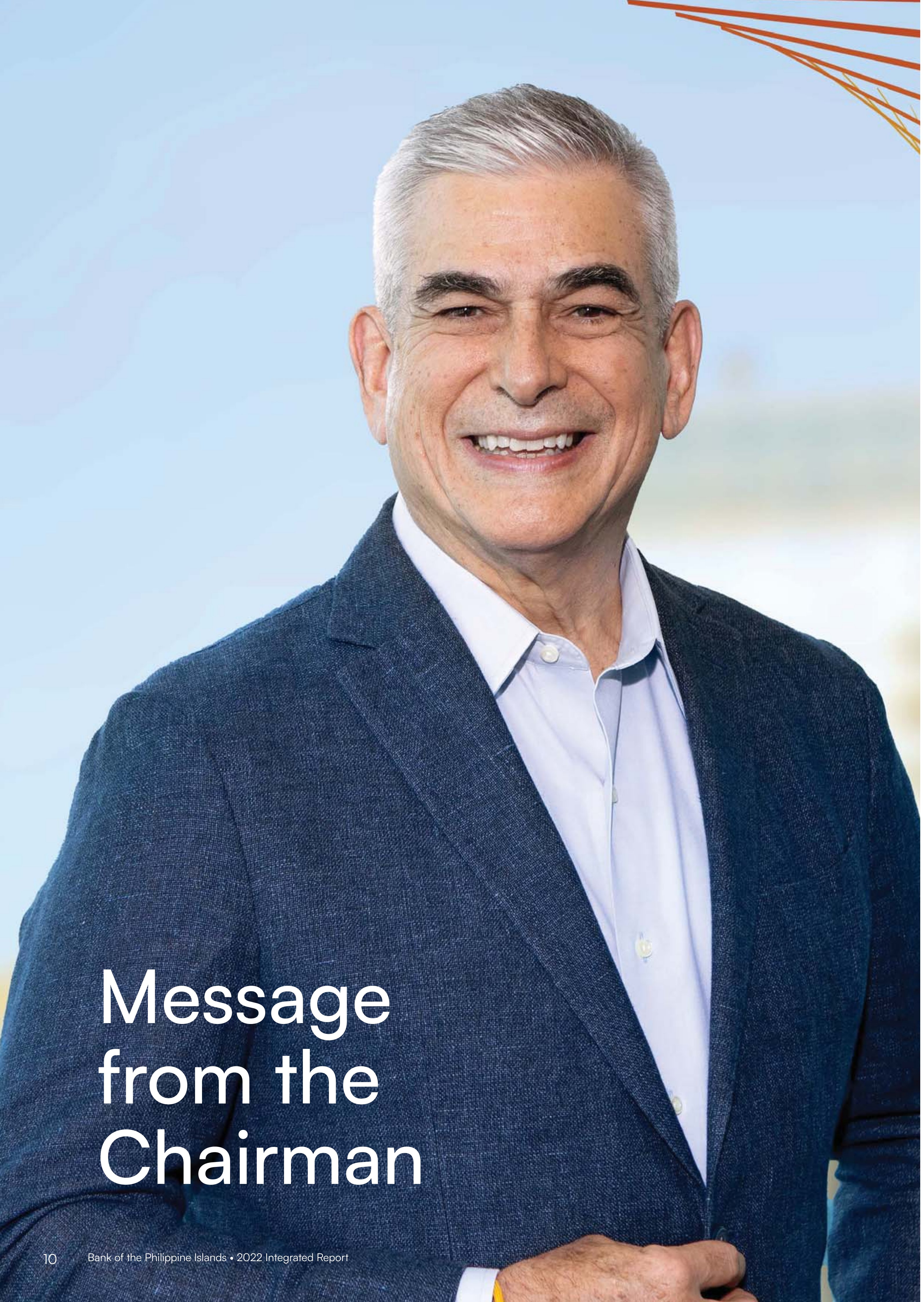
SUPPORTING NATION BUILDING

PHP 67.8 billion small and medium enterprise (SME) Loans to 112,000 SMEs

Our business model seeks to create short, medium, and long-term value for our stakeholders in a sustainable and risk-adjusted way.

This value chain is based on the capitals model of the International Integrated Reporting Council (IIRC).

Our Leadership



Message from the Chairman

DEAR SHAREHOLDERS,

As we look back to March 2020, the country's first lockdown seems like a distant past. But in the last two years, our takeaways from the COVID-19 pandemic have been invaluable. It is with deep gratitude that I thank you, our dear shareholders, for your trust and support that have allowed BPI to thrive in the new normal.

Together with our committed team of Unibankers, we have transformed our Bank into an industry leader in digital banking, anchored on operational resilience commitment to sustainability and customer delight across unique financial journeys. The future of BPI is clear, building a better Philippines – one family, one community at a time.

Sustained Recovery in a Challenging Environment

We expected 2022 to be the year of sustained recovery as economies remained open and mobility restrictions were finally eased. It has, however, been a challenging year for the global economy as conflicts, inflation, food and energy crises, and the long tail of COVID-19 brought fears of recession and prompted major agencies to trim global growth expectations.

2022 was characterized, both globally and domestically, by high inflation leading to aggressive policy rate increases, which dampened economic growth. In the Philippines, full year GDP growth came in at 7.6%, just slightly lower than our expectations earlier in the year, but well ahead of projected global growth at 3.4%.

The BSP increased policy rates in 2022 by 350bps, mostly in the second half, especially as the peso depreciated, bringing the policy rate up to 5.5% by year end. Interest rates increased across the yield curve with higher increases seen on shorter tenors. But despite rising inflation and interest rates, we saw consumer demand improve remarkably over 2020 and 2021 levels. Mobility recovered exponentially especially after March 2022 when COVID-19 cases started to subside. This helped drive corporate growth. As a result, the country's economic output returned to pre-pandemic levels after growing by 5.6% in 2021 and 7.6% in 2022.

As a result, the banking industry benefited from a growing loan book and higher NIMs. Notwithstanding the higher interest rate environment, NPLs remained contained. Banks are one of the favored sectors expected to lead in the country's recovery.

2022: A Record Year for BPI

The Bank's renewed strength is reflected in our 2022 results. BPI delivered a solid performance characterized by sustained recovery in loan demand, client activities and asset quality amidst a challenging operating environment.

The Bank's profitability continued to improve on the back of strong loan growth, higher margins, and lower loss provisions, notwithstanding the acceleration in operating expenses. We closed 2022 with a record net income of PHP 39.6 billion, up 65.8% year-on-year.

Our fee income remained stable, with some businesses showing stronger fee growth than others. Worth noting are the outstanding performances of the following:

(1) Our credit cards business, owing to the growth in billing income, cross-border transactions, membership fees, and other charges;

(2) Foreign exchange trading, with higher gains on dollar-peso trading and flows from Corporate, SME, and Retail clients, as well as outward remittance transactions driven by continuing market recovery; and

(3) Transaction banking services, attributable to increased revenues from trade, supply chain, and short-term receivable financing.

These gains tempered our investments in an aggressive campaign for credit card acquisition and towards our digital initiatives.

Total assets reached PHP 2.6 trillion, reflecting a 7.5% growth year-on-year, while loan growth exceeded that of peer banks and industry averages. As of Dec. 31, 2022, total loans stood at PHP 1.7 trillion, up 15.3% from the previous year, led by growth in the credit card, corporate/SME and auto portfolios of 31.1%, 15.5%, and 14.0%, respectively. Total deposits expanded to PHP2.1 trillion, up 7.2% year-on-year, while CASA increased 3.5%. The CASA Ratio stood at 74.4% and the Loan-to-Deposit Ratio at 81.2%.

Asset quality continued to improve, with sequential quarterly improvements in asset quality metrics, remaining more favorable than industry averages. The NPL ratio eased to 1.76% from 2.49% the prior year, which is just about 10 basis points above its pre-pandemic level. In addition, NPL cover is at 180%, well above the pre-pandemic level of 100%. With the macro-economic environment and asset quality improving through the course of 2022, we provisioned less for the year, bringing our credit cost down to 58 basis points from 93 basis points last year.

We maintained our strong capital position despite an increase in dividend payout and credit risk-weighted assets. Our Common Equity Tier 1 Ratio stood at 15.1% and the Capital Adequacy Ratio of 16.0%, both well above regulatory requirements.

On the last trading day of 2022, BPI's share price closed at PHP 102.00, 6.7% higher than a year ago and with a total shareholder return of 13.1% when factoring in cash dividends, reflecting the markets' recognition of the Bank's strong operating results. We continue to be the most valued among listed banks in terms of price-to-book.

It comes as no surprise then that all three major international Credit Rating Agencies reaffirmed their investment grade credit rating for the Bank: S&P Global Ratings at BBB+, which is the same as the Philippine Sovereign; Moody's Investors Service at Baa2, and Fitch Ratings at BBB-. S&P Global Ratings also revised its Outlook on BPI from Negative to Stable.

Elevating Financial Inclusion

Our robust financials anchor our mission to elevate financial inclusion through our digital and sustainability initiatives.

We made remarkable progress in our digital strategy, particularly in onboarding, engagement, and partnerships. This accelerated the growth of the BPI ecosystem, improved customer experience, and generated new revenue streams. Since its launch, we have directly acquired about 150,000 new-to-bank clients and about 180,000 new-to-product accounts with the seamless, safe and fully digital onboarding process in our platforms. In addition, we've acquired about half a million clients through our collaboration with GCash, where we have various BPI products on GSave, GInvest, and GInsure.

BPI further strengthened its leadership in Environmental, Social and Governance or ESG initiatives. To date, BanKo has assisted 274,000 self-employed micro-entrepreneurs (SEMEs) with disbursed loans reaching PHP 37.6 billion, while BPI Business Banking has helped over 132,000 SMEs with total loan releases reaching almost PHP 400 billion. Our Sustainable Development Finance has funded a total of 398 energy efficiency, renewable energy, green building, climate resilience, and sustainable agriculture projects, amounting to PHP 252.3 billion. We ended 2022 with 51% of our corporate and SME portfolio supporting the UN Sustainable Development Goals (SDGs).

We are honored that various award-giving bodies recognized these ESG contributions and other pioneering initiatives of the Bank. BPI garnered a record number of 10 ESG accolades in 2022 alone.

In Closing

Finally, we made a very important announcement in October 2022. We disclosed plans for a merger with the Robinsons Bank Corporation (RBC), with BPI as the surviving entity. We have already secured Board and Shareholder approvals for the merger which will expand our reach, grow our portfolio, and unlock various synergies across the ecosystems of both banks. We are very excited to see the outcome of this merger and look forward to all the great things ahead.

Once more, I extend my thanks to our management and employees for their hard work and resilience; our Board of Directors for their insightful guidance in future-proofing the Bank in the new normal; and you, our shareholders and stakeholders for your unwavering trust and support.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman

Message from the President and CEO

DEAR SHAREHOLDERS,

The year 2022 was a year of recovery and renewed strength. As restrictions eased up and the pandemic became more manageable, our economy recovered, and the world reopened for all sorts of business opportunities. Being prepared for this upturn, we accelerated our efforts and ran ahead in the transition to a more digitally oriented marketplace.

Anchored on our N.I.C.E. core values — which means that we are nurturing, we act with integrity, we are customer-obsessed, and we pursue excellence — we launched various initiatives that would solidify BPI's stance on our key strategic priorities: digitalization, customer obsession, and sustainability.

Digitalization and Expansion

This year, we introduced new digital platforms that affirm the Bank's commitment to provide smart, convenient, and secure financial solutions that meet the evolving needs and wants of our customers.

In the first quarter, we introduced BPI BizKo — a subscription-based platform for Micro, Small, and Medium Enterprises (MSMEs), created to offer an integrated online system for invoicing and collection that aims to help small and medium businesses with their cash flow and other banking needs. We established it as a unique platform that improves operational efficiency, providing business owners savings in terms of time and money.

As part of our digital expansion efforts, we then launched VYBE — a one-stop lifestyle and payment app that enables our clients to do secure, cashless, and quick day-to-day payments and to access the Bank's rewards program. VYBE will also be available for non-BPI clients in 2023 and will soon launch a feature that allows users to send and receive money from other banks, making it part of the bigger ecosystem in the Philippine InstaPay network.

We also established Agency Banking, the latest in our long line of technology-enabled innovations that will change the way BPI engages with customers. We are setting up a network of partners – department stores, supermarkets, convenience stores, gas stations, and online partners – to make BPI products and services more accessible. Each partner will be equipped with tech-enabled infrastructure allowing them to act like a branch, changing the way BPI can reach, acquire and serve customers. This distribution channel is already being rolled out, including the formal launch of the BPI Flagship store in Lazada, where clients can open a deposit account, apply for an auto or mortgage loan, or a credit card. Soon insurance and investment products will also be made available in Lazada.

Our digital efforts are truly paying off, with many new customers coming to us through our digital channels, complementing those that come through our branches, bringing us closer to our aspiration of 50 million Filipinos banking with BPI.

Enhanced and Inclusive Customer Experience
The merger of BPI and BPI Family Savings Bank took effect as we began 2022. With a call of "OneBPI", the absorption of our wholly owned thrift bank subsidiary into the parent bank has enhanced the overall banking experience of customers, who now get access to our full suite of products and services via digital and physical channels.

While we took care of our employees during the pandemic, we focused on customer obsession throughout the year. On top of the digital efforts we initiated, we rolled out an internal "customer obsession" program, with our strategy and direction to always put our customers at the center of everything we do. This strategy will cement our banking leadership.

We organized to put more focus on the SME client segment, which forms the backbone of the Philippine economy. BPI Business Banking offers standardized products which, coupled with a clear client acquisition strategy on both branch and digital channels, should allow us to reach more SME clients. Our intention is to provide them with a helpful business proposition and a pleasant customer experience.

Increased digitalization along with our customer delight programs allowed us to serve more clients, process more transactions and significantly improve our Net Promoter Score with a smaller branch footprint and less manpower. To date, we have reduced our branch count to 752 BPI branches with more branches lined up for co-location or consolidation. Meanwhile, we continued to grow our BPI BanKo branch count in support of financial inclusion, given the importance of physical presence in the self-employed micro-entrepreneurs and microfinance segment.

We acknowledge the importance and convenience that digitalization brings, but we will continue to strengthen our physical efforts and make perfect the "phygital" strategy that we stand by at BPI.

Pioneering Sustainability Innovations
At the heart of sustainability is change. As we strive to be more sustainable in the way we live our personal lives, we also do the same in our business. In line with that, in March, we organized our very first BPI Sustainability Summit, when BPI's senior management team communicated their respective ESG commitments. In June, we curated a series of activities in partnership with local and international institutions to establish the Philippines' first Sustainability Awareness Month.

On the business front, BPI undertook a landmark Energy Transition Financing Facility — which reduced the life of a coal generation plant by 15 years; we launched the Philippines' first Sustainable Fund Suite; introduced the Green Saver Time Deposit that offered highly competitive interest rates for deposits supporting green loans; launched BPI-AIA's Pamilya Protect which offers insurance coverage for the whole family via digital platforms; and made financing more affordable for Self-Employed Micro-Entrepreneurs (SEMEs) via Negosyo Lite.

Sustainable banking operations was also part of our journey. We signed an agreement to ensure BPI Buendia Center, BPI Intramuros, and the BPI Consumer Banking Headquarters get 100% of their power supply from renewable energy sources. We also set a new milestone in the Philippine banking industry when our BPI Iloilo Solis branch became the first bank branch in the Philippines to earn the Excellence in Design for Greater Efficiencies (EDGE) certification of the International Finance Corporation (IFC), a member of the World Bank Group. An IFC-EDGE certified branch means 20% savings in embodied energy in materials used during construction as well as 20% savings in electricity and water consumption during the project's operation. We closed the year with four more branches — BPI Loyola Katipunan, BPI Guiguinto, BPI San Fernando Highway Main, and BPI North Greenhills — having received the same green building certification, demonstrating our commitment to global sustainability standards.

Sustainability isn't something that any organization or any individual can achieve overnight, it takes serious dedication, hard work, strategic planning, and detailed implementation. We at BPI are committed to ensuring that sustainable growth and development remains at the center of our strategy and activities as we continue to pursue our vision to be a RESPONSIBLE AND SUSTAINABLE BANK.

In Closing
If there's anything 2022 has taught us, it is to remain focused on banking excellence anchored on trust and the best digital offers. The new year will be a little more challenging as we need to ride though the global economic issues of inflation and higher interest rates. But despite these circumstances, there are signs that our country will do well, supported by a confident, digitally-oriented population and a business-friendly national administration focused on economic growth for all. We know that BPI will do just as well with your continued trust and support.

To close, I would like to express my sincerest thanks and wholehearted appreciation to our Board of Directors for their guidance and the confidence they have shown us; my fellow Unibankers who have taken our N.I.C.E values to heart; and all of you stakeholders — our shareholders, customers, clients, neighbors, and friends.

Let's continue what we started together — let's help build a better Philippines — one family, one community at a time.

JOSE TEODORO K. LIMCAOCO
President and CEO

Board of Directors

JAIME AUGUSTO ZOBEL DE AYALA
Chairman

FERNANDO ZOBEL DE AYALA
Vice Chairman*

CEZAR P. CONSING
Vice Chairman

JOSE TEODORO K. LIMCAOCO
President & CEO

**resigned effective 12 September 2022*

JANET GUAT HAR ANG
Independent Director

RENÉ G. BAÑEZ
Director

ROMEO L. BERNARDO
Director

IGNACIO R. BUNYE
Independent Director

EMMANUEL S. DE DIOS
Independent Director**

RAMON R. DEL ROSARIO, JR.
Director

***elected effective 28 April 2022.*

Board of Directors

OCTAVIO VICTOR R. ESPIRITU
Director

AURELIO R. MONTINOLA III
Director

CESAR V. PURISIMA
Independent Director

ELI M. REMOLONA, JR.
Independent Director***

JAIME Z. URQUIJO
Director****

MARIA DOLORES B. YUVIENCO
Independent Director

****resigned effective 17 August 2022*
*****elected effective 21 September 2022*

Advisory Council

DELFIN L. LAZARO
Member

MERCEDITA S. NOLLEDO
Member

CHIEF JUSTICE ARTEMIO V. PANGANIBAN
Member

ANTONIO JOSE U. PERIQUET, JR.
Member

OSCAR S. REYES
Member

Executive Management

RAMON L. JOCSON
Executive Vice President
Chief Operating Officer

MARIA CRISTINA L. GO
Executive Vice President
Head, Consumer Banking

MARIA THERESA D. MARCIAL
President and CEO
BPI Wealth

MARIE JOSEPHINE M. OCAMPO
Executive Vice President
Head, Mass Retail Products

JUAN CARLOS L. SYQUIA
Executive Vice President
Head, Institutional Banking

JOSEPH ANTHONY M. ALONSO
Senior Vice President
Chief Credit Officer

DINO R. GASMEN
Senior Vice President
Treasurer

MARITA SOCORRO D. GAYARES
Senior Vice President
Chief Risk Officer

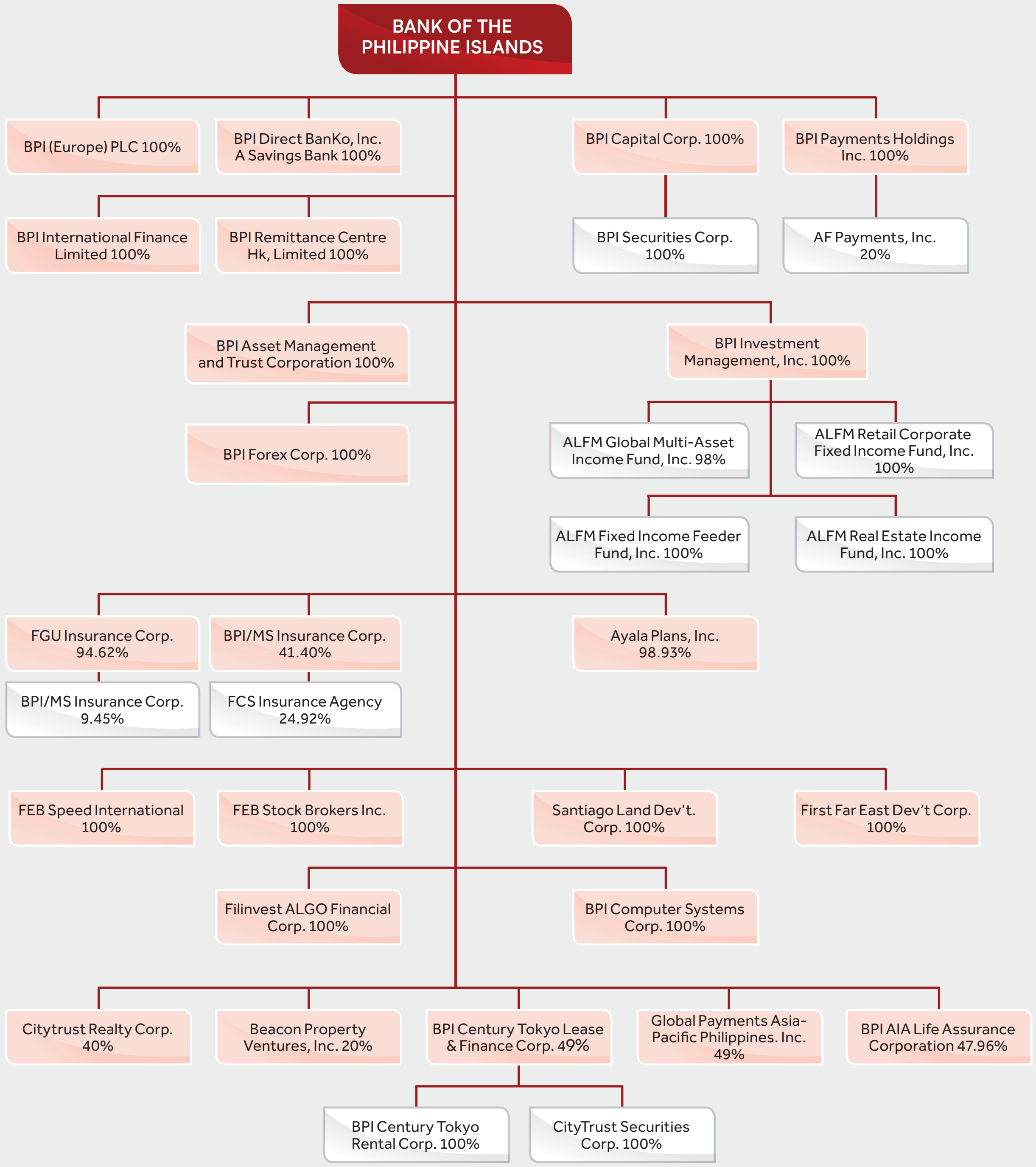
JOSE RAUL E. JEREZA IV
Senior Vice President
Head, Agency Banking

ERIC ROBERTO M. LUCHANGCO
Senior Vice President
Chief Finance Officer
Chief Sustainability Officer

DOMINIQUE R. OCLIASA
Senior Vice President
Head, Business Banking

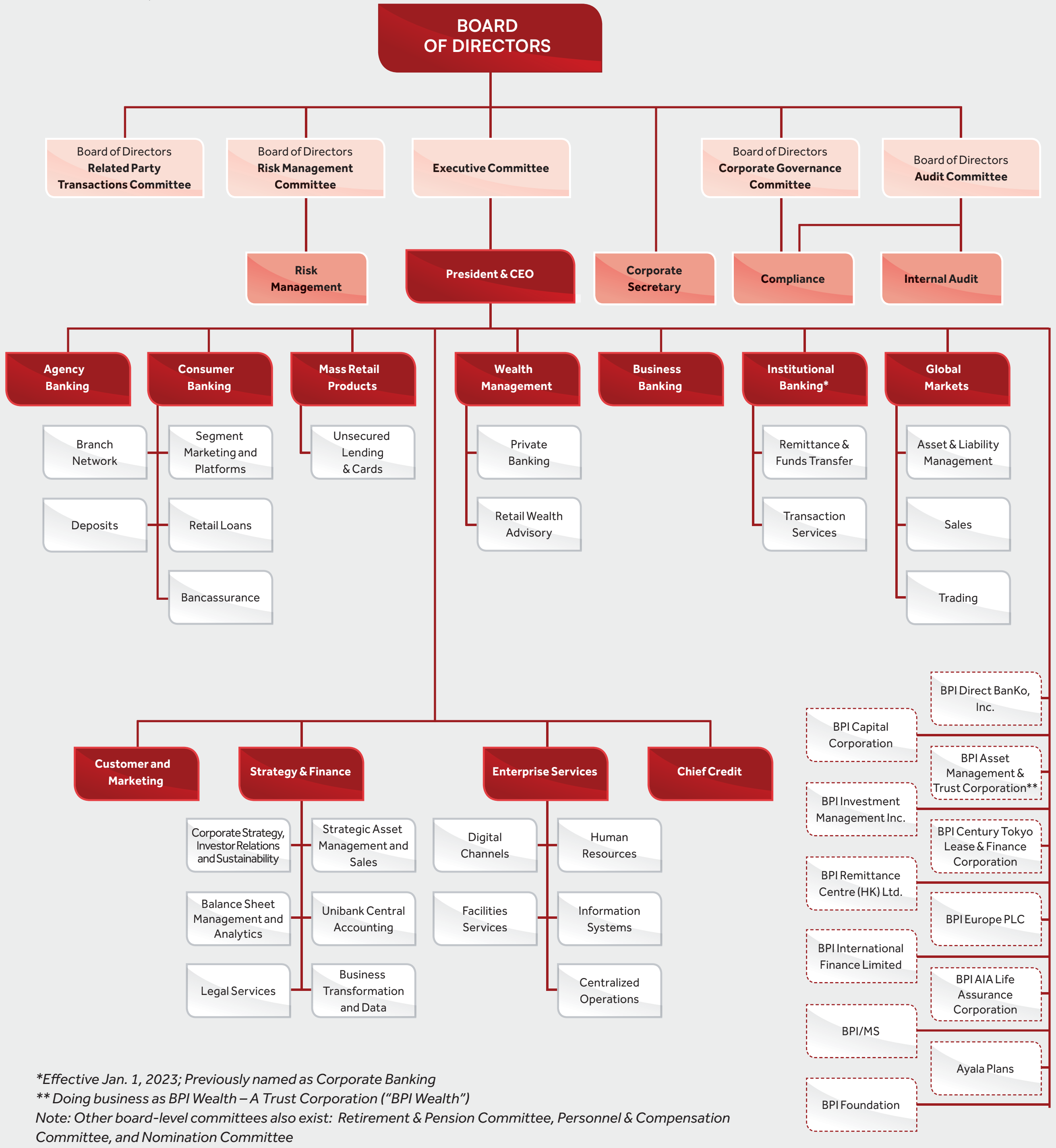
MARY CATHERINE ELIZABETH P. SANTAMARIA
Senior Vice President
Chief Customer and
Marketing Officer

BPI Conglomerate Map



BPI Table of Organization

As of Dec. 31, 2022



*Effective Jan. 1, 2023; Previously named as Corporate Banking
** Doing business as BPI Wealth – A Trust Corporation ("BPI Wealth")
Note: Other board-level committees also exist: Retirement & Pension Committee, Personnel & Compensation Committee, and Nomination Committee

#BrigadangAyala Ayala group employees bring holiday cheer to 6,000 families in 6 provinces

Last December 17, over 500 employee–volunteers from the WeAreAyala Business Club (WAABC) went to 15 locations in 6 provinces to distribute noche buena packs to 6,000 families.

Each noche buena pack contained ₱1,000 worth of grocery items that could feed a family of five. The beneficiaries were selected from vulnerable communities in Pampanga, Cebu, Negros, Iloilo, Cagayan de Oro, and Davao.

The noche buena packs were distributed by various WAABC chapters, comprising employees from the different Ayala group business units. In the areas they are present, WAABC chapters drive the pillars of business synergy, community engagement, external relations, and culture building.

In December 2021, #BrigadangAyala implemented a 12-week food distribution program for 10,000 families in select locations across Metro Manila. These families were provided a weekly supply of rice, vegetables, and fruits, among others, so they did not have to worry how to feed their families. Beneficiaries consisted of families whose breadwinners lost their livelihood during the pandemic.

#BrigadangAyala serves as the banner under which social development and corporate social responsibility initiatives across the Ayala group of companies is implemented. The initiatives covered under #BrigadangAyala range from disaster relief and response, assistance for public education, championing of social enterprises, and public health advocacy, among others.

WAABC Central Luzon
#BrigadangAyala volunteers from WAABC Central Luzon Chapter lead the noche buena distribution in Pampanga.

WAABC CDO
A senior citizen from Cagayan de Oro City shakes the hand of an Ayala group employee as she receives her noche buena pack.

WAABC Cebu
Trucks of noche buena in #BrigadangAyala bags are distributed in Barangay Sudlun in Cebu City and Looc in Mandaue City.

WAABC Iloilo
Volunteers from WAABC Iloilo Chapter don Santa hats during the #BrigadangAyala noche buena distribution.

WAABC Davao
Davao-based Ayala group employees lead the distribution of 1,000 noche buena packs in Davao City.

WAABC Negros
Residents of Talisay and Bacolod City in Negros Occidental receive noche buena packs from WAABC Negros Chapter.

Our Integrated Approach

Economic Review and Outlook

Economic Reopening and Adjustment to COVID-19

Filipino consumers and firms have become well-adjusted to COVID-19, allowing domestic demand to improve remarkably over 2020 and 2021. Mobility recovered exponentially especially after March 2022 when the COVID-19 cases started to subside. As a result, the country's economic output has returned to pre-pandemic level after growing by 5.6% in 2021 and 7.6% in 2022.

Household consumption grew by 4.2% in 2021 and 8.3% in 2022, driven by pent-up demand and the expansion of e-commerce. Consumers started to spend more again on high-contact services and non-essential items, unlike in the past two years when more than half of their budget were spent on essentials like food, housing, and utilities.

Major drivers of consumer spending remained resilient despite the pandemic. Remittances are growing again at a healthy pace after declining marginally in 2020. Labor shortage in major economies following the onset of the pandemic has contributed to this recovery. Meanwhile, the country's unemployment rate has declined below its pre-COVID-19 level with the reopening of the economy. The number of jobs in industries most affected by COVID-19 has returned to pre-pandemic level.

Certain industries continue to lag in terms of recovery, but they are improving, nevertheless. The economic output of services like accommodation and restaurants is currently around 70% of pre-pandemic level. But with COVID-19 cases becoming more manageable, a faster recovery for high contact services is expected in 2023 due to improved confidence and sentiment towards the pandemic amid the availability of vaccines and treatment. Food services, accommodation, transport, and real estate are the industries that will benefit the most from this. Moreover, e-commerce and the widespread use of delivery services will continue to support consumer spending and offset the lingering impact of COVID-19.

Looking Ahead

The global economy is expected to slow down in 2023 as countries continue to struggle from inflation and higher interest rates. Some of the major economies may even fall into a recession given the significant increase in the cost of living. Industries that are affected the most by external conditions like manufacturing may underperform in the coming year.

A prolonged period of elevated inflation may also drag consumer spending in 2023. Pent-up demand and revenge spending have countered the effect of inflation so far, but these will eventually subside. Once consumers have used up their savings from the pandemic, inflation will become a greater concern.

Inflation accelerated to 5.8% in 2022 with oil as the main driver. Global commodity prices surged during the year, triggered by the Russia-Ukraine conflict. Supply chain issues amid the pandemic have exerted additional pressure on consumer prices.

Looking ahead, inflation may stay elevated in the next 12 months, moving closer to the BSP's target range but gradually. Supply constraints may persist amid the structural problems in the agriculture sector. Price adjustments in electricity are possible as energy companies continue to address the losses brought by the surge in commodity prices.

Another factor that could pull down growth in 2023 is the increase in interest rates. Monetary policy usually works with a lag, and the full impact of rate hikes in 2022 will likely be felt more in 2023. Higher refinancing costs may discourage businesses from ramping up their capital expenditures, which is historically proven to be a key ingredient to faster growth.

However, the drag from slower growth of major economies, higher inflation and rapid policy tightening aren't likely to push the Philippine economy into a recession since the growth drivers of the economy including the country's demographic dividend and remittances will likely remain strong.

Risks and Opportunities

Major Risk Areas	Potential Impact	Management & Mitigation	Risk Exposure	Opportunities
CREDIT RISK & ASSET QUALITY Risk of loss due to a borrower or counterparty's non-payment of either the principal or interest, or both loan and/or other credit accommodations	1) Deterioration of asset quality 2) Decrease in our profitability due to an actual (or expected) increase in loan losses and/or provisions	Comprehensive set of credit risk management policies, standards, and procedures covering: 1) Assessment of borrowers using internal credit risk rating models and credit risk scorecards 2) Use of eligible collaterals and legally-enforceable collateral documentation 3) Prompt identification, work-out, and close monitoring of deteriorating credit exposures 4) Adequate review of loan classification and assignment of loan loss provisions 5) Strict remedial and collection measures for problematic credits 6) Conduct of credit stress testing on loan portfolios 7) Use of data analytics for credit risk model development, recalibration, and validation 8) Increased monitoring of delinquent and restructured accounts across all portfolios	Moderate, but mitigated	1) Extending support to pandemic-hit clients to ensure their continued access to financial services, in line with the National Government and BSP's regulatory relief measures such as (a) support on restructuring arrangements and (b) relief measure on the Single Borrower's Limit 2) Increased capital mobility and continued availability of loanable funds through the implementation of the Financial Institutions Strategic Transfer Act 3) Opportunities in renewable energy and infrastructure financing, transition finance, and other sustainable financing initiatives supporting the regulator's policy for ESG initiatives and further aligned with our own ESG + E_2 framework and sustainability goals
MARKET & LIQUIDITY RISKS Risk to earnings and capital from adverse movements in risk factors that affect the market value of instruments and products in our portfolios, and the risk arising from the potential inability to meet obligations to clients, counterparties or markets in any location and in any currency at any time when they fall due	1) Decline in earnings and capital 2) Deterioration of the quality of our liquid assets; increased funding needs 3) Consequences from non-compliance to regulatory changes	Comprehensive set of market, interest rate risk in the banking book (IRRBB), and liquidity risk management policies and standard procedures covering: 1) Measurement, monitoring and reporting of market risk exposures; interest rate risk exposures in the banking book; and liquidity and funding concentration risks 2) Maintenance of adequate liquidity levels at all times 3) Establishment of a contingency funding plan 4) Conduct of stress tests 5) Enhancement of risk models and systems	Moderate, but Mitigated	Opportunities of robust market and liquidity risk systems include: 1) Enhanced brand and deposit franchise particularly during stressed environments 2) Access to lower cost funding and liquidity to support our activities 3) Ability to quickly respond to business & investment opportunities, given the controlled levels of liquidity and market risks

Major Risk Areas	Potential Impact	Management & Mitigation		Risk Exposure	Opportunities
OPERATIONAL & INFORMATION TECHNOLOGY (IT)/CYBERSECURITY RISKS Risk of loss due to inadequate or failed internal processes, people, systems, or from external events and risk of adverse outcome due to the use of or reliance on IT	1) Increase in operational losses 2) Disruptions in daily operations 3) Unauthorized access to our information assets 4) Inaccurate, incomplete, inconsistent, and/or unavailable information 5) Damage to our physical assets 6) Damage to our brand and reputation 7) Legal liabilities and tax implications 8) Consequences from non-compliance to regulatory changes	Comprehensive set of operational and IT risk management policies and standard procedures covering: 1) Identification, assessment, control/mitigation, monitoring, and reporting of operational and IT risks 2) Risk management processes are embedded in business activity processes (e.g., product development and process enhancements) 3) Development and monitoring of Key Risk Indicators (KRIs)	4) Loss event management process 5) Establishment of systems and programs on business continuity management, information security/ cybersecurity management, vendor/third-party management, and physical security management 6) Conduct of operational and IT risk management awareness and appreciation initiatives	Moderate, but Mitigated	Advanced operational risk management and systems provide opportunities to: 1) Increase operational efficiency by implementing process improvements and adapting new tools, which enhances our capabilities for a remote workforce arrangement/mobility, and foster cross-function collaboration between various business units 2) Enforce dynamic strategies (i.e., to think long-term while acting short-term thereby addressing clients' urgent needs, but at the same time improving and expanding current solutions) 3) Offer and provide clients safe, convenient, fast, and timely solutions despite disruptions such as a pandemic through rapid digital adoption 4) Acquire and build a long-term business relationship with a new group of adopters of digital solutions
BUSINESS & STRATEGIC RISKS Risk to earnings or capital arising from adverse business decisions or strategies, improper implementation of decisions, lack of responsiveness to industry changes, incorrect assessment of changes in business, and/or imposition of new regulations (e.g., moratorium on fee hikes, interest rate caps)	1) Decline in earnings 2) Increase in operational losses 3) Damage to our brand and reputation	1) Close monitoring of financial and operational performance, strategies, and policies 2) Development and monitoring of key risk indicators 3) Regular reporting to Senior Management and Board of Directors		Moderate, but Mitigated	1) Non-removal of interest rate cap on credit card loans 2) Entry of fintechs and digital/neo banks with aggressive business models 3) Changes in monetary policies
ENVIRONMENTAL & SOCIAL RISKS Risk of potential financial, legal and/or reputational negative effects from possible E&S issues (including acute & chronic physical risks and transition risks) affecting our key business activities	1) Aggravation of existing risk areas such as credit and operational risks 2) Increase in operational losses 3) Damage to our physical assets 4) Damage to our brand and reputation 5) Consequences from increased health and safety concerns 6) Legal liabilities and tax implications 7) Consequences from non-compliance to regulatory changes	Delivery of shared value through the following activities: 1) Sustainable development financing through green and social products and services 2) Financial inclusion and wellness programs 3) Digitalization initiatives 4) Nation building initiatives supporting SMEs and Overseas Filipinos (OFs) 5) Efficient resource management 6) Social responsibility activities on employee well-being and client experience	7) Vendor evaluation in terms of compliance to environmental and social standards 8) Sustainability standards in credit evaluation such as checking adherence to regulations, alignment to UN SDGs, and resilience to environmental risks 9) Environmental risk assessments of our physical assets and clients' business operations and collaterals	Increasing, but Mitigated	Enhanced environmental and social risk management brings opportunities such as: 1) Operational efficiency and resilience 2) Development of E&S products and solutions, which potentially expands revenue streams and investor base 3) Improved reputation, and credibility of our brand 4) Agility in terms of responding to regulatory and policy developments 5) Increased level of employee and stakeholder engagement 6) Possible regulatory incentives for innovation and early adaptation

Stakeholder Engagement

Regular dialogue with our stakeholders keeps our organizational goals and strategies aligned with their needs and expectations.

We identify our key stakeholders as those that have significant influence on our economic, social, and environmental performance, and are likewise impacted by our conduct of business in the context of global, regional, and local megatrends.

Proactive stakeholder engagement through various platforms allows the Bank to maintain beneficial relationships within the communities where we operate. It helps us identify issues we need to address and opportunities that will allow us to continue building long-lasting value.

In 2022, we revisited our existing list of identified stakeholder concerns and material topics to reflect best practices and standards according to latest ESG developments.

Refer to pages 301 to 302 for the list of material topics.

CLIENTS

How We Engage Them	Their Concerns	How We Respond
• Daily customer touchpoints through branches, phone, e-mail, and social media channels • Face-to-face or virtual meetings • Physical and digital customer feedback channels, including annual and periodic satisfaction surveys • Events and webinars	• Accessibility and quality of products and services suited to their needs • Convenient, affordable, reliable, and efficient delivery of products and services, whether through physical (e.g., branches, kiosks, ATMs, CAMs) or digital channels (e.g., BPI Online, BPI Mobile App, VYBE, BizLink, BizKo) • Turn-around time of applications • Data privacy and security, especially for digital-based products and services • Transparency of requirements and processes • Sound and tailor-fitted financial advice • Competency of personnel to address concerns	• Enhancement of the Bank's array of products and services • Diversified, reliable, and efficient delivery channels, both physical and digital • Constant monitoring and upgrade of systems to ensure secured and uninterrupted services • Proactive approach to client concerns (e.g., proper allocation of manpower resources, review of outsourcing services, set-up of more effective contact centers, and continuous process improvements) • Timely provision of tailor-fit feedback, advice, and/or solutions to inquiries • Economic and product briefings, as well as financial and investment education webinars and podcasts • Continuous personnel capacity building through product briefings, seminars, and training sessions

INVESTORS

How We Engage Them	Their Concerns	How We Respond
• Regular investor meetings and conference calls • Annual stockholders' meeting • Dedicated e-mail for investors	• Shareholder return • Risk mitigation • Financial performance • Business growth and continuity • Responsible and sustainable financing	• Business strategies that maximize shareholder value while mitigating risks • Introduction and expansion of products and services which ensure higher interest and non-interest income • Prioritization of value adding sectors and business segments • Transparent and timely disclosures

EMPLOYEES

How We Engage Them	Their Concerns	How We Respond
• Online portals and face-to-face meetings • Training and learning sessions • Town halls • Quarterly labor management conferences	• Equitable and competitive compensation (including benefits) vis-à-vis significance, difficulty, and number of responsibilities as well as contributions to the business • Meritocracy and recognition of performance • Opportunities for career development	• Salary reviews to ensure equitability as well as competitiveness versus industry • Promotions, performance bonuses, and salary increases, as tied to performance • Rewards and recognition programs anchored on reinforcing the Bank's core values

EMPLOYEES

How We Engage Them	Their Concerns	How We Respond
• Annual performance appraisals • Biennial engagement surveys • HR caravans and culture building exercises	• Availability of work tools • Work-life balance • Clear understanding of the Bank's strategy and direction	• Leadership development programs via appropriate and conducive digital and physical platforms • Upgrading of competencies, including career advice and capacity-building • Cross-posting within the Bank • Management of duration in rank • Mobility work tools, allowing a conducive work-from-home set-up as suitable • Semi-flexible work hours, as appropriate • Cascade of the Bank's strategy and direction via regular team meetings

SUPPLIERS AND CONTRACTORS

How We Engage Them	Their Concerns	How We Respond
• Invitations and communications through e-mails, letters, and memos • Accreditation • Weekly meetings with facility maintenance agencies • Regular meetings with security agencies	• Procurement policies (e.g., requirements and criteria for evaluation) • Other procurement-related concerns (e.g., cost, terms of payment, and warranties) • Timely and complete payments for availed services	• Timely cascade of supplier and contractor-related policies, including any enhancements and updates to such • Platform digitalization • Process enhancements to shorten TAT for payment delivery

INDUSTRY GROUPS AND PARTNERS

How We Engage Them	Their Concerns	How We Respond
• Membership • Periodic industry meetings and working committee meetings • Periodic conferences, seminars, and fellowship activities	• Continuing membership • Sharing of industry updates and common concerns related to product and service delivery • Setting of industry standards and market practice • Discussion of industry trends and adoption of new rules and regulations • Lobbying of significant business concerns • Opportunities for personnel growth, such as enhancement of technical knowledge and participation in socio-civic projects • Building collaborative networks	• Support to meetings, exhibits, conferences, seminars, symposia and fellowship activities • Contributions in the evaluation and discourse of industry developments, latest trends, and new rules and regulations with key policy and decision makers • Sharing of technical know-how and best practices • Active membership and collaboration

GOVERNMENT AND REGULATORY AGENCIES

How We Engage Them	Their Concerns	How We Respond
• Regular in-person, electronic, and/or written correspondence in relation to the Bank's business, through authorized personnel • Annual bank examination • Regular audits and follow-up	• Compliance with relevant national laws and regulations, including BSP regulations and guidelines • Transparency and accountability • Feedback on the applicability of existing regulations vis-à-vis new trends and developments	• Policies, standards, and processes ensuring the Bank's compliance to regulations • Conduct of internal and external audits • Transparent and timely disclosures and reports • Formal explanations and responses to queries • Feedback to formal requests for comments from regulators

COMMUNITIES, NGOs, and CIVIL SOCIETY

How We Engage Them	Their Concerns	How We Respond
• Partnerships & agreements • Regular correspondence through e-mails, letters, memos, meetings, text messages, and phone calls • Updates through print and online platforms, including but not limited to the website and social media pages • Coordination on various partnerships, engagements, and other joint activities	• Responsible and sustainable financing • Benefits from activities conducted • New programs and initiatives • Enhancement and expansion of existing projects • Opportunities for capacity-building and access to financial and non-financial resources	• Consideration of community growth and development in lending activities • Relevant banking and financial solutions for local communities • Needs-based upscaling of projects • Capacity-building initiatives and activities related to financial and non-financial resources (e.g., workshops and symposiums) • Reports and disclosures • Attendance in meetings and real-time updates

Strategic Highlights

In annual strategic planning sessions, our Board and Senior Management discuss the macro outlook, industry trends, regulatory landscape, competitive environment, stakeholder concerns, and other relevant factors to formulate and build a dynamic medium term strategic roadmap. This plan is cascaded to the entire organization, serving as our guide in capturing new business opportunities, managing enterprise risks, and remaining relevant to our customers.

While the pandemic brought unprecedented challenges, we believe that we have responded exceptionally well and have risen a much stronger and resilient institution, proving ourselves to be a choice investment, attractive to both domestic and offshore investors.

Our success is driven by our strategy of being highly digitalized, financially inclusive, and sustainable in delivering delightful customer experiences across our omni channel facilities.

Key highlights of these strategic imperatives follow.

Undisputed leader in digital banking

For our ongoing digitalization journey, our initiatives have made significant progress in driving customer loyalty, volume growth, and operational efficiency. We now have 2.8 million digital retail clients, up 5.4x from 2019.

Six of our seven customer engagement platforms are available:

- BPI Mobile and BPI Online for retail clients
- BPI Trade Online for investors in the stock market
- BanKo app for self-employed micro-entrepreneurs
- BizLink for corporate clients
- BizKo for SMEs, and
- VYBE, the BPI e-wallet

Moreover, work on our seventh platform, geared towards our Wealth Management clients, is underway.

These seven platforms will enable all Filipinos in their respective financial journeys to enjoy the benefits that BPI channels provide. In addition, we envision these platforms to be a major vehicle for client acquisition, financial inclusion, and business growth.

Supported by our open banking infrastructure, these platforms allow customers access to over 2,200 products and services provided by over 100 partners.

Our partnership with GCash is also progressing well, with our products in GSave, GInvest, and GInsure gaining us more clients and generating revenues.

All of these digital initiatives are underpinned by strong cybersecurity, agile core systems, and data-driven decisions.

Greater share of SME and consumer loans in the loan book

The government's relaxation of national health protocols and mobility restrictions to usher in the country's socio-economic reopening, augurs well for our strategic imperative of repositioning our loan portfolio mix in favor of SME and consumer loans. We are on track with our strategy to grow our SME and consumer loans faster than our corporate loans.

We ended the year with broad-based growth in our consumer loans: 67% in personal loans, 31% in credit cards, 21% in microfinance, 14% in auto, and 3% in mortgage. Meanwhile, SME loans grew 16%. We foresee this uptrend to continue in 2023.

We will grow our consumer and SME business while keeping our appropriate credit underwriting policies and processes, ensuring asset quality preservation and upholding prudent risk management of our exposures.

We launched BizKo, a tailored digital platform for our SME clients which allows them to enroll accounts online; transfer funds; pay bills, employees' salaries, and government taxes and fees; and generate invoices and billings.

BPI's merger with Robinsons Bank Corporation (RBC) will also expand our reach to the Gokongwei network, especially to the SME market segment. The integration of RBC increases shareholder value by providing us opportunities to collaborate across the Gokongwei Group's ecosystem, which includes market-leading businesses in food manufacturing, air transportation, real estate and property development, and multi-format retail companies.

Meanwhile, we still continue to play an integral role in the corporate space by helping Philippine conglomerates, large corporates, and multinational companies, as their main operating bank in the new normal.

Closing the gap in funding leadership

Until today, we have sustained the momentum of robust deposit growth during the pandemic, when customers flocked to BPI, generally perceived as a safe haven in times of crisis.

As our customers' trusted advisor, we constantly strive to enhance our product and service offerings to complement their unique financial journeys.

In terms of the retail customer experience, the New-to-Bank and New-to-Product features of our BPI Online and BPI Mobile App allow new and existing clients access to a seamless, safe, and fully digital onboarding process.

We also launched two new deposit products:

- **TODO Savings**, a digital deposit product with our BanKo app, our answer to the higher deposit rates offered by digital banks. In addition to sending money to other banks, paying bills, and buying load, clients can now open a digital savings account paying 4% per annum for up to PHP 50,000.
- **MySaveUp**, with GSave, which allows clients to open a digital savings account for as low as one peso. This product has attracted an average of 70K clients daily and about 800K deposit accounts have been opened since its launch.

For our Corporate clients, their deepened engagement on our BizLink platform – enrolled clients and active users both up 24% and 17% year-on-year, respectively – also contributed to overall deposit growth.

Optimizing our funding costs is also a crucial factor to our funding leadership. Over the past 12 months, high-cost bond maturities were partially replaced by our bond issuance and time deposits at much lower rates, thereby improving cost of funds.

Our most recent offering is the 1.5 year PHP 20.3 billion BPI Reinforcing Inclusive Support for MSMEs Bonds (BPI RISE) Bonds due 2024–bearing an interest rate of 5.75% p.a., payable quarterly. The net proceeds will be used to finance or refinance the business requirements of eligible Micro, Small and Medium Enterprises (MSMEs), consistent with BPI's Sustainable Funding Framework.

Efficient balance sheet management, which includes regular rationalization of our deposit products and exploration of alternative funding sources for our capital market maturities, ensures our prudent position taking. We want to be well-poised to grab trading opportunities in the market as they arise.

New role of branches

Transforming the role of branches in the new normal is key to our strategy. We ushered in the new year with a call of "OneBPI", the merger of BPI and BPI Family Savings Bank, our wholly owned thrift bank subsidiary, taking effect on Jan. 1, 2022. Doing so has created a more seamless banking experience for our customers, while unlocking operational efficiencies and synergies within the Bank.

Our branch rationalization process is in full swing, with 110 co-located branches and seven consolidated branches for the year. Select branches have also been redesigned to better cater to the needs of our corporate, retail, wealth management, or even a hybrid group of all these client segments.

This paved the way for new career opportunities in the organization of our branch employees, who continue to undergo re-skilling programs which enhance their transaction service skills with sales, advisory, and relationship management competencies, equipping them to serve our customers better.

Moreover, we pushed forward with our ambition and bold move of Agency Banking, a model enabling banking institutions to partner with third-party establishments to be a Banking Agent. The Banking Agent is a go-between entity that can offer a wide variety of services and is generally allowed to act on behalf of the Bank to its consumers.

Complementing our current channels, the Branch Stores and the Digital Platforms, our partner Banking Agents will enable us to offer better payment options, more savings account ownerships, credit and financing terms, and investment opportunities, thereby increasing our current client count and expanding our geographical and socioeconomic reach.

Sustainable Banking

As we aim to become a Sustainability champion, we have developed a unique formula: "Environment, Social, Governance + Economic" or "ESG+E_2". While we actively integrate ESG principles in the way we do business, we also give equal importance to E_2 to represent economic benefits, because we believe that a sustainable approach should be economically viable.

We strive to be innovators in sustainability to strengthen our leadership in this space. In 2022, we:

- Introduced new sustainable products and services, i.e., Energy Transition Finance Facility;
- Shifted to 100% renewable energy use for select bank-owned buildings;

- Certified five bank branches with the International Finance Corporation - Excellence in Design for Greater Efficiencies (IFC-EDGE);
- Hosted the first Philippine Sustainability Awareness Month; and
- Mandated inclusion of sustainability in employee performance Key Result Areas (KRAs) and sustainability training for all.

Sustainability also means financial inclusion that promotes growth across all sectors. BanKo, our microfinance arm, is stepping up efforts to provide self-employed micro-entrepreneurs access to easy, convenient, and affordable products and services, via our digital and traditional distribution channels. We also grew our BanKo branch count given the importance of physical presence in this segment.

We are steadfast in our milestone commitment of no additional greenfield coal power generation projects and to zero out coal power generation financing in our portfolio by 2032. Preparations for our Net Zero strategy roadmap are now underway.

Finally, our corporate social responsibility is carried out through BPI Foundation, which implements financial wellness and sustainability programs that look after the unserved or underserved, and through our BPI Bayan programs where our BPI employees volunteer together to help their local communities.

Customer Obsession

In 2022, we embarked on an internal movement to inculcate customer obsession in all BPI employees, kicking it off with a summit involving hundreds of our senior officers, then rolling it out nationwide. With this program, we will change behavior, challenge policies, as well as improve products and processes. We are taking concrete steps to lead a customer-obsessed organization by appointing customer delight officers, empowering decisions at the front line, and creating agile teams to address common customer pain points. We have even crafted our BPI delight pledge, which we recite before internal meetings, to remind ourselves that everything we do should be in the best interest of our customers. This is reinforced by also mandating the inclusion of customer obsession in employee performance KRAs.

As a result of our increased customer focus, we achieved a higher customer count and Net Promoter Score (NPS).

We are on the MOVE – Making Obsession Visible in all Experiences – and we will continue to do so by being NICE, by living our core values of being Nurturing, acting with Integrity, being Customer Obsessed, and pursuing Excellence.

Financial and Operating Performance Highlights

	CONSOLIDATED			PARENT		
	2022	2021	Change	2022	2021	Change
BALANCE SHEET (in PHP Mn)						
Assets	2,603,961	2,421,915	7.5%	2,547,669	2,051,326	24.2%
Liquid Assets	1,033,103	976,962	5.7%	1,010,494	854,977	18.2%
Treasury Securities	537,933	494,747	8.7%	524,129	464,309	12.9%
Gross Loans	1,749,568	1,522,472	14.9%	1,726,083	1,268,469	36.1%
Net Loans	1,702,990	1,476,527	15.3%	1,680,684	1,233,052	36.3%
Deposits	2,096,001	1,955,147	7.2%	2,082,584	1,675,785	24.3%
Equity [1]	317,722	293,060	8.4%	299,029	243,500	22.8%
INCOME STATEMENT (in PHP Mn)						
Net Interest Income	85,066	69,583	22.3%	80,808	54,663	47.8%
Non-Interest Income	33,459	27,822	20.3%	27,637	25,453	8.6%
Net Revenues	118,525	97,405	21.7%	108,445	80,116	35.4%
Operating Expenses	57,990	50,733	14.3%	52,726	39,666	32.9%
Pre-provision Profit	60,535	46,672	29.7%	55,719	40,450	37.7%
Impairment Losses	9,167	13,135	-30.2%	8,437	10,591	-20.3%
Net Income [1]	39,605	23,880	65.8%	36,999	22,783	62.4%
FINANCIAL PERFORMANCE INDICATORS						
PROFITABILITY						
Return on Equity	13.14%	8.40%	4.7%	13.02%	9.70%	3.3%
Return on Assets	1.59%	1.08%	0.5%	1.52%	1.21%	0.3%
MARGINS AND LIQUIDITY						
Net Interest Margin	3.59%	3.30%	0.3%	3.47%	3.06%	0.4%
Net Loans to Deposit Ratio	81.2%	75.5%	5.7%	80.7%	73.6%	7.1%
COST EFFICIENCY						
Cost to Income Ratio	48.9%	52.1%	-3.2%	48.6%	49.5%	-0.9%
Cost to Average Assets Ratio	2.33%	2.28%	0.0%	-	-	

	CONSOLIDATED			PARENT		
	2022	2021	Change	2022	2021	Change
ASSET QUALITY						
NPL Ratio [2]	1.76%	2.49%	-0.7%	-	-	
NPL Cover	180.0%	136.1%	43.9%	-	-	
CAPITAL AND LEVERAGE						
Tier 1 Ratio	15.12%	15.78%	-0.7%	14.33%	14.90%	-0.6%
CET 1 Ratio	15.12%	15.78%	-0.7%	14.33%	14.90%	-0.6%
Capital Adequacy Ratio	16.01%	16.67%	-0.7%	15.23%	15.81%	-0.6%
Leverage Ratio	10.71%	10.63%	0.1%	10.08%	10.22%	-0.1%
DISTRIBUTION NETWORK AND MANPOWER						
Branch Licenses/International Offices	1,189	1,179	10	-	-	
ATMs	2,080	2,457	(377)	-	-	
Employees	18,201	19,181	(980)	-	-	
Officers	6,701	6,677	24	-	-	
Staff	11,500	12,504	(1,004)	-	-	
SHAREHOLDER INFORMATION						
MARKET VALUE						
Share Price	102.00	92.15	10.7%	-	-	
Market Capitalization (in PHP mn)	460,339	415,885	10.7%	-	-	
VALUATION						
EPS, Basic and Diluted	7.97	5.29	50.5%	8.20	5.05	62.4%
Book Value per Share	69.44	64.94	6.9%	-	-	
Price-Earnings Ratio	11.6x	17.4x	-5.8x	-	-	
Price to Book Value	1.5x	1.4x	0.0x	-	-	
DIVIDENDS						
Cash Dividends Paid to Common Shareholders (in PHP mn)	9,745	8,124	20.0%	9,568	8,124	17.8%
Cash Dividends per Common Share	2.12	1.80	17.8%	-	-	
GRI ECONOMIC METRICS (in PHP Mn)						
Economic Value Generated (Revenue)	118,524	97,405	21.7%	-	-	
Economic Value Distributed	89,467	73,053	22.5%	-	-	
Payments to Suppliers	22,962	17,115	34.2%	-	-	
Payments to Employees	19,392	18,419	5.3%	-	-	
Payments to Providers of Capital	24,126	20,259	19.1%	-	-	
Payments to Government	22,830	17,130	33.3%	-	-	
Payments to Community Investments	158	330	-52.2%	-	-	
Economic Value Retained	29,057	24,351	19.3%	-	-	

[1] Attributable to equity holders of BPI
[2] Based on BSP circular 941

Sustainability Performance Highlights

BPI has an established Board-approved Sustainability Agenda which serves as a guide on the integration of sustainability principles in the Bank's strategy, operations, and risk management framework.

ESG Policy Statement

We are committed to Responsible Banking. This means incorporating Environment, Social, and Governance (ESG) principles into how we conduct our business – how we resource, how we craft the products and services we offer, how we serve our customers, and how we add value to our various stakeholders.

As a bank responsible for a meaningful share of the country's loans and deposits, how we allocate resources will have a significant impact on how we grow as a nation. Our governance is focused on the allocation of resources in a manner that promotes financial inclusion, preservation of the environment, sustainability, and social good.

Sustainability Strategy

Our sustainability objectives are embodied in our Sustainability Strategy, which supports our vision of building a better Philippines, one family, one community at a time, and focuses on key ESG areas.

Sustainability KRAs

Following a cascade of the Sustainability Agenda in 2021, BPI became the first Philippine bank to mandate all employees to have a minimum of 10% of their performance evaluation criteria to be sustainability-related. This applied to all executives, officers, and staff.

As a complement to this mandate, BPI required all employees to take the mandatory Sustainability 101 Training Course, also a first for a Philippine bank.

SUSTAINABILITY AT THE HEART OF BPI

"I am delighted that BPI has taken sustainability to heart. It is part of our mindset, our strategies, and daily activities, and embedded in our DNA. I am confident that, with the talent, energy, and passion that I see from our Unibankers every day, whether in the head office or in our branches, no challenge is insurmountable."

– **Jaime Augusto Zobel de Ayala**
Chairman of
Ayala Corporation and BPI

COMMITMENT TO RESPONSIBLE BANKING

"Sustainability has always been a high priority at BPI. We are committed to responsible banking and we will continue to champion sustainability toward a better Philippines. BPI's unique sustainability formula ESG+E_2 refers to Environment (E), Social (S), and Governance (G) initiatives resulting in Economic (E_2) gains."

– **Jose Teodoro Limcaoco**,
President and
Chief Executive Officer of BPI

CRITICAL BUSINESS IMPERATIVE

"Sustainability has become an essential component of business strategies. In BPI, our sustainability programs and initiatives, as well as products and services integrate ESG+E_2 principles and follow global standards."

– **Eric Luchangco**,
Senior Vice President,
Chief Finance Officer, and
Chief Sustainability Officer of BPI

2022 MAJOR SUSTAINABILITY ACHIEVEMENTS

RESPONSIBLE BANKING

Launch of 2 milestone sustainable financing programs

Energy Transition Finance Facility (ETFF)
(BPI Capital Corporation & Institutional Banking)

JFC-BanKo Agri Loan Program
(BanKo)

Launch of 5 sustainable financial products

BPI Invest Sustainable Funds Suite
(BPI Wealth)

Green Saver Time Deposit
(Consumer Banking)

BPI MyBahay
(Consumer Banking)

Pamilya Protect Instant Insurance
(BPI AIA)

NegosyokoLite (BanKo)

51% of corporate and SME loan portfolio support the UN SDGs

51% share of renewables in energy portfolio

31M tCO_2e avoided through 398 cumulative sustainable development projects

PHP 67.8 billion SME loans

PHP 10.6 billion microfinance loans disbursed in 2022

RESPONSIBLE OPERATIONS

Launch of 2 new digital platforms

BizKo (for SMEs) **VYBE** (e-wallet)

375 million transactions via digital platforms

3.96 million users across all digital platforms

Launch of Agency Banking

Shift to 100% renewable energy for 3 BPI offices
- BPI Buendia Center, Makati
- BPI Consumer Banking Headquarters, Makati
- BPI Intramuros, Manila

5 IFC-EDGE Certified green branches
- BPI Iloilo Solis
- BPI Loyola Katipunan
- BPI Guiguinto
- BPI San Fernando Highway Main
- BPI North Greenhills

100% LED lights and
88% inverter-type air conditioning units

Launch of the Sustainability 101 Mandatory Training Course

4 Sustainability Learning Sessions
- Energy Efficiency at Home (WWF)
- Environmental Hazard Safety Response (HR Safety and Response)
- First Aid for Health Attacks and Accidents
- Responsible Pet Parenting (PAWS)

BPI Sustainability Summit for employees

First Philippine Sustainability Awareness Month (SAM) for BPI clients and the public featuring webinars on various ESG-related topics held in June 2023 #SustainableTogether

First sustainability awareness campaign for clients and the public with celebrity endorser Bea Alonzo #LoveTheSustainableLifeYouLive #SustainableWithYou

RISK MANAGEMENT AND CORPORATE GOVERNANCE

First bank to implement 10% mandatory sustainability KRAs

Board-approved Environmental & Social Risk Management System (ESRMS)

For more information, go to Business Review section or the BPI website.

SUSTAINABILITY COMMITMENTS OF BPI LEADERS

During the first BPI Sustainability Summit in March 2022, the Bank's senior management team declared sustainability commitments:

"As we assist companies, big and small, transition to more cost-efficient and environment-friendly alternatives, we also ensure the sustainability projects we finance are feasible and viable. We provide technical support to ensure compliance with global sustainability standards and support for the UN Sustainable Development Goals."

Juan Carlos L. Syquia
Executive Vice President and Head of Institutional Banking

"We recognize the valuable role of small and medium enterprises (SMEs) in driving local employment and nation-building. We are committed to deepen our reach and enable more Filipino SMEs by providing sustainable, innovative and responsive solutions for their progressive needs as they manage challenges and risks, and strive to grow their businesses."

Dominique R. Ocliasa
Senior Vice President and Head of Business Banking

"At BPI Wealth, we continue to be your trusted partner in navigating volatile financial markets, in making investment decisions, and in creating a legacy for future generations. We offer a suite of sustainable investment funds that help finance high-impact green and social projects that deliver attractive returns and support the UN Sustainable Development Goals."

Maria Theresa D. Marcial
President & CEO, BPI Wealth - A Trust Corporation

"Sustainability is a key priority. Through cutting-edge innovation, we join hands with our clients to minimize our carbon footprint together, while enhancing the quality of service we provide via physical and digital platforms."

Maria Cristina L. Go
Executive Vice President and Head of Consumer Banking

"We help ensure the unbanked and underbanked are included in the country's economic recovery and growth. We provide sustainable financial solutions designed to serve the needs of microbusinesses, farmers, fishermen, and those belonging to the C and D sectors of society."

Marie Josephine M. Ocampo
Executive Vice President and Head of Mass Retail Products

"We integrate sustainability in our business offerings. We have a fast-growing sustainability portfolio of bonds and cross-border loans, fund-raising initiatives for deployment to green and social assets, and a dedicated sales team providing Treasury services to SMEs, schools, and hospitals."

Dino R. Gasmen
Senior Vice President and Treasurer

"BPI Enterprise Services have a host of sustainability initiatives. Our Facilities Services Group ensure the physical safety and resource efficiency of BPI Offices while working to shift to renewable energy and help reduce the Bank's carbon emissions. Our Centralized Operations Group continues to transition to paperless and automated processes while our Human Resources group is always working to ensure that we have a workforce physically and mentally fit, risk-resilient and always ready to serve. We pursue our digital transformation as we further strengthen our "Responsible Operations."

Ramon L. Jocson
Executive Vice President and Chief Operating Officer

"BPI has integrated ESG into the Bank's risk management, compliance, and internal audit systems and processes. We are integrating ESG risks into the Bank's enterprise risk management framework while evaluating the robustness of internal policies in the process. We likewise ensure compliance with ESG regulations and internal policies. Remember, sustainability is no longer about doing less harm. It's now all about doing more good."

Marita Socorro D. Gayares
Senior Vice President and Chief Risk Officer

"We have incorporated sustainability standards in the bank's credit evaluation processes. Our credit review checks for alignment to the UN SDGs, project technical and financial viability as well as resilience to environmental risks."

Joseph Anthony M. Alonso
Senior Vice President and Chief Credit Officer

"On top of our long-standing volunteerism activities to uplift the lives of people in our partner communities, we help improve financial and digital literacy to ensure access to easy-to-use and reliable digital alternatives to basic financial services – drastically reducing the carbon footprint of banking, and strengthening the Bank's capacity to serve more Filipinos."

Mary Catherine Elizabeth P. Santamaria
Senior Vice President and
Chief Customer and Marketing Officer

2022 SUSTAINABILITY AWARDS

Best Bank for Sustainable Finance – Domestic, Philippines
The Asset Triple A Country Awards for Sustainable Finance 2022

Best Sustainable Bank (Philippines)
FinanceAsia Country Awards 2022

Financial Leadership in Sustaining Communities (Asia-Pacific)
Global Finance Sustainable Finance Awards 2022

Best Bank for Sustainable Finance (Philippines)
Global Finance Sustainable Finance Awards 2022

House Awards Service Providers APAC: ESG Solution
Corporate Treasurer Awards 2022

Market Leader in Environmental, Social, and Governance (ESG)
Euromoney Market Leaders

Top Sustainability Advocates in Asia
Asia Corporate Excellence and Sustainability (ACES) Awards 2022

Most Sustainable Bank (Philippines)
International Business Magazine Awards 2022

Awardee: Sustainable Development Finance Program
Manila Bulletin Sustainability Recognition Night 2022

Sustainability Company the Year – Circle of Excellence
Asia CEO Awards 2022

Business Review

As a leader in the Philippine banking industry, BPI has the vital responsibility of promoting and nourishing the country's inclusive development and sustainable growth through the mobilization of funds towards business activities that propel economic growth, environmental protection, and social development.

BPI focuses on **four key areas** that maximize benefits and value creation for its stakeholders.

- Financial Inclusion
- Customer Acquisition and Digitalization
- Business Growth
- Customer Experience

Financial Inclusion

As the improvement in the local health situation paved the way for easing mobility restrictions in 2022, BPI reinforced its support to the underbanked and underserved sectors, ensuring their inclusion in the Philippine economic recovery.

PHP 67.8 Bn
Small and Medium Enterprise (SME) Loans

274,000
Cumulative number of households with micro-enterprises served

PHP 6.7 Bn
Microfinance Portfolio

112,000
Number of SME clients

800,000
Direct and indirect beneficiaries supported through BPI Foundation

Posting a hefty 40% growth year-on-year in its SME loan portfolio, BPI simplified its carefully crafted menu of loans and other credit facility offerings for SME clients.

In addition, the Bank continued complementing its financing solutions with innovative services tailor-fit for SMEs.

- Enhancement of digital platforms, allowing clients to automate operations in their respective businesses. As of year-end 2022, **BizLink** and **BizKo** had a combined 38.6 thousand strong user base, having generated and completed over 87 million transactions, an increase of 9% from 2021. Read more on **BizLink** and **BizKo** in pages 54 to 55.
- Strengthening of SME-oriented capacity-building initiatives, featuring a wide selection of topics such as economic outlook, cash flow management, digital banking, and various business opportunities. In 2022, BPI reached over 2,300 SME clients through BPI-led webinars and over 9 million viewers of BPI's SME-oriented videos.

BPI's vision is to be the partner of choice for SMEs – one that helps them expand operations, improve productivity, and increase market reach, which are necessary to accelerate business growth and profitability. To achieve this, the Bank continues to leverage on its selection of SME-focused products and services, especially those that thrive in the digital space. Finally, the Bank also pursues technological innovations and crisis-tempered banking solutions to continue to address any unexpected changes in SME clients' financial requirements.

"[BPI] made sure that we were able to double our sales."

Mr. Eduardo Arguelles
President
Turfgrass Management, Inc.
BPI SME client since 2013
on the additional capitalization given by BPI, aiding the recovery of his business amidst the COVID-19 pandemic

BACK TOWARDS GREENER PASTURES

Since 2013, Turfgrass Management, Inc. (TMI) has been involved in the development and maintenance of golf courses, memorial parks, and other green landscapes. Among its major clients is Ayala Land, one of the Philippines' largest property developers and one of BPI's affiliate companies.

Being in a business connected to leisure and convergence of people, TMI was one of the companies badly hit by the COVID-19 pandemic.

"The pandemic created total chaos as far as our operations were concerned, and that heavily affected our sales and production. The question was whether to maintain our operations or minimize our workforce. But we wanted to support our employees during that time, so we took that option even though we knew for a fact that the pandemic would drag on. Definitely, it was very difficult for us especially because we're just a small company," shares TMI president Eduardo Arguelles.

"We accumulated a little savings from the time we started but unfortunately, we used them all up during the past three years of the pandemic. It was a good thing that we have existing contracts with Ayala Land which kept us afloat but definitely, it was still challenging."

This was also the time that BPI, TMI's main bank since its beginning, offered additional capitalization to help in the company's recovery.

"That credit line definitely helped us, especially after the pandemic. We basically doubled our sales, and that's the reason we were able to recover," said Eduardo.

When things normalized, TMI was able to get its clients back, enabling the company to restart its operations smoothly.

"Everytime we construct something, we have to buy the materials and pay for the labor, and the additional capitalization given to us by BPI then definitely helped us. In fact, it made sure that we were able to double our sales because of the additional financial assistance given to us by the Bank."

With BPI's support, TMI is looking forward to growing its relationship with the Bank and the Ayala group.

"We hope to do more business with you in the future."

"You gave us hope amid the pandemic."

Mr. Joey Espiritu
Founder, President, and CEO
621 Food Chow OPC
BPI SME client since 2020
on the collateral-free loan provided by BPI to allow the recapitalization of his business amidst the COVID-19 pandemic

ENABLING RECOVERY

Business was booming for Joey Espiritu, who put up 621 Food Chow OPC in 2018. Back then, it served *bulalo* to its customers in the town proper of Silang, Cavite. Soon after, the company went on an aggressive expansion. Aside from serving more Silang residents, the company went into supplying crew meals, which the business eventually became known for.

Aside from 621 Food Chow OPC, Joey was managing three other businesses focusing on tent rentals and sales, chair rentals, and catering.

Unfortunately, the COVID-19 pandemic took a toll on all his enterprises since they involved food service and live events, which heavily required face-to-face interactions. With the sudden stop, some assets had to be sold. Worse, some employees had to be let go.

But giving up was not in Joey's vocabulary. Having a heart for the people who worked with him, he decided to repurpose his businesses by making them pandemic-responsive. This also meant his remaining personnel had to retrain and acquire new skills.

However, there was one major obstacle – recapitalization. He went from one bank to another but did not get a loan because they needed collateral.

Fortunately, BPI offered Joey a collateral-free loan. Joey recalls how his relationship manager helped by being the only Bank that listened attentively and visited his businesses' warehouses and other sites.

"You gave us hope amid the pandemic," Joey said, expressing his overwhelming gratitude with BPI for providing him a lifeline during a crucial time in his business. 621 Food Chow OPC was not only able to pivot into food delivery and distribution in Cavite and neighboring provinces but also win awards for garnering high sales volumes. Joey's other businesses also prospered.

With all the success that came in, Joey now targets to quadruple the value of his 2022 sales in ten years in 100 towns across the country with the help of 1,000 employees.

Joey's success and vision all came into being. He is very thankful to BPI for being genuinely committed to help small entrepreneurs like him overcome challenges and achieve greater business success.

As BPI's 100%-owned microfinance arm, **BPI Direct BanKo Inc. (BanKo)** grew its loan portfolio in support of Self-Employed Micro-Entrepreneurs (SEMEs) by 21% in 2022. Garnering a 20% market share in microfinance loans among Philippine banks, **BanKo** continues to be the country's second largest microfinance bank.

Primarily through its core product **NegosyoKo**, BanKo was able to release a total of PHP 10.61 billion loans to almost 150,000 SEMEs in 2022. To further address their unique needs, BanKo introduced additional cutting-edge financing innovations, including:

- **JFC Agri Loan Financing**, a financing mechanism specifically designed for small-scale farmers with an incentivized collective loan repayment interest rate
- **NegosyoKo Lite**, an affordable and accessible loan product for as low as PHP 10,000

BanKo looks to continue expanding and strengthening its customer touchpoints to further promote inclusive growth across the country. As of year-end 2022, BanKo has over 300 branches and branch-lite units in 74 provinces and the National Capital Region (NCR), alongside over 800 partner cash agents and payment centers. BanKo also has over 1,700 loan officers and associates dubbed as "**BanKoMares**" and "**BanKoPares**", who have established direct customer relationships and who are trained to conduct financial literacy discussions during the release of loan proceeds.

EMPOWERING WOMEN

75% of the businesses supported by **NegosyoKo** are owned by women.

CUSTOMER CENTRICITY

BanKo offered loan moratorium to qualified borrowers after Typhoons Carding and Paeng in 2022.

FOR THE FARMERS

JFC Agri Loan Financing is an innovative financing mechanism specifically designed for small-scale farmers who formally act as suppliers to BPI corporate client Jollibee Foods Corporation.

Through this product, small farmers (working on an average land size of 0.6 hectares) are given access to more affordable financing (vs other lenders), as incentivized by a collective repayment rate that rewards on-time payment of amortization.

As of 2022, BanKo has released a total of PHP 4.28 million in loans to 58 small onion farmers. All of these were disbursed one to two months ahead of planting season, giving the farmers ample time to source, purchase, and plant their farm inputs such as seeds and fertilizers, especially at a precarious time when onion supply in the Philippines is scant.

> “Malaki rin ‘yung unang binigay sa akin ng BanKo. Natutuwa ako kasi walang collateral ‘tsaka mura lang ang hulog. Kasi kung sa ibang bangko ‘yan, ‘yung collateral, sabi nila titulo ng lupa o sasakyan. Siyempre, ang hirap naman.”

Mrs. Elizabeth Arocena
Owner, Laza Meat Stall
Camiling, Tarlac
BPI SME client since 2020
on the collateral-free loan offered by BPI BanKo

A TASTE OF INCLUSIVE BANKING

Elizabeth “Laza” Arocena has been in business for most of her life, assisting her parents with their enterprise as a young girl.

Eventually, Laza and her husband put up their own *chicharon* business. She recalls selling their bicycle to be able to buy a whole pig. They also shared her mother’s small stall space inside the public market of Camiling, Tarlac to sell their *chicharon* products. The couple eventually got their own space.

It was business as usual since then until her products were featured by a morning show on national television, triggering a surge in orders and the need for additional capital to meet the spike in demand from new found customers.

Laza, then, turned to informal lenders. They would easily give her the money she needs, but there was a catch – payments had to be made everyday – which restricted her cash flow.

One day, she learned of BanKo from fellow market vendors, who were bank clients. Upon expressing interest, a team from BanKo’s Camiling branch visited her stall. Laza was delighted by the terms of BanKo’s loan compared to that of informal lenders.

“Once a week *lang ang hulog, napapa-ikot ko pa yung pera*,” Laza says.

Laza certainly welcomed this development since it gives her liquidity, considering that sales are not always high daily.

On top of the payment terms, she favors BanKo’s loan terms over that of other banks – a testament to how BPI champions financial inclusion, especially in the countryside.

“Malaki rin ‘yung unang binigay sa akin ng BanKo. Natutuwa ako kasi walang collateral ‘tsaka mura lang ang hulog. Kasi kung sa ibang bangko ‘yan, ‘yung collateral, sabi nila titulo ng lupa o sasakyan. Siyempre, ang hirap naman,” she says.

Since signing up, Laza has availed four loans from BanKo.

With BanKo’s support, Laza has become more motivated to give her best to customers, including those in Metro Manila, where she gets 70 kilos of orders twice a month. She also is considering putting up another branch in Tarlac City.

As BPI’s Corporate Social Responsibility (CSR) arm, BPI Foundation contributes to financial inclusion by providing relevant social development programs to the underserved, underbanked, and unbanked communities to enable inclusive, responsible, and sustainable growth.

KEY AREA	HIGHLIGHTS FOR 2022
FINANCIAL EDUCATION	• 755,104 beneficiaries of the **Fin-Ed Unboxed Program** through 39 face-to-face and virtual financial education sessions, targeted for the ff. audience: > Migrant Domestic Workers (MDWs) and their families > Uniformed personnel > Teaching and non-teaching personnel of the Department of Education • 160 beneficiaries for the **Adopt-a-Beneficiary Program** through 127 sessions, where BPI employee volunteers provide personalized online mentoring to assigned beneficiaries • 3,402 beneficiaries of **Breakthrough,** which is a free financial education mobile gaming application developed by BPI Foundation in 2020
ENTERPRISE DEVELOPMENT AND LIVELIHOOD	• 93 entrepreneurship development beneficiaries (social entrepreneurs, educators, and intervenors) through **BPI SINAG**, a program which empowers and nurtures social enterprises by providing opportunities for technological, social, and market innovations – thereby enabling their respective businesses to scale up and empower more communities • 1,550 scholars of **BPI TECHVOC**, a capacity building intervention designed to train underemployed and unemployed individuals as well as the uniformed personnel and their dependents by providing training on various technical-vocational skills and entrepreneurial know-how • 56 micro-enterprises empowered through the **BPI Small Enterprise Acceleration Lab (SEAL) – SEGA Program**, boosting the capabilities of startup enterprises through the following initiatives > Providing networks > Carrying programs for developing entrepreneurship skills and knowledge > Strengthening entrepreneurial operations and management by helping reach interventions to current challenges • 174 micro-enterprise beneficiaries of the **BPI SEAL – BETA Program,** designed exclusively for qualified micro-enterprises affected by the pandemic who want to rebuild and expand their business
ENVIRONMENTAL SUSTAINABILITY	• 364.71 hectares of land reforested through **Balik-Kalikasan**, a series of reforestation programs in partnership with various institutions > **Mindanao Rainforestation**, in partnership with Hineleban Foundation Inc. (HFI) > **Lakbay Luntian** in Luzon - Neva Ecija, in partnership with Bambuhay / DSPI > **Lakbay Luntian** in Visayas - Dumanjug Cebu, in partnership with Ramon Aboitiz Foundation Inc. (RAFI) • 565 indirect beneficiaries of **Balik-Kalikasan**, including the indigenous population • 324 direct and 1,620 indirect beneficiaries of the **Farm-to-Table Program**, which empowers farmers and fisher folks through sustainable agriculture, financial education, management and inclusion, innovation, entrepreneurship, and market linkage > **Farm-to-Table** for Majayjay Laguna Farmers, in partnership with AGREA Foundation > **Farm-to-Table** for Halian Siargao Fisherfolks, in partnership with WWF Philippines • Manila City as the beneficiary of the **Sustainable Cities: Adopt-a-City Program**, which strengthens the scientific knowledge, leadership, and governance capacities of local government units to achieve human, economic, and environmental resilience as well as sustainable development
EMPLOYEE VOLUNTEERISM	• 6,641 BPI employee volunteers of **BPI BAYAN**, a volunteerism program allowing employees to become active citizens and change-makers in their local communities • 882 BPI employee volunteers in other BPI Foundation programs
DISASTER RESPONSE AND RECOVERY	• 211,858 direct and indirect beneficiaries of BPI’s disaster response and recovery initiatives following Typhoon Karding and Typhoon Odette • 34,043 learners and 1,125 teachers benefitted from donations of learning facilitation materials to the Department of Education, cushioning the impact of the pandemic as schools eased into face-to-face classes

Customer Acquisition and Digitalization

Recognizing that financial inclusion must be supported by appropriate touchpoint infrastructures, BPI continued strengthening its digital banking platforms as well as its traditional brick-and-mortar branches. In 2022, BPI also started its foray into **Agency Banking**, scheduled for roll-out in 2023, allowing Filipinos access to basic banking services through trusted and vetted third-party banking partners across the country.

375 Mn
Transactions done through digital platforms

3.96 Mn
Number of user base across all digital platforms

THE SEVEN CORE DIGITAL PLATFORMS

In 2022, BPI embarked on expanding its digital solutions for clients, launching two new digital platforms **BizKo** and **VYBE**, further advancing the Bank's array of digital banking platforms.

BizKo is a dedicated online banking platform for sole proprietors, freelancers and professionals, partnerships, and start-up businesses.

As an affordable subscription-based service that does not require any maintaining deposit balance, **BizKo** features a wide range of digital solutions.

- Creating invoices for customers
- Collecting payments
- Transferring funds to suppliers and employees
- Generating financial reports

As of year-end 2022, **BizKo** has a total download count of 24,000 and 10,500 enrolled users. BizKo generated over 40,000 transactions amounting to PHP 1.32 billion during the year. Usage continues to trend upwards, from 19 transactions per day at the start of the year to 250 by end of 2022.

As a digital wallet and rewards platform, **VYBE** is BPI's foray into interoperable payments through QR Ph and can be used by clients to pay for merchants and billers safely and conveniently. **VYBE** also provides clients an easy-to-use channel to view and redeem rewards points across different BPI products.

In the long-term, **VYBE** is envisioned to be an acquisition engine instrumental in driving business growth and financial inclusion given its affordability and accessibility.

BPI also continued enhancing the security features and capabilities of its four other existing digital platforms:

BPI ONLINE	BPI TRADE	BPI BANKO APP	BPI BIZLINK
For retail clients	For equity securities trading	Digital banking solution dedicated for the underbanked and underserved	For small and medium enterprise (SME) and corporate clients
288 Mn Transactions facilitated in 2022	**521.6 K** Trades facilitated in 2022	**98 K** SEMEs served in 2022	**87 Mn** SME and corporate transactions through BPI BizLink

Through an additional security measure implemented for secondary mobile device registrations, the Bank saw a 46% decline in fraud incidents.

Additional digital innovations implemented in 2022 include the following, further ensuring a safe, seamless, and efficient digital experience for BPI clients.

- Mobile key-only authentication, allowing users to conveniently transfer funds through Mobile Key and Biometrics
- **BPI eDonate**, the Bank's dedicated portal for charities and sustainability initiatives, allowing clients to donate anytime to the foundations they support
- First bank to offer International Mobile Load through **BPI QuickPay**, enabling clients abroad to buy load for non-Philippine prepaid phone credits

In addition, BPI implemented multiple enhancements specific to **BizLink**, the Bank's corporate and SME-oriented online banking platform. Generating over 87 million transactions in 2022, **BizLink** was able to simplify clients' day-to-day financial operations in their respective businesses, replacing traditional time-consuming manual steps.

BizLink Enhancements

FEATURE	FEATURE DESCRIPTION
Loans Inquiry	Enables viewing of loan account details anytime, anywhere through a computer or a mobile phone
Corporate ePayment	Allows efficient payment collection for corporate and SME clients
Real-Time Payments (RTP) Reports	Enables access to consolidated reports for billers as a participating bank in the implementation of Bills Pay PH, Bills Pay QR, and Request to Pay
Pay to Other Banks (RTGS/GSRT)	Enables online transfer of domestic high-value Philippine Peso and US Dollar fund transfers to other local bank accounts in the Philippines
PESONet Application Programming Interface (API)	Extends the PESONet cut-off period from 2:00 pm to 3:30 pm, accommodating same-day crediting of funds to local banks

Looking ahead, the Bank targets to launch a seventh digital platform specific for its BPI Wealth clients, alongside further enhancements to its existing platforms.

In further support of customer needs, the Bank also plans to augment its existing platforms, including those for cash management and equities distribution.

DIGITAL SOLUTIONS ACROSS THE BANK

Digital solutions have enhanced BPI's array of business process enhancements whether it be on credit cards, cash management, or even investment funds distribution. Listed below are additional digital-based innovations and achievements in 2022.

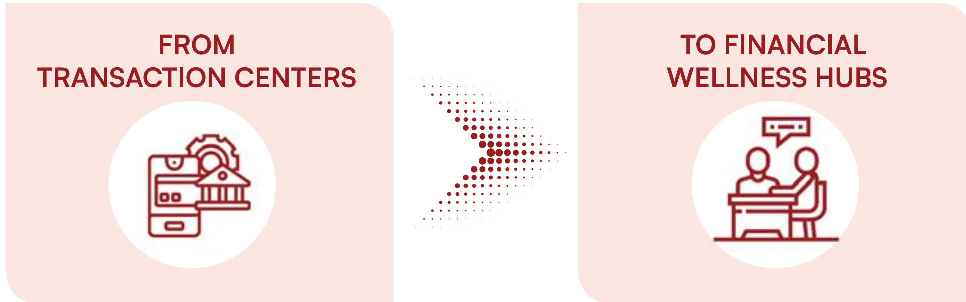
- 213% increase in new **electronic Automatic Debit Arrangement (ADA)** customer enrollments through **BPI Online**
- PHP 23.6 billion worth of foreign exchange transactions coursed through **FX Online**, an online electronic banking FX platform available through **BPI Online**
- Approximately 462,000 mutual fund investors with PHP 431 million worth of assets under management on GInvest, a GCash platform dedicated for investments
- Over 30% new credit card customer acquisitions sourced through digital channels – a 30x jump from digital's 1% share the previous year amplified through partnerships with Lazada, Foodpanda, and GCash
- 112 partners in the BPI digital ecosystem, including newly onboarded key partners Entrego, Paymongo, UNOBank, Seabank, Philstocks, Swiftpay, Bizmoto, Truemoney, MYEG, and Razer

A "PHYGITAL" TRANSFORMATION

Among the positive impacts of the COVID-19 pandemic is the exponential rise in the acceptance of and shift to digital banking platforms. Such acceptance for digital solutions continues to grow in the Philippines, and BPI continues to undergo a "phygital" transformation, which combines the Bank's vast network of branches with leading and continuously evolving digital capabilities.

From being transaction centers, the role of branches has shifted to providing financial advice tailor-fitted to client needs. BPI branches now serve as hubs for financial wellness and advice, offering customers access to financial experts who can help them make informed decisions about their finances.

In line with this shift, front-line branch personnel are being upskilled and reskilled to transform them into trusted advisors and digital ambassadors, providing clients a premium banking experience.



Along with a premium banking experience for the clients, the Bank's "phygital" transformation also brings with it operational cost reductions.

Following the merger of BPI and BPI Family Savings Bank effective Jan. 1, 2022 – which gave clients the convenience of accessing more products and services through a wider branch network – the Bank started the migration, consolidation, and co-location of branches.

In 2022, BPI also shifted the business model of its ATM delivery channel in partnership with Euronet, drastically reducing operational costs while maintaining extensive access to free cash withdrawal for the Bank's clients. To date, BPI continues to own and operate 2,080 ATMs and Cash Acceptance Machines (CAMs) nationwide, with 21% operating under Euronet.

A NEW MEANS OF ACCESS

Recognizing the varied circumstances of Filipinos across the country, BPI continued to diversify its customers' access points to enable a more comprehensive and widely distributed economic and social growth.

As a complement to traditional branches and digital infrastructures, the Bank has ventured into **Agency Banking**, allowing clients to access banking products and services through trusted and vetted third-party partners such as department stores, supermarkets, convenience stores, gas stations, and even online partners. Made possible by tech-enabled infrastructure, partners like Lazada have become a channel for deposit account openings, credit card applications, and even auto, housing, and personal loan applications.

Looking ahead in 2023, **Agency Banking** aims to partner with additional digital partners as well as at least 2,000 physical stores nationwide, multiplying the Bank's physical presence without the need for additional brick-and-mortar infrastructures.

Business Growth

As a result of economic re-opening, strengthened acquisition channels and customer engagement, BPI saw 2022 as a banner year in terms of business growth – posting a 15.3% growth in loans and a 7.2% growth in deposits.

LOANS

BPI's total loan book grew to PHP 1,703 billion as of year-end 2022. The Bank's SME and microfinance books are further discussed in Financial Inclusion at pages 48 to 53.

PHP 1,407 Bn
Corporate and SME Loans

PHP 177 Bn
Housing Loans

PHP 65 Bn
Auto Loans

PHP 100 Bn
Credit Card Loans

PHP 9 Bn
Personal Loans

Led by a renewed optimism in infrastructure and working capital spending as the economic situation continued improving in 2022, total corporate loan portfolio grew by 15.2% while corporate NPL levels declined by 18%.

Further augmenting loan growth, BPI continued offering holistic services, including well-studied financial structures to address the unique needs of projects with complex cash flows. Front and center among the Bank's deals include:

- **Energy Transition Mechanism (ETM)**, the world's first financing for the early decommissioning of a coal power plant
- PLDT's **Sale-and-Lease-Back (SLB)** for 5,907 Towers, the largest Technology, Media, and Telecom (TMT) cross border merger and acquisition deal in the Philippines

FIRST IN THE WORLD

Estimated to help reduce up to 50 million metric tons of carbon emissions, BPI's **ETM** will allow Ayala-led ACEN to decommission its 246 MW coal-fired power plant in Calaca, Batangas by 2040, 15 years ahead of the end of its technical life.

The **ETM** was arranged by BPI's investment banking arm, BPI Capital Corporation.

"The SLTEC ETM is a big step forward in meeting ACEN's net zero goals and provides sufficient time for the repurposing of the plant through a just transition."

Ms. Cora Dizon
CFO and Treasurer
ACEN
BPI client since 2019
*on ACEN's **Energy Transition Mechanism** financed by BPI and arranged by BPI Capital*

MOVING FOR A JUST ENERGY TRANSITION

ACEN Corporation has committed to 100% renewables generation by 2025, as well as an ambitious goal of reaching 20 GW of renewables capacity by 2030. ACEN has also committed to achieving Net Zero greenhouse gas emissions by 2050, in line with Ayala Corporation's own Net Zero greenhouse gas emission goal.

To reach these targets, ACEN took the major step of fully divesting its South Luzon Thermal Energy Corporation (SLTEC) coal plant in Batangas through the Energy Transition Mechanism (ETM).

Under the scheme, ACEN's only coal asset was divested and will be retired early and transitioned to a cleaner technology by 2040, cutting the coal plant's potential 50-year operating life by half.

ACEN faced hurdles before reaching this milestone, including educating investors and lenders about the benefits of the innovative ETM structure and facing highly volatile financial markets. Nevertheless, this didn't stop it from forging ahead.

"Finding a win-win solution to balance the needs of multiple stakeholders amidst the goal of transitioning away from coal was admittedly challenging. Despite this, investors and lenders still came together to support the financing of this pioneering energy transition deal, which has become a blueprint for other organizations to emulate," says ACEN CFO and Treasurer Cora Dizon.

ACEN tapped BPI Capital as the Financial Advisor and Lead Arranger for the deal's debt financing. The company trusted the Bank for its capability in executing tailor-fit solutions on the back of a shared ESG thrust.

With added support from other financial institutions, BPI was able to help ACEN avoid 50 million metric tons of CO_2 emissions through the early retirement of the plant, eliminate coal from its portfolio, and raise funding for the construction of new renewable energy projects.

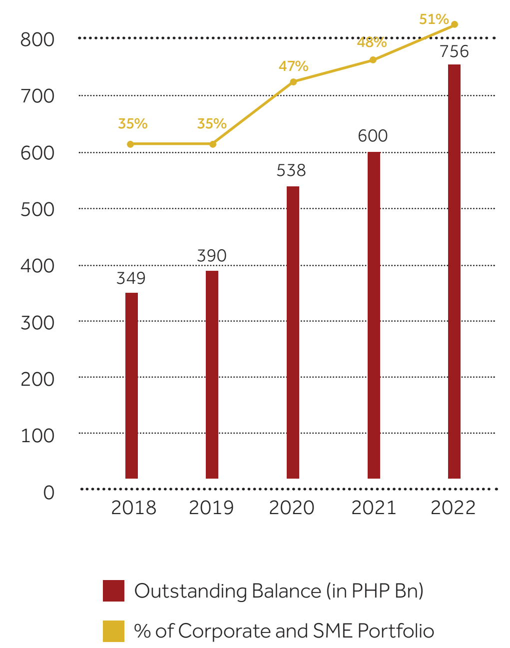
The SLTEC ETM deal has also helped boost the share of renewable energy in ACEN's portfolio of owned assets to 98%.

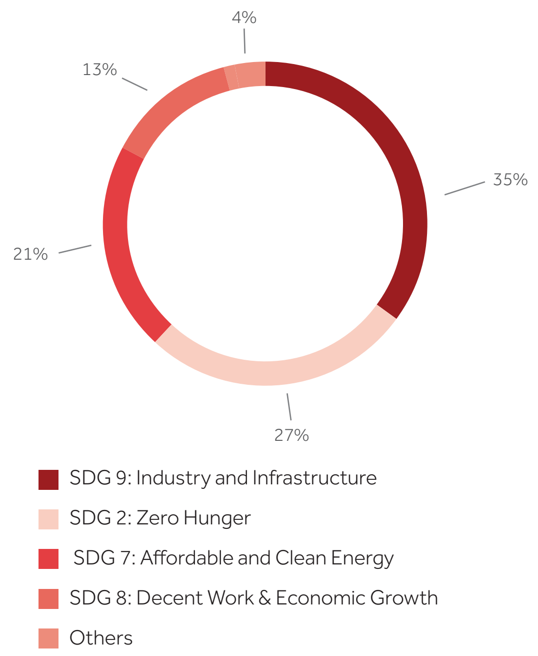
"The SLTEC ETM is a big step forward in meeting ACEN's net zero goals and provides sufficient time for the repurposing of the plant through a just transition," says Cora.

With BPI funding the SLTEC ETM deal and other ACEN initiatives, the company and the Ayala group move closer to achieving their sustainability goals.

Financing in support of the UN Sustainable Development Goals (UN SDGs) remained as a key priority. In 2022, BPI's outstanding corporate and SME portfolio in support of UN SDGs increased by 26% to PHP 756 billion, representing 51% of the total portfolio.

BPI's SDG LOANS (Outstanding Balances in 2022)





Through its **Sustainable Development Finance (SDF) Program**, BPI continued to be pro active in providing sustainability-oriented solutions for its clients.

BPI has financed PHP 30.96 billion worth of projects under the SDF Program in 2022, bringing the Bank's cumulative total to PHP 252 billion. Adding up to 398 projects – an unmatched number in the Philippine banking industry – the Bank's cumulative disbursements are estimated to reduce GHG emissions by 31 million tCO_2e per year.

The continued portfolio growth is further supported by extensive SDF-oriented bootcamps designed to deepen the relationship managers' understanding of the four project types supported under the program, namely renewable energy, energy efficiency, green buildings, and sustainable agriculture. Featuring site visits and capacity-building sessions hosted by the Bank's consultants, the bootcamp also oriented 97 relationship managers on the complementary services provided by the **SDF Program**, which include free technical consultation on the proposed projects and free environmental risk assessment.

"BPI has long been a partner of RASLAG. I appreciate that my bank understands the technical and financial strength of our projects and reviews the details of our plans before loan approval."

Engr. Peter Nepomuceno
Chairman, President, and CEO
RASLAG Corporation
BPI client since 2013
on BPI's financing for RASLAG's solar power projects

MAKING THE BRIGHT CHOICE FOR SUSTAINABILITY

The Nepomuceno family is well-known in Pampanga for their decades-long involvement in the power sector in the province.

Aware of their customers' needs, the Nepomucenos searched for new opportunities to build projects to meet ever-growing power demands. In 2013, while the family was looking to expand its power generation business, it came across the benefits of venturing into the renewable energy (RE) space by establishing RASLAG.

"Having been exposed to the challenging competition in the conventional plant business and the volatile price of oil, we thought that going renewable is the best move forward. RE was so costly then, but with its preferential dispatch status and its environmental impact, I thought it was worth a shot," says RASLAG Chairman, President, and CEO Engr. Peter Nepomuceno.

RASLAG is derived from the Pampango word "aslag," meaning "light." The preceding "R," meanwhile, stands for "renewable," signifying the company's commitment to RE, specifically through solar power.

"The company believes that solar is the cleanest among all the RE sources and it leaves the least carbon footprint. Solar projects are also rapidly getting more efficient while their costs are continuously plunging."

In pushing for RASLAG's investments, the family tapped BPI, the long-time financing partner of the Nepomuceno Group of Companies.

"Prior to the offer of BPI to expand the RASLAG 1 power plant project to 10.046 megawatt-peak (MWp) capacity, the available bank lines of BPI from the Nepomuceno Group were able to accommodate the initial three MWp. This made it easier for RASLAG to also choose BPI as its partner for its RASLAG 2 and RASLAG 3 projects. RASLAG 4 is currently underway and will eventually be financed by BPI. BPI has long been a partner of RASLAG. I appreciate that my bank understands the technical and financial strength of our projects and reviews the details of our plans before loan approval."

RASLAG's projects are among those the Bank has been financing under its Sustainable Development Fund (SDF) Program.

While its focus, for now, is on its solar projects, RASLAG is also on the lookout for other RE technologies that it can tap in the future.

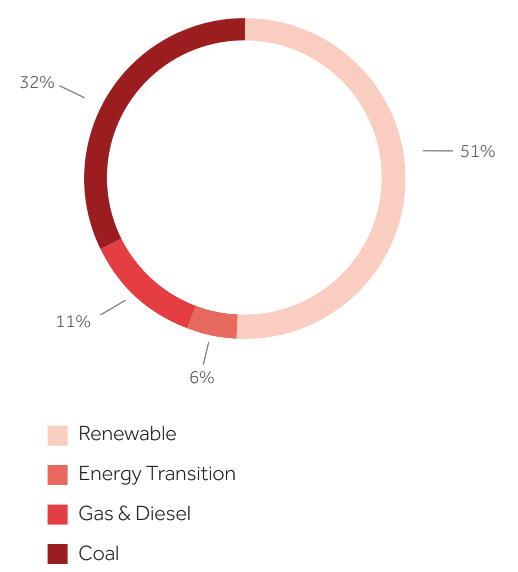
With BPI's own commitment to zero out its financing to coal power generation by 2032, the Bank fully supports the country's targets in relation to sustainable energy and climate resilience:

- 75% cumulative GHG emission reduction and avoidance from a Business-As-Usual (BAU) scenario from 2020 to 2030, as the Philippines' Nationally Determined Contributions (NDCs) to the Paris Climate Agreement
- 50% renewable energy share of the Philippines' power generation mix by 2040, as part of the Philippine Energy Plan

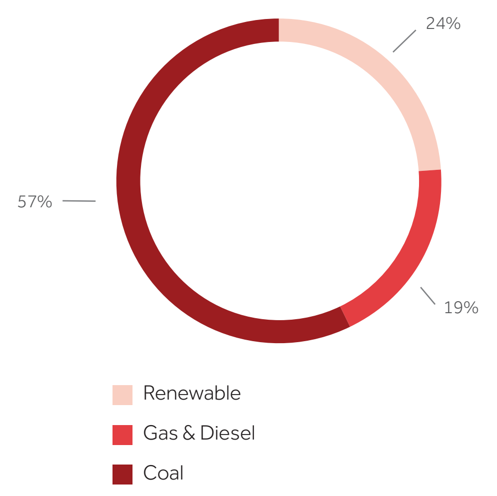
As such, BPI continues to ramp up its financing for renewable energy through the **SDF Program** while still recognizing that a complete and immediate abandonment of non-renewable energy is not yet feasible due to the expected resulting supply deficit versus demand.

BPI's outstanding renewable energy financing comprises 51% of the Bank's total power generation mix as of year-end 2022, still significantly higher vs. the Philippines' total share of renewables at 24% in the country's energy mix.

BPI's Energy Generation Mix



Country's Energy Generation Mix

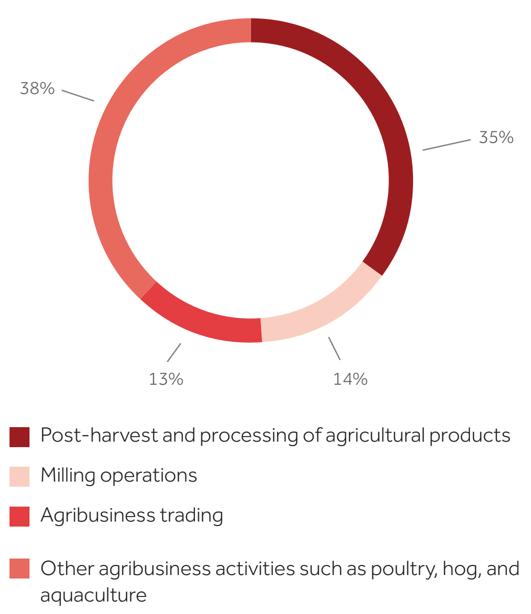


Source: National Grid Corporation of the Philippines

To mitigate the high incidence of food poverty in the Philippines, BPI continued to provide holistic advice to clients in the agriculture industry through its dedicated **Agribusiness Team**.

In 2022, BPI was able to disburse another PHP 149 billion agribusiness loans (of which PHP 11 billion were to agripreneurs qualified as SMEs), pushing the Bank's cumulative total to nearly PHP 1 trillion[1]. Owing to an extensive track record since the 1980s, the Bank boasts of a strong, well-diversified portfolio across a wide range of agribusiness activities.

Agribusiness Activities Supported by BPI



In addition to financing solutions, BPI provides complementary services to its agribusiness clients. These services include technical trainings on current events, issues, and developments on the agricultural and fisheries sector, with a strong focus on sustainable practices.

- Biosecurity protocols to mitigate the risks of African Swine Fever (ASF) and Avian Influenza, especially in the absence of a vaccine for the former[2]
- Construction of modern facilities that promote production efficiency, environmental sustainability, and climate resiliency[2]

AN ASF-FREE PIGGERY

3J Corporation is one of the few commercial piggeries in the Philippines which have not been hit by ASF, having employed effective biosecurity protocols, modern production facilities, and sound management.

3J is engaged in breeder multiplier operations with Pig Improvement Company (PIC) Philippines.

BPI's financing solutions are further enabled by value-adding treasury, investment banking, and trade and supply chain solutions.

Below are highlights of the Bank's innovations and achievements for 2022.

Treasury Services

- Over 200% year-on-year increase in total volume from Deliverable Forwards, hedging clients' positions vs. an all-time high USD appreciation
- Hedged investments providing yield enhancement and principal protection amidst inflationary pressures and rate hikes from various central banks globally

Investment Banking Services (through investment banking arm BPI Capital Corporation)

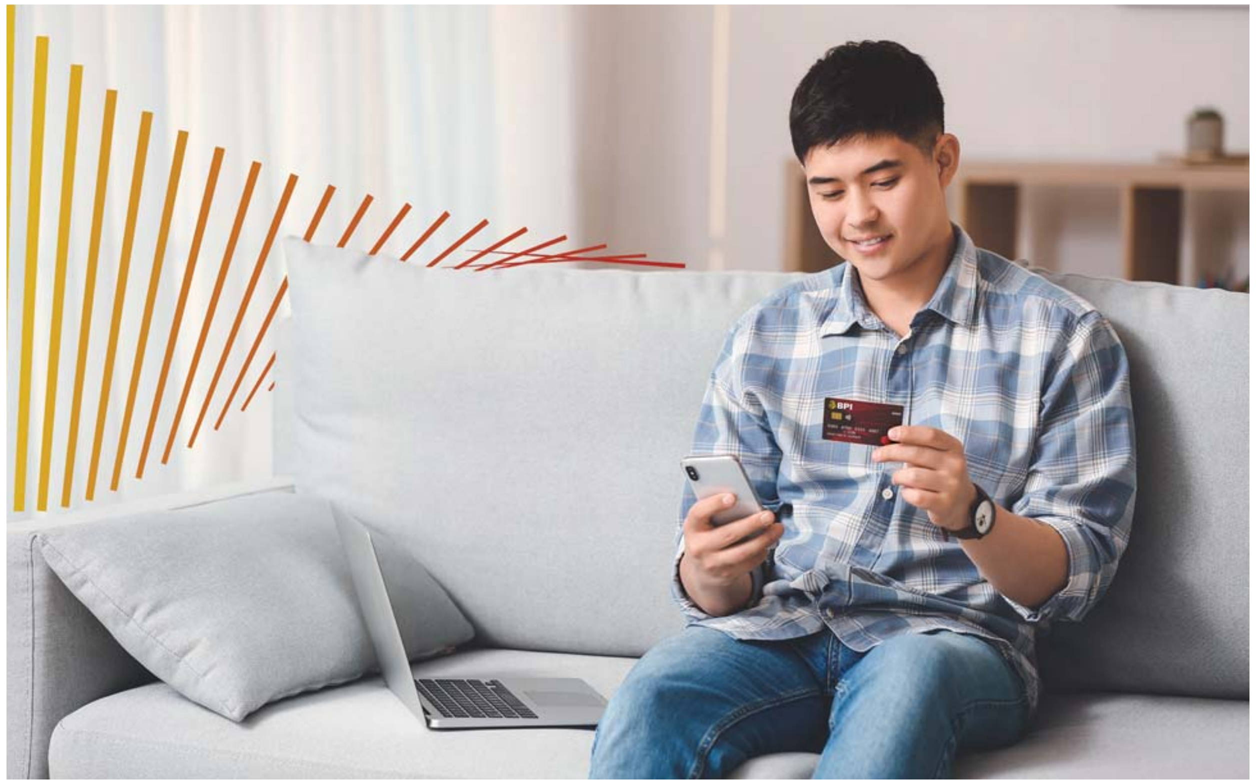
- PHP 65 billion aggregate deal size of 15 debt transactions, including among others a PHP Environmental, Social, and Governance (ESG) Fixed-Rate Bond Offering and a USD Bond Tender Offer.
- PHP 20 billion aggregate issue size of equity transactions in support of the country's continued economic development

BPI Capital continues to rank first among domestic investment banks in the Bloomberg League Table for both Debt and Equity Capital Markets.

BPI Trade and Supply Chain

- 66% increase in Letter of Credit (LC) volume, through **BPI Trade and Supply Chain's** solution supporting the unique requirements of commodity importers

[1]*BPI's cumulative disbursements of agricultural loans has been tracked from 1992*
[2]*Executed in partnership with PIC Philippines*



Meanwhile, total retail loan portfolio grew by 13% in 2022, led by personal loans (up by 67% year-on-year) and credit card loans (up by 31% year-on-year).

PERSONAL LOANS	CREDIT CARDS
BPI saw a 211% increase in its Personal Loan accounts booked, backed by strengthened invitational communications, diversified acquisition channels, and growing digital partnerships.	BPI Credit Cards had a stellar performance in 2022, posting a 201% increase in customer bookings boosted by aggressive client acquisition programs through both traditional and digital channels.

AUTO LOANS

BPI also saw a 14% growth in its auto loan portfolio despite a 5% industry-wide contraction. The Bank's increase in market share was backed by a strong market positioning to capture consumer demand as pandemic restrictions eased.

- Improved operational efficiency with a new loans origination system
- Released attractive promotional offers
- Maintained a strong relationship with car dealers nationwide

In support of its commitment to sustainability, BPI also started offering auto loans customized for Electric Vehicles (EVs).

HOUSING LOANS

Despite the dampened appetite for developer financing in 2022 due to the high interest rate environment, BPI's housing loan portfolio increased 2.6% driven by demand from end-users.

As restrictions from the pandemic continue to dissipate, BPI looks to be the partner for the Filipino people funneling not only recovery, but also sustainable growth and development.

NEW AUTO AND HOUSING LOAN PRODUCTS IN 2022	
Multiyear Protect	First of its kind auto loan solution in the market, designed to give clients full insurance coverage throughout the life of the loan • Enables clients to avoid the tedious process of annual insurance renewal • Allows clients to stretch the motor insurance cost by spreading premium payments in affordable monthly sums together with the loan amortization
MyBahay	Low-cost housing loan that gives Filipino families a chance to own their dream home • Minimal down payment and flexible loan terms • Only PHP 25,000 minimum gross household income requirement • Rebate incentive for clients with no late payments

"I have taken that commitment on a personal level. Thus, when the car industry in the Philippines started offering electric vehicles (EVs) in the market, I was one of the first to avail of a unit. Not only will it help in the reduction of CO_2 emissions and other harmful particulates, but even noise pollution."

Mr. Richard Cajucom
BPI client since 2013
on his purchase of an EV through BPI's auto loan program

LOVING THE SUSTAINABLE LIFE

"Sustainability" has become a byword for Richard Cajucom.

His advocacy began years ago when he implemented his company's sustainability program, particularly the reduction of single-use plastics. From there, he took things to heart.

"I have taken that commitment on a personal level. Thus, when the car industry in the Philippines started offering electric vehicles (EVs) in the market, I was one of the first to avail of a unit. Not only will it help in the reduction of CO_2 emissions and other harmful particulates, but even noise pollution."

Since EVs were new and only relatively few units were sold in the market, price was definitely a concern. But that didn't bother Richard since the benefits outweigh the costs, especially as oil prices soared in 2022.

"It is correct to say that EVs are more expensive than conventional vehicles. But given the contribution I will be doing for Mother Earth, I did not have second thoughts."

Nonetheless, he still had to shell out an enormous amount of money to be able to buy an EV. His top-of-mind, then, was to head to BPI to inquire about how he could secure a loan.

"BPI has always been my go-to bank whenever I think of purchasing a vehicle through its car loan program. And I thought of it again when I finally decided to buy an EV. I needed the assistance of BPI and their flexible financing scheme in making my purchase a reality, and it did not fail me."

Richard believes he made the right choice in buying his EV. He began realizing his return on investment early, saving tens of thousands of pesos monthly. Richard adds that the full charge of his EV only costs a few hundred pesos, while a full tank of his regular vehicle costs thousands even if it travels the same distance.

With BPI solidly backing Richard's sustainable lifestyle, he encourages fellow Filipinos to make the switch to EVs. He even created a social media group – the Electric Vehicle Owners of the Philippines (EVOP) -- to raise awareness on EVs, hoping it becomes the preferred transport choice.

"Nabigyan ako ng BPI ng opportunity para mag-invest sa isang property using a loan. Yung kahit po ganito pang kababa ang ranking ko as compared to those na normal na kumukuha ng loan dahil sa income levels nila, na-cater pa rin ako. May trust yung bangko. May trust yung institution doon sa tao."

Ms. Christine Mae Ranario
Bauan, Batangas
BPI client since 2017
on how she achieved her dream home for her family at 27 years old

BUILDING DREAMS EARLY

Christine Mae Ranario had been wanting to have her own house as early as her teens.

Originally from Bohol, her family was forced to move in with relatives in Bauan, Batangas when she was in college.

"Habang nagka-college ako, nasa isip ko, 'Hala, wala kaming bahay! Nakikitira lang kami. So kailangan, pag-graduate ko, gagalingan ko kasi dapat magkaroon ako ng bahay.' 'Yun ang motivation ko habang nag-aaral. Nakita ko yung importance na may mauuwian ka, tapos sa 'yo talaga siya."

Christine's house-hunting journey began in 2018 while at her first job as an accountant. She went around inquiring and applying for a housing loan with various banks, but all of them were rejected. Christine says, she expected it given her salary. She eventually changed jobs, but her pay still wasn't enough to meet most banks' salary requirements for housing loans.

Fortunately, Christine got a few lucky breaks. On top of paying only PHP 7,500 monthly for her down payment, her broker told her that she qualified for a housing loan with BPI even without the salary requirements – a move by the Bank geared towards financial inclusion. Aside from the relaxed requirements, Christine chose BPI over other banks offering housing loans since it is her first bank. Moreover, she was delighted with the fact that her BPI housing loan rate is 30% lower than that offered by other banks.

Thanks to BPI's financially inclusive banking, Christine - at only 27 years old - got the home she has been dreaming of.

"Nabigyan ako ng BPI ng opportunity para mag-invest sa isang property using a loan. Yung kahit po ganito pang kababa ang ranking ko as compared to those na normal na kumukuha ng loan dahil sa income levels nila, na-cater pa rin ako. May trust yung bangko. May trust yung institution doon sa tao."

DEPOSITS AND BOND ISSUANCES

In 2022, BPI grew its funding base to grow its funding base to PHP 2,096 billion, amplified by strengthened deposit-taking initiatives following the expansion of the Bank's customer acquisition channels as well as a PHP 27 billion bond issuance.

PHP 2,096 Bn
Total deposits

7.2%
Total deposits growth

Emphasizing the importance of saving through its deposit products, the Bank worked on incentivizing customers to help them develop a habit of saving money.

NEW DEPOSIT-TAKING INITIATIVES IN 2022	
Green Saver Time Deposit	Five-year time deposit with a PHP 5,000 minimum placement, the proceeds of which finance projects with clear environmental benefits
#SaveUp or #MySaveUp	Existing easy-to-open and easy-to-use deposit account, now made available through BPI mobile and GCash
#Coins	Rewards program bundled with **#SaveUp**, packaged to make savings fun and fulfilling through exciting prizes
TODO Savings	High interest digital savings account, accessible through the **BanKo Mobile App** • Can earn 4% interest per annum up to PHP 50,000 which is 60x higher than a regular savings account • Can be opened in five minutes with only one valid government ID through the **BanKo Mobile App** • No required maintaining balance
Ipon Nation	On-ground activation initiative bringing BPI's deposit products outside the branches and closer to potential clients

To complement deposit-taking exercises, BPI also continued ensuring that clients can access their deposits anytime, anywhere in the world through **BPI Debit Cards**. The Bank also increased its focus this year on the Virtual BPI ePay Mastercard, which is a digital prepaid card accompanying #SaveUp accounts.

BPI Debit Cards posted a 28% growth in over-all transaction volume, led by a 250% growth in contactless transaction volume.

In January 2022, the Bank issued a 2-year PHP 27 billion bond, which was 5x oversubscribed, to augment its capital available for loan financing.

In further support of underbanked and underserved MSMEs, BPI also announced in December 2022 a new social bond dubbed as the BPI **R**einforcing **I**nclusive **S**upport for MSM**E**s Bonds **(BPI RISE Bonds)** to be issued in January 2023.

Looking ahead, BPI targets to introduce more personalized deposit products depending on the needs of each customer as well as expand distribution channels through partnerships with external digital platforms.

GREEN DEPOSITS REPORT

In 2022, BPI started offering the Green Saver Time Deposit product, allowing clients to take part in funding projects with clear environmental benefits.

For the reference of depositors, outlined herewith are details of the projects whereby product proceeds are allocated.

DEPOSIT PRODUCT NAME	OUTSTANDING SIZE (AS OF DECEMBER 2022)	TARGET SIZE	TENOR
Green Saver Time Deposit	PHP 4 billion	PHP 10 billion	5 years

OUTSTANDING EARMARKED PROJECTS WITH THE ESTIMATED IMPACTS (AS OF DECEMBER 2022)

Category	Project	Outstanding Balance (in PHP Bn)	Project Location	Projected GHG Emission Reduction in tCO_2 /year	Projected GHG Emission Reduction in tCO_2 from materials	Electricity Savings in MWh/year	Building Certification
Renewable Energy	1	7.37	Luzon	176,872	n.a.	n.a.	n.a.
	2	0.60	Luzon	11,956			
Sub-Total		**7.97**		**188,828**			
Green Building	3	2.10	NCR	376	2,344	781	EDGE (Compliant)
Sub-Total		**2.10**		**376**	**2,344**	**781**	
Total		**10.07**		**189,204**	**2,344**	**781**	

GREEN AND SOCIAL BONDS REPORT

To augment the Bank's capacity in enabling projects promoting sustainable development, BPI conducts fund raising activities via green and social bonds under an established Sustainable Funding Framework.

BPI's Framework is aligned with the following standards and principles:
- International Capital Market Association (ICMA) Green and Social Bond Principles
- Loan Market Association (LMA) Green Loan Principles
- Association of Southeast Asian Nations (ASEAN) Green, Social, and Sustainability Bond Standards

Eligible Green Projects
- Renewable Energy
- Energy Efficiency
- Sustainable Water & Wastewater Management
- Pollution Prevention & Control
- Green Buildings

Eligible Social Projects
- Micro, Small, and Medium Enterprise (MSME) Lending

GREEN BONDS

As of year-end 2022, BPI's USD 300 Mn ASEAN Green Bond is the sole outstanding green bond issued under the Bank's Framework. Fully allocated to eligible renewable energy and green building projects, the Green Bond has resulted to an estimated 3.4 million tCO_2e reduction in Greenhouse Gas (GHG) emissions.

ISIN CODE	AMOUNT IN USD	TENOR	COUPON RATE	ISSUE DATE	MATURITY DATE
XS2050923825	300 million	5 years	2.50%	10 September 2019	10 September 2024

OUTSTANDING EARMARKED PROJECTS (AS OF DECEMBER 2022)

Category	Project	Original Currency	Outstanding Balance	
			Original Currency (in Mn)	USD (in Mn)[1]
Renewable Energy	1	USD	274.69	274.69
	2	PHP	1,939.36	34.78
	3	PHP	240.00	4.30
Sub-Total				**313.77**
Green Building	4	PHP	1,266.67	22.72
	5	PHP	655.00	11.75
	6	PHP	805.56	14.45
	7	PHP	1,459.00	26.17
Sub-Total				**75.08**
Total				**388.86**

[1]*Exchange rate as of 31 December 2022: USD/PHP 55.755*

ESTIMATED IMPACT FROM EARMARKED RENEWABLE ENERGY PROJECTS

Project	Original Currency	Outstanding Balance (in USD Mn)	Project Location	Projected GHG Emission Reduction in tCO_2 /year
1	USD	274.69	Indonesia	3,254,196
2	PHP	34.78	Luzon	97,326
3	PHP	4.30	Luzon	5,197
Total		**313.77**		**3,356,719**

ESTIMATED IMPACT FROM EARMARKED GREEN BUILDING PROJECTS

Project	Original Currency	Outstanding Balance (in USD Mn)	Project Location	Projected GHG Emission Reduction in tCO_2 /year from energy	Projected GHG Emission Reduction in tCO_2 from materials	Electricity Savings in MWh/year	Building Certification
4	PHP	22.72	Visayas	411	2,574	854	EDGE (Compliant)
5	PHP	11.75	Luzon	546	1,569	923	EDGE (Compliant)
6	PHP	14.45	Mindanao	678	1,856	1,410	EDGE (Compliant)
7	PHP	26.17	NCR	632	3,606	1,067	EDGE (Compliant)
Total		**75.08**		2,267	9,605	4,254	

EXTERNAL VERIFICATION

Multi-awarded third-party organization Sustainalytics performed an independent evaluation of the projects funded under the Framework as of year-end 2022. In particular, the evaluation included an assessment on whether the projects financed met the following criteria outlined in the Bank's Framework:

- Use of Proceeds, including the Eligibility Criteria
- Impact Report, including at least one Key Performance Indicator (KPI) for each Use of Proceeds criteria

Sustainalytics' Annual Review can be accessed through BPI's institutional website, along with more details on BPI's Sustainable Funding Framework: https://www.bpi.com.ph/sustainability/funding-framework

WEALTH MANAGEMENT

As BPI's asset management and trust arm, **BPI Asset Management and Trust Corporation ("BPI AMTC")**, now doing business as **BPI Wealth – A Trust Corporation ("BPI Wealth")** grew its assets under management to PHP 875 billion as of year-end 2022, reflecting a 47% growth in five years.

Reflecting the Bank's strong commitment to sustainability, **BPI Wealth** launched in 2022 the **BPI Invest Sustainable Fund Suite**, which is a selection of investment funds that seek to address sustainability issues including climate change, renewable energy, resource efficiency, and inequality – all while seeking to deliver long-term financial returns.

The fund suite is the first of its kind, offering various sustainability investment options that meet the needs of investors with varying risk appetites.

BPI WEALTH SUSTAINABLE FUND SUITE

	Carbon Footprint (in tons of CO_2e/USD 1 million invested)		Relative to Benchmark[4]	Carbon Intensity (in tons of CO_2e/USD 1 million revenue)		Relative to Benchmark[4]
	Fund	Benchmark		Fund	Benchmark	
BPI Invest Sustainable Global Bond Fund-of-Funds	22	86	-74%	67	221	-70%
BPI Invest Sustainable Global Balanced Fund-of-Funds	19	71	-73%	50	201	-75%
BPI Invest Sustainable Global Equity Fund-of-Funds	18	56	-68%	35	180	-81%

[4]A lower figure for carbon footprint means a better environmental impact

The Bank also has a mutual fund arm, **BPI Investment Management Inc. (BIMI),** which is the largest in the Philippines with PHP 147 billion assets under management as of year-end 2022, reflecting a market share of over 50%.

Both **BPI Wealth** and **BIMI** look to continue offering best-in-class investment products and solutions to their clients through extensively trained and highly skilled investment professionals and financial advisers.

REMITTANCE

In support of Overseas Filipinos, BPI continued diversifying and strengthening its global remittance network in 2022. The Bank acquired new tie-ups and partners to reach new markets as well as launched new projects to enhance the features of its existing products and services.

Five new global remittance tie-ups, bringing the Bank's total to 130
- Cambodia Asia Bank - Cambodia
- Placid Express Sdn Bhd - Malaysia
- NCS ePayment Services TCI Ltd. - Turks and Caicos
- Terra Payment Services - United Kingdom
- Bank AlJazira – Kingdom of Saudi Arabia

Two new projects
- Pick-up Anywhere - Scheme allowing cash remittance to be conveniently claimed at any of BPI's accredited cash pick-up outlets
- B2B Bulk Account Solicitation with Visa Application Centers - Account opening solicitation for OFWs and their families who need remittance accounts, in partnership with visa application centers

Looking ahead, BPI aims to acquire additional tie-ups with digital channels and straight-through capabilities as well as create a domestic sales team to further strengthen relationships with Overseas Filipino-related agencies.

INSURANCE

As BPI's life insurance arm, **BPI AIA** continued diversifying its products and services to provide financial protection for the Filipino people.

NEW LIFE INSURANCE PRODUCTS IN 2022

PamilyaProtect	• Affordable and accessible life insurance product designed to instantly protect clients and their families from unexpected events such as medical emergencies, accidents, or death • Gives financial protection to the underserved sector, with monthly payments as low as PHP 500
Total Care Max	Peso-denominated variable life insurance product packaged with Critical Illness and Waiver of Premium for Critical Illness rider
Income Booster 5 Christmas Bundle	Single-premium peso-denominated 5-year endowment product that provides return to clients through guaranteed yearly payout and guaranteed maturity benefit

BPI MS, the Bank's non-life insurance joint venture with Mitsui Sumitomo Insurance Group, now supports online applications, payments, and policy issuance for basic coverages – motor, fire, personal accident, and hospitalization insurance through BPI MS Express Protect. BPI MS also continued its partnership with Home Credit[5] wherein affordable home contents insurance is offered to customers. In 2022, the partnership generated an average of PHP 6 million in premiums each month.

Both **BPI AIA** and **BPI MS** aim to capture growing market opportunities and strengthen their core advantages, optimizing digital innovations to streamline its processes and thereby enhance customer experience.

[5]*Home Credit is a consumer finance company specializing in consumer loans through in-store financing.*

“Friend na namin siya. Nag-a-advise na sa akin kung ano yung mga dapat mga gawin. Hands-on siya. Wala akong masabi. Talagang kaibigan.”

Mrs. Marivic Mateo
BPI client since 2019
on her family’s strong relationship with BPI Cauayan Isabela branch personnel for over 20 years

BANKING ON RELATIONSHIPS

Marivic Mateo and her family have been loyal BPI clients for over two decades.

Their story began in 2000 when her late husband transferred his allotment account to BPI from another bank. Allotment accounts act like payroll accounts for seamen like him. Marivic says, her husband was convinced by favorable reviews about the Bank from his fellow seamen, particularly the ease of getting an auto loan and low-interest rates on payments.

Marivic was even convinced to open an account with BPI when she saw how dedicated and concerned the team from her branch was in helping her with the requirements. She could never forget this given that her house is 30-40 kilometers from BPI’s Cauayan Isabela branch and that she was in the third trimester of her pregnancy at that time.

BPI would then finance the family’s milestones, including their first car in 2005 and three more afterward, all via the Bank’s auto loans. The family also availed of a housing loan to fund the purchase of their condominium unit, as well as three insurance policies.

The warm connection with the branch continued with Marivic’s current relationship manager (RM), who advises her to place her husband’s hard-earned money in time deposits and investments.

One case in which the RM is hands-on is whenever they avail of an auto loan. Marivic says, he looks for car dealerships that offer discounts and even asks for her preferred color for the new vehicles.

“Friend na namin siya. Nag-a-advise na sa akin kung ano yung mga dapat mga gawin. Hands-on siya. Wala [akong] masabi. Talagang kaibigan,” Marivic says of her RM.

Things took a turn for Marivic’s family when her husband passed away in 2019. Amid the gloom, the family received consolation from the Bank through their insurance benefits. And in this instance, the RM was once again of help. The housing loan for the condominium was also fully paid by the mortgage insurance that was secured by Marivic’s husband.

With Marivic’s relationship with BPI nurtured through time, she now instills in her three children the habit of saving. In fact, each of them has an account with the Bank.

Indeed, Marivic’s strong ties with BPI is a strong testament of the Bank’s commitment to customer obsession.

Customer Experience

In 2022, BPI focused on creating a culture of customer obsession across the organization to reinforce the Bank’s strategy of customer-centricity as a driver for building lasting relationships with our clients.

Following the launch of the new BPI core values N.I.C.E. in 2021, which stands for:
We are **N**urturing
We act with **I**ntegrity
We are **C**ustomer Obsession
We act with **E**xcellence
the Bank focused on creating a culture of customer obsession across the organization in 2022.

For BPI, customer obsession means understanding the drivers behind the customers’ actions and aspirations, innovating to find the best solutions based on customer insights, and anticipating their needs.

To reinforce the Bank’s strategy of customer-centricity as a driver for building lasting relationships with our clients, BPI organized the E.L.I.T.E. Summit in July 2022, followed by a Customer Obsession Roll-out.

E.L.I.T.E. SUMMIT
Empowering Leaders, Inspiring Transformational Excellence

July 2022
700 senior officers and Customer Delight Officers (CDOs), line-appointed customer obsession advocates

The Summit highlighted paradigm shifts on customer obsession with the key message to make customer obsession a way of life in BPI. The battlecry was to Make customer Obsession Visible in all Experiences (M.O.V.E.) in BPI.

- Keynote speeches from motivational speakers and world-class customer service gurus
- Interactive workshop to understand the customers more and question the status quo
- Showcase of ongoing and upcoming initiatives developed to bring customer delight to life

CUSTOMER OBSESSION ROLL-OUT
August to December 2022
36 sessions nationwide
17,500 employees (99% of total headcount) in attendance

The rollout aimed to cascade the important messages on Customer Obsession and the challenge to M.O.V.E. from the 2022 E.L.I.T.E. Summit to all employees. The manner of conducting the cascades, including language, setting, and mode were localized to ensure understandability, full buy-in, and adaptability by each audience.

- Crowd favorite segments: President's Message and Dennis Snow's 'Walk The Talk' discussion on how to deliver world-class customer service
- Live discussions about the Net Promoter Score and Denis Snow synthesis
- Leaders' customer obsession stories
- Recognition of outstanding employees
- Team cheers and chants

BPI attributes the upward surge of its Net Promoter Score from fourth among banks before the E.L.I.T.E. Summit to second by the end of 2022 largely to the cultural shift towards being Customer Obsessed and initiatives created to deliver customer delight and address our clients' pain points.

To sustain the momentum, there were various communications campaigns and novel initiatives to support the movement to become brand ambassadors for BPI. These include several internal announcements, customer obsession stories and testimonials, distribution of promotional items such as shirts, pens, and pins, as well as the creation of a M.O.V.E. Viber sticker pack.

Other ESG Disclosures

BPI understands that ESG considerations are tied to the Bank's regular course of business, impacting the development and delivery of products and services to various stakeholders across the value chain.

As such, the Bank continuously strengthens its performance in the ESG space to mitigate potential environmental and social-related shocks which may bring forth volatility in the global business environment.

ENVIRONMENT

BPI manages the impact of its operations to the environment as well as the impact of the environment to the Bank's operations through multiple well-studied programs, in consultation with internal and external subject matter experts (SMEs).

Environmental Risk Assessment

Environmental Risk Assessment (ERA) is a pioneer mitigation tool to assess physical risk exposures, introduced by BPI to the Philippine banking industry, amidst the Philippines' location along the Typhoon Belt and the Pacific Ring of Fire. Through DOST-PHIVOLCS' HazardHunterPH system, the Bank was able to assess the risk exposure of client addresses and collaterals, as well as employee residences, Bank branches, ATMs, and CAMs vis-à-vis earthquakes, floodings/typhoons, and volcanic eruptions.

Facility Management

Apart from ensuring compliance with environmental-related government regulations, such as permits, reports, and other requirements of the Department of Environment and Natural Resources (DENR), BPI also keeps up with latest regulations and trends on environmental management. As such, the Bank aims to minimize its impact in relation to concern areas such as air, water, energy, solid waste, and hazardous waste.

19
Facility Managers

45
Pollution Control Officers (PCOs)

11
Engineers

For 2022, the Facilities Services Group (FSG) worked on pioneering initiatives on environmental sustainability, shifting to low carbon footprint alternatives, thereby reducing on operational costs while maintaining the quality and integrity of our physical premises.

Green Buildings

BPI reached a historical milestone in October 2022 with the awarding of BPI Iloilo Solis as the first EDGE Certified Philippine bank branch. This means that the branch achieved at least 20% savings on energy, water, and embodied energy in materials.

As of December 2022, five BPI branches have already been EDGE certified, as follows:

BRANCH NAME	SAVINGS			AWARD DATE
	Energy	Water	Embodied Energy in Materials	
BPI Iloilo Solis	22%	23%	76%	Oct. 12, 2022
BPI Loyola Katipunan	25%	31%	84%	Oct. 31, 2022
BPI Guiguinto	29%	25%	79%	Dec. 1, 2022
BPI San Fernando Highway Main	26%	24%	37%	Dec. 16, 2022
BPI North Greenhills	20%	25%	63%	Dec. 27, 2022

BPI ILOILO SOLIS

BPI LOYOLA KATIPUNAN

BPI GUIGUINTO

BPI SAN FERNANDO HIGHWAY MAIN

BPI NORTH GREENHILLS

The new BPI headquarters in Makati City is also being designed to comply with the following green building certifications:

- Excellence in Design for Greater Efficiencies (EDGE) by the International Finance Corporation (IFC)
- Leadership in Energy and Environmental Design (LEED) by the United States Green Building Council
- WELL Building Standard by the International WELL Building Institute

Utility Consumption

After nearly two years of significant disruption due to COVID-19, mobility restrictions gradually decreased in 2022 prompting a return to onsite operations for many of the Bank's employees. Electricity consumption increased by 10% to 142,228 gigajoules, corresponding to 28,277 tCO_2e scope 2 emissions.

Still, the Bank's electricity consumption for 2022 is significantly below pre-pandemic levels due to multiple cutting-edge initiatives. The Bank's electricity consumption reduction initiatives help achieve the Philippines' commitment to reduce its greenhouse gas (GHG) emissions as part of the Paris Climate Agreement.

As with our electricity, our water is sourced from water distribution companies and is monitored through utility billings. Total water consumption in 2022 amounted to 315,353 cubic meters.

Shift to Renewable Energy	• May 2022: BPI Buendia Center, one of BPI's largest corporate offices located in Makati City, shifted its energy source from the national grid (which is 24% renewable) to 100% renewable as part of a partnership with ACEN Corporation. • December 2022: Two additional corporate offices – BPI Family Savings Bank Head Office and BPI Intramuros –confirmed shift to 100% renewable starting January 2023
Shift to Energy Efficient Fixtures and Appliances	• LED Lights: 100% complete conversion for branches as of 2021 • Inverter Air Conditioning Units: 88% of branches converted as of December 2022
Hybrid Work Arrangement	• Provision of work tools that allowed hybrid work set-up for select head office units as suitable, allowing employees to save on transportation costs amidst the increase in gas prices

100% renewable energy for BPI Buendia Center

2,803 tCO_2e avoided from June to December 2022

INDICATOR	2020	2021	2022
National grid electricity consumption (gigajoules)	119,291	128,815	142,228
Scope 2 GHG emissions (tCO_2e)	23,760	25,652	28,277
Renewable energy consumption (gigajoules)	-	-	14,170
Avoided scope 2 GHG emissions (tCO_2e)	-	-	2,803
Energy intensity (gigajoules per PHP 1 billion revenue)	1,170	1,323	1,200
Scope 2 GHG emissions intensity (tCO_2e per PHP 1 billion revenue)	233	263	239
Water consumption (cubic meters)	252,975	326,035	315,353

Shift to Paperless
To further minimize environmental impact, BPI implements paperless initiatives via capitalizing on the Bank's strong digital infrastructure. In 2022, the Bank was able to save save 36.3 million pages of paper equivalent to 4,356 trees[1] saved.

Employee Engagement on Environmental Sustainability
All employees are also encouraged to responsibly use resources, including office supplies. Despite the hybrid work arrangement which significantly reduced the number of employees reporting to the offices, the Bank was still able to collect 1,750 kilograms of recyclables in 2022.

The Sustainability Office continues to host Online Learning Sessions on various sustainability themes based on the interests of employees, including environment-related topics such as Energy Efficiency and Conservation at Home.

INDICATOR	2020	2021	2022
Paper consumption avoided (number of pages)	31.5 million	35.8 million	36.3 million
Equivalent trees saved (number of trees)	3,778	4,293	4,356
Recyclable materials collected (kilograms)	3,170	860	1,750

[1] *One tree makes 8,333.3 sheets (Source: Conservatree.org)*

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Governance

- Board oversight on the Bank's climate strategy and risk management, including metrics and targets
- Sustainability Council and Sustainable Funding Committee as dedicated senior management committees for sustainability
- Further enhancement of board and senior management expertise on sustainability[1]
- Sustainability made part of senior management's performance appraisal[2], impacting remuneration scheme

Strategy

- Sustainability-oriented products and services in support of climate risk mitigation and climate resilience
- Efficient delivery infrastructures via digitalized and paperless initiatives, reducing the carbon footprint in accessing banking services

Risk Management

- Climate risk management as part of the Bank's Environmental and Social Risk Management System (ESRMS)
- Mapping and mitigation of climate-related hazards such as flooding, typhoons / severe wind, and storm surge via an Environmental Risk Assessment (ERA)
- Business Continuity Plan (BCP) ensuring continued delivery of products and services amidst climate-related hazards

Metrics and Targets

- Commitment to zero out coal power generation exposure by 2032
- Ongoing engagement to craft a Net Zero Strategy Roadmap

GOVERNANCE
Environmental and Social (E&S) risks and opportunities, including those climate-related, are ultimately governed by the Board of Directors through the Executive Committee (ExCom) and the Risk Management Committee (RMCom).

- The ExCom oversees the overall integration of sustainability principles in the strategic direction of the Bank.
- The RMCom ensures that climate risk management is incorporated in the Bank's Enterprise Risk Management framework.

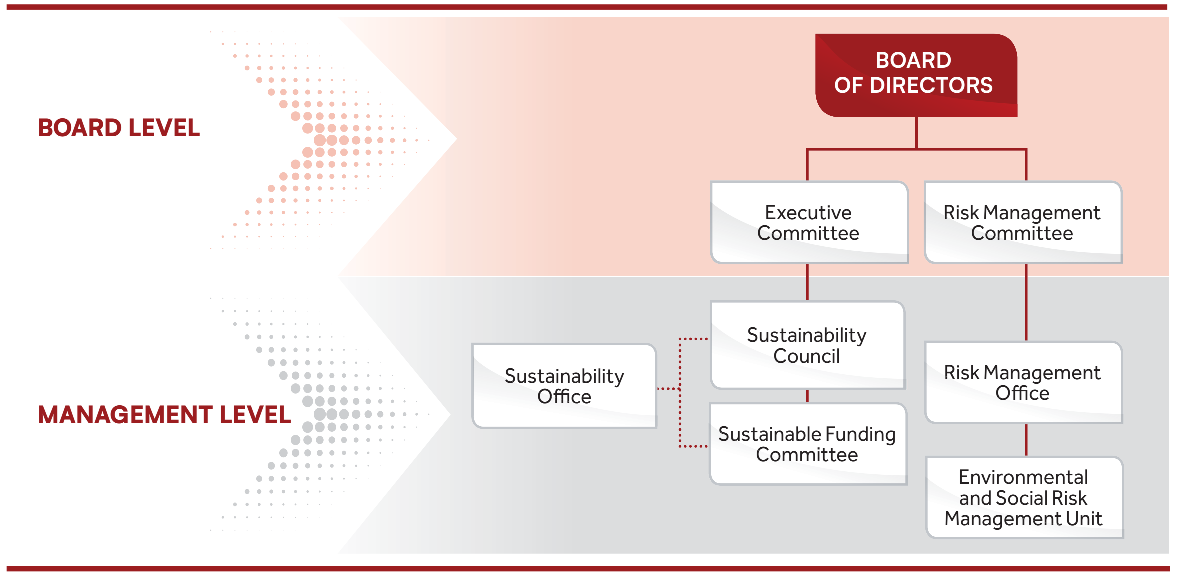
The Bank has the following senior management-level committees taking part in the assessment and management of E&S risks and opportunities, including those climate-related.

- The Sustainability Council, chaired by the Bank's Chief Sustainability Officer, is primarily responsible for the overall implementation of the Bank's Sustainability Agenda, with the objective of integrating sustainability principles in the corporate governance and risk management frameworks, business models, strategic objectives, and operations of the Bank.
- The Sustainable Funding Committee is primarily responsible for ensuring the proper observance and implementation of the Bank's Sustainable Funding Framework with the objective of maintaining the framework's credibility, relevance, impact, and alignment with internationally recognized green and social bond principles and standards.

[1] *All employees also mandated to take a Sustainability 101 Training Course*
[2] *All employees also mandated to have at least 10% of their performance evaluation criteria dedicated to sustainability-related metrics*

The following dedicated teams have also been established as part of the Bank's Sustainability Governance.

- Sustainability Office, under the Strategy & Finance Group
  - In charge of the over-all implementation, coordination, and monitoring of the Board-approved BPI Sustainability Agenda across all the segments and groups of the whole organization
  - Serves as the Secretariat of the Sustainability Council and the Sustainable Funding Committee
- Environmental and Social Risk Management Unit, under the Risk Management Office
  - In charge of the implementation and coordination of the Bank's ESRM activities on an enterprise level



STRATEGY

CLIMATE-RELATED OPPORTUNITY	HORIZON	IMPACT
Loan financing programs, products, and services in support of climate risk mitigation • Funding of renewable energy, energy efficiency, green buildings, and sustainable agriculture for SMEs and corporates via BPI's Sustainable Development Finance (SDF) Program • Roof solar financing for individuals • Electric vehicle (EV) financing for individuals Refer to pages 60 to 67 for more information	Short-term Medium-term Long-term	• New and additional interest income from climate-related loan offerings • Diversification of product offerings
Funding and arranging structures in support of climate transition, such as the Energy Transition Mechanism (ETM) Refer to pages 58 to 59 for more information	Short-term Medium-term Long-term	• Additional interest income from new loan offerings • Additional non-interest income from structuring and advisory services • Diversification of product offerings
Fund raising activities via green deposits and green bonds Refer to 68 to 71 for more information	Short-term Medium-term Long-term	• Potentially lower interest expense on the Bank's funding sources • Diversification of investor base
Sustainable investment fund products Refer to page 72 for more information	Short-term Medium-term Long-term	• Additional non-interest income from fund management fees on climate-related funds • Diversification of product offerings
Insurance products to mitigate climate-related natural hazards Refer to page 73 for more information	Short-term Medium-term Long-term	• Additional non-interest income from insurance fees on climate-related products • Diversification of product offerings
Efficient delivery infrastructures via digitalized and paperless initiatives, reducing the carbon footprint in accessing banking services Refer to pages 54 to 57 for more information	Short-term Medium-term Long-term	• Increased clientele base resulting from improved efficiency and accessibility of BPI's products and services • Additional non-interest income from fee-based digital services
100% use of renewable energy in corporate offices Refer to page 79 for more information	Short-term Medium-term Long-term	• Reduced exposure to volatility in energy prices amidst potential supply deficit as countries transition to clean energy • Cost savings due to lower contracted price of renewable energy in the power supply agreement
Shift to energy efficient appliances to reduce electricity consumption Refer to page 79 for more information	Short-term Medium-term Long-term	• Cost savings due to lower electricity consumption
Green building certification for corporate offices and branches Refer to pages 77 to 78 for more information	Short-term Medium-term Long-term	• Cost savings due to lower electricity and water consumption

RISK MANAGEMENT

E&S risks, including those climate-related, are being managed in accordance with the Bank's Enterprise Risk Management framework, following the general process of identifying, measuring, controlling, and reporting of risk exposures. Under the ERM framework and guided by BSP Circulars 1085 and 1128, the Bank classifies climate risks under E&S risks, which are defined as potential negative financial, legal, and/or reputational effects from E&S issues affecting our key business activities.

- Environmental risks can be categorized as either physical or transition. Physical risk is the potential loss or damage to tangible assets arising from climate change, weather-related disturbances, and other environmental hazards. This can either be acute events which are event-driven risks that have an immediate adverse impact, or chronic events which are shifts in climate patterns that are long-term in nature. Transition risk is the potential economic adjustment cost resulting from policy, legal, technology, and market changes to meet climate change mitigation and adaptation requirements.
- Social risks are potential negative social impacts including, amongst others, hazards to human health, safety and security, as well as threats to communities, biodiversity, and cultural heritage.

The Bank is cognizant of the ability of climate and other E&S risks to influence and/or aggravate other functional key risk areas such as, among others, credit and operational risks through the examples listed in the following table.

RISK CATEGORY	EXAMPLES OF ENVIRONMENTAL RISK DRIVERS	
	Physical Risk	Transition Risk
Credit	Reduced repayment capacity of borrowers due to reduced profitability or value of collateral, and returns on transactions caused by climatic shifts or extreme weather events	Failure to consider the shifting regulatory and policy landscape in credit quality assessment (e.g., carbon taxes on emissions, total outright ban in activities driving E&S risk events, shift in consumer preferences, etc.) resulting to a deterioration in portfolio and asset quality

RISK CATEGORY	EXAMPLES OF ENVIRONMENTAL RISK DRIVERS	
	Physical Risk	Transition Risk
Market	Reduced value and marketability of our assets due to physical impacts	Shift in demand and preferences of clients and other stakeholders for the Bank's products and services
Operational	Business interruptions due to extreme weather events and its resulting damage to physical assets	Increased operating costs and higher capital expenditures to ensure resilience and carbon reduction measures
Reputational	Negative public reaction due to perceived inadequate support for clients and communities affected by extreme weather (and other environmental) events Negative public reaction due to perceived increase in exposure to environmental hazards	Damage to our brand, reputation, and social capital due to potential perceptions of our institution's detraction from the transition to a low-carbon economy

Internal guidelines, processes, tools and risk metrics supplementing the Bank's overarching ESRMS Policy are continuously being developed and enhanced to enable the Bank improve its understanding of its climate risk profile, and eventually fully integrate climate risk management in the delivery of products and services, as well as in the resilience of our operations. Refer to pages 161 to 162 for Risk Management.

ENVIRONMENTAL RISK ASSESSMENT

Environmental Risk Assessment (ERA) is a pioneer mitigation tool to assess physical risk exposures, introduced by BPI to the Philippine banking industry, amidst the Philippines' location in the Typhoon Belt and the Pacific Ring of Fire. Through DOST-PHIVOLCS' HazardHunterPH system, the Bank was able to assess risk exposure of client addresses and collaterals, as well as employee residences, Bank branches, ATMs, and CAMs vis-a-vis the following climate risks:

- Flooding
- Typhoons/severe wind
- Storm surge
- Rain-induced landslides

ERA serves to mitigate traditional risks incurred by the Bank in its lending activities and in its operations. As such, it has already been integrated to the Bank's processes, preventing potential losses not just in terms of income, but also more importantly in terms of human lives.

MITIGATED RISK	SOLUTIONS
Credit Risk	• Integration of risk data from the mapping of client assets, collaterals, and locations vis-à-vis natural hazards to the credit evaluation process of all loans • Advisory on risk-mitigating measures ° Project relocation ° Engineering interventions aimed at damage prevention, resilience, and compliance ° Insurance coverage • Macro-level loan portfolio management using data on aggregate asset risk exposures by type, risk-level, peso value, and other relevant information

MITIGATED RISK	SOLUTIONS
Operational Risk	• Equipment of each employee on the risk exposure data of their residences vis-à-vis natural hazards • Integration of risk data from the mapping of corporate offices, bank branches, and machines (e.g., ATMs, CAMs) vis-à-vis natural hazards to the Bank's process for real estate acquisition and leasing • Application of risk-mitigating measures ° Relocation ° Engineering interventions aimed at damage prevention, resilience, and compliance ° Insurance coverage • Enhancement of Business Continuity Plans to ensure uninterrupted, resilient, and reliable operations amidst natural disasters ° Focus areas > Employee health and safety > Asset protection > Timely restoration of building, equipment, and technology ° Additional preventive measures > Regular evacuation drills > Hazard protection guidelines > Hazard awareness seminars

NET ZERO STRATEGY ROADMAP

In 2022, BPI has engaged a third-party consultant organization to help develop the Bank's net zero strategy roadmap. This engagement includes:

- GHG accounting for the Bank's operations[3] and financed portfolio[4]
- Intervention development to help reduce emissions
- Definition of potential targets & metrics as part of BPI's Net Zero Strategy Roadmap

COAL COMMITMENT

No additional financing of greenfield coal power generation projects and reduction of outstanding loans to coal power generation to half of current exposure by 2026 and zero by 2032, ahead of the Paris Climate Agreement for non-Organisation for Economic Co-operation and Development (OECD) countries.

[3]*Scope 1, 2, and 3*
[4]*Scope 3*

SOCIAL

As BPI further enhances its operations for continuous growth and development, the Bank ensures a positive social impact for its stakeholders, including but not limited to employees, clients, suppliers, and local communities.

Business Ethics
Through the Board-approved Codes of Business Conduct specific for its directors, officers, and employees, BPI provides guidance for all actions and decisions in the performance of roles and responsibilities, including those related to interactions with various stakeholders.

The Codes list high-level ethical principles on the conduct of business activities, as well as guidance on the care for the environment, commitment to human and labor rights, customer service, protection, and privacy, as well as anti-bribery and corruption, among others.

Employee Welfare
Recognizing that its employees are core to the Bank's success, BPI ensures the welfare and safety of its employees through competitive compensation packages as well as safe, secure, and non-discriminative working environments.

To remain the employer of choice among Philippine banks, BPI offers competitive compensation packages benchmarked within industry standards.

Monetary Benefits	• Performance Bonus • Quarterly Bonuses • Clothing Allowance • Medical Allowance
Leave Benefits	• Vacation Leaves • Sick Leaves • Parental Leaves • Emergency Leaves • Bereavement Leaves • Solo Parent Leaves
Insurance Benefits	• Health Insurance • Life Insurance
Financial Service Benefits	• Car Loan • Housing Loan • Education Loan • Multi-purpose Loan
Additional Benefits	• Retirement Plan (may either be Defined Contribution or Defined Benefit depending on hiring date) • Officers' Stock Purchase Plan • Long-Term Incentive Program

Additionally, BPI has a flexible benefits program where employees can upgrade the coverage of their existing benefits, or avail additional benefits such as gym memberships.

BPI also ensures a safe and secure working environment in its corporate offices and branches, ascertaining the physical and mental well-being of its employees. The BPI BeWell program targets the holistic well-being of employees. The HR Safety and Disaster team leads the Bank's initiatives that ensure the occupational health and safety in our work sites.

HEALTH & WELLNESS	
Annual Physical Examinations (APE)	In partnership with the Bank's Health Maintenance Organization (HMO) provider, APEs were held at the BPI Head Offices and satellite locations to fit in the busy schedule of the employees and ensure their safety.
Webinars	13 webinars aired via the official BPI Facebook Group exclusively for employees, #BePartofIt, covering a wide range of health topics, from the COVID-19 Omicron virus, mental health, laughter therapy, obesity, stroke, hormonal acne, and diabetes, which were delivered by engaging physicians well-known in their fields of expertise.
Active Lifestyle	Online and face-to-face Zumba sessions after office hours at the BPI Buendia Center.
Work-Life Balance	BPI acknowledges and respects the different facets of employees' lives and promotes a work environment that aims to bring fulfillment in each employee's professional and personal lives.
Non-Discrimination	BPI fosters a work environment that encourages respect, equal opportunity, and non-discrimination based on gender, religion, age, race, ethnicity, skin of color, disability, political views, or social background.
Grievance Mechanism	Promptly address and amicably settle grievances, if any. More information on this can be found in the BPI Code of Business Conduct and Ethics on the BPI website.

SAFETY	
Natural and Man-Made Hazards	• Regular work safety briefings and capacity buildings through trainings and drills, awareness campaigns, and monthly branch visits. • Preparations before impact of natural disasters such as strong typhoons through weather bulletins and published emergency contact details in case needed, providing assistance up to recovery period. • Regular assessment and upkeep of facility to prevent workplace accidents and damage to property.
Transportation Services	Provision of highly subsidized shuttle services for 26 routes from Metro Manila and nearby provinces such as Laguna, Bulacan and Rizal to its Makati and Intramuros work sites, servicing over 3,000 unique employees since it was offered in March 2020.
Security Protocols	• Robust protocols and safeguards on potential terrorist attacks in branches and corporate offices • Mandatory training on physical security

BPI strictly enforces non-employment of minors and is against forced labor.

We comply with labor laws and regulations in the Philippines and uphold the rights and freedom of association and collective bargaining. In 2022, the Bank closed its Collective Bargaining Agreements (CBA) with its 25 constituent unions, covering around 7,845 or 72% of staff employees.

Employee Engagement
Following the launch of the renewed BPI Vision, Mission and Values the previous year, BPI conducted an organization-wide awareness campaign in 2022, with consistent and frequent communication of the N.I.C.E values – being Nurturing, acting with Integrity, being Customer Obsessed, and pursuing Excellence through a variety of engagement initiatives in partnership with line values champions.

This included a travelling and interactive caravan across each BPI office and branch to foster a deep understanding and conviction up to the local work unit, distribution of N.I.C.E.-themed work artifacts and merchandise as daily reminders to be N.I.C.E., and always-on communication across various media featuring messages from BPI senior executives, exciting games and contests, and inspiring stories and quotes from thought leaders and across the organization.

Furthermore, these new values were incorporated in people programs, from new employee orientation to rewards and recognition initiatives. After months of persistent communication and change management efforts, the awareness and adoption of the new BPI values is evident. A survey of around 2,000 Unibankers nationwide showed 98.5% of employees were able to identify the BPI values correctly.

Talent Development

Every year in January is the schedule for annual performance appraisals based on pre-determined key result areas (KRAs) linked to each team's respective business objectives. This facilitated performance feedback conversations with the aim of developing a unique and enriched career development plan for the employee being assessed.

The Individual Development Plan (IDP) documents the employee's intentions and support needed to meet his/her growth goals. It complements the annual performance appraisal as it encourages employees to invest in their work and growth, contributing to greater job satisfaction.

In June 2022, the BPI University Hub was launched as an online one-stop shop for all employees' training and development needs. It features several types of training material covering leadership skills, functional skills, as well as new skills aligned with emerging global trends such as data analytics and digital transformation. The courses are made available through internal resources and online platforms. Employees underwent a total of 973,446 training hours in 2022.

BPI UNIVERSITY HUB		
Leadership Academy	**Functional Academy**	**Future Tech Academy**
Provides opportunities for leaders to lead, inspire, and motivate their team members and the rest of the organization	Develops and strengthens specific functional and technical competencies that allow employees to perform their tasks effectively	Provides employees with skills and capabilities needed to future-proof the organization
• Build Organizational Talent • Coaching for Success • Customer Focus • Drive Strategy • Execution • Lead Change • Lead Self • Lead Teams • Management 101 • Officership Training Program	• Accounting • Admin Services • Branch Operations • Brand, Marketing, and Communications • Business Intelligence • Business Support • Credit • Customer Excellence • Facilities Management • Finance • Governance • Human Resources • Information Technology • Investment • Product Management • Project Management • Relationship Management • Sales • Top Management	• Agile Methodology • BPI F.L.A.G.S. Program (Data Fundamentals, Lifecycle Management, Analytics & Storytelling, Governance, and Standards) • DaPP General Modules • Data Awareness Week • Design Thinking • Digital Transformation • OTP Data Literacy Topics • OTP Innovation Module

TRAINING PLATFORMS

Granite

percipio
Powered by Skillsoft.

degreed

coursera

MANDATORY TRAININGS	DESCRIPTION
BPI Code of Business Conduct and Ethics (includes anti-bribery, anti-corruption, and conflict of interest)	An overview of key practices and behaviors that define the conduct to which employees hold themselves accountable for and the behavior that is expected from all employees at all levels in the organization.
Business Continuity Management	An overview of BPI's Business Continuity Management System (BCMS) to mitigate or avoid the impact of disruption in the delivery of BPI's services, while ensuring the safety and security of clients and employees.
Data Privacy Awareness	An introduction to the basics and best practices in data privacy so that employees know how to integrate data privacy best practices in their everyday work.
Enterprise Risk Management	An overview of Enterprise Risk Management in the Bank, identification of key risk areas, risk management processes, and roles and responsibilities in managing the Bank's risks.
Financial Consumer Protection Program	Overview of the Bank's Financial Consumer Protection Program.
Incident Management	An overview on procedures in handling incidents, importance of incident management in business operations, handling of different incident types, roles and responsibilities in incident management, and how to report incidents.
Information Security Awareness	An overview of the importance of information security in the operations of an organization in the aspects of technology, human actions and behavior, and the work environment.
Law on Bank Secrecy	An overview of different laws covering confidentiality of deposits and other accounts.
Legal Risk Awareness	An overview of legal risks, handling legal risks, and how to prevent legal risks and its adverse financial consequences.
Money Laundering and Terrorist Financing Prevention Program	An overview of BPI's Money Laundering and Terrorist Financing Prevention Program.
Operational Risk Overview	An overview of BPI's operational risks and how to manage them.
ORM Basics: Risk and Control Self-Assessment	How to conduct a Risk and Control Self-Assessment.
Physical Security Awareness	An overview of the importance of physical security awareness, including examples of physical security incidents as well as measures to protect personnel and property from harm or damage and to prevent unauthorized access to facilities, equipment, and resources.
Secure Systems Administration	Covers introduction to cyber-attacks and methods for organizations and individuals to combat them.
Sustainability 101	An introduction to global and local sustainability concepts, issues, standards, including BPI's own sustainability initiatives aimed to equip all employees in further embedding sustainability in their business activities.
Workers' Occupational Safety & Health	A comprehensive discussion on occupational safety and health (OSH), in compliance with Republic Act No. 11058 Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof.

INTERNAL TRAININGS AND PROGRAMS	DESCRIPTION
Sustainability Bootcamp	The Sustainability Boot Camp is an onsite training for Institutional Banking lending officers to help them effectively identify sustainable projects and market the Sustainable Development Finance (SDF) program to their clients. Boot camp activities include a site visit to a live renewable energy project and lectures from the SDF team and its technical consultants, as well as representatives from the Sustainability Office, Economic Research, and Agribusiness teams.
Global Markets Development Program	A comprehensive program for employees of Global Markets, designed to create a highly skilled workforce, align the expected employee competencies with business goals, and enhance employee engagement through self-development.
Global Markets Learning Blitz	A series of regular bite-sized learning content and sessions that aims to support the continuing education and holistic development of Global Markets employees. The sessions are meant to deliver concise pieces of information, spur discussion, and develop the habit of learning. This complements the more comprehensive Global Markets Development Program (GMDP) course offerings and the Bank's centralized learning activities.
Global Markets Huddle	A weekly learning activity via podcast available for all employees covering topics related to the financial markets and economic developments.
Signature Verification Seminar	Seminar on Signature Verification conducted by BPI Human Resources.
Customer Obsession Roll Out	To cascade the important messages on Customer Obsession at the 2022 E.L.I.T.E. Summit, attended by senior officers, to the rest of the employees. This is to sustain awareness that we must build a Culture of Customer Obsession in the Bank and we are able to foresee our customers' needs and we are able provide answers to them as soon as possible, and we do this by always serving with a heart that means with dedication and compassion. Conducted by BPI Human Resources.

EXTERNAL TRAININGS AND PROGRAMS	DESCRIPTION
Chartered Financial Analyst (CFA) Certification	In-depth examination of finance-related topics such as investment fundamentals, asset valuation, portfolio management, and wealth planning.
Treasury Certification Program	Aims to standardize the minimum working knowledge requirements for Foreign Exchange and Money Market dealers to be at par with our ASEAN counterparts; upgrades the level of market professionalism, specifically the Code of Ethics and Market Practices for treasury dealers to approximate international standards; and provides the impetus for treasury dealers to pursue the ACI diploma - the global standard for dealers.
Registered Financial Planners	The financial planning profession exists to help people reach their financial goals and dreams. At RFP Philippines, financial planners demonstrate and support professional commitment to education, high ethical practice standards and client-centered financial planning process.
Philippine Redcross (First Aider)	This is an introduction to First Aid & Basic Life Support. All company is required by DOLE to have at least 1 First Aider in a business unit with a Training Certificate. Objectives of First Aid is to preserve life, prevent further harm and complications, seek immediate medical help and provide reassurance in case there is an emergency in the building.
4th Integrated Corporate Governance, Risk Management, and Sustainability Summmit	Insights on the mindset shifts necessary for the boards and company leaders, specifically on climate governance, steward leadership, social inequity, and the emerging corporate reporting standards to prepare the boards and leaders for a future where sustainability is front and center.

EXTERNAL TRAININGS AND PROGRAMS	DESCRIPTION
4th AML Registration and Reporting Guidelines Writeshop	To better identify and address areas for improvement and deficiencies in the current AML Registration and Reporting Guidelines
Association of Bank Compliance Officers (ABCOMP) General Membership Meeting	BSP Awareness - Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS)
Capital Markets Integrity Corporation (CMIC) Trading Participants' Seminar 2022	Seminar covered the following topics: • Updates on AMLA • Frequently violated rules and common audit findings • Updates on trading rules • Market red flags
SEC Certification Webinar for Prospective Compliance Officers/ Associated Persons in the Equities Market	Webinar covered the following topics: • AMLC reportorial requirements • Books and records rule • CMIC Rules • Manipulative, Fraudulent and Other Prohibited Practices • PSE Trading Rules • RBCA Rules • Role of Compliance Officers and Associated Persons

Employee Demographics

CATEGORY	2020	2021	2022
Direct Hires	**19,952**	**19,181**	**18,201**
By gender			
Male	6,605	6,351	6,079
Female	13,347	12,830	12,122
By age			
Over 50 years old	1,229	1,386	1,528
30-50 years old	9,061	9,429	9,661
Below 30 years old	9,662	8,366	7,012
By region			
NCR	11,538	10,951	10,438
Luzon	4,542	4,416	4,129
Visayas	2,248	2,174	2,054
Mindanao	1,624	1,594	1,530
Hong Kong		34	38
London		12	12
Indirect Hires	**4,545**	**2,556**	**2,610**
Senior Management	**225**	**242**	**271**
By gender			
Male	103	117	134
Female	122	125	137
By age			
Over 50 years old	139	150	171
30-50 years old	86	92	100

CATEGORY	2020	2021	2022
Below 30 years old	0	0	0
By region			
NCR	213	219	246
Luzon	6	9	9
Visayas	3	3	6
Mindanao	3	3	3
Hong Kong		7	7
London		1	0
Middle Management	**6,723**	**6,527**	**6,666**
By gender			
Male	2,349	2,283	2,340
Female	4,374	4,244	4,326
By age			
Over 50 years old	664	777	829
30-50 years old	4,783	4,708	4,799
Below 30 years old	1,276	1,042	1,038
By region			
NCR	4,371	4,194	4,393
Luzon	1,281	1,260	1,204
Visayas	614	590	577
Mindanao	457	462	462
Hong Kong		16	24
London		5	6

CATEGORY	2020	2021	2022
Rank-and-File	**13,003**	**12,412**	**11,264**
By gender			
Male	4,152	3,951	3,605
Female	8,851	8,461	7,659
By age			
Over 50 years old	426	459	528
30-50 years old	4,192	4,629	4,762
Below 30 years old	8,385	7,324	5,974
By region			
NCR	6,953	6,538	5,799
Luzon	3,255	3,147	2,916
Visayas	1,631	1,581	1,471
Mindanao	1,164	1,129	1,065
Hong Kong		11	7
London		6	6
Project Hires	**1**	**0**	**0**
By gender			
Male	1	0	0
Female	0	0	0
By age			
Over 50 years old	0	0	0
30-50 years old	0	0	0
Below 30 years old	1	0	0
By region			
NCR	1	0	0
Luzon	0	0	0
Visayas	0	0	0
Mindanao	0	0	0
Hong Kong		0	0
London		0	0
New Hires	**914**	**645**	**922**
By gender			
Female	553	304	515
Male	361	341	407
By age			
Over 50 years old	2	4	3
30-50 years old	232	265	306
Below 30 years old	680	376	613

CATEGORY	2020	2021	2022
By region			
NCR	503	379	633
Luzon	203	144	127
Visayas	122	57	76
Mindanao	86	54	82
Hong Kong		8	3
London		3	1
By employee category			
Senior Management	3	8	10
Middle Management	194	201	325
Rank-and-file	714	436	587
Project Hire	3	0	0
Turnover	**2,391**	**1,463**	**1,429**
By gender			
Male	781	619	541
Female	1,610	844	888
By age			
Over 50 years old	278	139	94
30-50 years old	692	610	604
Below 30 years old	1,421	714	731
By region			
NCR	1,568	920	901
Luzon	444	314	280
Visayas	213	127	129
Mindanao	166	91	114
Hong Kong		10	4
London		1	1
By employee category			
Senior Management	24	32	15
Middle Management	659	544	457
Rank-and-File	1,697	886	957
Project Hire	11	1	0
By type			
Voluntary	1,250	1,282	1,343
Involuntary	613	108	85
Retirement	517	72	1
End of contract	11	1	0

CATEGORY	2020	2021	2022
Promotions			
To Middle Management	661	326	440
To Senior Management	35	25	0
Benefit Entitlements			
Maternity Leave	13,347	12,830	12,122
Paternity Leave	6,605	6,351	6,079
Solo Parent Leave	19,952	19,181	18,201

CATEGORY	2020	2021	2022
Collective Bargaining			
Employees covered by CBAs	9,541	8,985	7,845
Total eligible rank-and-file employees	12,565	11,953	10,841
Percentage covered	76%	75%	72%
Total existing labor unions	25	25	25

Client Engagement

BPI also organizes capacity-building sessions for clients which include product briefings, economic updates, and financial wellness, among others.

TRAININGS FOR CLIENTS	DESCRIPTION
BizTalk Online Webinar Series	The BizTalk Online webinar series is the continuation of BPI Business Banking's promise to provide business insights and trusted advice to our clients on topics that are relevant to the SMEs business efficiency and financial wellness, such as cashflow management, inventory, logistics and distribution, digital banking and economic outlooks.
BizKits and KOL Partnerships	Online capacity building materials, BizKits and Key Opinion Leaders (KOLs) partnerships. These initiatives provide business tips, and share information on topics and skills that SME owners need support in, such as cash flow management, logistics and distribution, inventory management and business expansion.
SDF Business Talks	Organized by the Sustainable Development Finance (SDF) team for business decision makers as a knowledge-sharing platform to promote, discuss, and deliver solutions on key sustainability issues that surround the economy. The 2022 sessions covered Republic Act No. 11285 Energy Efficiency and Conservation Act of 2019, energy efficiency initiatives to facilitate lower operating and maintenance costs, and developments in renewable energy to to protect businesses from price hikes of imported fuel during instability and peak demands.
BPI Ipon Nation	BPI Ipon Nation is the bank's on-ground activation initiative that would bring BPI's deposit products outside the branches and closer to potential clients. In Q4 2022, BPI Ipon Nation had three mall-based events to promote BanKo's newest digital deposit product, Todo Savings.
Economic Briefing for Corporate and Institutional Clients	This is Global Markets' banner event for corporate and institutional clients of the bank, providing timely and relevant updates on the economic and financial markets that they can use to make informed business decisions.

TRAININGS FOR CLIENTS	DESCRIPTION
BPI Wise Talks for Mass Market	This is Global Markets' financial wellness program for the bank's retail clients. This covers basic concepts such as saving, investing, and building one's emergency funds. FX solutions and other retail products like Insurance are also presented, completing a holistic solutions-based approach to our client's needs.
BPI Wise Talks for Preferred Clients	For Preferred Clients, given their financial sophistication, we cover economic and financial market updates supplemented by portfolio diversification solutions. This aims to empower our customers not just to better understand the markets, but also teach them how to diversify their investment portfolios to help them grow their wealth.
I-TRAC (Invest in you Trading Academy)	The Invest-In-You Trading Academy (I-TRAC) program was created to equip clients with the necessary knowledge and skill to assist them in making sound decisions when investing in the stock market. The program is divided in to three modules designed to cover the topics essential for investing in the stock market.
I-TRAC on the Go	Special acquisition webinars offered exclusively to a specific companies, schools, or organizations.
Special Webinar: Expert Access	BPI Securities regularly conducts special investor webinars for clients featuring companies that have attractive investment themes that clients would like to know more about. We want to give clients exclusive access to several big names in the market where they can directly interact with its top management.
Investment Product Council (IPC) Events	IPC events are collaborative events between different groups within the BPI Umbrella. Various product groups organize a series of Preferred and Personal segment events where we invite speakers from different investment product groups and well-known financial gurus to discuss investments and other money-making opportunities offered by BPI.
Traders' Takedown Podcast - Market on Close, I-TRAC bites, The Overview, Weekly Screener	This podcast series discusses the Philippine Stock Market, any relevant news on listed companies and provides in-depth analysis of selected stocks to give investors some helpful advice and direction in their investment and trading journey.
FastBreak Events	FastBreak webinars are arranged by corporate RMs where product groups are invited to present their products to their corporate clients.

Supply Chain Engagement

Potential business partners undergo vendor selection, accreditation, and audit to assure the quality of suppliers that bid for projects with the Bank. Due diligence is performed prior to engagement to manage any potential impact that may arise from the contract.

Service providers are screened for compliance with relevant government clearances, licenses, and permits covering financial, environmental, and social matters. This also includes ensuring that all protocols and standards on conflict of interest, related party transactions, intellectual property, data privacy, and information security are enforced and complied with.

In 2022, there were a total of 395 accredited suppliers of which 96% or 378 were local vendors and the remaining 4% or 17 were foreign vendors.

GOVERNANCE

Governance provides the structure, principles, processes, and other mechanisms for the management of the Bank. It promotes accountability and alignment across the entire organization. All engagements and transactions are guided by the BPI Code of Business Conduct and Ethics and the BPI Corporate Governance Manual.

Compliance

For BPI, compliance does not only refer to adherence to laws, regulations, and standards, but also aims to ensure integrity in our conduct of business. The Bank values and will protect the trust we have been given by our shareholders, clients, employees, partners, and communities.

The Compliance section communicates the Bank's policies, processes, and standards on the following governance topics:

- Business ethics
- Conflict of interest, anti-bribery, anti-corruption
- Anti-competitive behavior
- Anti-money laundering
- Insider trading
- Related party transactions
- Whistleblowing

For 2022, there were no incidents of non-compliance for any of the above-mentioned policies.

The BPI Sustainability Agenda and ESRMS Policy comply with Bangko Sentral ng Pilipinas (BSP) Circular 1085 Sustainable Finance Framework and Circular 1128 Environmental and Social Risk Management Framework.

Refer to pages 149 to 151 for more information.

Financial Products and Services

It is our responsibility to provide the public with safe and reliable products and services with the following considerations:

- Accessibility and affordability
- Product safety and security
- Financial consumer protection

Refer to pages 48 to 74 for more information.

Financial Consumer Protection and Satisfaction

(Consumer Financial Protection)

It is the responsibility of the Bank to empower customers to make informed financial decisions, protect their rights across all transactions with the Bank, and provide them with an avenue to express their concerns about the Bank's products and services.

As such, BPI has established several initiatives in support of customers' financial protection and satisfaction, spearheaded by the Customer Experience Center (CXC).

INITIATIVE NAME	DESCRIPTION
Financial Consumer Protection Policy	• Guidelines on the fair and responsible treatment of customers, as aligned with the Bangko Sentral ng Pilipinas (BSP) regulations on financial consumer protection • All employees required to take a mandatory Financial Consumer Protection Program training course annually
Customer Assistance Program	• Institutionalized guidelines ensuring that feedback from existing and potential clients are handled appropriately • Touchpoints and channels via phone, e-mail, website, social media accounts, branches, and offices whereby feedback, complaints, requests and inquiries are received • Mechanism for elevating cases, as needed, including those referred to the Bank by the BSP
Service Quality Reviews (SQR)	• Periodic performance assessment against defined service quality goals • Product, service, or process improvements to mitigate recurrences of each type of complaint and deepen customer engagement

Customer Assistance Officers (CAO) are also assigned for every business unit to support the CXC. They undergo regular specialized trainings that equip them with hard and soft skills needed to address customer concerns in accordance with Bank policies.

Specialized training and recognition programs help reinforce exemplary customer service. Information and education campaigns for all BPI employees, including non-client facing teams, are included in the FCP.

As a result of the Bank's strengthened customer experience initiatives, complaints resolution increased to 98.9% in 2022. Along with a huge 51% year-on-year increase in BPI's transaction count, the Bank's complaint intensity declined from 0.092 for every 1,000 transactions in 2021 to 0.085 in 2022.

CRITERIA	2020	2021	2022
Number of complaints for every 1,000 transactions	0.104	0.092	0.085
Number of complaints	300,937	321,168	452,362
Number of transactions (in billions)	2.9	3.5	5.3
Complaints resolved	95.5%	98.8%	98.9%

Data Privacy

In response to the Data Privacy Act of 2021 (DPA) and the various circulars of the National Privacy Commission (NPC), BPI established the Data Privacy Office (DPO) to manage the fulfillment of data privacy requirements throughout the organization. The Bank completed its Phase II registration with the NPC in March 2018.

The DPO is led by the Data Protection Officer, who is concurrently the Enterprise Information Security Officer, has extensive qualifications and experience in data privacy and information security and performs all the responsibilities and tasks of a Chief Information Security Officer. The Bank ensures that its DPO has obtained a DPO Ace Level 1 Certification from the NPC.

The DPO regularly reports to the Board's Audit and Risk Management Committees. All confirmed incidents, if any, must be reported to these Board-level committees and are used as references for assessing existing internal controls.

Under the supervision of the Chief Compliance Officer (CCO), our Data Protection Officer is accountable for ensuring compliance with applicable laws and regulations for personal data protection. The Data Protection Officer develops, maintains, and promotes the effective implementation of the Bank's Data Privacy Policy.

The Privacy Framework and Management Program details the Bank's strategy for upholding stakeholders' right to data privacy. It provides the duties and responsibilities of business units, guidelines for implementing the Framework, and assessing internal processes in ensuring the protection of clients' personal information.

The Framework makes reference to the BPI's Data Privacy Policy and Information Security Policy, which apply to 100% of BPI's operations. Both policies are reviewed and refined on an annual basis, and are audited every two years either by independent internal auditors, third party external auditors, or regulators, in addition to periodic maturity level assessments from consultants. Under the Framework, BPI grants access, rectification, and deletion rights to all clients.

The BPI Data Privacy Policy is posted on the BPI website (www.bpi.com.ph/privacy).

Zero cases
of data security breach identified in 2022

98%
of employees completed the mandatory course on Data Privacy in 2022

BPI follows the Privacy by Design principle in its data privacy and information security policies. BPI proactively evaluates data privacy risks and considerations in all products and services. Data privacy regulatory, compliance, and legal requirements are embedded in the Bank's systems, products, and processes. All new products, services, and processes trigger the Privacy Impact Assessment (PIA), a due diligence tool containing a privacy risk assessment.

Completed 121 Privacy Impact Assessments

Conducted compliance checks on 12 third-party service providers

Performed privacy sweep for 36 BPI-managed and maintained websites

Data Privacy and Information Security Awareness are mandatory courses for all BPI employees, which are supplemented by internal communication materials. 98% of employees completed the mandatory course on Data Privacy in 2022. The DPO also conducts live webinars for employees, featuring industry experts who share best practices on data security.

19 live privacy briefings for employees and third-party service providers

2 live webinars in celebration of the Privacy Awareness Week in May

116 awareness materials to promote data privacy and cybersecurity to both internal and external customers of the Bank

INITIATIVE	DESCRIPTION
Philippine Privacy Awareness Week (PAW)	BPI DPO organized a series of live webinars with resource speakers from the NPC and Straits Interactive
Philippine Cybersecurity Awareness Month	BPI DPO organized a series of live webinars with resource speakers from the Department of Justice, NPC, IBM, Microsoft, and Cisco, among others
Data Privacy Forum	Held in July and December 2022 and attended by Compliance Officers for Privacy and the DPOs of BPI subsidiaries
Ayala Group Data Privacy Council	BPI's Data Protection Officer appointed as first Chairman of the Council and served as a resource speaker for its privacy webinar
Privacy Maturity Assessment and Philippine Privacy Trust Mark (PPTM) Readiness Assessment	The NPC's PPTM intends to evaluate an organization's demonstration of operational compliance with the Data Privacy Act and of having proper organizational, physical, and technical security measures. An ongoing initiative with an external consultant with target completion within 2023.
FAQ and Exercise of Data Privacy Rights (EDPR) Form	Updated references for branch personnel when processing data privacy-related requests from clients

Political Involvement

As stated in the BPI Code of Business Conduct and Ethics, the Bank is non-partisan and does not contribute or solicit political contributions, funds, assets or resources to any political candidate, party, or similar organization. Employees are allowed to engage in public service following internal procedures and in alignment with the Bank's standards for Conflict of Interest.

Disclosure and Transparency

BPI values opportunities to communicate its initiatives, policies, operations, financial, and non-financial performance, and goals to all of its stakeholders. The Bank believes that dialogue with stakeholders is essential in ensuring their active engagement with the Bank. This provides them with timely, balanced, and understandable information, which is also integral in fulfilling the Bank's role and responsibilities as a global financial institution.

The Bank has always ensured that its corporate disclosures not only comply with regulatory requirements and meet traditional purposes such as for investor protection, market efficiency, and corporate governance, but also to authenticate its concern for other corporate constituencies such as its customers, creditors, and employees, as well as the broader public. We are continuously enhancing our disclosure and transparency levels to match the different needs of our stakeholders.

PUBLIC DISCLOSURE	FREQUENCY	DESCRIPTION
Integrated Report	Annual	• Contains BPI's financial and non-financial performance and management discussions for the reporting year • Aligned with global and local financial and sustainability reporting frameworks and standards • Includes audit statements for financial disclosures and external assurance statements for sustainability and non-financial disclosures • Available for download from the BPI website • See page 4 for more information about the 2022 BPI Integrated Report
Audited Financial Statements	Annual	• In compliance with BSP, SEC, PSE, PDEx, SGX requisites • Includes detailed management discussions and analyses are presented to the Audit Committee and the Board before disclosure • Filed within the mandated 105 calendar days from the end of financial period, if not earlier • Available to investors and analysts through the BPI website and the websites of the various exchanges where BPI capital market issuances are traded
Quarterly Financial Statements	Quarterly	• In compliance with BSP, SEC, PSE, PDEx, and SGX requisites • Includes detailed management discussions and analyses are presented to the Audit Committee and the Board before disclosure • Filed within the mandated 45 calendar days from the end of financial period, if not earlier • Available to investors and analysts through the BPI website and the websites of the various exchanges where BPI capital market issuances are traded
Institutional Website	Regular and as needed	• A comprehensive, cost-efficient, and timely communication channel for the Bank's corporate information, its various initiatives, products and services, and other relevant disclosures and reports for easy access to all stakeholders • Aligned with the SEC-prescribed format and template

The Bank recognizes its continuous disclosure obligations under PSE Listing Rules and to the SEC under the SRC. As a Publicly-Listed Company (PLC), the Bank's corporate actions are disclosed to these two bodies. In adherence to Recommendation 8.1 of the SEC Corporate Governance Code for PLCs, the Policy of Disclosure and Transparency is disclosed in its Manual on Corporate Governance, published in the BPI website.

Key Disclosure Principles

BPI is committed to provide clear, timely, accurate, and balanced disclosure of all material information about the Bank and to provide fair and equal access to such information. BPI, however, treats all information pertaining to the company, business transactions and operations, and products and services as strategic in nature. Therefore, the Bank, in the provision of its disclosures, safeguards its proprietary information and competitive position.

The Board requires that management has processes in place to support its policy on full, comprehensive, understandable, and timely disclosure of financial and non-financial results, significant developments, and other material information to both its internal and external publics, such as clients, shareholders, regulators, employees, suppliers, rating agencies, analysts, and stock exchanges.

Required disclosures of market-sensitive information are coursed through the proper regulatory agency and also released to the public through various cost-efficient and appropriate modes of communication.

Disclosures should be consistent over time, unbiased, and comparable across the industry.

BPI is guided by internal governance, risk, and compliance standards which serve to ensure information disclosure conforms with the Bank's established rules and procedures to identify, assess, and mitigate any possible risks or damages to the Bank, its counterparties, or partners as a result of any improper disclosure.

BPI gives due consideration to any matters related to the confidentiality of any information affecting clients' or counterparties' interests. The Bank respects the rights of its clients and counterparties as related to the protection of confidential information.

BPI's Contributions to the United Nations SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

PHP 10.6 billion
microfinance loans

2 ZERO HUNGER

PHP 146 billion
BPI Agribusiness loans

3 GOOD HEALTH AND WELL-BEING

PHP 21 billion
outstanding loans to businesses providing services related to nutrition, healthcare, and wellness

4 QUALITY EDUCATION

PHP 4 billion
outstanding loans to businesses providing educational services

5 GENDER EQUALITY

14% women and **86%** men in the Board of Directors

51 % women and **41%** men in senior management

67% women and **33%** men in the total workforce

6 CLEAN WATER AND SANITATION

PHP 13 billion
outstanding loans to businesses providing water and sanitation-related services

7 AFFORDABLE AND CLEAN ENERGY

51% of BPI's energy portfolio goes toward renewable energy projects

PHP 20 billion loans disbursed to renewable energy projects

PHP 4.5 billion loans disbursed to energy efficiency projects

8 DECENT WORK AND ECONOMIC GROWTH

75% of rank-and-file employees covered by Collective Bargaining Agreements

1,186 branches and branch-lite units

2.080 ATMs and CAMs

150,000 self-employed micro-entrepreneurs (SEMEs) supported by BanKo

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

PHP 6 billion
loans disbursed to green buildings projects

11 SUSTAINABLE CITIES AND COMMUNITIES

Launch of **BPI MyBahay**, the first low-cost housing loan in the Philippines

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Shift of **3 office buildings** to **100%** renewable energy

5 IFC-EDGE certified green branches

100% conversion to LED lights in branches

88% conversion to inverter-type air-conditioning units in branches

1,750 kg recyclables collected

13 CLIMATE ACTION

USD 300 million outstanding green bond issuances

Support for the Task-Force for Climate-Related Financial Disclosures (TCFD)

BPI Coal Policy

15 LIFE ON LAND

Reforestation of **364.71 hectares** in Luzon, Visayas, and Mindanao through BPI Foundation

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Robust Money Laundering/Terrorism Financing Prevention Program (MTPP), including periodic and comprehensive Anti-Money Laundering/Combating the Financing of Terrorism (AMLCFT) training and awareness programs for the Board of Directors and all employees

17 PARTNERSHIPS FOR THE GOALS

Partnerships and engagement with various stakeholders as we implement the BPI Sustainability Agenda and align with the UN SDGs

Corporate Governance

OVERVIEW

The challenges in 2022 were a continued invitation for the Bank to adapt its governance framework. Globally, the pandemic, supply crisis, evolving digital trends and macroeconomic challenges made the board environment tougher than usual. Addressing these changes, in many instances, required boards to re-think their approach and incorporate new governance practices.

Despite the challenges, the BPI Board of Directors kept pace with the shifting responsibilities and priorities and maintained a ten-point framework with a future-leaning focus on what our stakeholders need the Bank to be in terms of:

- Purpose
- Accountability
- Objectivity
- Information and reporting
- Stakeholder relationships
- Talent
- Culture
- Commitment
- Refreshment at the board level
- Board engagement

The framework supports the changes introduced by the Board in the recent years, including ESG goals, thereby impacting a wider expanse of stakeholders.

Our corporate governance policies and practices are embodied in our Manual on Corporate Governance (MCG) and disclosed in the Integrated – Annual Corporate Governance Report, both of which are available on our website at www.bpi.com.ph.

LEADERSHIP

Advisory Council. We have an Advisory Council to the Chairman which was organized following the ASM in April 2016.

At the Organizational Meeting of the Board of Directors held April 28, 2022, immediately after the BPI Annual Stockholders' Meeting, the following were appointed as members of the Advisory Council:

1. Chief Justice Artemio V. Panganiban
2. Oscar S. Reyes
3. Delfin L. Lazaro
4. Mercedita S. Nolledo
5. Antonio Jose U. Periquet, Jr.

Board of Directors

The Board ensures that BPI maintains an effective, high-level risk management, and oversight process across all companies in the Group, with due consideration for the Group's business and reputation, the materiality of financial and other risks inherent in the business, and the relative costs and benefits of implementing specific controls.

The Board also decides on all other important matters that pertain to the entire Group, in view of the strategic, financial, regulatory, and reputational implications.

Chairman. The Board is headed by a competent and qualified Chairman.[1]

Vice-Chairman. The Board also has a Vice-Chairman who, in the absence of the Chairman of the Board, assumes and performs all the powers and duties of the Chairman.

See Appendix for full biographies of the Chairman, Vice-Chairman, and Board of Directors.

[1] Recommendation 2.3, SEC CG Code for PLCs

Role and Independence of the Chairman. The Chairman and Vice-Chairman are both Non-Executive Directors. The Board does not encourage CEO duality. The Chairman, who has not served as CEO of the Bank within the past three years, is separately appointed from the President and CEO. The Chairman and the President and CEO positions are currently held by two individuals who are not related to each other and have defined roles and responsibilities that are separate and distinct, as set in our Amended By-Laws and MCG.[2]

Under the leadership of the Chairman, the Board creates the framework within which the Bank's executive team, headed by the President and CEO, steers the business. As stated in the Bank's MCG, the Chairman: (1) provides leadership and governance to create an environment for the overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner, (2) ensures that the Board is able to actively participate in the development and determination of the Bank's strategies and policies, and that Board decisions are made in the Bank's best interests and fairly reflect Board's consensus, (3) forges a positive and constructive working relationship between the Board and management, and (4) establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Bank and particularly at Board level.

Chief Executive Officer. The CEO reports directly to, and is accountable to, the Board for the performance of the Bank. As defined in the MCG, the CEO: (1) leads the development and execution of short-and long-term strategies, (2) communicates on behalf of the Bank with shareholders, regulators, and the public, (3) evaluates the work of other executive leaders within the Bank, (4) implements the Bank's vision and mission, and (5) ensures that management's reports to the Board provide relevant, accurate, timely and clear information necessary for the Board to fulfill its duties.[3]

Lead Independent Director. At the Organizational Meeting of the Board, following the 2022 ASM, Independent Director Ignacio R. Bunye was appointed as Lead Independent Director.[4]

[2] Recommendation 5.4, SEC CG Code for PLCs
[3] Recommendation 5.4, SEC CG Code for PLCs
[4] Recommendation 5.5, SEC CG Code for PLCs

Board Charter. The Board Charter is incorporated in our MCG, both of which are reviewed annually. The Bank's updated and revised MCG was approved and adopted by our Board in its entirety on Sep. 21, 2022.[5] The Board Charter is also disclosed on the company website at www.bpi.com.ph.

In the Board strategy session last Dec. 15, 2022, the Board and the Senior Management committee reviewed and approved the Bank's mission and vision and strategic plans for the coming years.[6]

Composition and Qualification

Board Composition

BPI maintains a 15-member board. The size of the Board is deemed appropriate given the complexity of operations of the Bank and the entire BPI group, our risk appetite, the geographical spread of our business, and the significant time demands placed on the Directors. No Director or small group of Directors can dominate the decision-making process. The only Executive Director is the Bank's President and CEO.[7]

Board membership was reinvigorated during the Bank's ASM on April 28, 2022, with 14 of the newly-refreshed 15-member board comprised of Non-Executive Directors, safeguarding independent oversight of management.

In 2022, the following Board membership changes occurred:

Election on April 28, 2022 at the Annual Stockholders' Meeting, of Mr. Emmanuel S. de Dios as Independent Director (ID) subject to the confirmation by the BSP Monetary Board and other regulatory confirmation/ approvals as may be required;

[5] Recommendation 2.12, SEC CG Code for PLCs
[6] Recommendation 2.1, 2.2, 2.12, 8.7, SEC CG Code for PLCs

The Board, at its regular meeting on Aug. 17, 2022, accepted the resignation of Mr. Eli M. Remolona, Jr. as Director, thereby rendering his resignation effective as of even date. Subject to approval of the Bangko Sentral ng Pilipinas (BSP), Mr. Octavio Victor R. Espiritu was appointed by the Board as Interim Chairman of the Risk Management Committee vice Mr. Remolona.

The Board likewise approved the medical leave of absence of Mr. Fernando Zobel de Ayala as Vice Chairman of the Board, and resignation as Chairman of the Personnel and Compensation Committee, Vice Chairman of the Executive Committee, and member of the Nominations Committee.

The Board also appointed Mr. Cezar P. Consing as Acting Vice Chairman of the Board and Vice Chairman of the Executive Committee. No appointments replacing Mr. Fernando Zobel de Ayala in the Personnel and Compensation Committee and Nominations Committee were made.

In relation to the earlier filing for a medical leave of absence, on Sep. 12, 2022 Mr. Fernando Zobel de Ayala tendered resignation as member of the Board effective immediately.

At the regular meeting of the Board of on Sept. 21, 2022, the Board approved the following: (1) Election of Mr. Jaime Z. Urquijo as Director vice Mr. Fernando Zobel de Ayala, subject to the confirmation/ approval of the Monetary Board of the Bangko Sentral ng Pilipinas; (2) Appointment of Mr. Cezar P. Consing as Vice Chairman of the Board and Member of the Nomination Committee; (3) Appointment of Mr. Jaime Augusto Zobel de Ayala as Member and Chairman of the Personnel & Compensation Committee; and (4) Appointment of Mr. Romeo L. Bernardo as Member of the Executive Committee.

Director Qualifications

As a financial institution imbued with public interest and a publicly-listed company, qualifications for membership in the Board are dictated by our Amended By-Laws, MCG, the Revised Corporation Code, and relevant regulations of the BSP, PSE and the SEC. Directors comply with all fit and proper qualifications and requirements of the BSP, SEC, and PSE and must remain qualified throughout the one-year term. Comprehensive profiles of the Directors are disclosed in the Bank's annual reports and on the company website. See Appendix for full biographies of the Directors. [7]

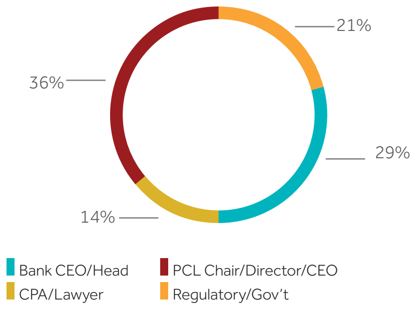
[7] SEC Memo. Cir. No. 11, s2014, Recommendation 8.3 SEC CG Code for PLCs

Diversity

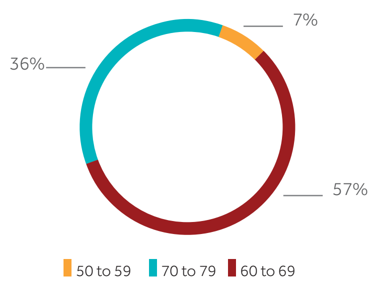
The Bank's Board Diversity Policy, adopted in 2015, underscores diversity at the Board level as an essential element of sound corporate governance, risk management, sustainable and balanced development, and effective business strategy.

Our leadership model ensures an appropriate balance of power, accountability, and independence in decision- making. Diversity—in terms of gender, age, cultural background, education, professional experience, engagement in sustainability and ESG initiatives, skills, knowledge, length of service, and other regulatory requirements—is duly considered in the design and selection of the Board's composition.[8]

SKILLS AND EXPERIENCE

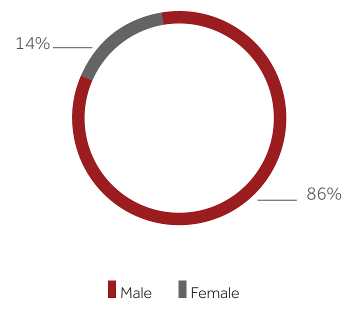


AGE DIVERSITY

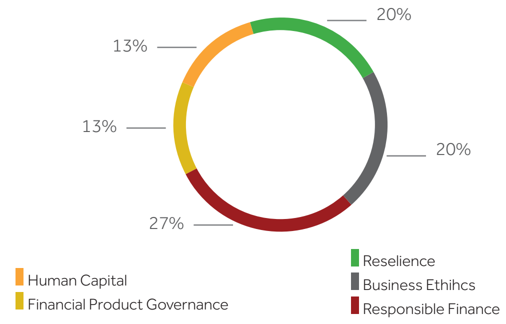


[8] Recommendation 1.4 of the SEC CG Code for PLCs, Recommendation 1.1, SEC CG Code for PLCs

GENDER DIVERSITY



ESG INVOLVEMENT



APPOINTMENT AND YEARS OF SERVICE OF BOARD OF DIRECTORS

as of Dec. 31, 2022

Director's Name	Type of Director[1]	Date First Elected[2]	Date Last Elected	Manner of Election	No. of Years as Director of BPI
Jaime Augusto Zobel de Ayala	NED	03/13/1990	04/28/2022	Annual Meeting	32.8
Fernando Zobel de Ayala[3]	NED	10/19/1994	04/28/2022	Annual Meeting	28.2
Janet Guat Har Ang	ID	05/19/2021	04/28/2022	Board Meeting	1.6
René G. Bañez	NED	08/18/2021	04/28/2022	Board Meeting	1.3
Romeo L. Bernardo	NED	02/1998	2001	Annual Meeting	3.0
	ID	08/21/2002	04/24/2019		15.7
	NED	04/25/2019	04/28/2022		3.7
Ignacio R. Bunye	ID	04/14/2016	04/28/2022	Annual Meeting	6.7
Cezar P. Consing	NED	02/1995	01/2000	Annual Meeting	5.0
	ID	08/18/2004	01/01/2007		2.3
		01/01/2007	04/18/2013		6.0
	ED	04/19/2013	04/21/2021		8.7
	NED	04/22/2021	04/28/2022		1.7
Emmanuel S. De Dios	ID	04/28/2022	04/28/2022	Annual Meeting	0.7
Octavio Victor R. Espiritu	NED	04/07/2000	04/03/2003	Annual Meeting	3.0
	ID	04/03/2003	04/22/2021		18.7
	NED	04/22/2021	04/28/2022		1.7
Jose Teodoro K. Limcaoco	NED	02/20/2019	04/21/2021	Annual Meeting	2.8
	ED	04/22/2021	04/28/2022	Annual Meeting	1.7
Aurelio R. Montinola III	ED	01/12/2004	04/17/2013	Annual Meeting	9.3
	NED	04/18/2013	04/28/2022		9.7
Cesar V. Purisima	ID	01/20/2021	04/28/2022	Annual Meeting	2.0
Eli M. Remolona, Jr.[4]	ID	04/25/2019	04/28/2022	Annual Meeting	3.7
Ramon R. Del Rosario, Jr.	NED	04/23/2020	04/28/2022	Annual Meeting	2.7
Jaime Z. Urquijo	NED	09/21/2022	09/21/2022	Board Meeting	0.25
Maria Dolores B. Yuvienco	NED	04/10/2014	04/13/2016	Annual Meeting	1.7
	ID	04/14/2016	04/28/2022		6.7

[1] Type: Executive (ED), Non-Executive (NED), Independent (ID)
[2] Based on Type of Director
[3] Resigned as of 12 Sep. 2022
[4] Resigned as of 17 Aug. 2022

Measurable Diversity Objectives or Targets. Best practice under the SEC Code of Corporate Governance for Publicly-Listed Companies recommends the establishment of measurable objectives or targets for achieving board diversity. In this respect, the following are the Board's diversity goals, approved in 2021 and considered as rolling targets over a five-year period, that, together with the Board Skills and Expertise Matrix, are reviewed annually and updated as needed:

1. At least two Female Directors on the Board.
2. At least five Independent Directors on the Board.
3. At least one Director with knowledge of IT systems and technology governance in the financial services industry.
4. At least one Director with marketing and customer management expertise.

Progress towards the diversity goals are also made through one or more of the following activities:

- Increasing the number of female candidates to be considered for the shortlist of nominees for the election of the Board of Directors at the Annual Stockholders' Meeting.
- Conduct of a regular review of list of retired bank employees for consideration of directorship positions within parent, subsidiaries and affiliates.
- Close coordination within Ayala Group of Companies for information on and shortlisting of independent candidates.
- Liaison and relationship development with regulators for information on possible candidates for directorship.
- Use of professional search firms/industry databases and associations to shortlist candidates.

Our full Board Diversity Policy may be read on our website at www.bpi.com.ph.

Security Ownership of Directors and Officers. Beneficial ownership and control structures of the Bank are disclosed in the table below. None of the members of the Bank's Board of Directors and management owns 2.0% or more of the outstanding capital stock of the Bank.[9]

As of Dec. 31, 2022, the following are known to BPI to be directly the record and/or beneficial owners of BPI voting securities:

Title of Class	Name of Beneficial Owner	Position	Dec 2022		Nature of Ownership (D) Direct (I) Indirect	Citizenship
			No. of Shares	% of Holdings		
Common	Jaime Augusto Zobel de Ayala	Chairman, NED	9,628	0.00%	D	Filipino
Common	Jose Teodoro K. Limcaoco	ED, President & CEO	291,406	0.01%	D/I	Filipino
Common	Janet Guat Har Ang	ID	10	0.00%	D	Singaporean
Common	René G. Bañez	NED	10	0.00%	D	Filipino
Common	Romeo L. Bernardo	NED	12	0.00%	D	Filipino
Common	Ignacio R. Bunye	ID	133,452	0.00%	D	Filipino
Common	Cezar P. Consing	NED	2,834,093	0.06%	D	Filipino
Common	Emmanuel S. De Dios	NED	10	0.00%	D	Filipino
Common	Ramon R. Del Rosario, Jr.	NED	2,287	0.00%	D	Filipino
Common	Octavio Victor R. Espiritu	NED	985,110	0.02%	D	Filipino
Common	Aurelio R. Montinola III	NED	1,794,863	0.04%	D	Filipino
Common	Cesar V. Purisima	ID	10	0.00%	D	Filipino
Common	Jaime Z. Urquijo	NED	10	0.00%	D	Filipino
Common	Maria Dolores B. Yuvienco	ID	5,813	0.00%	D	Filipino
	SUB-TOTAL		**6,056,724**			
Common	Ramon L. Jocson	EVP & COO	63,783	0.00%	D	Filipino
Common	Maria Cristina L. Go	EVP	26,892	0.00%	D	Filipino
Common	Marie Josephine M. Ocampo	EVP	26,892	0.00%	D	Filipino
Common	Juan Carlos L. Syquia	EVP	8,982	0.00%	D	Filipino
	SUB-TOTAL		381,349			
	TOTAL		**6,438,073**			

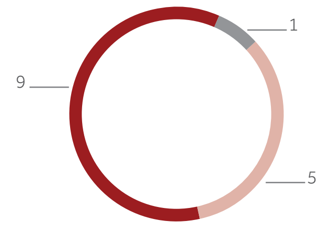
[9] Recommendation 8.2 SEC CG Code for PLCs

Independence

For the 2022 to 2023 Board term, BPI meets both the minimum BSP regulatory and SEC CG Code requirements with five out of the 15–member board elected or 33% of the Board being classified as Independent, or having no interest or relationship with BPI at the time of election, appointment, or re-election, as defined under Rule 38 of the Securities Regulation Code. Fourteen or 93% of the Board are Non-Executive Directors, who are not involved in the day-to-day management of banking operations.[10]

BPI submits the required certifications of its Independent Directors annually to the BSP for confirmation of the election or appointment.[11]

INDEPENDENCE



Executive Director (9)
Non-Executive Director (5) Executive Director (1)

Term limits of Independent Directors. BPI is compliant with BSP and SEC rules which prescribe a maximum cumulative term of nine years for Independent Directors, reckoned from 2012.[12]

Powers of the Board of Directors. As stated in the BSP MORB, the "corporate powers of a bank shall be exercised, its business conducted, and all its resources controlled through its Board of Directors. The powers of the board, as conferred by law, are original and cannot be revoked by the stockholders. The Directors shall hold their office, charged with the duty of exercising sound and objective judgment for the best interest of the institution."

Duties and Responsibilities. The Board bears the primary responsibility for creating and enhancing the long-term shareholder value of BPI, and generating reasonable and sustainable returns on shareholder capital by:

- Reviewing and approving the Bank's mission, vision, strategies and objectives;
- Appointing senior executives and confirming organizational structures;
- Approving enterprise-wide policies and procedures;
- Monitoring business and financial performance;
- Overseeing risk management frameworks and risk appetite; and
- Fostering regulatory compliance.

The Directors have healthy communication lines across various levels and functions within the Bank and the BPI group. In particular, BPI Directors who also sit on the boards of the Bank's subsidiaries or affiliates have first- hand access and insight into their operations and business activities, which allows for better assessment of Bank strategy and performance.

[10] Recommendation 1.2, 5.1, SEC CG Code for PLCs
[11] Recommendation 5.2, SEC CG Code for PLCs
[12] SEC Mem.Cir.No. 9, Series of 2011 and No. 4, Series of 2017, Recommendation 5.3, SEC CG Code for PLCs

Board Nomination and Selection Policy. All written nominations for Directors are submitted to the Nomination Committee. Nominations may be presented not later than the date prescribed by law, rules and regulations or at such earlier or later date before the date of the next annual meeting of the stockholders. All recommendations shall be signed by the nominating stockholders together with the written acceptance and conformity of the would-be nominees.

Transparent Nomination Process. Shareholders, including minority shareholders, may recommend candidates for Board membership for consideration by the Nomination Committee. Such recommendations are sent to the Committee through the Office of the Corporate Secretary. Candidates recommended by shareholders are evaluated in the same manner as Director candidates identified by any other means. The Committee itself may identify and recommend qualified individuals for nomination and election to the Board.

For this purpose, the Committee utilizes information from professional search firms or external director databases when possible and maximizes all available information resources to search for qualified candidates. Members of the Committee recuse themselves in case of deliberations on their nomination.[13]

In 2022, in accordance with the resolution of the Board dated Dec. 15, 2021, which was disclosed and reported to PSE and SEC, all nominations for election of Directors for the term 2022 to 2023 were required to be submitted to the Corporate Secretary not later than Mar. 11, 2022. As of said date, there were only 15 nominees to the Board received by the Corporate Secretary and all the nominees confirmed their acceptance of said nomination. Mr. René G. Bañez was nominated by the Roman Catholic Archbishop of Manila and the rest of the nominees were formally nominated by Ms. Josenia Jessica D. Nemeño, a long time stockholder of BPI who is not related to any of the nominees including the nominees for Independent Director.

The nominations were subsequently processed and evaluated by the Nomination Committee of the Bank in a meeting called for that purpose and it was determined by the Committee that all the nominees (both regular Directors and Independent Directors) possess all the qualifications required by relevant laws, rules, regulations, BPI's By-Laws and MCG, and no provision on disqualification would apply to any of them. None of the Nominees, Directors and Officers of the Bank works for the government.

Vetting of Directors. In the case of incumbent Directors, the Nomination Committee reviews each director's overall service during his or her current term, including the number of meetings attended, level of participation, quality of performance, and, if any, transactions between the director and the Bank. Apart from the annual accomplishment reports of all board-level committees, inputs to the Committee review include, but are not limited to, the results of the regular board self-assessment, updated directors' biographies, written affirmation to the BPI director's Code of Conduct and MCG, and relevant disclosures such as conflicts of interest or related party transactions, if any.

Selection Criteria. The Board, through the Nomination Committee, ensures the fit and proper requirements for the position of a Director of a bank and assesses candidates in terms of integrity or probity, competence, education, diligence and experience or training. These are dictated by Banking Laws, BPI's Amended By-Laws, MCG, Board Diversity Policy, Board and Committee Charters, the rules and regulations of the BSP, SEC, and PSE as well as the Corporation Code. A Skills and Expertise matrix prepared by the Corporate Governance Committee also provides recommendations for the desired competency profile of the Board, which includes the alignment of qualifications with the strategic Direction of the Bank. The Board also reviews candidate directors with respect to their skills, engagement and past or present work or board experience that considers ESG factors.[14]

[13] Recommendation 2.6, SEC CG Code for PLCs

[14] Recommendation 1.1, 2.6, SEC CG Code for PLCs

The General Banking Law of 2000 (Republic Act 8791) provides the BSP with powers to prescribe, pass upon, and review the qualifications and disqualifications of individuals elected or appointed as Bank Directors or officers and the power to disqualify those found unfit for positions of Bank Directors and Officers.

Election of Directors. The Nomination Committee pre-screens the candidates and prepares a final list of candidates prior to the ASM. Only nominees whose names appear on the final list of candidates are eligible for election to the Board. No other nomination shall be entertained after the final list of candidates are drawn up. No nomination shall be entertained or allowed on the floor during the ASM.

One Share, One Vote Rule. The Bank's Amended By-Laws state that elections for the Board will be held yearly during the ASM. Voting for the election of members of the Board is considered on a poll, by shares of stock, that is, one share entitles the holder to one vote. Under this rule, any minority shareholder can nominate individuals and has the power to cumulate voting rights. The right to cumulative voting is a statutory right granted by the Corporation Code of the Philippines. The Bank also has no current practice that awards disproportionate voting rights to select shareholders. The fifteen nominees receiving the highest number of votes are declared elected.

Electronic Voting in Absentia. In its meeting held on Feb. 11, 2022, the Board approved Management's recommendations for BPI to provide the Bank's shareholders with the option to vote in absentia in the 2022 ASM. Whether made in person or in absentia, the votes carry equal effect. This also allows shareholders who are unable to attend the ASM the opportunity to participate and vote. Hence, at the Apr. 28, 2022 ASM, stockholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.

Voting Process. No meeting of stockholders shall be conducted to transact business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day or until such time as may be deemed proper. The Rules of Conduct, voting and vote tabulation procedures are explained during the ASM. Votes are cast and counted for each agenda item. The Office of the Corporate Secretary tabulates all votes received and the Bank's external auditor validates the results. Voting results are presented for each agenda item during the meeting to inform the participants of such outcome. Voting results are likewise disclosed on the various exchanges where BPI's capital market issuances are traded and the company's website as soon as possible after the meeting.

The election and appointment of Directors and Officers, which includes the Chairperson of the Board, is confirmed by the Monetary Board of the BSP. Elected or appointed Directors and Officers also submit required certifications and other documentary proof of qualifications to the BSP for the confirmation of their election or appointment.

The nomination and election processes and their effectiveness, including committee performance, are reviewed annually by the Nomination Committee during its review of the committee charter and its self-assessment.

These nomination and election policies are disclosed in the Bank's MCG and Nomination Committee Charter at www.bpi.com.ph. [15]

Term of Directors. Directors are to hold office for a term of one year immediately upon their election and until the next election when their successor shall have been elected and qualified in accordance with the Bank's Amended By-Laws and the Corporation Code. In case any vacancy or vacancies should occur on the Board during the period between two ASMs, due to death, resignation or other causes, except removal, the remaining members of the Board, if still constituting a quorum, may fill said vacancy or vacancies by electing from among the stockholders. The stockholder or stockholders so elected shall act as a member or members of said Board until the election of a new Board of Directors.

[15] Recommendation 2.6, SEC CG Code for PLCs

Policy on Directorships. With a rigorous nomination process, close monitoring and reporting of Board and Committee meeting attendance, an annual performance evaluation which includes affirmative determination of time commitments and a review of Board Committee chairmanships and memberships, adequate safeguards against over boarding or over commitment are in place. Directors must notify the Board of their intention to accept a directorship in another company.[16]

BPI Directors are bound by the Board of Director's Code of Conduct to consider their individual circumstances and the nature, scale and complexity of the Bank's activities in showing full commitment. They should be able to devote the time, schedule and attention necessary to its business interests, to properly and effectively perform their duties and responsibilities, to avoid conflicts of interest, and to affirm this in writing annually.

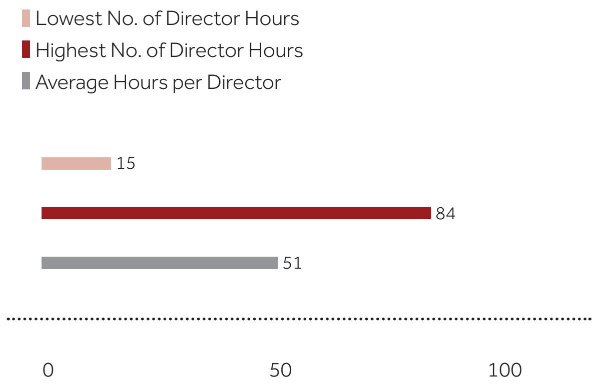
Directorships in PLCs. The Bank applies a limit of five on directorships of Non-Executive Directors and Independent Directors in publicly-listed companies.[17] Internally, the Bank ensures that the policy does not impinge on or violate a shareholder's ownership rights and legal right to vote and be voted upon as Directors.

Interlocking Directorships. The Bank has a Policy on Directors and Officers Interlocking Positions which: (1) adopts the rules as provided by BSP Circular No. 1129 for determining allowable and prohibited interlocking positions; (2) establishes internal guidelines, procedures and processes for proper management of Directors' and officers' interlocking positions, and; (3) sets out the minimum requirements from the circular for monitoring, compliance and regulatory reporting of director and officer interlocking positions in the BPI Group.

Time Commitments. Through the annual Board performance evaluation exercise and review of the Board size, structure and composition, the Board ensures that Directors' time commitments allow them to fulfill their Board roles to an appropriate standard and that the Board's quality of performance as a body, is high.[18]

[16] Recommendation 4.3, SEC CG Code for PLCs
[17] BSP Cir. 969 and Recommendation 4.2 SEC CG Code for PLCs
[18] Recommendations 4.1, 4.2 and 4.3, SEC CG Code for PLCs

TIME COMMITMENTS



Director Education and Training. The Board ensures that Directors acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.[19]

Directors, Senior Management and Key Officers, in their own capacity or as sponsored by the Bank, are able to attend the requisite programs, seminars and roundtables with accredited service providers during the year.

Likewise, internal meetings with Senior Executives and Operational or Functional Heads, and dedicated briefings on specific areas of responsibility within the business and special presentations on current issues or regulatory initiatives in cooperation with external technical and subject matter experts are arranged as needed. Directors also regularly attend governance fora, conferences, and summits. New Directors are briefed on BPI's background, organizational structure, and on general and specific duties and responsibilities of the Board. They are given an overview of the industry, regulatory environment, business of banking, strategic plans of the Bank, its governance framework, including support from the Corporate Secretary and Senior Management. New Directors submit a certification to the BSP that they have received a copy of the general responsibility and specific duties and responsibilities of the Board and of a Director.[20]

[19] Recommendation 1.3 and 1.5, SEC CG Code for PLCs
[20] BSP Circular No. 758, Recommendation 1.3, 2.1, SEC CG Code for PLCs

In this respect, in fulfillment of the Corporate Governance Committee's charter responsibilities for the provision of on-boarding/orientation programs for first time Directors and New Members of the Board, the Corporate Governance Department conducted several on-boarding/orientation sessions throughout 2022 on the following dates: Apr. 27, and Nov. 24, for Messrs. Emmanuel S. de Dios and Jaime Z. Urquijo, respectively.

In addition, a Cyber Security Briefing was also conducted on Jan. 19, 2022, which was attended by the Board and Senior Management.

The following table shows the training received by the Board of Directors and Key Officers:

DIRECTOR	2021	2022
Jaime Augusto Zobel de Ayala	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 18
Cezar P. Consing		
Jose Teodoro K. Limcaoco		
Ignacio R. Bunye		
Maria Dolores B. Yuvienco		
Romeo L. Bernardo		
Fernando Zobel de Ayala[1]		Not applicable
Antonio Jose U. Periquet, Jr.[2]		
Eli M. Remolona, Jr.[3]	Corporate Governance Orientation Program by Institute of Corporate Directors on Dec. 6 to 7	Not applicable
Octavio Victor R. Espiritu	Corporate Governance Orientation Program by Institute of Corporate Directors on Nov. 9 to 10	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 18
Emmanuel S. de Dios[4]	Not applicable	
Jaime Z. Urquijo[5]	Not applicable	ICD Masterclass: Disruptive Strategy by Institute of Corporate Directors on Nov. 25, 2022 Pilipinas: Aspire, Rise and Sustain Series Accelerating the Energy Transition and Inclusive Development Episode 3: Towards a Prosperity Agenda by Institute of Corporate Directors on Nov. 25, 2022
Janet Guat Har Ang	Ayala Integrated Corporate Governance Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 18
René G. Bañez		
Aurelio R. Montinola III	Corporate Governance Training by Risks, Opportunities, Assessment and Management (ROAM), Inc. on Sept. 24	
Cesar V. Purisima	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21	
Ramon R. Del Rosario, Jr.		

[1]Resigned as of 12 Sep. 2022
[2]Resigned as of 16 Dec. 2021
[3]Resigned as of 17 Aug. 2022
[4]Elected as BPI Director on 28 Apr. 2022
[5]Elected as BPI Director on 21 Sep. 2022

SENIOR MANAGEMENT	2021	2022
Eric Roberto M. Luchangco (SVP & CFO)[1]	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 18
Maria Theresa D. Marcial (EVP & CFO)[2]		
Ramon L. Jocson (EVP & COO)		
Marie Josephine M. Ocampo (EVP)		
Juan Carlos L. Syquia (EVP)		
Maria Cristina L. Go (EVP)		
Rosemarie B. Cruz (Chief Audit Executive)		
Marita Socorro D. Gayares (Chief Risk Officer)		
Noravir A. Gealogo (Chief Compliance Officer)		
Angela Pilar B. Maramag (Corporate Secretary)		
Maria Lourdes P. Gatmaytan (Corporate Secretary)[3]		

[1]Appointed CFO on 01 Jun 2022
[2]CFO until 31 May 2022
[3]Effective 15 June 2022

Remuneration

BPI's remuneration policy for the Board and Management is aligned with risk incentives and supports sustainable, long-term value creation. Apart from ensuring that Board and Management pay appropriately reflects market and industry conditions and drives business strategy and financial performance, the policy likewise applies performance-based remuneration that rewards employees for their commitment to Bank's strategy.

Remuneration Principles. In proposing the remuneration policy, the Personnel and Compensation Committee (PerCom) ensures that the mix of fixed and variable pay, in cash and other elements:

- Meets the Bank's needs and strategic objectives based on targets that are stretched, verifiable, and relevant;
- Accurately reflects recorded performance measures and promotes a pay-for-performance culture;
- Governs vesting of long-term incentives that are monitored and tied to risk-assessments to align remuneration with the Bank's long-term strategy and shareholder interests and encourage the long-term commitment of employees;[21]
- Reflects market rates and the challenge of attracting, retaining and competitively rewarding key staff with the ability, experience, skills, values, and behaviors to deliver Bank goals.

These principles of paying competitively and paying for performance applies equally to the Board, President & CEO, officers, employees and staff. BPI's employee remuneration is aligned with the principle of non-discrimination in respect of equal remuneration for men and women who produce work of equal value and where remuneration is based not on an employee's gender but on an objective evaluation of the work performed.

[21] Recommendation 2.5, SEC CG Code for PLCs

Other remuneration policies include:

- All salary programs are subject to the approval of the PerCom and the Board.
- The remuneration policy is reviewed annually to ensure that it remains competitive and consistent with the Bank's high-performance culture, objectives, long-term outlook, risk assessment, and strategies.

Total Compensation Elements. The PerCom ensures that a transparent compensation structure is in place, with a clear link between compensation and the Bank's objectives as well as a strong emphasis on the interests of the shareholders.

Fixed Pay Element. The fixed pay component is set at an appropriate level and considers industry and market rates as well as skills, competencies, responsibilities, and performance of the employee. It is reviewed at least annually.

- In this respect, salary surveys conducted by external compensation consultants are also used as references for employee salary benchmarking purposes.
- An annual merit increase may be granted upon Management's discretion based on the employee's performance.

Variable Pay Element. The variable pay component is performance-linked and based on the Bank, business or support unit and individual performance towards attainment of the overall Bank goals.

- It is measured against a balanced scorecard which includes financial and strategic metrics such as: revenues, loan volume, earnings, earnings per share, return on equity, return on assets, capital strength and risk containment, as well as non-financial metrics like corporate governance, customer satisfaction, adherence to corporate values, contributions both to operating unit and company-wide achievement, including any ESG factors which may be relevant to the evaluation of an employee's performance in the context of the Bank's sustainability objectives.
- All employees' performances are assessed by what is achieved and how it is achieved in line with BPI's core values.
- This performance bonus may be given upon management's discretion, subject to the endorsement of the PerCom and approval of the Board.

Director Remuneration. Under the Bank's Amended By-Laws, as approved by the shareholders, the Board, as a whole, determines the level of remuneration and/or benefits for Directors sufficient to attract and retain Directors and compensate them for their time commitments and responsibilities of their role.[22] The PerCom recommends to the Board the fees and other compensation for Directors, ensuring fair remuneration for work required in a company of BPI's size and scope, and alignment with the long-term interests of the Bank.[23]

- As provided by the Amended By-Laws and pursuant to a Board resolution, each Director is entitled to receive fees and other compensation for services as Director.
- In no case shall the total yearly compensation of the Board exceed 1% of the Bank's net income before income tax during the preceding year.

Remuneration Structure. Directors receive per diems for each occasion of attendance at meetings of the Board or of a Board Committee. Other than the usual per diem arrangement for Board and Committee meetings and the aforementioned compensation of Directors, there is no other standard arrangement as regards to the compensation of Directors, directly or indirectly, for any other service provided by the Directors for the last completed fiscal year.

- All fixed or variable remuneration paid to Directors may be given, upon recommendation of the PerCom.
- Directors with executive responsibilities within the BPI group are compensated as full-time officers of the Company, not as Non-Executive Directors.
- No Director participates in discussions of the remuneration scheme for himself or herself.
- Historically, total compensation paid annually to all Directors has been significantly less than the cap stipulated by the Bank's Amended By-Laws.

In 2022, the Board of Directors, as a whole, received a total of PHP 86.920 million as fees and other compensation for the services they rendered.[24] Directors receive per diem allowances of PHP 70K for attendance at Board meetings and PHP 30K for attendance at Committee meetings. No distinction is made between per diem allowances for Committee chairmen and members. Other than these fees, the

[22] Recommendation 8.4, SEC CG Code for PLCs
[23] Recommendation 2.5, SEC CG Code for PLCs
[24] Includes PHP 28.12 Mn for the year 2022 representing per diem of Directors at P70,000 per Board meeting and P30,000 per Committee meeting attended.

Non-Executive Directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

The total compensation for each director for 2022 is disclosed in Annex A-3(b) of the 2023 Definitive Information Statement. (Recommendation 8.4 SEC CG Code for PLCs).

President & CEO and Senior Management Remuneration. The Board, through the PerCom, annually approves the remuneration payable to the President & CEO and Senior Management, which includes Executive Vice Presidents and Senior Vice Presidents who have the authority and responsibility for the Bank's overall direction and strategy execution. The PerCom monitors and assesses how the remuneration was implemented each year and ensures that it corresponds to the remuneration policy.

Remuneration Structure. Remuneration for the President & CEO and Senior Management is set in the same way as for all employees being contractually fixed, based on the role, the skills and experience of the individual, and reviewed annually with reference to relevant market benchmarks. Remuneration for Senior Management, as reflected in the ratio between fixed and variable components of their total compensation, changes according to performance, rank, and function.[25]

- Apart from the key performance indicators discussed in the foregoing section on Total Compensation Elements, the PerCom ensures that Senior Management remuneration and incentives reflect prudent risk-taking and effective control.
- Salary reviews (covering fixed and variable compensation) are done periodically to ensure market competitiveness of the Senior Officers' total remuneration. The Bank also participates in Executive and Total Remuneration Surveys to benchmark on its market positioning.

The remuneration of the Chief Risk Officer (CRO) and that of the Chief Compliance Officer (CCO) and Chief Audit Executive (CAE) are reviewed and endorsed by the Risk Management Committee and the Audit Committee respectively and subsequently approved by the Board.

[25] Recommendation 8.4, SEC CG Code for PLCs

The performance of control functions (Internal Audit, Compliance, and Risk Management) are assessed independently from the business units they support to prevent any conflicts of interests.

Alignment with Long-term Shareholder Interests. The Board, through the PerCom, also established long-term incentive programs, which are aligned with shareholder interests. The Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP) give officers the opportunity to buy shares of stock in BPI at a discounted price. Details on the ESOP and ESPP can be found in Note 18 of the Audited Financial Statements.[26]

In 2022, the level of remuneration for the most Senior Executive Officers of the Bank is as follows:

Name	Salary*	Bonuses*	Other Salary
Jose Teodoro K. Limcaoco *President & CEO***	₱230,079,237.00	₱78,575,300.00	None
Ramon L. Jocson *EVP & Chief Operating Officer*			
Maria Theresa D. Marcial, *EVP*			
Marie Josephine M. Ocampo, *EVP*			
Juan Carlos L. Syquia, *EVP*			

**In as much as corporate governance best practices recommend that remuneration of the top five key officers be individually disclosed, the Bank believes that it would be disadvantageous to do so because of the competitiveness and high demand for talent in the industry.*
***The President and CEO/Executive Director receives remuneration as Officer and not as Executive Director of the company. There are no other Executive Directors other than the President and CEO.*

Meetings and Attendance

Our Directors make significant time commitments, not only in preparing for and attending Board and Board Committee meetings, but also to initial induction, continuing education, training, and engagement with the executive team and stakeholders, as needed.[27]

[26] Recommendation 2.5 SEC CG Code for PLCs
[27] Recommendation 4.1, SEC CG Code for PLCs

Scheduling of Meetings. The Board and the Board Committees conduct business through meetings for the effective discharge of obligations. Regular Board meetings are convened monthly, scheduled at the beginning of the year to cover the full term of the newly elected or re-elected Directors, reckoned from the date of the current year's ASM to that of the following year. Special meetings may be called as needed.

Board Meetings in 2022 were held on the following dates:

Date of Meeting	Nature of Meeting
Jan. 19	Regular
Feb. 11	Special
Feb. 16	Regular
Feb. 22	Special
Mar. 16	Regular
Apr. 20	Regular
Apr. 28	Organizational
May 18	Regular
June 15	Regular
July 20	Regular
Aug. 17	Regular
Sept. 21	Regular
Sept. 30	Special
Oct. 19	Regular
Nov. 16	Regular
Dec. 14	Regular
Dec. 15	Strategic Planning

Conduct of Meetings. The Chairman presides over meetings of the Board. The Vice Chairman presides in the absence of the Chairman. Board and Committee meetings are conducted consistent with the Bank's Amended By-Laws.

Discussions during Board meetings are open and independent views are given due consideration. When necessary, the Board holds executive sessions to discuss highly sensitive matters.

Agenda Setting. Items placed on the Board agenda are those that have the most fundamental importance and broad policy implications for the Bank. Directors are free to suggest items for inclusion in the agenda, and are free to raise at any Board meeting topics that are not on the agenda for that meeting. At the Chairman's discretion, any agenda items may also be referred for discussion in the respective Committees.

Director Attendance. In 2022, average attendance of elected Directors of the Board's 17 meetings was 95%. When exigencies prevent a Director from physically attending a Board or Board committee meeting, facilities for telephone conferencing are made available. In instances when a Director is unable to attend meetings even through teleconferencing due to prior commitments or unavoidable events, the said Director provides input to the Chairman so that his views can be known and considered.

Meetings Held Remotely. Since the onset of the COVID-19 pandemic in 2020, the Bank has adopted virtual meeting platforms and invested in the necessary equipment, including video and web conferencing software. In addition to training, virtual meeting protocols for both the Board and Management were also provided. These alternative means of communication for Board and Board Committee meetings follow BSP and SEC guidance on the conduct of meetings held remotely by electronic means. Likewise, rules and procedures relating to presence of a quorum, notices, agenda setting, voting, conflicts of interest, when meetings can be called and held continue to continue to follow rules and procedures for meetings held in person. All Directors in attendance at the meetings held remotely by electronic means are able to hear, participate and communicate 'live' in the discussions and decisions made at the meetings.

NO. OF MEETINGS ATTENDED IN 2022		
Name	Attended/Total	In Percentage (%)
Jaime Augusto Zobel de Ayala	16/17	94%
Fernando Zobel de Ayala*	10/11	91%
Jose Teodoro K. Limcaoco	17/17	100%
Janet Guat Har Ang	16/17	94%
Rene G. Bañez	17/17	100%
Romeo L. Bernardo	17/17	100%
Ignacio R. Bunye	17/17	100%
Cezar P. Consing	16/17	94%
Emmanuel S. De Dios**	11/11	100%
Octavio Victor R. Espiritu	17/17	100%
Aurelio R. Montinola III	16/17	94%
Cesar V. Purisima	17/17	100%
Eli M. Remolona, Jr.***	15/15	100%
Ramon R. Del Rosario, Jr.	17/17	100%
Jaime Z. Urquijo****	3/6	50%
Maria Dolores B. Yuvienco	17/17	100%

**Resigned as Board member effective 12 Sep.2022*
***Elected as Board member effective 28 Apr. 2022*
****Resigned as a Board member effective 17 Aug. 2022*
******Board member effective effective 21 Sep.2022*

Minutes of Meetings. Minutes of Board and Committee meetings are prepared with due regard to legal requirements. Key points and decisions taken have been summarized. The Board generally acts by consensus rather than on an adversarial basis, so that abstentions and rare instances of formal dissent are duly recorded. Further, Directors take the initiative to have high-level discussions outside the Board meetings, including separate discussions with Senior Management on its proposals. The Chairman likewise ensures that there is a fair and honest exchange of ideas and opinions by and between the Directors and Senior Management in Board meetings.

Meeting Materials. Board and Board Committee reference materials are made available to the Directors prior to the scheduled meeting. As an innovation to Board governance, all materials for Board and Board Committee meetings are uploaded through a secure system onto individual tablet devices specifically provided to the Directors to ensure immediate receipt and quick access.

Annual Strategic Planning Meeting. The Board and Senior Executives attend each year, a strategy session, held offsite when possible, to engage in dynamic and in-depth strategic discussion on the Bank's medium and long-term plans. For last year, this was held on Dec. 15, 2022.

Non-Executive Directors (NED) Meeting. Independent and Non-Executive Directors of the Bank also meet at least once a year without the presence of the Executive Director or Management.

The NED meeting held on Dec. 20, 2022 facilitated an open discussion of ongoing initiatives and semestral performance of the Bank. The meeting was chaired by the Lead Independent Director and was also attended by the control heads – Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer as well as the External Auditor.

Two-thirds (2/3) Quorum. The minimum quorum requirement for Board decisions is set at two-thirds (2/3) of the Board as provided by the Bank's Amended By-Laws. In Nov. 2019, the Board approved the amendment of the company By-Laws to, among others, raise the minimum quorum at any meeting for the transaction of corporate business from a majority to two-thirds (2/3) of the Board. Any meeting for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act, unless otherwise provided in the Amended By-Laws.

Access to Information

The Board has separate and independent access to the Corporate Secretary, who serves as an adviser to the Directors on their responsibilities and obligations and oversees the adequate flow of information to the Board prior to meetings.[28]

All Directors also have access to Senior Management. Directors and Board Committees also have unrestricted access to company records and information, in addition to regular detailed financial and operational reports from Senior Management.

Board Access to External Advice. The Board, if requested by the Chairman or other Directors, can call on external specialists or consultants for advice, briefings or assistance on specialized areas of focus such as accounting standards, related party transactions, capital, tax, listing, mergers and acquisitions, valuations, among others. Management can arrange for the External Auditor, Management Services Company or consultants to present to the Board.

[28] Recommendation 1.5, SEC CG Code for PLCs

Role of the Corporate Secretary. Our Corporate Secretary, who is a senior, strategic-level corporate officer, not a member of the Board, and a separate individual from the Chief Compliance Officer, plays a leading role in the Bank's corporate governance, and as such, attends corporate governance training annually. The Corporate Secretary's functions are stated in the Bank's Amended By-laws and Manual on Corporate Governance.

At the regular Board Meeting of Bank of the Philippine Islands (BPI) held May 18, 2022, the Board approved the appointment of Atty. Ma. Lourdes P. Gatmaytan as BPI Corporate Secretary effective June 15, 2022.

The Corporate Secretary is suitably trained and experienced in legal, accountancy, and company secretarial practices and is professionally qualified for these responsibilities. She is Co-Head of Legal and Head of Corporate Legal Affairs of the Bank and also the Corporate Secretary of various BPI subsidiaries and affiliates.

See Appendix for the full biography of our Corporate Secretary.

Performance Evaluation and Self-Assessment

The Board annually conducts a self-assessment to ascertain the alignment of leadership fundamentals and issues, validate the Board's appreciation of its roles and responsibilities and confirm that the Board possesses the right mix of background and competencies.[29]

Board Self-Evaluation. Performance is assessed across four levels: the Board as a body, Board Committees, individual Directors, and President and CEO. Key evaluation criteria are built on the Board's terms of reference and Committee charters, and framed around broad leadership fundamentals and best practices.

In this respect, the Board conducted its 2022 Annual Performance Evaluation in early 2023. Directors assessed that the Board as well as its Committees and individual Directors had performed their duties and responsibilities effectively for the past year and that there were no material issues with respect to membership, governance, and operations. This also included an assessment of the President and CEO.

[29] Recommendation 6.1, SEC CG Code for PLCs

Third-Party External Performance Evaluation. In pursuit of best practices, the Bank engaged in 2020 a third-party external facilitator, Aon Hewitt Singapore Pte. Ltd., to conduct a separate Board Assessment covering the 2019 to 2020 board term.[30]

The results of the triennial external assessment (the "Aon Report"), which forms part of BPI's compliance with BSP Cir. 969 and SEC Memorandum Circular 19, Series of 2016, were presented to the Corporate Governance Committee at its meeting on Aug. 27, 2020, which endorsed the same to the Board. Subsequently, the Board noted the results and recommendations in the Aon Report in its meeting on Sept. 16, 2020.

Board Performance Evaluation and Self-Assessment[31]

	PROCESS	CRITERIA
Board of Directors	The Board shall be given sufficient time to accomplish the self-assessments. Each individual Director performs the four (4) levels of self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level. For the Board and Committee-level assessments, while the Directors will be rating the Board's or Committee's performance as a body, the accomplishment of the assessment forms is meant to be done individually, on a per Director basis. This is to secure an honest, unbiased, independent, and anonymous view from each Director rather than a collective assessment that may already be subject to filtering and pre-agreement. Each Director shall submit the completed forms on or before the deadline set by the Corporate Governance Committee or at such earlier or later date as the Board may agree upon. The Corporate Governance Committee processes the results of the assessments and communicates this to the Board through a Summary Report.	1. Strategic Foresight 2. Board Structure and Committee Effectiveness 3. Board Meetings and Procedures 4. Board and Management Relations 5. Induction and Continuing Education 6. Performance Evaluation 7. Value Creation General and specific leadership standards under the above criteria are considered in evaluating the Board as a body such as: • adequacy of the processes which monitor business performance; • Board member interaction with management; adequacy of board knowledge; • appropriateness of balance and mix of skills; • size of Board; • contribution of Individual Directors; • Board's effectiveness in use of time; • if Board allows sufficient opportunity to adequately assess management performance; • Board's ability to keep abreast of developments in wider environment which may affect BPI; • working relationship between Chairman and Chief Executive Officer; • segregation of duties between Board and Management; and • ability of Directors to express views on each other and to Management in constructive manner, etc.
Board Committees	Submission of Accomplishment Reports to the Board by the different committees. In addition, the Audit Committee submits the "Self-Assessment in the Performance of the Audit Committee" to the SEC.	General and specific factors relating to Committee role, membership, procedure and practice, structure, collaboration and style and effectiveness. 1. General 2. Committee Charter and Governance Each committee's assessment template is now based on their specific charter and manner of governance. Sample factors: • Use of committee time • Adequacy of committee papers and frequency of meetings • Ability to access resources • Ability to keep informed in relevant areas provision for continued development • Working relationship between committee chairman and members • Segregation of duties between committee and management • Ability of directors to express views on each other and to management in a constructive manner, etc.
Individual Director	Each director is required to fill-up a Self-Assessment Form annually.	Evaluation criteria focuses on best practice benchmarking and specific director roles in the board and in committees: 1. Company Strategy, Developmental Role and Reputation 2. Board Engagement and Attendance 3. Performance and Governance Role In addition, the template includes separate question(s) for Executive Directors, Independent Directors and Committee Chairmen.
CEO/ President	Each director fills up an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The CEO/ President's performance is also evaluated at least once a year by the Personnel and Compensation Committee and Executive Committee	For the CEO assessment, questions revolve around these criteria: 1. Leadership 2. Working with the Board 3. Managing Execution 4. Communication/External Relations

[30] Recommendation 6.1, SEC CG Code for PLCs, BSP Cir. 969
[31] Recommendation 6.2 SEC CG Code for PLCs

SKILLS AND EXPERTISE Matrix Board Term: 2022 to 2023	
Competency Area	Competencies (Skills, Experience, Attribute)[32]
Core Personal Attributes	• History of ethical behavior based on prior or current directorships in other publicly-listed companies and confirmation from regulatory bodies such as the BSP and SEC • Availability (based on the number of other current directorships) • Relevant and distinguished professional career (as may be determined from bio-data)
Board/ Corporate Governance experience	• Knowledge and experience in a system for the oversight of decision-making, actions and behavior, and governance structures (as may be determined from candidate's bio-data/professional career) • Commitment to high standards of corporate governance (based on prior or current directorships) • Classification as a Director (for publicly listed companies)
Executive Leadership/ Management Skills	• Senior Executive perspective of running a large organization or bank • Experience with stakeholder management (as may be determined from bio-data/ professional career)
Specialized Skills or Expertise: • Accounting or Internal Control • Risk Management • Technology • Marketing/Sales and Customer Management • Organizational Development • Public and Regulatory • Banking • ESG Experience of Involvement	• Qualified financial expertise, education, and training • Ability to understand financial statements as well as assess adequacy and integrity of financial controls and reporting • Knowledge of and experience with risk management models and methods • Experience in information technology systems, or experience in technology governance in the financial services industry • Experience in organizational/talent development, including executive performance, change management, remuneration frameworks, etc. • Experience in public and regulatory policy, government, or public administration (as may be determined from bio-data/professional career, education and training)

CEO and Senior Management. As stated in the Bank's Amended By-Laws and MCG, the Board-level Personnel and Compensation Committee oversees the performance evaluation process within the Bank which includes the annual review and approval of corporate goals, strategic objectives, and standards relevant to the CEO, Senior Management, and other key officers of the Bank. Performance is generally measured based on achievements and output of the officer, business unit, or the Bank as a whole, or using a combination of all as the executive's responsibilities may dictate.[33]

The performance management framework considers strategies and goals or actual results of a given period's business objectives and core competencies. It also looks into the behavior, technical competencies, and soft skills exhibited by the officer during the period under review, as well as fitness and propriety. The performance of control function heads for audit, risk management, and compliance are also evaluated by the Audit Committee and Risk Management Committee.

The framework also follows a performance management cycle: Goal setting, Performance monitoring, Performance appraisal, Performance reinforcement, and Performance improvement.

Succession Planning and Talent Management

The Board is committed to a process of orderly succession and acknowledges that a succession plan for the Board and its leadership positions is in the best interest of the Bank and its stakeholders leadership changes are not only carefully considered and planned, but are also part of a comprehensive risk management strategy that is guided by clear and transparent governance policies, processes, and laws.

[32] Section X142.3.a.(1) of the MORB as amended by BSP Circular 969 "Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions"
[33] Recommendation 2.8, 2.9 SEC CG Code for PLCs

Board Succession. In this regard, the Board is regularly refreshed in a continuing cycle. The Nomination Committee and the Corporate Governance Committee work within a general Board succession plan framework to ensure that: 1) appropriate governance processes are in place and ongoing, for identifying, assessing, and monitoring future needs of the Board; 2) there is continuity and transfer of knowledge in the Board so that it may effectively fulfill its role and responsibilities to BPI, as that may evolve over time, and 3) the Board is taking a prudent and structured approach to managing succession risk. [34]

The Corporate Governance Committee assists the Nomination Committee in the annual review and assessment of the structure, size, and composition of the Board and Board-level committees. The committees take into consideration the Bank's current strategy and business, regulatory requirements on independence and diversity, as well as comparative benchmark and peer group analysis.

The Corporate Governance Committee also utilizes a Skills and Expertise Matrix to proactively shape Board composition, identify competency gaps, if any, and build the desired or required competency profile against which candidate Directors will be assessed. Using a point system, succession planning priorities are then determined to guide the Nomination Committee in the assessment of candidates and in managing current and future requirements of the Board.

President & CEO Succession. As part of the executive planning process, the PerCom as a whole or a part thereof, in consultation with the Board, the Nomination Committee and the President and CEO, evaluates and nominates potential successors to the President and the CEO.[35] Succession planning has effectively ensured leadership continuity through four President and CEO changes in the last three decades, marked by early planning and mentoring, smooth organizational and operational transitioning, and prudent but progressive institutional building at BPI and across the BPI group.

[34] BSP Cir. 969, Recommendation 2.4 SEC CG Code for PLCs
[35] Recommendation 2.4, 2.8 SEC CG Code for PLCs

Senior Management Succession. The Board, through its PerCom, manages the talent pipeline and assembles the required personnel capable of navigating such changes. In consultation with the President and CEO, the PerCom reviews the Bank's talent development process for proper management. Senior Management provides a report to this Committee on the results of its talent and performance review process for key management positions and other high-potential individuals. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps, and proactive measures in the Bank's executive succession planning.

More information on Succession Planning and Talent Management can be read on the company website at www.bpi.com.ph.

Retirement Policies

Director Retirement. The best interests of BPI are served by retention of Directors that make meaningful contributions to the Board and the organization, regardless of age. It is the Bank's strong view that with age often comes unmatched wisdom and experience, expert business judgment, invaluable industry and community relations and authority, and deeply ingrained appreciation of corporate governance principles.

The Bank believes that imposing uniform and fixed limits on Director tenure is counter-productive as it may force the arbitrary retirement of valuable Directors.

Retirement Age. Nevertheless, the Bank has set a retirement age for Directors at 80 years old.[36]

Retirement of Senior Management. The requisite succession planning for key officers as well as employees is done in accordance with the Bank's policies and implementing guidelines of its retirement plan for all employees, the Bank's Amended By-Laws, Labor Code, and the Corporation Code of the Philippines. Currently, the retirement age for employees of the Bank is set at 60 years old.

The Retirement Policy and other Board governance policies may be viewed on the company website at www.bpi.com.ph. See Appendix for full biographies of our Principal Officers.

[36] Recommendation 2.4 SEC CG Code for PLCs

Contact our Board. Communications to the Directors, including any concerns regarding BPI's risk management, governance, accounting, internal controls, auditing or other matters, may be addressed to the Board through the Office of the Corporate Secretary.

Board of Directors
Bank of the Philippine Islands
Office of the Corporate Secretary
14/F Ayala North Exchange Tower 1,
6796 Ayala Avenue corner Salcedo Street
Legaspi Village, Makati City 1229

Concerns may be submitted anonymously or confidentially by any shareholder, customer, supplier, or other interested party. Communications relating to the Bank's risk management will be endorsed to the Risk Management Committee. Accounting, internal controls, or auditing matters will be relayed to the Audit Committee. Other matters will also be handled by the appropriate Board committee. In the same manner, communications will be referred to other areas of the Bank for handling as appropriate under the facts and circumstances outlined in the communications.

Board Committees. The Board has established Committees to heighten the efficiency of Board operations and assist in exercising its authority for oversight of internal control, risk management, and performance monitoring of the Bank.

The committees provide organized and focused means for the Directors to achieve specific goals and address issues, including those related to governance.

In particular, the Committees enhance the objectivity and independence of the Board's judgment, insulating it from undue influence of management and major shareholders. In 2022, the Bank had eight Board-level committees. The Chairmen and Members of the different Committees were elected by the Board during the Organizational Meeting on Apr. 28, 2022, after the ASM. Any subsequent changes in membership of the respective committees are made upon approval by the Board.[37]

[37] Recommendations 3.1- 3.6 SEC CG Code for PLCs

We strive to comply with the BSP regulations and the SEC Code of Corporate Governance for PLCs with respect to the Chairmanships and Memberships of the Committees. All Committee Chairmanships and Memberships are compliant with their respective Committee charters and the Manual on Corporate Governance.

Committee chairs and Vice Chairs provide leadership to their respective committees and guide members in translating the Board's goals for the Committee into meeting agendas and work plans for the year. They work with the Corporate Secretary, Management and Committee secretariats to prepare the agendas, discussion materials and reports, and schedules of meetings set at the beginning of the year, for guidance of the members. Committee meetings are recorded and minutes are prepared by the Corporate Secretary. The work, accomplishments, and minutes of the meetings of the Committees are regularly reported to the Board. Policies approved at Committee level are confirmed by the Executive Committee or the Board.

As part of the annual Board effectiveness review, Committees conducted self-assessment exercises for 2022 at end-2022 to early 2023. The review found all Committees to have performed their respective duties and responsibilities effectively. There were no material issues with respect to Committee memberships, governance, and operations.

Attendance of the members of our Board in their respective committee meetings in 2022 are shown on page 123.

Committee Charters. All the Board-level Committees have Committee Charters which state their respective purposes, memberships, structures, duties and responsibilities, operations, reporting processes, resources, and other relevant information which may serve as a basis for the performance evaluation of each Committee. In 2022, all Committees conducted the annual review of their charters as well as the self-assessment exercise.[38]

[38] Recommendation 3.6, SEC CG Code for PLCs

Committee Charters are fully disclosed in the Manual on Corporate Governance and on the company website at www.bpi.com.ph.

Executive Committee. The Board appoints from its members an Executive Committee composed of not less than five members, one of which shall be an Independent Director.

During the 2022-2023 term, the Board, at its regular meeting on Aug. 17, 2022, approved the medical leave of absence of Mr. Fernando Zobel de Ayala as Vice Chairman of the Board, and resignation as Vice Chairman of the Executive Committee, appointing Mr. Cezar P. Consing as Acting Vice Chairman of the Board and Vice Chairman of the Executive Committee.

Following the resignation of Mr. Fernando Zobel de Ayala effective Sep. 12, 2022 for health reasons, the Board approved the appointment of Mr. Cezar P. Consing as Vice Chairman of the Board and appointment of Mr. Romeo L. Bernardo as Member of the Executive Committee during their regular meeting on Sep. 21, 2022.

Membership of the Committee remained in compliance with its updated charter in the latest version of the Manual on Corporate Governance.

The Executive Committee, between meetings of the Board, possesses and exercises all powers of the Board in the management and direction of the affairs of the Bank subject to the provisions of the Bank's Amended By-Laws, and the limitations of the law and other applicable regulations.

The Executive Committee approves all major policies and oversees all major risk-taking activities. A majority of all the members of the Executive Committee shall constitute a quorum.

Attendance at Board Committee Meetings in 2022

Committee	Name	Attendance/ Meetings[1]
Executive Committee	Jaime Augusto Zobel de Ayala	26/31
	Fernando Zobel de Ayala[2]	17/23
	Jose Teodoro K. Limcaoco	31/31
	Rene G. Bañez	31/31
	Cezar P. Consing	29/31
	Aurelio R. Montinola III	25/31
	Cesar V. Purisima	20/22
	Romeo L. Bernardo	6/7
Audit Committee	Maria Dolores B. Yuvienco	19/19[3]
	Octavio Victor R. Espiritu	19/19[3]
	Cesar V. Purisima	19/19[3]
Risk Management Committee	Octavio Victor R. Espiritu	13/13[3]
	Eli M. Remolona, Jr.[4]	8/8
	Janet Guat Har Ang	12/13[3]
	Cezar P. Consing	12/13[3]
	Cesar V. Purisima	13/13[3]
Corporate Governance Committee	Emmanuel S. de Dios	4/4
	Cesar V. Purisima[5]	2/2
	Ignacio R. Bunye	6/6
	Ramon R. Del Rosario, Jr.	6/6
Nomination Committee	Cesar V. Purisima	1/1
	Jaime Augusto Zobelde Ayala	1/1
	Fernando Zobel de Ayala[2]	1/1
	Cezar P. Consing	-
Personnel and Compensation Committee	Jaime Augusto Zobel de Ayala	2/3
	Fernando Zobel de Ayala[2]	9/9
	Ignacio R. Bunye	13/13
	Aurelio R. Montinola III	13/13
	Romeo L. Bernardo	7/9
	Maria Dolores B. Yuvienco	13/13
Related Party Transactions Committee	Ignacio R. Bunye	14/14
	Rene G. Bañez	14/14
	Maria Dolores B. Yuvienco	14/14
Retirement Pension Committee	Aurelio R. Montinola III	4/4
	Rene G. Bañez	4/4
	Ramon R. Del Rosario, Jr.	4/4

[1]For the period of 01 January to 31 December 2022
[2]Committee member until 12 September 2022
[3]Includes BPI Joint AuditCom & RMCom Meeting
[4]Committee member until 17 August 2022
[5]Committee member until 27 April 2022

BPI BOARD AND BOARD-LEVEL COMMITTEES*

	Board	Executive	Audit	Risk Management	Corporate Governance	Related Party Transactions	Personnel and Compensation	Nomination	Retirement/ Pension
Number/Composition of Committee Members	14	7	3	4	3	3	5	3	3
Frequency of Meetings*	Monthly	Weekly	Monthly	Monthly	Quarterly	Monthly or As needed	As needed	Twice a year or As needed	Twice a year or As needed
Name of Members									
1. Jaime Augusto Zobel de Ayala [a]	X-C	X-C					X-C [a]	X	
2. Cezar P. Consing [b]	X-VC [b]	X-VC [b]		X				X [b]	
3. Fernando Zobel de Ayala [c]	X-VC [c]	X-VC [c]					X-C [c]	X [c]	
4. Jose Teodoro K. Limcaoco (President)	X	X							
5. Janet Guat Har Ang (ID)	X			X					
6. René G. Bañez	X	X				X			X
7. Romeo L. Bernardo [d]	X	X [d]					X		
8. Ignacio R. Bunye (ID)	X				X	X-C	X		
9. Emmanuel S. De Dios [e]	X [e]				X-C [e]				
10. Octavio Victor R. Espiritu [f]	X		X	X-C [f]					
11. Aurelio R. Montinola III	X	X					X		X-C
12. Cesar V. Purisima (ID)	X	X	X	X	X-C			X-C	
13. Eli M. Remolona, Jr. (ID) [g]	X [g]			X-C [g]					
14. Ramon R. Del Rosario, Jr.	X				X				X
15. Jaime Z. Urquijo [h]	X [h]								
16. Maria Dolores B. Yuvienco (ID)	X		X-C			X	X		

*Based on committee charter or current status
[a] PerCom Chairman effective 21 Sep. 2022
[b] Board Vice-Chairman and NomCom member effective 21 Sep. 2022; ExCom Vice-Chairman effective 17 Aug. 2022
[c] Board member until 12 Sep. 2022
[d] ExCom member effective 21 Sep. 2022
[e] Board member and CG Com Chairman effective 28 Apr. 2022
[f] Interim RMCom Chairman effective 17 Aug. 2022
[g] Board member until 17 Aug. 2022
[h] Board member effective 21 Sep. 2022

In 2022, the Executive Committee approved major credit risk exposures, major policies and, corporate actions, including contracts, sale of real properties, HR Matters (such as compensation, hiring, promotions, terminations), and branch relocations.

Audit Committee. The Board appoints from its members an Audit Committee composed of at least three (3) NEDs, of which majority must be Independent Directors including the Chairman. Members of the Committee must have accounting, auditing, or related financial management expertise, or experience commensurate with the size, complexity of operations, and risk profile of the Bank. The Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other board-level committees.[39]

Committee membership remained in compliance with its charter for the year.

For 2022, the Audit Committee monitored and evaluated the adequacy and effectiveness of the Bank's internal control systems, risk management, compliance, and governance practices. It provided oversight on the integrity of the Bank's financial statements and financial reporting process, performance of the internal and external audit functions and compliance with bank policies, applicable laws, and regulatory requirements. The Committee also approved the External Auditor's annual audit plan and scope of work, and assessed its overall performance and effectiveness. In consultation with management, this Committee also approved the External Auditor's terms of engagement and audit fees.

For more details, please read the Audit Committee Report for the year ended Dec. 31, 2022.

The report is also posted on the company website at www.bpi.com.ph.

Corporate Governance Committee. The Board appoints from its members a Corporate Governance Committee composed of at least three (3) NEDs, of which majority must be Independent Directors including the Chairman.[40]

[39] Recommendation 3.2 SEC CG Code for PLCs
[40] Recommendation 3.3 SEC CG Code for PLCs

In the Organizational Meeting of the Board of Directors immediately after the 2022 Annual Stockholders' Meeting, newly-elected Independent Director Emmanuel S. De Dios was appointed as a new member and Chairperson of the Committee. Committee membership remained in compliance with its charter for the year.

In 2022, the Corporate Governance Committee carried out its regular mandate as set in its charter, to offer recommendations for the Bank's corporate governance framework and to address, in particular, BPI's conformance to BSP Circular 969, BSP Circular 900, SEC Memorandum Circular 19, Series of 2016, as well as best practices espoused by the ASEAN Corporate Governance Scorecard (ACGS). This included remedial action for regulatory compliance, policy development, oversight of the corporate governance framework and practices as well as compliance testing of Bank subsidiaries. The Committee also provided guidance with respect to regulatory matters concerning the BSP and SEC.

Nomination Committee. The Board appoints from its members a Nomination Committee composed of at least three (3) Directors, of which majority must be Independent or Non-Executive, including the Chairman. At its regular meeting on Sep. 21, 2022, the Board approved the appointment of Mr. Cezar P. Consing as a member of the Nomination Committee, following the resignation of Mr. Fernando Zobel de Ayala effective Sep. 12, 2022 for health reasons.

In this respect, membership of the Committee remained in compliance with its charter.

During the year, the Nomination Committee convened to vet candidates for nomination to be elected at the 2022 ASM and guided election activities, appointments and re-composition of Committee memberships as part of its charter responsibilities, the succession planning process and to align with best practices.

Risk Management Committee. The Board appoints from its members a Risk Management Committee (RMCom) composed of at least three (3) Directors, of which majority must be Independent, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. The Chairperson shall not be the Chairperson of the Board or of any other board-level committee.[41]

[41] Recommendation 3.4, SEC CG Code for PLCs

At its regular meeting on Aug. 17, 2022, the Board accepted the resignation of Mr. Eli M. Remolona, Jr. as Director, thereby rendering his resignation effective as of even date. Subject to approval of the BSP, Mr. Octavio Victor R. Espiritu was appointed by the Board as Interim Chairman of the Risk Management Committee, vice Mr. Remolona. On February 15, 2023, Ms. Janet Guat Har Ang was appointed by the Board as Interim Chairperson.

The RMCom is tasked with nurturing a culture of risk management across the enterprise. In 2022, it supported the Board by overseeing and managing the Bank's exposures to financial and non-financial risks, assessed new and emerging risk issues across the Bank, and regularly reviewed the Bank's risk appetite and limits, policies, methodologies, structures, and metrics. These were all done in support of the Bank's business strategies, and in compliance with regulatory and international standards on risk management.

Personnel and Compensation Committee. The Board appoints from its members a PerCom composed of four (4) members of the Board who are not officers of the Bank plus one (1) member who is an Independent Director. At its meeting on Sep. 21, 2022, the Board approved the appointment of Mr. Jaime Augusto Zobel de Ayala as Member and Chairman of the Personnel and Compensation Committee, following the resignation of Mr. Fernando Zobel de Ayala effective Sep. 12, 2022 for health reasons.

Membership of the Committee remained in compliance with the PerCom charter.

In 2022, the PerCom directed and ensured the implementation of various programs of the Human Resources Management Group such as: Leadership and Talent Development, Compensation and Total Rewards Review, the 2022 Performance Level Ranking Program for officers, Collective Bargaining Agreements (CBA) settlements, as well as promotions and organizational changes during the year. More importantly, the PerCom continued to provide much needed guidance and oversight for the Bank's pandemic response plan with respect to employees' work arrangements under the various modes of quarantine, special assistance provided to employees, COVID-19 employee care and benefits case management, and compliance with IATF, DTI, DOLE interim guidelines on workplace prevention and control of COVID-19, among others.

Related Party Transactions Committee. The Board appoints from its members a Related Party Transactions Committee (RPTCom) composed of at least three (3) Non-Executive Directors, of which majority must be Independent, including the Chairperson.[42] Membership of the Committee remained in compliance with the RPTCom Charter.

For 2022, the RPTCom vetted and/or endorsed credit and non-credit transactions of the BPI Group involving accounts that reached established thresholds. The Committee also noted the quarterly post reviews of RPTs by the Internal Audit (for significant RPTs) and Compliance Office (for below significant transactions), as presented by the Chief Audit Executive and Chief Compliance Officer, respectively, both of whom are non-voting members of the RPTCom. The Committee also noted the monthly reports on: (a) credit and non-credit RPTs that were below the materiality threshold as vetted by the Management Vetting Committee (MVCom) and (b) RPTs that are exempt from vetting but subject to post-transaction reporting. Significant details of RPTs are disclosed in the audited financial statements. The RPTCom is supported in its vetting activities and other functions by the RPTCom Secretariat, under the Risk Management Office.

Retirement and Pension Committee. The Board appoints from its members a Retirement and Pension Committee composed of at least three (3) Directors, of which majority must be Independent or Non-Executive, including the Chairman. The Human Resources Head shall also be a non-voting member of the Committee. Membership of the Committee remained in compliance with its charter for the year.

For 2022, the Retirement and Pension Committee convened to oversee and discuss matters relative to its fiduciary, administrative, and investment portfolio responsibilities under its charter, as well as manage the non-investment aspects of the Bank's retirement plan.

[42] Recommendation 3.5 SEC CG Code for PLCs

Committee Appointments, Attendance and Years of Service (2022)

Committee	Office	Name	Date of Appointment	Attendance/ Meetings[1]	%
Executive Committee	Chairman (NED)	Jaime Augusto Zobel de Ayala	April 06, 2006	26/31	84%
	Vice-Chairman (NED)	Fernando Zobel de Ayala[2]	April 06, 2006	17/23	74%
	Member (ED)	Jose Teodoro K. Limcaoco	April 25, 2019	31/31	100%
	Member (NED)	Rene G. Bañez	August 18, 2021	31/31	100%
	Member (NED)	Cezar P. Consing	April 18, 2013	29/31	94%
	Member (NED)	Aurelio R. Montinola III	March 25, 2004	25/31	81%
	Member (ID)	Cesar V Purisima	April 28, 2022	20/22	91%
	Member (NED)	Romeo L. Bernardo	September 21, 2022	6/7	86%
Audit Committee	Chairman (ID)	Maria Dolores B. Yuvienco	October 21, 2020	19/19[3]	100%
	Member (NED)	Octavio V. Espiritu	April 15, 2010	19/19[3]	100%
	Member (NED)	Cesar V. Purisima	April 22, 2021	19/19[3]	100%
Risk Management Committee	Chairman (NED)	Octavio V. Espiritu	May 15, 2000	13/13[3]	100%
	Chairman (ID)	Eli M. Remolona, Jr.[4]	April 25, 2019	8/8	100%
	Member (ID)	Janet Guat Har Ang[6]	May 19, 2021	12/13[3]	92%
	Member (NED)	Cezar P. Consing[7]	April 22, 2021	12/13[3]	92%
	Member (ID)	Cesar V. Purisima	April 22, 2021	13/13[3]	100%
Corporate Governance Committee	Chairman (ID)	Emmanuel S. de Dios	April 28, 2022	4/4	100%
	Chairman (ID)	Cesar V. Purisima[5]	April 22, 2021	2/2	100%
	Member (ID)	Ignacio R. Bunye	October 21, 2020	6/6	100%
	Member (NED)	Ramon R. Del Rosario, Jr.	April 22, 2021	6/6	100%
Nomination Committee	Chairman (ID)	Cesar V. Purisima	April 22, 2021	1/1	100%
	Member (NED)	Jaime Augusto Zobel de Ayala	April 14, 2011	1/1	100%
	Member (NED)	Fernando Zobel de Ayala[2]	April 10, 2014	1/1	100%
	Member (NED)	Cezar P. Consing	September 21, 2022	-	-
Personnel and Compensation Committee	Chairman (NED)	Jaime Augusto Zobel de Ayala	September 21, 2022	2/3	67%
	Chairman (NED)	Fernando Zobel de Ayala[2]	April 03, 2008	9/9	100%
	Member (ID)	Ignacio R. Bunye	April 23, 2020	13/13	100%
	Member (NED)	Aurelio R. Montinola III	April 18, 2013	13/13	100%
	Member (NED)	Romeo L. Bernardo	April 28, 2022	7/9	78%
	Member (ID)	Maria Dolores B. Yuvienco	April 23, 2020	13/13	100%
Related Party Transactions Committee	Chairman (ID)	Ignacio R. Bunye	April 20, 2017	14/14	100%
	Member (NED)	Rene G. Bañez	August 18, 2021	14/14	100%
	Member (ID)	Maria Dolores B. Yuvienco	April 25, 2019	14/14	100%
Retirement Pension Committee	Chairman (NED)	Aurelio R. Montinola III	May 19, 2021	4/4	100%
	Member (NED)	Rene G. Bañez	August 18, 2021	4/4	100%
	Member (NED)	Ramon R. Del Rosario, Jr.	April 22, 2021	4/4	100%

[1] For the period of 01 January to 31 December 2021
[2] Committee member until 12 September 2022
[3] Includes BPI Joint AuditCom & RMCom Meeting
[4] Committee member until 17 August 2022
[5] Committee member until 27 April 2022
[6] Appointed as Interim Chairperson on February 15, 2023
[7] Committee member until February 15, 2023

MANUAL ON CORPORATE GOVERNANCE

The Bank has a Manual on Corporate Governance (MCG) which, together with the Board and Board-level Committee charters, supplements and complements BPI's Articles of Incorporation and Amended By-Laws. It sets forth the underlying principles of good and transparent governance through a framework of policies, rules, systems, and processes for the Board and Management's performance of their respective duties and responsibilities to stakeholders.

The Manual is accessible to all employees via the internal electronic database and is likewise published on the company website.[43]

The MCG, reviewed annually, was last amended and approved in Sep. 21, 2022. Upon amendment, BPI submits the updated MCG, bearing the signatures of the Chairman of the Board and the Chief Compliance Officer, to the SEC.

Compliance with the SEC Code of Corporate Governance for PLCs. A certification on the Bank's full compliance with the BPI Manual on Corporate Governance, containing relevant provisions of the SEC Code of Corporate Governance for PLCs, signed and issued by the Chief Compliance Officer, is posted on the company website.

ASEAN CORPORATE GOVERNANCE SCORECARD

BPI actively measures its governance practices against its counterparts in the region, having adopted the rigorous benchmarking framework of the ASEAN Corporate Governance Scorecard (ACGS).

In 2022, BPI garnered the ASEAN Asset Class Award for its performance in the 2021 ACGS review. In Jan. 2023, BPI also received the ICD's Golden Arrow Award as a Top Performing Company in the domestic assessment of the ACGS.

The Bank's ASEAN Corporate Governance Scorecard is posted on the company website at www.bpi.com.ph.

[43] Recommendation 8.7 SEC CG Code for PLCs

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

SEC Memorandum Circular No. 15, Series of 2017 and PSE Memorandum CN No. 2017-0079 mandate all companies listed in the PSE to submit the Integrated Annual Corporate Governance Report (I-ACGR) on or before May 30th of every year that the company remains listed on the PSE.

The I-ACGR covers: (1) Recommendations from SEC CG Code for Publicly-Listed Companies, (2) Supplemental provisions from PSE CG Guidelines Disclosure Survey, (3) Additional requirements not in SEC CG Code/PSE CG Guidelines but expected of PLCs, and (4) Requirements from the ASEAN CG Scorecard (optional).

BPI's latest I-ACGR as well as that of previous years' may be viewed on the company website at www.bpi.com.ph.

CODES OF BUSINESS CONDUCT AND ETHICS

BPI has Codes of Business Conduct and Ethics, providing the key practices and behaviors for its directors, officers, and employees. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Bank.[44]

Employee Code of Business Conduct and Ethics. Built around BPI's Mission and Vision, Credo and Core Values, the Code lists the high-level ethical principles that guide the Bank's business, how its employees must treat its clients, and the conduct expected from them. The Code also includes guidance on care for the environment, labor rights, customer service and protection, commitment to human rights, the right to privacy, and anti-bribery and anti-corruption. The Code of Business Conduct and Ethics is a declaration of principles and, more so, a vital part of the Bank's risk management strategy. Annually reviewed, the Code was refreshed and approved by the PerCom in October 2022.[45]

[44] Recommendation 7.1 SEC CG Code for PLCs
[45] Recommendations 7.1 and 7.2., SEC CG Code for PLCs

THE CODE OF BUSINESS CONDUCT AND ETHICS
OUR CLIENTS
[N.I.C.E.] Values at work: Nurturing, Integrity, Customer-Obsessed, Excellence
- Building Client Relationships - Safeguarding Privacy and Security of Client Information - Promoting and Strengthening Consumer Protection
OUR EMPLOYEES
Values at work: Nurturing, Integrity, Excellence
- Adhering to Company Rules and Workplace Policies - Creating Dignity and Unity in the Workplace - Contributing to Workplace Health & Safety - Following Limits of Authority - Avoiding Conflict of Interest - Protecting Property and Assets of BPI and Others - Recognizing Privacy of Employee Information
OUR SHAREHOLDERS
Values at work: Integrity, Excellence
- Upholding the Bank's Reputation, Service Quality and Trust - Transparency, Liaison and Coordination with Regulators - Maintaining Company Records and Reporting Requirements - Supporting Investors and the Market - Encouraging and Assisting Whistleblowing - Handling Related Party Transactions
OUR COUNTRY
Values at work: Nurturing, Integrity, Excellence
- Compliance with KYC, Anti-Money Laundering and FATCA Regulations - Preventing Insider Trading - Enforcing Anti-Corruption and Anti-Bribery - Dealing with Suppliers and Business Partners - Caring for Sustainability and Communities

Applicability of Code. The Code is applicable to and mandatory for all employees of the BPI group. As no code could address every situation an employee may encounter, all employees are required to follow both the spirit and the letter of the Code, its policies, and procedures. Annually, all BPI employees are required to read, understand, and comply with the Code of Business Conduct and Ethics.

All others who work for, or on behalf of, BPI are also required to demonstrate the highest standards of professional business conduct. In general, this includes consultants, agents, contract or temporary workers, and business partners.

Guidance on the Code. Throughout the Code, employees will find information, key terms, and links to related policies on BPI's internal electronic database, to guide them in making ethical decisions. In the absence of a specific policy, employees have a responsibility to use good judgment, comply with the spirit of the Code, and seek help from their immediate superior, the Human Resources Management Group, or HR Employee Care Unit if they have any questions or concerns.

Reporting Violations. All employees must report to management any information they may have about any offense or Code violation which has been, is being, or is about to be committed. Failure to do so will subject the employee to the appropriate disciplinary action. Protection of the reporting party's identity will be maintained to the extent possible, within the legitimate needs of law and the fact-finding process. Where appropriate, BPI may apply the protected disclosure protocols of our Whistleblower Policy. Employees are also expected to cooperate with any investigation, inquiry, examination, or litigation related to the offense or Code violation.

Director's Code of Conduct. BPI has a Code of Conduct for its Board, adopted in Sept. 2017, which applies to and is binding on all directors of the Bank. The Director's Code is intended to provide guidance to Directors, whether Executive, Non-Executive , or Independent, with policies on standards for conduct of the business of the Bank, the protection of its rights and its stakeholders, the upholding of BPI's reputation for integrity, and compliance with applicable laws and regulations. The principles outlined in the Director's Code of Conduct: (1) codify a standard of conduct for which directors are to abide throughout their term of service, from the date of their appointment; (2) set out a range of matters relating to the Director's role and the behavior expected of them to properly undertake their fiduciary duties, protect the business interests of BPI, and maintain its reputation for integrity, and; (3) emphasize BPI's commitment to compliance with regulatory guidelines, rules and laws. In contrast to the Board Charter and MCG, which sets out the qualifications, role, composition, duties, and responsibilities of the Board within the governance structure of the Bank, the Code governs the behavior and conduct of the Directors.

The Director's Code, therefore, sets forth policies in several basic areas that commonly require Directors to exercise sound and informed judgment, recognize and deal with ethical issues, report possible unethical conduct, and foster a culture of openness, fair dealing, diligence, and accountability. These basic areas include: (1) leadership and stewardship;
(2) diligence, care, and skill; (3) upholding the law;
(4) conflict of interest; (5) competition and fair dealing;
(6) confidentiality; and (7) corporate disclosure.
The Director's Code also discusses Directors' time commitments, training and development, personal investments and insider trading, political activity and involvement, gifts policy, anti-bribery and anti-corruption, related party transactions, competition and fair-dealing, and public communication. [46]

[46] Recommendation 2.1 SEC CG Code for PLCs

Dissemination of the Codes. The Bank's codes of conduct are embodied in the Bank's MCG and the internal electronic databases readily accessible for all Bank employees. Advisories on the employee code are also regularly communicated on electronic mail messages group and Bank-wide. Directors are provided with hard copies as well as electronic copies of the Director's Code. Both the Employees' and Directors' Codes of Conduct are disclosed in the MCG and on the company website.[47]

Training on the Codes of Conduct. Employees are required annually to take the mandatory Code of Business Conduct (COBC) course which includes training sections on other CG policies of the Bank such as the Insider Trading Policy, Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy.

Annual Affirmation to the Codes. All Directors and employees acknowledge annually, through a Statement of Affirmation, that they have read and understood the Director's Code and/or the employee Code of Conduct, respectively, as well as the MCG, and fully comply and adhere to the principles, standards, and policies therein.

Notices on the Employee Affirmation and COBC Course are broadcast Group-wide and Bank-wide to remind employees of their need to comply with the mandatory training and affirmation. The Board monitors compliance with the code through its various board-level committees.[48]

COMPANY POLICIES AND STANDARDS

Conflict of Interest Standards.
The Bank has in place standards on conflict-of-interest that elevate the interest of the Bank above that of the personal interests of directors, officers, and employees:
- prohibit directors and employees from using their position of authority or rank to directly or indirectly derive personal gain or advantage;
- expect all directors and employees to refrain from any conduct that could be viewed unfavorably by the Bank's clients, co-employees, competitors, suppliers, investors, regulators, or the public;

[47] Recommendation 7.1, 8.7 SEC CG Code for PLCs
[48] Recommendation 7.2 SEC CG Code for PLCs

- require full cooperation and provision of complete and accurate information from employees during government, regulatory or internal enquiries, investigations, and audits;
- require directors to disclose any conflicts of interests such as cross-board memberships, cross-shareholdings with suppliers and other stakeholders, and related party issues;
- cover specific conflict-of-interest situations such as receipt of gifts from third parties, respect for trade secrets, use of non-public information, and use of company funds, assets, and information.

Employee Awareness and Training. Employee bulletins on Conflict of Interest are regularly issued by the Human Resources Group and the Corporate Governance Department to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.[49]

Anti-Bribery and Anti-Corruption Policy.
Through its Anti-Bribery and Anti-Corruption (ABC) Policy, the Bank puts the highest premium on sound, responsible, and effective corporate governance. The Bank advocates that Directors and Employees do not tolerate corruption or any form of bribery nor provide or accept improper inducements in the course of any business dealing.[50]

Aligned with the Bank's commitment to act fairly and with integrity in all business dealings and relationships, the ABC Policy complements the Bank's financial crime policies and programs such as the Money Laundering and Terrorism Financing Prevention Program (MTPP) and Whistleblower Policy.

Bribes. Employees must not engage in any form of bribery, either directly or through any third party (such as an agent or distributor). Specifically, employees must not bribe public officials in all dealings.

[49] Recommendation 7.1, 8.7 SEC CG Code for PLCs
[50] Recommendation 15.2, 7.1, 8.7 SEC CG Code for PLCs

Gifts Policy. (Request or Acceptance of Commission, Kickbacks, Gift or Gratuities from those who have dealings with Bank).
Guidance on the Bank's ABC Policy is supplemented by the Standards on Conflict of Interest, Gifts Policy, which prohibits employees from making direct or indirect requests or acceptance of any gift, share, percentage, discounts, special privileges, or benefit for oneself or any other person in an employee's past, present or intended intervention in any dealings between the Bank and any other party with the exception of, but not limited to, the following:
- Receipt of gifts during the Christmas season or any occasion from clients or suppliers which should be in view or due to one's position of the bank, unless said gifts are of considerable monetary value, i.e., above PHP 5,000.00;
- Receipt of unsolicited gifts of a token nature, promotional items.

Employees are required to: 1) Disclose items received in any occasion except during Christmas; 2) Turn over the gift to the Division Head, who subsequently endorses such to the Group Head for proper disposition when it is not practical to return a gift.

The following are prohibited or considered violations:
- Acceptance of fees, commissions, or kickbacks from clients, suppliers, in consideration of patronizing their products or services in connection with their dealings with the Bank
- Solicitation from clients, suppliers in favor of patronizing their products or services in connection with their dealings with the Bank
- Receipt of commission from insurance agents whenever premiums are paid on account of insurance policies covering properties mortgaged to the Bank

Political Contributions. The Bank has guidance on Public Policy and Political Engagement which mandates employees to exercise utmost prudence in ensuring that their personal political activities are separate from their work duties and responsibilities. The Bank is non-partisan and does not lobby nor contribute or solicit political contributions, funds, assets or resources to any political candidate, party, or similar organization. Employees who wish to campaign for a political candidate or party may do so as long as this does not violate any of the HR policies of the Bank.

Compliance. Monitoring of and compliance with the Code of Conduct and related policies are undertaken by the Human Resources Management Group and in part by the Corporate Governance Department of the Compliance Division.

Employee Awareness and Training. Employee bulletins are regularly issued by the Human Resources Group and Corporate Governance Department to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.

2022 Reports. For the year 2022, there are no confirmed incidents of bribery or corruption.

Insider Trading Policy.

The Bank has an Insider Trading Policy which prohibits its covered persons or Directors, Employees, and other parties who are considered to have knowledge of material facts that have not been disclosed to the public, including any information that will likely affect the market price of BPI's securities, from buying or selling these securities for their own personal account during periods of structured and non-structured disclosure (trading blackout). This prohibition includes passing on material and non-public information relating to BPI or its clients to anybody who may buy or sell securities.[51]

[51] Recommendation 7.1, 8.2, 8.7 SEC CG Code for PLCs

Employee Awareness and Training. Employee bulletins are regularly issued by the Compliance Office before, during, and after trading blackout periods to ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.

Disclosure and Reporting. All Directors and Senior Management are required to comply with regular reportorial requirements of and disclosure to the SEC and the PSE for the purchase and sale of BPI shares.

Violation of the policy shall be subject to disciplinary action as may be determined by management or the Board, without prejudice to any civil or criminal proceedings which BPI or the regulators may file. Under the law, insider trading may be subject to penalty for damages or fine and/ or imprisonment.

2022 Reports. For the year 2022, there are no confirmed incidents of insider trading.

Whistleblowing Policy.

The Bank has an established whistleblower program, which is an important mechanism to prevent and detect fraud or misconduct, and enable fast and coordinated incident responses, remedial actions, and damage control procedures.[52]

Applicability of Policy. The Whistleblower Policy is applicable to both internal and external stakeholders. All directors and employees, as well as clients, suppliers, and other stakeholders can report any violation. These can include violations of policies, procedures, and applicable laws and regulations such as fraud, sexual harassment, theft, stealing, conflict of interest, information security breach, and any other acts which are inimical to the interests of the Bank and the BPI group.

Reporting Procedure. The whistleblower may approach any of the following officers who are the designated contacts for the Bank and the primary reporting line: Chief Human Resources Officer, Chief Audit Executive, and Chief Risk Officer. Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President and CEO or the Chairman of the Bank's Audit Committee.

[52] Recommendation 7.1, 8.7, 15.3 SEC CG Code for PLCs

The whistleblower may report formally or anonymously to the primary contacts. Reporting can be done in writing, by telephone, in person, or through eye_report@bpi.com.ph.

Upon receipt of the whistleblower report, the personnel to whom the report was disclosed shall immediately initiate the investigation by turning over the details and documents, if any, to the investigating unit of the Bank. The investigation of the whistleblower report shall follow due process as stipulated in the Bank's manual of operations for handling fraud and irregularities.

Non-Retaliation. The Whistleblower Policy emphasizes the Bank's commitment to non-retaliation. It fosters and maintains an environment of utmost confidentiality where all whistleblowers may act appropriately without fear of reprisal, and are treated with utmost confidentiality. An individual who makes a protected disclosure shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subject to discipline, including termination.

In case the whistleblower believes he/she has been subjected to retaliation, he/she may seek redress or file a formal complaint to the three primary contacts for whistleblowing.

Employee Awareness and Training. Employee bulletins are regularly issued by the Human Resources Group to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.

2022 Reports. In 2022, BPI received a total of 32 reports through its BPI Eye Report Box, 5 of which were unsubstantiated or invalid queries. The remaining 27 items were verified and/or referred to concerned bank units for proper disposition and were subsequently fully resolved. The nature of the reports included: administrative matters (10 items or 37%), conflict of interest issues (3 items or 11%) and attempted vishing/ card fraud (14 items or 52%).

Related Party Transactions Policy.

Our Related Party Transactions Policy imposes stringent guidelines and measures to maintain arm's length integrity in all of the Bank's related party business transactions, operations, and activities. BPI vigilantly guards against improper pricing policies, non-standard or deviations from processes, and ambiguous or disputable terms of transactions in any related party transaction.[53]

The policy identifies persons and companies that are considered the Bank's related parties. Management periodically reviews and updates the inventory of related parties to capture organizational and structural changes in the Bank, the BPI Group, and its related parties. Covered transactions are those that not only give rise to credit and/or counterparty risks, but also those that could pose material/special risk or potential abuse to BPI and its stakeholders.

Through this policy, the Bank also institutionalized a sustainable framework for identification, assessment, and reporting of related party transactions, aimed at achieving an increased degree of transparency.

Related Party Transactions Committee. BPI established a Board-level Related Party Transactions Committee (RPTCom) to assist the Board in assessing material agreements of any kind with a related party and determine whether to approve, ratify, disapprove or reject a transaction.

Directors with material interest in any transaction affecting the Bank abstain from taking part in deliberations for the same. Currently composed of independent and/or non-executive directors, the RPTCom meets regularly to vet credit and non-credit related party transactions of significant amounts that meet the materiality threshold per transaction type as established per Bank's policy on RPTs. The Bank's CAE and CCO sit as non-voting members of the RPTCom. Internal Audit, under the CAE, performs post-reviews to ensure proper implementation of related party transactions endorsed by the RPTCom.[54]

[53] Recommendation 2.7 SEC CG Code for PLCs
[54] Recommendation 5.6 SEC CG Code for PLCs

Vetting Process. The RPTCom is guided by the following:

- The RPTCom considers whether the RPT is entered into on terms no less favorable to the Bank than terms generally available to an unaffiliated third-party under the same or similar circumstances.
- For a transaction involving a sale of bank assets, the Committee reviews the results of the appraisal or valuation methodology used, as well as alternative approaches to valuation.
- The Committee assesses the details of related party transaction:
  - Terms of the transaction;
  - The related party's interest in the transaction;
  - Purpose and timing of the transaction;
  - Whether the Bank is a party to the transaction and, if not, the nature of the Bank's participation in the transaction;
  - If the transaction involves the sale of an asset, a description of the asset including date acquired and costs basis;
  - Information concerning potential counterparties in the transactions;
  - Approximated value of the transaction and the approximated value of the related party's interest in the transaction;
  - Description of provisions or limitations imposed as a result of entering into proposed transaction;
  - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
  - Potential benefits to the Bank.
- If needed, the RPTCom may also call on independent experts to help with valuation issues to ensure that the interests of the Bank and its stakeholders are protected.
- The RPT Vetting Department, which is part of the Risk Management Office, acts as the RPTCom Secretariat, assisting the Committee in carrying out its responsibilities as defined in the RPTCom Charter.

RPTs that are classified as a material transaction must be approved by the Board and submitted for confirmation by majority vote of the stockholders in the ASM.

Materiality Threshold. RPTs involving amounts below the materiality threshold must be approved by the proper authority and submitted for confirmation by the respective Board of Directors. All transactions involving Directors, Officers, Shareholders, and Related Interests (DOSRI), and credit transactions of subsidiaries and affiliates, must at all times be submitted to the appropriate Board for approval.

SEC Material RPT Policy. In compliance with SEC Memorandum Circular 10 on Rules of Material RPTs for publicly listed companies, the Bank also incorporated additional guidelines on materiality threshold, defined as related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company (e.g., BPI), the total assets shall pertain to its total consolidated assets.

Management Vetting Committee. The Bank has a Management Vetting Committee (MVCom), currently composed of four Executive Vice Presidents of the Bank, to review Related Party Transactions which are below the materiality threshold, and, as may be designated, the notation of post-transaction reports on exempted RPTs. The Compliance Office, under the CCO, is responsible for the post-review of all MVCom-endorsed transactions. All transactions vetted by the MVCom are submitted to the RPTCom for its information/notation.

All Directors, Officers, and Employees are also required to disclose conflicts and potential conflicts, as well as relationships with clients, prospects, suppliers, and other interests. Companies within the BPI Group are also covered by this overarching Related Party Transactions Policy of the Bank.

Disclosure of Related Party Transactions. Related Party Transactions are properly disclosed in the Bank's audited financial statements, and other applicable filings in accordance with the relevant rules and issuances of the BSP, SEC, and other regulatory bodies. Disclosures on related party transactions can be found in Note 25 of the 2022 Audited Financial Statements.

Employee Awareness and Training. Employee bulletins are issued to increase awareness and ensure compliance. The policy itself is also disclosed in the MCG and on the company website.[55]

Mergers, Acquisitions, and/or Takeovers. The Board and Senior Management exercise appropriate due diligence and good faith in the review and consideration of all material issues with respect to strategy, opportunities and risks, pricing or valuation, compliance and legal obligations, including diligence on the parties involved before entering into extraordinary transactions, such as mergers, acquisitions, and takeovers. The Bank engages the service of independent and qualified third-party firms and consultants to evaluate the fairness of the transaction price and terms and conditions.[56]

The Board of Directors in its meeting on Sep. 30, 2022 approved the proposed merger between Robinsons Bank Corporation (RBC) and BPI, with BPI as the surviving bank, subject to shareholders' and regulatory approvals. JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc. currently own approximately 99.9984% of the outstanding capital stock of RBC. In relation thereto, the Board approved:

a. The execution of an Agreement for the Merger of Bank of the Philippine Islands and Robinsons Bank Corporation, among BPI, RBC and JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc. as the RBC Shareholders (the "Agreement"); The execution of the Plan of Merger and Articles of Merger by and between BPI and RBC, with BPI as the surviving bank;
b. Designation of certain authorized signatories and representatives to give effect to the aforementioned resolutions; and
c. Calling for a special stockholders' meeting.

On the same day and after the Board approval, BPI executed the Agreement.

Following this, during its regular meeting held on Nov. 16, 2022, the Board of Directors approved the calling of a Special Stockholders' Meeting to be held on Jan. 17, 2023, for purposes of securing the required shareholders' approval for execution of the Plan of Merger and Articles of Merger for purposes of the proposed merger between BPI and RBC, with BPI as the surviving bank.

The merger is expected to 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 customers.

Suppliers and Contractors. BPI has established processes for accreditation, vendor selection, and suppliers audit to ensure qualified suppliers are given equal opportunity when bidding for projects with the Bank. All employees, departments, and divisions are also regularly advised to update and review their respective lists of suppliers to meet accreditation requirements. Employees must also review the Bank's detailed policies on outsourcing services where applicable. BPI complies with outsourcing regulations mandated by the BSP which requires banks to put in place appropriate processes, procedures, and information systems that can adequately identify, monitor, and mitigate operational risks arising from the outsourced activities.

In this regard, BPI's Board and Senior Management established policies on outsourcing to ensure that all outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws, rules, and regulations.

From a governance standpoint, commercial transactions with suppliers should be economically beneficial to all parties involved and relationships should be based on the principle of fair and honest dealings. Compliance with internal policies must be in place to stop fraud, money laundering, bribery, and corruption and adhere to local or international laws and regulations. From an ESG standpoint, the Bank's goal is to work collaboratively with supply chain partners on sustainability. BPI's supply chain management policies ensure that the Bank's supply chain is not only sustainable but is also geared towards improving the lives of workers, their communities, and the environment. The Bank also engages suppliers who promote sustainable development and who comply with national laws and internationally recognized standards and conventions for ethical, environmental, and social conditions.

[55] Recommendation 7.1, 8.5, 8.7 SEC CG Code for PLCs
[56] Recommendation 8.6 SEC CG Code for PLCs

Creditors. As a financial institution and an active participant in the capital markets, BPI respects the rights of its creditors. In 2022, the Bank continued diversifying its funding sources and lengthening the maturity profile of its borrowings through a fundraising activity, via the onshore debt market. For details of the Bank's issuance in 2022, please refer to pages 68 to 71.

BPI attributes the success of this issuances to the robust demand from both institutional investors as well as high-net worth and retail clients. This issuance supports the Bank's drive to diversify its investor base and fund its asset expansion, particularly loan growth, digitalization initiatives, and general corporate purposes.

The Bank complies with all covenants of its debt and equity issuances and respects the rights of its bondholders and stockholders. BPI also complies with statutory requirements with respect to post-issuance continuing disclosures, tax compliance, and other duties, responsibilities, or actions it is obligated to perform or is prohibited from performing, for the outstanding capital market issuances. The Bank also has an Investor Relations Office to respond to investors' need for information. It keeps rating agencies informed of material events and responds to other requests for information.

Data Privacy. BPI has a strong Data Privacy Policy in place. This policy describes to whom it applies to, what personal data the Bank collects, and how such data is collected, and how the Bank may use personal data for core business and marketing purposes. The policy also covers how the Bank may disclose and share such personal data, how such personal data is stored and retained, and how such data can be accessed or corrected. The Data Privacy Policy or Statement is posted on the company website and complies with the requirements of the Data Privacy Act and the NPC.

Financial Consumer Protection.
We have a Customer Assistance Program (CAP), which was established by the Customer Experience Management Office (CXMO) to institutionalize guidelines that will help ensure that feedback from existing and potential clients are handled appropriately, as required by the Bank's consumer protection policies.

The Board and Senior Management is responsible for the development of the Bank's consumer protection strategy and establishment of an effective oversight over the Bank's consumer protection programs. The Board of Directors is ultimately responsible for ensuring that consumer protection practices are embedded in the Bank's various business operations and include the following:

- Approval of the Bank's consumer protection policies as well as the mechanism to ensure compliance with the said policies, including policies and mechanisms related to the consumer assistance management process;
- Oversight on the implementation of and compliance with the Bank's consumer protection activities;
- Promotion of a culture of ethical behavior and adherence to the highest standards of fair and responsible dealing with consumers and relationships with third parties that may give rise to consumer protection risks;
- Ensuring that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, as well as other material consumer related developments that will impact the Bank; and
- Delegation of other duties and responsibilities to a Board-level Committee or to Senior Management but not the function of overseeing compliance with the prescribed consumer protection framework/policies.

The Board-level Executive Committee exercises the powers and fulfills the duties and responsibilities of the Board in the management of the Bank's consumer protection activities, including other duties and responsibilities delegated by the Board. Senior Management ensures that the approved policies and procedures on consumer protection risk management and consumer assistance mechanism policies and procedures are clearly documented, properly understood and appropriately implemented across all levels and business units through:

- Establishment of an effective monitoring and management information system to regularly measure, aggregate and analyze consumer related issues to determine level of consumer protection risk;
- Integration into the Risk Governance Framework of appropriate and clear reporting and escalation mechanisms; and
- Putting in place of adequate systems and controls to promptly identify issues that affect the consumer across all phases of the relationship.

In July 2020, CXMO became Client Experience Center (CXC) and integrated all the major customer touchpoints to strengthen our focus on customer experience. CXC is composed of Customer Care, Service Quality and Governance. The Service Quality unit conducts a Service Quality Review (SQR), where various business units present their performance updates on their defined service quality goals. Business process improvements are discussed here to deepen customer engagement and address specific customer needs. There are also related policies in place such as the BPI Financial Consumer Protection Program and Complaints Management and Reporting to properly equip our bank personnel in the handling of customer feedback. Preventive measures and treatment plans from business units with top customer concerns are presented to Senior Management regularly for appropriate service improvements and customer satisfaction.

A new and more robust system to gather complaints data was acquired for the use of the enterprise in the last quarter of 2021, to replace the Customer Feedback Database created in 2017. This is a vital tool in identifying areas of concern and process improvements which is part of the FCP program.

As part of our CAP, different touch points or channels are in place where clients can file their feedback. These include our Contact Center via phone, e-mail, and social media accounts, Customer Care, branches, and the business units. Our employees are guided by the internal bank policies on FCP where client feedback, specifically complaints, are classified according to complexity which will determine the turnaround time within which the complaint should be addressed and resolved.

We continuously track and monitor customer issues and feedback concerning our products and services. Action plans were implemented to ensure that the most pressing and important issues raised by clients were resolved within the committed turnaround times. Compliance rate for complaints resolution to our internal turnaround time was 98.63% in 2022, up from 96.75% in 2021. As of year-end 2022, 98.89% of complaints received have been resolved. The enterprise-wide complaint report is regularly reported to the Board and quarterly to the BSP. Complaint intensity decreased by 5% from 2021 to 2022. This is calculated as every one complaint per 1,000 transactions.

The designated Customer Assistance Officers (CAOs) undergo onsite training to ensure that they are equipped to address customer issues and ensure compliance with the Bank's Consumer Protection Program. Employees are made aware of the FCP Program through a continuous information and education campaign. Since 2018, the CXMO has conducted roll-outs and on-site training sessions on FCP and held alignment meetings with the CAOs in various business areas.

Employees also take the mandatory FCP Training course annually available via e-learning. In 2022, 98.6% completed the training course, up from 98.1% completed in 2021. To further improve service and align with the customer obsessed culture of the Bank, Human Resource – Learning & Development Department provides soft-skills trainings such as business writing, oral communications, problem solving, professional image development, and collections overview, among others. FCP is also embedded in the employee code of conduct.

For the awareness of our customers, we regularly update our product features and services in our website and social media pages. This also includes frequent reminders on phishing, vishing and other forms of fraudulent schemes in order to warn and protect our customers. Marketing materials and offerings involving our customers are also reviewed for proper and necessary disclosure and transparency. Our social media team closely monitors customer engagements in our social media pages and the data collected is regularly reported to management.

Since the establishment of the Framework in 2017, we have fully complied with product and service information and labeling regulations and/or voluntary codes. In 2022, there were no confirmed incidents of non-compliance.

Operating Management

Organization. BPI's President and CEO is responsible for formulating the business strategy and the overall management of the Bank in fulfilling objectives to achieve the desired outcomes of its strategy. The Bank's Senior Executive Officers are each responsible for an area of the Bank's business and report directly to the President and CEO.

As of end-2022, the Senior Executive Officers of the Bank included:

- **Ramon L. Jocson**, Executive Vice President, Chief Operating Officer and Head, Enterprise Services
- **Ma. Cristina L. Go**, Executive Vice President and Head, Consumer Banking
- **Dino R. Gasmen**, Treasurer, Senior Vice President and Head, Global Markets
- **Juan Carlos L. Syquia**, Executive Vice President and Head, Institutional Banking
- **Marie Josephine M. Ocampo**, Executive Vice President and Head of the Mass Retail Products
- **Maria Theresa D. Marcial**, President and CEO of BPI Wealth
- **Eric Roberto M. Luchangco**, Senior Vice President, Chief Finance Officer, Chief Sustainability Officer, Head, Strategy and Finance

The Senior Executive Officers are responsible for ensuring:
- Development and expansion of the Bank's client relationships;
- Service quality and innovation in its products and services;
- Enterprise asset-liability management and flows business;
- Reliability, productivity, and efficiency of the operating infrastructure;
- Financial strategy formulation and execution; and
- Sustainable investor and stakeholder relations.

Planning and Performance Management.
BPI articulates its strategy in periodic planning exercises, realizes plans in formal budgets, and conducts periodic performance reviews against budget and past performance. We act in accordance with well-defined operating policies and procedures, as well as ensure the accuracy and transparency of operational and financial reporting to further solidify our reputation on integrity and fair dealing. We also strive to achieve accountability in revenue performance, efficiency in resource expenditures, and customer satisfaction in the delivery of services. Management is regularly reviewed and rewarded according to their performance relative to assigned targets, taking into account innovation, customer feedback, peer performance and Board evaluation.

We place a strong emphasis on prudent risk-taking and risk management. Specific Management Committees ensure that major risks are identified, measured, and controlled against established limits.
These key Management Committees include:
- Assets and Liabilities Committee
- Credit Committees
- Crisis Resiliency Committee
- Finance Committee
- Fraud and Irregularities Committee
- Information Technology (IT) Steering Committee
- IT Infrastructure Governance Committee
- IT Project Steering Committee
- Management Vetting Committee
- Money Laundering Evaluation Committee
- Money Service Business Governance Committee
- Operational Risk Management Committee
- Opex Accreditation Committee
- Real and Other Properties Acquired (ROPA) Committee
- Sustainability Council

Members of these Committees are Senior Officers (in the case of the Information Technology Steering Committee, includes a Non-Executive Director) who are subject matter experts in areas of knowledge relevant to the respective committees. Members may include Client Specialists, Product Specialists, Senior Officers of the Risk Management Office, and other Senior Executives, as applicable.

Shareholder Rights and Engagement

Shareholder Rights.
BPI treats capital as a valuable asset and seeks to generate superior returns for its shareholders, while being prudent in risk-taking, spending, and investment. The Bank treats all its shareholders equitably and equally, regardless if they are a majority or a minority interest. The Board is committed to respect the rights of shareholders, recognized in the Corporation Code, including, among others:

Voting Rights. Shareholders have the right to elect, remove, and replace Directors and vote on certain corporate acts.
- Electronic Voting in Absentia. In its meeting held on Feb. 16, 2022, the Board approved Management's recommendations for BPI to provide the Bank's shareholders with the option to vote in absentia in the 2022 ASM. Hence, at the Apr. 28, 2022 ASM, BPI shareholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.
- Cumulative voting is used in the election of directors, who may be removed with or without cause. Directors shall not be removed without cause if it would deny minority shareholders representation in the Board. Removal of Directors requires an affirmative vote of two-thirds of the outstanding capital of BPI.
- No stockholders' meeting may conduct business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day until such time may be deemed proper.
- The Bank also strictly complies with the rules and regulations of the SEC and the BSP, in relation to sending out the notice of meeting at least two weeks prior to the meeting, right to vote, and right to appoint a proxy.
- BPI adheres to the "One Share, One Vote" rule. Its Amended By-Laws state that shareholders are entitled to voting rights equivalent to the number of shares they hold, i.e., voting is by shares of stock and not "per capita".

Pre-Emptive Rights. All shareholders have preemptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They have the right to subscribe to the capital stock of BPI. The Bank's Articles of Incorporation lays down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law as long as they are not in conflict with the Corporation Code.

Right of Inspection. Shareholders shall be allowed, within certain reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with an annual report, including financial statements.

Right to Information. Upon request and for a legitimate purpose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the Directors and Officers, and certain other matters such as their holdings of BPI's shares, dealings with BPI, relationships among Directors and Key Officers, and the aggregate compensation of Directors and Officers. The Information Statement and Proxy Forms where these are stated must be distributed to the shareholders before ASMs and in the Registration Statement and Prospectus in case of registrations of shares for public offering with the SEC.

Right to Dividends. Shareholders have the right to receive dividends subject to the discretion of the Board. However, the SEC may direct BPI to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:
- When justified by definite corporate expansion projects or programs approved by the Board;
- When BPI is prohibited under a loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without the creditors' consent, and such consent has not been secured; or

- When it can be clearly shown that retention of earnings is necessary under special circumstances, such as when there is a need for a special reserve for probable contingencies.

Appraisal Right. In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of a sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of a merger or consolidation.

Alternative Dispute Mechanism. It is the policy of the Bank to resolve disputes or differences with shareholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration. If the agreement between the Bank and third parties has an arbitration clause, arbitration is the ADR system being adopted. If none, the Bank initiates conciliation-earnest effort to arrive at amicable settlement. If everything fails, and the dispute progresses into court litigation, the Bank strictly adheres to and complies with Supreme Court A.M. No. 11-1-6-SC-PHILJA dated Jan. 11, 2011 [Consolidated and Revised Guidelines to Implement the Expanded Coverage of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR)].[57]

Relative to regulatory authorities, the Bank adopts and complies with the alternative modes of dispute resolution they are using or promoting such as, but not limited to, mediation, conciliation, and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004).

[57] Recommendation 13.1, 13.4 SEC CG Code for PLCs

Investor Relations. BPI believes that transparent and accurate reporting of operating and financial results, major business decisions, and developments gives shareholders and investors the relevant inputs to their investment decisions. In addition, such reporting provides the basis for the sound and robust valuation of its shares and a proper view to all stakeholders of possible future losses or gains.

The Investor Relations Office, which is part of the Corporate Strategy, Investor Relations and Sustainability Division, is tasked with a program of proactive, uniform, appropriate, and timely communication and reporting. Full disclosure is done in compliance with the BSP, Securities Regulation Code (SRC), SEC, PSE, PDex, and SGX rules regulations, and disclosure guidelines in light of the Bank's capital market issuances (Recommendation 13.5 SEC CG Code for PLCs). European investors who are covered by the Markets in Financial Instruments Directive II (MiFID II) regulations also engaged directly with the Investor Relations Office.

Information that is not required under these disclosure rules - if such matters are estimated to have an impact on investment decisions by interested parties - is, are disclosed as promptly and comprehensively as possible by appropriate methods.

Despite the surge in COVID-19 cases due to the omicron variant in early 2022, the Investor Relations Office continued to actively engage local and foreign analysts, investors, and shareholders through various virtual activities, conducted on video conferencing platforms such as Zoom, Microsoft Teams, and Cisco's Webex.

Eventually, the country's managed COVID-19 infection rate led to easing of national health protocols and the steady reopening of the economy, which allowed the Investor Relations Office to resume face-to-face meetings, attendance of in-person events, and travel for conferences.

In 2022, BPI Senior Management and Investor Relations Officers hosted 92 one-on-one meetings, attended 27 investor conferences, and met almost 400 individual participants in these events. Further, the Investor Relations Office also submitted about 160 structured and unstructured disclosures to various Exchanges.

The Investor Relations Office also provides quarterly investor presentations and works with the Corporate Affairs and Communications Office for media briefings and press releases. Such information about us is shared regularly with the investing public, analysts, and members of the media. Statements in these presentations describing BPI's objectives, projections, estimates, and expectations may be forward-looking (Recommendation 11.1 SEC CG Code for PLCs).

Actual results may differ from the statements made in the presentations, whether expressed or implied.

Select regulatory disclosures, all investor presentations and press releases distributed, including presentations of the Chairman and the President and CEO at the ASM, may be viewed at www.bpi.com.ph

Annual Stockholders' Meeting. The ASM allows the Bank's shareholders to advise and adopt resolutions on important matters affecting the Bank on which they have legal sovereignty, such as: the appropriation of profit; ratification of all acts and resolutions of the Board and Management adopted during the preceding year; approval of the Report of the President and the Bank's Statement of Condition; amendments to the Articles of Incorporation or By-Laws; and election of Board of Directors and external auditor, as well as measures to amend the shareholders' equity.

The ASM also continues to be a key communications event for our Board and Management. It is a primary opportunity for

- meaningful discussion of the company's narrative
- to engage with its shareholders and investors on key issues facing the Bank
- the review of fiscal information for the past year
- response to any questions regarding the Bank's goals and directions moving forward

BPI's Board, including the Chairman, Chairman of the Audit Committee, Independent Directors, and Senior Executive Officers are always in attendance and available for informal discussion before and after the formal business of the ASM. The Chairman and members of the Board, chairmen and members of the Board-level Committees, and Senior Executive Officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the Investor Relations Officer attended the 2022 ASM.[58]

[58] Recommendation 13.3, 13.5 SEC CG Code for PLCs

For the benefit of all the stockholders, the Chairman of the Board and the Corporate Secretary discussed the Rules of Conduct and Procedures for the meeting after the requisite call to order, certification of notice of meeting, and determination of quorum. The Rules of Conduct and Procedures were also detailed in the explanations of agenda items in the Notice of ASM. All items in the agenda requiring approval by the shareholders, including the election of the Board, need the affirmative vote of shareholders representing at least a majority of the issued and outstanding voting stock. Voting is considered on a poll, by shares of stock; that is, one share entitles the holder to one vote, two shares to two votes. Cumulative voting as provided for in the Corporation Code may be applied in the election of the Board. The Office of the Corporate Secretary tabulates all votes received and the Bank's External Auditor validates the results.

The Bank proactively encourages the full participation of its shareholders, including institutional shareholders, at the ASM. Shareholders may participate in person or through their authorized representative. For the 2022 ASM, only shareholders of record as of Mar. 11, 2022 were entitled to receive the notice and to vote at the meeting. Due to the pandemic, the Bank conducted a virtual ASM and shareholders could not physically attend the meeting. However, they could still participate through the livestreamed webcast of the meeting and the option to vote in absentia through an online electronic system or by appointing the Chairman of the meeting as their proxy.

Duly accomplished proxies were to be submitted to the Office of the Corporate Secretary, Ayala North Exchange Tower 1, 6796 Ayala Avenue cor. Salcedo St., Legaspi Village, Makati City or by email to bpi-asm@bpi.com.ph not later than 5:00 P.M. of Apr. 18, 2022. Validation of proxies was set for Apr. 19, 2022 at 2:00 P.M.

Shareholders are encouraged, recognized, and given sufficient time to ask questions at the ASM to ensure accountability and identification with the Board's and Management's strategy and goals of the Bank. Questions or comments of shareholders, as well as responses of the Board and Management, were duly recorded in the Minutes of the Meeting.

The Board ensures that the ASM is held in an easy to reach and cost-efficient venue and location in Metro Manila. In 2022, however, the Annual Stockholders Meeting was conducted virtually via http://www.ayalagroupshareholders.com/. Shareholders intending to participate by remote communication were requested to notify the Bank by email to bpi-asm@bpi.com.ph on or before Apr. 18, 2022.

Notice of ASM and Definitive Information Statement. The Bank sends the Notice of the ASM to its shareholders well before the meeting date to give them ample time to review the meeting's agenda as well as to provide them with sufficient information regarding issues to be decided on during the meeting.

The Bank's Notice of ASM and Definitive Information Statement is written in English as this is an official language in the Philippines. The Bank provides the rationale and explanation for each agenda item which requires shareholders' approval in the Notice of ASM. In the same way, each resolution in the ASM deals with only one item, i.e., there is no bundling of several items into the same resolution. The profiles of Directors seeking election or re-election (including information such as age, qualifications, date of first appointment, experience, and directorships in other listed companies) are included in the Notice of ASM. The External Auditor seeking appointment or re-appointment is also clearly identified.

When dividends are one of the agenda items, an explanation of the dividend practice is also included. The Notice of ASM also includes proxy forms which can be downloaded by shareholders from www.bpi. com.ph. For the 2022 ASM, the proxy forms included instructions as well as the deadline for submission of proxies to the Office of the Corporate Secretary, which was on Apr. 18, 2022.

The Definitive Information Statement (DIS), or SEC Form 20-IS is issued in accordance with the Bank's Amended By-laws and SRC Rule 20. Shareholders as of record date of the annual or special stockholders meeting are sent the DIS or SEC Form 20-IS at least 15 business days before the meeting. The Bank, as an issuer subject to the reporting requirements of SRC Section 17, must issue the DIS to notify shareholders of the written notice of the date, time, place, and purpose of the meeting; the DIS provides other specific information relevant to the meeting.

The Bank is always transparent on matters of this nature and encourages shareholders, including institutional investors, to attend the meeting via individual notices, newspaper publication, the company website, and notices to various Exchanges. The DIS or SEC Form 20-IS is deemed to have been given at the time when delivered personally, deposited in the post office, or sent via e-mail. Shareholders who prefer to receive hard copies of the DIS can request this from the Office of the Corporate Secretary.

In 2022, the Notice, including the DIS, was sent out to shareholders of record by Mar. 31, 2022, 27 days before the ASM. The SEC Form 20-IS was also sent out to shareholders of record by Mar. 31, 2022, and disclosed via PSE EDGE on the same date. No new item was included in the agenda at the 2022 ASM. Likewise, no amendments were made to the SEC Form 20-IS after the aforementioned disclosure on the PSE EDGE.

The Notice of ASM for the stockholder's meeting on Apr. 28, 2022, included explanations for all agenda items: (1) Calling of the Meeting to Order, (2) Certification of Notice of the Meeting, Determination of Quorum, and Rules of Conduct and Procedures, (3) Approval of the Minutes of the Annual Meeting of the Stockholders on Apr. 22, 2021, (4) Approval of the Annual Report and Audited Financial Statements, (5) Ratification of the Acts of the Board of Directors and Officers, (6) Election of the Board of Directors (including the Independent Directors), (7) Election of the External Auditor and Fixing of Remuneration, (8) Amendment of the Bank's Articles of Incorporation and By-Laws and (9) Consideration of Such Other Business as May Properly Come Before the Meeting.[59]

[59] Recommendation 13.2 SEC CG Code for PLCs

The Notice of ASM and DIS or SEC Form 20-IS for the current and prior years may be viewed at www.bpi.com.ph.

Minutes of the ASM. The Minutes of the ASM includes all information pertinent to the meeting: date, time, and location of the annual meeting; qualified participants, attendance, and quorum present to conduct business; approval of prior minutes; general report of the President and CEO; record of action items in the meeting including election of the Board, any pertinent discussions, and actual votes; and corporate resolutions that were adopted. The minutes also records the dialogue between shareholders and the Board and Management, including their responses to shareholders' questions and clarifications, as well as any follow up actions that need to be taken by the Board and Management in the future.

Minutes of the previous year's ASM are provided to shareholders prior to the start of the meeting of the current year. Minutes of the 2022 ASM were likewise posted on the company website within five calendar days from the date of the ASM. Minutes of the ASM for the current and prior years may be viewed at www.bpi.com.ph.[60]

[60] Recommendation 13.3 SEC CG Code for PLCs

Voting Results. The results of the voting during the ASM are counted and tabulated by an Independent External Third-Party Auditor. For the 2022 ASM, the Bank's independent External Third-Party Auditor, Isla Lipana & Co., performed this task. Voting results for the 2022 ASM are as follows:

Total Number of Votes (Present and Proxy) — 3,381,959,206 Total Issued and Outstanding Shares — 4,513,128,255 Percentage of Attendees — 74.94%			
Resolution	For	Against	Abstain
Approval of the Minutes of the Annual Meeting of the Stockholders on April 22, 2021	3,381,751,132 99.99%	- 0.00%	- 0.00%
Approval of Annual Report and Audited Financial Statements	3,378,833,345 99.91%	2,566,787 0.08%	351,000 0.01%
Ratification of the Acts of the Board of Directors and Officers	3,378,833,335 99.91%	- 0.00%	2,917,797 0.09%
Election of External Auditors and Fixing of their Remuneration	3,364,697,204 99.49%	16,702,918 0.49%	351,010 0.01%
Amendment of Article Seventh of the Articles of Incorporation	3,381,751,122 99.99%	- 0.00%	10 0.00%
Amendment of the Amended By-Laws	3,371,893,873 99.70%	9,857,249 0.29%	10 0.00%
Election of 15 Members of the Board of Directors			
Jaime Augusto Zobel de Ayala	3,274,849,186 96.83%	22,701,595 0.67%	84,200,351 2.49%
Fernando Zobel de Ayala	3,269,794,819 96.68%	23,174,215 0.69%	88,782,098 2.63%
Janet Guat Har Ang	3,377,496,722 99.87%	- 0.00%	4,254,410 0.13%
René G. Bañez	3,357,883,778 99.29%	3,937,186 0.12%	19,930,168 0.59%
Romeo L. Bernardo	3,354,907,648 99.20%	6,913,316 0.20%	19,930,168 0.59%
Ignacio R. Bunye	3,361,921,585 99.41%	4,226,777 0.12%	15,602,770 0.46%
Cezar P. Consing	3,322,235,287 98.23%	20,607,428 0.61%	38,908,417 1.15%
Emmanuel S. de Dios	3,374,929,935 99.79%	2,566,787 0.08%	4,254,410 0.13%
Ramon R. del Rosario, Jr.	3,353,510,148 99.16%	8,310,816 0.25%	19,930,168 0.59%
Octavio Victor R. Espiritu	3,324,362,930 98.30%	6,650,826 0.20%	50,737,376 1.50%
Jose Teodoro K. Limcaoco	3,373,727,826 99.76%	8,023,306 0.24%	- 0.00%
Aurelio R. Montinola III	3,319,659,073 98.16%	6,650,826 0.20%	55,441,233 1.64%
Cesar V. Purisima	3,318,684,442 98.13%	4,917,448 0.15%	58,149,242 1.72%
Eli M. Remolona, Jr.	3,377,496,722 99.87%	- 0.00%	4,254,410 0.13%
Maria Dolores B. Yuvienco	3,374,929,935 99.79%	2,566,787 0.08%	4,254,410 0.13%

*As validated by the Auditors

Voting results are submitted to the SEC and disclosed on the websites of the various Exchanges, where BPI capital market issues are traded, and made publicly-available on the company website by the next working day or sooner (Recommendation 13.3 of the SEC CG Code for PLCs). The voting results for the 2022 ASM, as well as that of prior years, may be viewed at www.bpi.com.ph.

Annual and Quarterly Reports. The Bank's Annual, Quarterly, and Current Reports are its primary disclosure mechanisms used to impart knowledge about the Bank to all its stakeholders in an informative, structured, and cost-effective manner. The Annual and Quarterly accountability reports effectively detail its performance during the period under review and put that performance in context of the objectives of the Bank, its strategies, and future direction. The Current Reports similarly provide timely updates on significant corporate actions undertaken by the Bank.

The Annual, Quarterly, and Current Reports are regularly submitted to the SEC pursuant to SRC Section 17, which also prescribes format and content.

These Reports are also disclosed on the websites of the various Exchanges, as previously mentioned. These may also be viewed at www.bpi.com.ph.

General Information Sheets. Under Sections 26 and 141 of the Corporation Code, corporations are required to submit the General Information Sheet (GIS) annually to the SEC, within 30 days after the corporation's annual or special stockholders' meeting. Containing, among other information, the names, nationalities, and addresses of the Directors, Trustees, and Officers of the Company, the GIS is accompanied by a certification under oath by the Corporate Secretary, President or CEO.

The Bank's latest GIS, as well as that of prior years, may be viewed at www.bpi.com.ph.

SHARE INFORMATION

Stock Information. BPI common shares are listed in the PSE under the ticker symbol of BPI. At PHP 460.34 billion as of Dec. 31, 2022, its market capitalization is among the largest in the Philippine banking industry. BPI is a member of the benchmark Philippine Stock Exchange Composite Index (PSEi).

Listing Date:	Oct. 12, 1971
Class of Shares:	Common shares
Voting Rights:	One vote per share
Authorized:	5,000,000,000 shares as of Dec. 31, 2022
Outstanding:	4,513,128,255 shares as of Dec. 31, 2022

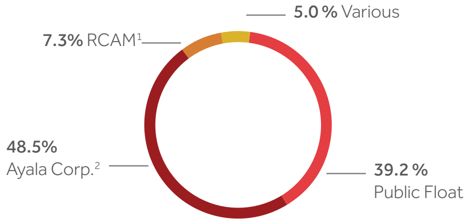
Rights, Obligations, and Restrictions Attaching to Shares. The rights and obligations attaching to each class of ordinary, common, and non-cumulative preference shares in BPI's share capital are set out in full in its Articles of Incorporation which may be amended by special resolution of the shareholders and can be found on www.bpi.com.ph.

Minimum Public Ownership. As of Dec. 31, 2022, listed securities held by the public were at 39.2% of BPI's issued and outstanding shares. This is well above the minimum required public float level of 10%.

Ownership Structure. BPI's founding shareholders were primarily charities and endowments associated with the Roman Catholic Church, and its Directors consisted of government officials and prominent businesspersons, including Antonio de Ayala, a partner in the predecessor firm of today's Ayala Corporation.

Restrictions on Ownership. Foreign ownership is subject to a limit of 40%.

SHAREHOLDERS



[1] Roman Catholic Arcdiocese of Manila
[2] Includes Liontide Holdings, Inc. share

Sharelots Statistics as of Dec. 31, 2022

Size of Shareholders	No. of Shareholders	%	No. of Shares	%
1-100	1,579	13.31%	57,603	0.00%
101-500	4,044	34.09%	1,054,255	0.02%
501-1,000	1,963	16.55%	1,428,106	0.03%
1,001-5000	2,853	24.05%	6,171,949	0.14%
5,001-10,000	552	4.65%	3,795,526	0.08%
10,001-50,000	602	5.07%	13,002,776	0.29%
50,001-100,000	105	0.89%	7,125,433	0.16%
100,001-500,000	129	1.09%	26,409,582	0.59%
500,001-1,000,000	13	0.11%	9,370,865	0.21%
1,000,001-5,000,000	15	0.13%	40,457,523	0.9%
5,000,001-10,000,000	3	0.03%	20,795,981	0.46%
10,000,001-50,000,000	0	0.00%	–	0.00%
50,000,001-Up	6	0.05%	4,383,459,656	97.13%
Grand Total	**11,864**	**100.00%**	**4,513,128,255**	**100.00%**

Equity Ownership of Foreigners on Common Shares as of Dec. 31, 2022

Nationality	No. of Shareholders	%	No. of Shares	%
Filipino	11,746	99.01%	3,660,484,472	81.11%
Non-Filipino	117	0.99%	852,643,783	18.89%
Total	**11,864**	**100.00%**	**4,513,128,255**	**100.00%**

Shareholdings of Directors and Management as of Dec. 31, 2022. Please see table under Corporate Governance section which sets forth the beneficial ownership of shares of the Company's common stock as of Dec. 31, 2022, by the Bank's current Directors and named Executive Officers and as a Group.

Beneficial Ownership Reporting Compliance. Under SRC Section 23, the SEC requires a PLC's Directors and Executive Officers, and persons who beneficially own: (1) qualifying but not more than 100 shares; (2) more than 100 shares but less than 5% of the outstanding common stock; or (3) more than 5% but less than 10% of the outstanding common stock, to file reports with the SEC regarding initial ownership and changes in ownership of the common stock.

In this respect, the PSE also requires, under Section 13.1 of the Revised Disclosure Rules on Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities, that the Exchange be furnished with a copy of the respective SEC filing within five trading days.

As a practical matter, the Bank assists its Directors and Officers in the filing of the required SEC Form 23-A or B reports on their behalf.

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of Dec. 31, 2022.

Title of Class	Name/Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares	Percent of Holdings
Common	**PCD Nominee Corporation**[61] **- Non-Filipino** **- Filipino** 37/F Tower 1, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City	PCD Participants acting for themselves or for their customers	Various Filipino	849,941,531 818,203,107 1,668,144,638	18.8326% 18.1294% 36.9620%
Common	**Ayala Corporation**[62] 33rd Floor Ayala Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Stockholder	Ayala Corporation[63]	Filipino	1,390,531,096	30.8108%
Common	**Liontide Holdings, Inc.**[64] 33rd Floor Ayala Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Stockholder	Liontide Holdings, Inc.[65]	Filipino	904,194,682	20.0348%
Common	**Roman Catholic Archbishop of Manila** 121 Arzobispo St., Intramuros Manila Stockholder	Roman Catholic Archbishop of Manila[66]	Filipino	327,904,251	7.2656%

[61] PCD Nominee Corporation (PCD), now known as the Philippine Depository and Trust Corporation (PDTC), Non-Filipino and Filipino, is the registered owner of the shares beneficially owned by participants in the PDTC. The Board of Directors of each participant generally has the power to decide on how shares are to be voted. Out of the 1,668,144,638 common shares registered in the name of PCD, 479,209,394 shares (or 10.6181% of the total outstanding shares), 379,913,881 shares (or 8.4180% of the total outstanding shares), and 355,801,059 shares (or 7.8837% of the total outstanding shares) are for the accounts of The Hongkong and Shanghai Banking Corporation, Citibank N.A., and Standard Chartered Bank, respectively.

[62] Mermac, Inc. owns 47.9091% of common shares and 57.3043% of total voting shares, while Mitsubishi Corporation owns 6.1007% of common shares and 6.9973% of total voting shares, respectively, of the outstanding shares of Ayala Corporation (AC).

[63] The Board of Directors of AC has the power to decide how AC's shares in BPI are to be voted.

[64] AC owns 84.16% of the outstanding shares of Liontide Holdings, Inc. (formerly Ayala DBS Holdings, Inc.), which translates to 78.07% effective ownership.

[65] The Board of Directors of Liontide Holdings, Inc. ("Liontide") has the power to decide how Liontide's shares in BPI are to be voted.

[66] The Archbishop of Manila has the power to decide how the Roman Catholic Archbishop of Manila's shares in BPI are to be voted.

Payment of Dividends. Dividend declaration is ultimately the responsibility of the Bank and the Board which has the authority to declare dividends as it may deem appropriate. Under BSP regulations, no bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. The net amount available for dividends shall be the amount of unrestricted or free retained earnings less loss provisioning which takes into account relevant capital adjustments including losses, bad debts, and unearned profits or income.

Per BSP Circular 888, 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. However, banks must ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

In 2022, a review of the Bank's dividend practice was conducted for the purpose of improving the Bank's capital management and efficiency while providing shareholders with a sustainable dividend yield consistent with the Bank's long-term growth.

At the regular meeting of BPI's Board of Directors held on May 18, 2022, the Board approved a dividend policy based on a dividend payout ratio of 35% to 50% of previous year's earnings.

The final dividend payout ratio will be determined subject to:

- Compliance with regulatory limits
- Compliance with internal thresholds on capital and liquidity
- Maintaining sufficient capital to support the Bank's medium-term growth targets, with a buffer for a possible downturn scenario, and
- Board approval

This dividend policy replaces the fixed PHP1.80 per share in annual dividends, and is designed to provide shareholders the balance that they seek between current income and capital appreciation. The Bank's ability to return capital to shareholders while adhering to risk and capitalization standards, is a testament to BPI's fiduciary prudence.

Upon Board approval, the Bank then declares cash dividends to its common shareholders, who can now have their BPI cash dividends credited directly to their bank account.

Under BPI's Electronic Cash Dividend Payment Program (ECDP), the payment of cash dividends is facilitated through electronic fund transfer or direct credit to a stockholder's nominated bank account. Available to certificated BPI stockholders for their BPI or non-BPI bank accounts, the ECDP has been launched in line with the sustainability and digitalization efforts of the Bank and for the convenience of BPI stockholders, who will reap the following benefits:

- Safe, secure, and immediate crediting of cash dividends to a nominated bank account;
- Receipt of cash dividends without the need to visit a bank branch to encash or deposit the check; and
- Reduction in waiting time and elimination of risk of lost/undelivered/stale cash dividend checks.

While the Bank does not foresee any impediments to its ability to pay dividends on common equity in the medium-term, it cannot make explicit warranties about the quantum of future dividend payments.

Dividend Distribution

Cash dividends declared and paid during the years 2020 to 2022 are as follows:

Date Declared	Date of Payment	Divident Amount	
		Per Share	Total (PHP Mn)
May 20, 2020	Jun. 26, 2020	0.90	4,062
Oct. 21, 2020	Nov. 26, 2020	0.90	4,062
May 19, 2021	Jun. 23, 2021	0.90	4,062
Nov. 17, 2021	Dec. 24, 2021	0.90	4,062
May 18, 2022	Jun. 22, 2022	1.06	4,784
Nov. 16, 2022	Dec. 23, 2022	1.06	4,784

No stock dividends were distributed during the period.

INVESTMENT RATINGS

Credit Ratings

Transitioning into the new normal, BPI has upheld its investment-grade ratings as reaffirmed by the following international credit rating agencies:

Provider	Rating	Date
S&P Global Rating	BBB+	February 2022
Moody's Investors Service	Baa2	July 2022
Fitch Ratings	BBB-	May 2022
Capital Intelligence	BBB	July 2022

In February 2022, S&P Global Ratings revised its Ratings Outlook on the Bank from Negative to Stable. The rating agency cited that the outlook revision reflects their view that BPI will benefit from improving economic conditions in the Philippines as well as maintain its dominant market position and strong capital buffers over the next two years.

Moreover, Moody's Investors Service and Capital Intelligence Ratings also reaffirmed their Stable Outlook on BPI, highlighting the following credit strengths - improving asset quality and profitability, stable funding and liquidity, and robust capitalization.

On the other hand, Fitch Ratings maintained its Negative Outlook on the Bank after revising it in 2021

ESG Ratings

In line with the global shift towards the importance of ESG, we are a recognized leader in this space, with ESG ratings ahead of other banks in the Philippines.

Provider	Rating	Date
CDP	C	2022
MSCI	BB	October 2022
SAM (S&P Global affiliate)	47	September 2022
Sustainalytics	29.3	November 2022
V.E. (Moody's affiliate)	47	December 2022

BPI formally participated in the 2022 CDP Climate Change Questionnaire and was the only individually-disclosing Philippine bank that garnered a 'C' or 'Awareness' rating despite being a first-time responder. A 'C' score indicates the comprehensiveness of a company's evaluation of how environmental issues intersect with its business, and how its operations affect people and ecosystems.

Comparative data on other Philippine banks for other ESG ratings is not available.

BPI also continued to be a constituent of the FTSE4Good Index Series, a series of benchmark and tradable indices for ESG investors. It is designed to identify companies that demonstrate strong environmental, social, and governance practices measured against globally recognized standards.

Compliance, Risk Management and Internal Audit

The Bank's Compliance, Risk Management, and Internal Control agenda is a key priority.

In this respect, BPI:

- continuously enhances governance and oversight of the control, risk management and compliance environment group-wide;
- simplifies and de-risks operations via investments in financial, technology and human capital;
- partners and engages in constructive dialogue, shares efforts and seeks proper clearance in designing adjustments and remediation plans with our regulators; and
- builds and strengthens the culture and infrastructure to support risk management, compliance, and assurance activities.

In 2022, the Board, through its various Board-level Committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively.[67]

[67] Recommendation 12.1 SEC CG Code for PLCs

Compliance

In step with the regulatory shift of the BSP, the Bank's Compliance Office functions as the second line of defense, embracing a more forward-thinking, risk-based, and stress-tested approach to continuously monitor, evaluate, and improve compliance amidst a banking landscape experiencing disruption and rapid change.

Chief Compliance Officer. Oversight of the Bank's compliance, ensuring that it operates in adherence to regulatory and legal requirements, internal policies and by-laws, and compliance programs is the responsibility of the Board through the Audit Committee, and of management through the Compliance Office, led by the Chief Compliance Officer (CCO).[68]

Designated by the Chairman of the Board, the CCO is not a member of the Board and has the rank of at least a Vice President. The CCO's qualifications are subject to the applicable provisions of the BSP Manual of Regulations for Banks, on Fit and Proper criteria. The CCO annually attends training on corporate governance. [69]

The Compliance Office is currently organized to cover Regulatory Compliance, Corporate Governance, Anti-Money Laundering Compliance, FATCA Compliance, Compliance Analytics and Data Privacy.

The Compliance Office is also empowered by 26 Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank, to enforce initiatives, and provide timely reports.

The Compliance Office applies a three-layered compliance testing and monitoring process while overall enforcement is through self-regulation within the business units:

- Self-assessment testing conducted by GCOs
- Independent random testing, conductedby the Compliance Office
- Independent periodic review conducted by the Internal Audit Division

Compliance testing results are regularly reported and elevated to the Audit Committee. Governance related issues are also reported to the Corporate Governance Committee.

The Compliance Office promotes adherence and awareness to laws, rules, and regulations by electronically posting information and documents in a compliance database that is accessible to all employees. Regular meetings are conducted by the Compliance Office with the GCOs to discuss the impact of new regulations, decide on the required compliance measures, and amend compliance matrices as necessary. Through continued liaison and dialogue with regulators, the Compliance Office ensures prompt dissemination of new regulations and other developments affecting bank operations.

Regulatory Compliance. The Regulatory Compliance Department covers adherence to all relevant and applicable Philippine banking laws and regulations and manages the Bank's requirements under the BSP's institutional compliance rating system, which comprehensively evaluates the effectiveness of a bank's compliance system in mitigating business risk. Regulatory compliance also involves collaborative partnership-building with the regulators, external auditor, and industry organizations such as the Association of Bank Compliance Officers and the Bankers Institute of the Philippines.

Corporate Governance. The Corporate Governance Department covers internal and external compliance of the Bank's governance framework both as a bank and as a PLC as well as manages the Bank's participation in the ASEAN Corporate Governance Scorecard. The department also assists the Board, through the Corporate Governance Committee, in developing and establishing the governance policies, mechanisms and practices required by regulation or recommended as best practice.

Anti-Money Laundering Compliance. The Anti-Money Laundering Department monitors customer and counterparty transactions in compliance with the Anti-Money Laundering Law, its implementing rules and regulations, BSP Circular 706, and all other amendments thereto. Developed under the guidance of the BSP's Money Laundering and Terrorism Financing Prevention Program (MTPP), the Bank's Anti-Money Laundering Program covers all its subsidiaries and affiliates.

This MTPP consists of conscientious customer due diligence and know-your-customer (KYC) processes; sanctions screening; automated tools to identify and detect financial transactions of a suspicious nature; and monitoring, testing, periodic review, and timely reporting of Anti-Money Laundering-Combating the Financing of Terrorism (AML-CFT) events to Senior Management. It also includes regular and effective AML-CFT training and awareness programs for all personnel; maintenance of customer data and transaction documents within prescribed timelines; and timely updates of policies and procedures in accordance with changes in regulations and AML-CFT typologies.

FATCA Compliance. BPI has a Foreign Account Tax Compliance Act (FATCA) Compliance Department headed by the FATCA Compliance Officer who has established a program to ensure the effective implementation of FATCA compliance initiatives. The department is also in charge of overseeing the Bank's compliance with FATCA regulations and accomplishing certifications with the US Internal Revenue Service (IRS). The FATCA compliance program provides additional requirements on customer due diligence and documentation, as well as additional reporting guidelines to relevant tax authorities.

The Bank appears in the IRS official list of participating financial institutions with the Global Intermediary Identification Number (GIIN) CUC04I.00000.LE.608.

Type of Financial Institution (FI): Lead of an Expanded Affiliated Group

FATCA Classification and Date of Registration:

- Participating Foreign Financial Institution: Apr. 23, 2014
- Registered Deemed-Compliant Financial Institution/ Reporting Financial Institution under a Model 1 IGA: Mar. 23, 2015

Compliance Analytics. The Compliance Analytics Department supports the Compliance Division by providing proactive data science analytics in identifying and managing various risk and compliance issues to help create pre-emptive and sustainable environments for existing compliance functions. In particular, it is responsible for the over-all design and delivery of various data science analytics initiatives of the Division, which may cover AML, Data Privacy, and other compliance-related matters. The Department ensures continuous training and development of its Data Science Officers under Compliance Analytics to ensure that the Department produces high level tactical data analytics and models.

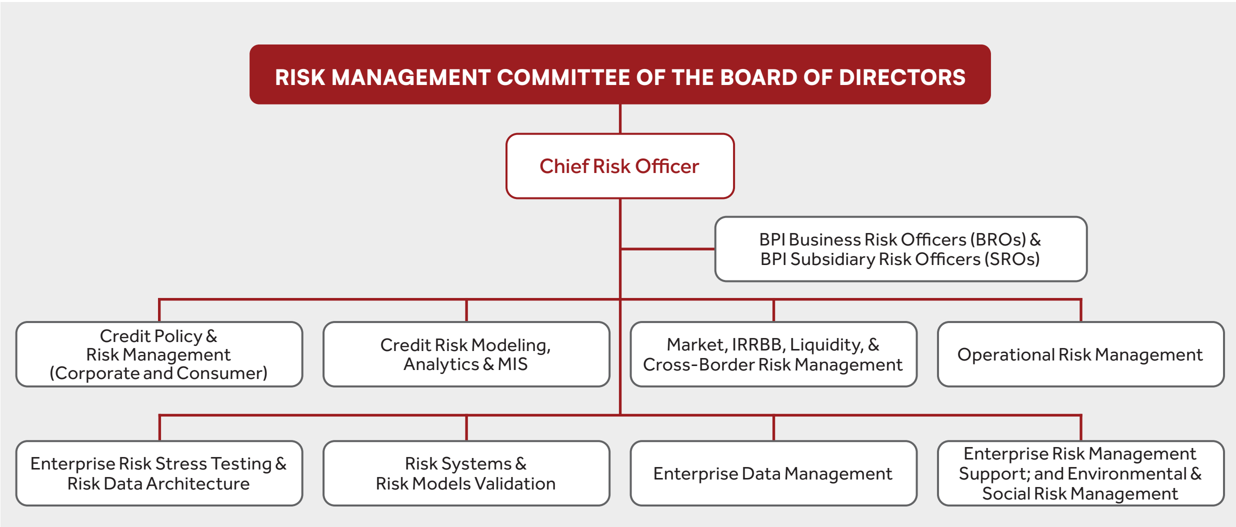
Manned by an Analytics Team Head and a Data Science Officer, the Compliance Analytics Department also helps BPI differentiate itself from industry peers by using the most advanced technologies as part of a comprehensive effort to improve regulatory compliance while protecting customers' funds and data, as well as the Bank's brand and reputation.

Data Privacy Office. BPI has established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls, and technologies designed for risk reduction. The Bank has a Data Privacy Office, headed by a Board-appointed Data Protection Officer (DPO), a Senior Management Officer. The key focus of the DPO is to oversee data privacy compliance and manage data protection risks for the organization, consistent with the Data Privacy Act rules and regulations, issuances by the NPC, and other applicable laws. Management has also appointed Compliance Officers for Privacy (COP) for major business units of the Bank to augment the Data Privacy Office and ensure the sustained implementation of the Data Privacy Management Program across business lines. To promote transparency and to comply in part with the Data Privacy Act, BPI has published online and prominently displaced inside its branches the Data Privacy Statement that discloses how BPI collects, protects, uses, and shares personal data across its operations.

The Data Privacy Statement applies to 100% of BPI's operations.

[68] Recommendation 2.10 SEC CG Code for PLCs
[69] Recommendation 1.6 SEC CG Code for PLCs

Risk Management



Comprehensive Framework. BPI pursues best practices in Enterprise Risk Management (ERM) across its businesses and processes. We have an established ERM and capital management framework that enables us to identify, measure, monitor, and control our significant financial and non-financial risk exposures, ensure adequate liquidity, and set aside sufficient capital to cover and mitigate such risks. The framework covers traditional risks that the Bank is exposed to such as credit, market and liquidity, and operational and information technology (IT) risks, as well as other risks such as reputational, conduct, model, legal and tax, and environmental and social risks and reflects our internal standards as guided by the regulatory directives issued by the BSP in promoting effective risk management governance, implementing robust business continuity and operational resilience standards that are regularly tested, and performing the internal capital adequacy assessment and other risk management processes (Recommendation 2.11, 12.4 SEC CG Code for PLCs).

Risk management in BPI follows a top-down approach, with risk appetite setting and overall risk strategy emanating from the Board. The Board fulfills its risk management function through the Risk Management Committee (RMCom). The RMCom defines risk appetite statements at functional risk areas and on an enterprise level, reviews risk management structures, metrics, limits, and issues across the BPI Group of Companies (BPI Group), and directs our risk strategy framework anchored on sound risk management governance, value-enhancing risk methods and processes, and risk-intelligent data and technology. It oversees and manages risks and monitors regulatory and internal capital adequacy vis-à-vis risk exposures. It promotes a strong risk culture and exercises oversight through the Subsidiary Board-level RMComs across the BPI Group. It manages risks through clearly delineated functions to ensure effective risk management governance and control processes across the Bank using the "Three Lines of Defense" model. This model defines the risk management responsibilities of each unit owning and managing the risk (1^{st} line), overseeing the risk management function (2^{nd} line), or providing independent assurance on the quality and effectiveness of risk management and internal controls (3^{rd} line).

BPI's Risk Management Office (RMO) leads the Bank's Enterprise Data Program which was established to ensure the quality, consistency, reliability, and accessibility of data for the enterprise. The Data Governance Office (DGO) oversees the Bank's data program by establishing and implementing relevant organizational structures, frameworks, policies, standards, processes, and technologies. The effectiveness of our enterprise data program is measured through data quality, valorization, organizational capabilities, scalable technologies, and defenses. We have an Enterprise Data Steering Committee (EDSC) that provides oversight to the DGO by providing strategic direction on enterprise data governance strategies and initiatives that are aligned with the BPI Group's business strategic imperatives.

Our risk culture is anchored on our vision of transparency and integrity in the workplace, creation of sustainable value, and delivery of maximum returns to stakeholders. To fulfill our responsibilities to clients, employees, stakeholders, regulators, and our country, we exercise proactive and prudent risk management.

In 2022, we integrated BPI Family Savings Bank's (BFB) risk management function with RMO in-line with the BPI-BFB merger activities. In order to support the growth of our retail lending activities, the Consumer Credit Policy and Risk Management (CPRM-Consumer) was established to focus on credit risk associated with the consumer lending business segment, while the other functional risk areas were directly lifted and shifted to their corresponding RMO division.

Chief Risk Officer (CRO). The BPI Group CRO leads the formulation of risk management policies and methodologies in line with overall business strategy. The CRO, who is primarily responsible for the overall management of the BPI Group's total risk, ensures that risks are prudently and rationally taken, commensurate with returns on capital, and within our risk appetite. Our risk appetite is a careful measure of the amount of risk we are willing to assume in order to achieve business objectives. Risk appetite statements are regularly reviewed and approved by the Board through the RMCom (refer to the full biography of the BPI CRO on page 319).

The CRO is supported by the RMO, a team of skilled risk managers dedicated to identifying, measuring, controlling, and monitoring the BPI Group's risk exposures. Our risk managers keep themselves abreast of industry developments, emerging risks, and risk management best practices through continuous and adequate training and development programs such as risk awareness campaigns and learning programs using various internal channels. The CRO and the RMO actively engage the RMCom, Management, and business units to effectively communicate our risk culture and risk management best practices (Recommendation 12.5 of the SEC CG Code for PLCs).

We identify risks according to three major classifications:

- Credit Risk (including concentration and cross-border risks)
- Market (including foreign exchange, interest rate, and equity price risks) and Liquidity Risks
- Operational and Information Technology Risks

Credit Risk refers to the risk of default on obligations that may arise if a borrower fails to make required payments such as principal and/or interest on an agreed date; market risk is due to price movements/fluctuations in trading and distribution activities of credit securities, foreign exchange, and derivative instruments (as allowed by regulation); liquidity risk is from the management of our cash flows and balance sheet; and operational and IT risks from inadequate or failed internal processes, people, information technology and systems, and threats from external events that pose risks of financial losses and damage to our reputation. We are likewise cognizant of other risks (e.g., environmental, social, geopolitical risks, etc.) that we may be exposed to in our day-to-day business operations, and these are identified, measured, controlled, and monitored accordingly.

We have established risk management processes and controls, and use various methodologies, metrics, tools, and systems to identify, measure, control, and monitor our risk exposures. We continuously invest in our risk technologies, data and analytics capabilities, and business-enabling systems, and enhance our processes to ensure completeness and accuracy of data, 360° risk perspective, and timely reporting. With our Enterprise Data Warehouse and Risk Data Architecture systems leveraging on our Enterprise Big Data platform, the availability of a reliable, accessible, integrated, secured and comprehensive view of enterprise and risk data not only strengthens our risk management processes and capabilities, but also supports business-enabling analytics and facilitates data servicing to the various business and support units of the Bank.

In compliance with BSP Circular 989 (Conduct of Stress Testing Exercises), the RMO and the Corporate Strategy & Investor Corporate Strategy, Investor Relations and Sustainability Division have employed a formal integrated risk and capital stress testing framework, with a forward-looking assessment of risks under given stressed scenarios identified or developed by our experts, to assess financial and capital impact of such scenarios, and to facilitate the development of the Bank's capital contingency and recovery plans.

Independent reviews are regularly conducted by our internal audit, external auditors, and regulatory examiners to ensure that controls and risk mitigation are in place and functioning as intended. We also engage various risk management experts to independently assess our risk maturity covering areas such as business continuity, cyber and information security, and ERM.

All these efforts have been undertaken and conscientiously practiced in recognition of BSP Circular 971 (Risk Governance), as well as benchmarked to the Committee of Sponsoring Organization's (COSO) ERM integrated framework. These have likewise proven indispensable with our reliance and belief in our established risk management system to ensure continued delivery of value to our stakeholders especially during periods of unprecedented uncertainties such as the most recent pandemic.

Credit Risk. BPI's Credit Policy and Risk Management (CPRM) Division is responsible for the overall management of the Bank's Credit Risk. CPRM is accountable to the RMCom in managing BPI's Credit Risk appetite and in the RMCom's oversight function on Credit Risk and asset quality. In addition, CPRM supports Senior Management in ensuring the quality of our loan portfolio by adopting proper risk control strategies and adequate monitoring and reporting. CPRM ensures that our prudent underwriting standards and rating parameters are complied with by the various lending units through the conduct of independent business portfolio and product credit reviews. The Bank also has a cross-border risk management team tasked to independently monitor and evaluate country and cross-border credit risks facing the BPI Group.

In 2022, we experienced an increase in loan volumes with notably improved Non-Performing Loan ratio as compared to the previous year, amidst the lingering COVID-19 pandemic. We were able to manage overall Credit Risk and maintain good asset quality, in general compliance with regulatory and prudential requirements relating to credit risk management (e.g., DOSRI and RPT compliance, single borrower's limits, credit concentration, and stress testing, amongst others). We continue to maintain a diversified loan portfolio with no significant concentrations. Top borrower-group exposures, which operate in diversified industries, remain within the internal and regulatory single borrower's limit.

We regularly review the appropriateness of the Credit Risk ratings of non-default accounts and the classification and impairment rates of defaulted or impaired loan accounts. Corporate Credit Risk exposures are assessed individually using internal credit risk rating models that generate a probability of default per rating grade and take into account credit risk mitigation. Credit Risk rating models are developed internally by our Credit Risk Modeling, Analytics and MIS (CRMA & MIS) Division using statistical methods on quantitative and qualitative risk factors, including credit judgment overlays to account for borrower-specific factors and such other factors that cannot be modeled statistically. The credit risk ratings of corporate accounts are generally updated on an annual basis. Each rating grade has a corresponding probability of default that exponentially increases as a rated account moves across the rating scale. The migration of accounts between rating grades is regularly monitored and analyzed. Loss provisioning also takes into account the rating grade of each exposure. Provisioning for non-default exposures is based on expected credit loss (ECL), while specific reserves are set up for defaulted exposures and reviewed regularly. For cross-border loans, we utilize credit assessment scorecards that take into account risk factors inherent to cross-border exposures. For consumer loans, we adopt credit risk scorecards to assess borrowers' credit worthiness. Both financial and non-financial variables were considered in the scorecard development process, and all scorecards were subjected to expert judgment meetings with key business lending units. The models undergo independent validation as well as regular monitoring for predictive power and performance.

We fully implemented Philippine Financial Reporting Standards 9 (PFRS 9)-based policies, models, and ECL methodologies for all of our credit portfolios, rendering them compliant to both the BSP and PFRS. Loss provisioning for corporate and consumer loan exposures are based on ECL, which is a function of the Probability of Default, Loss Given Default, and Exposure at Default. Any additional reserves are provided for as qualitative management overlay, based on forward-looking moderate and/or adverse stress scenarios simulated by the Bank.

We also regularly conduct credit reviews to assess that the credit process - loan origination, credit analyses, approval, implementation, and administration - conforms to the standards set in the Bank's internal policies and complies with regulatory requirements. In 2022, various credit products and test programs were reviewed and were found to exhibit generally acceptable credit performance and portfolio quality.

We measure our Credit Risk exposures in terms of regulatory capital requirements using the standardized approach in compliance with Basel III and BSP standards on minimum capital requirements. Using this approach, our credit exposures to sovereigns, corporates, and banks are risk-weighted to reflect the credit assessment from reputable credit ratings agencies (Moody's, Standard & Poor's, Fitch, and PhilRatings, where applicable). This approach also allows for the use of eligible collaterals (cash, financial instruments, and guarantees) to mitigate Credit Risk.

We continuously enhance our credit policies, processes, guidelines, and lending programs to conform with sound credit risk management, including practices that conform to the Bank's sustainability agenda not only to manage environmental and social risks, but also to pursue opportunities that would add and/or enable value for the Bank's various stakeholders by positively impacting the environment and society. Existing credit manuals are regularly revisited and updated to reflect new developments and are aligned with the Bank's customer delight programs and business sustainability practices.

We regularly conduct stress tests on our loan portfolio to determine the impact of changes in various macroeconomic and/or industry scenarios, surface any undue credit concentration risk, and to comply with regulatory reporting. Assessment of stress testing impact to the Bank's financials is also performed simultaneously. In the most recent exercise, results showed that the Bank's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 Ratio (CET1) generally remain above or at about the minimum regulatory capital requirements, even with assumed write-downs on the Bank's large exposures and consumer portfolios, and even with the economic scenario analyses of rising interest and inflation rates and Peso depreciation affecting the Bank's borrowers.

All these efforts have been undertaken in recognition of BSP Circular 855 (Sound Credit Risk Management Practices), BSP Circular 1085 (Sustainable Finance Framework), BSP Circular 1128 (Environmental and Social Risk Management Framework), and related standards.

Market, Interest Rate Risk in the Banking Book (IRRBB), and Liquidity Risks. BPI's RMO exercises its market, IRRBB, and liquidity risk management duties and responsibilities through its Market, IRRBB, and Liquidity Risk Management (MRM) Division. The Division employs various risk metrics commensurate to the size and sophistication of the Bank's business operations which guide us to effectively manage risks arising from position-taking, trading and investing strategies. Our risk exposures are continuously monitored against approved risk limits which are regularly reviewed and updated to align with our business objectives, strategies, and overall risk appetite. We also conduct forward-looking scenario analyses, risk simulations, and stress tests to complement our risk metrics to provide a broader and holistic risk perspective to the RMCom and Management. For 2022, despite the heightened market volatility and uncertainties brought about by factors such as the tightening monetary environment and geopolitical risks and developments, our market, IRRBB, and liquidity risk exposures were adequately managed and controlled within the RMCom-approved limits.

We closely monitor 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 from our trading portfolios is measured using the Historical Simulation Value-at-Risk (HS VaR) model complemented by several risk metrics such as Stop-Loss and Dollar Duration (DV01). The Bank calculates VaR using the Historical Simulation (HS) approach, wherein the one-day changes in risk factors in the past 250 days (e.g., one year) are considered to estimate the risk of loss at a 99% confidence level. In terms of regulatory capital requirements, market risk exposures are measured using the standardized approach in compliance with Basel and BSP standards on minimum capital requirements. Currently, we have exposures in credit securities, foreign exchange, and financial derivatives such as interest rate swaps, currency swaps, futures, and securitization structures as part of our trading and position-taking activities. Financial derivatives are also used to hedge exposures to mitigate price risk inherent in our portfolios. Where hedging strategies are performed, hedge effectiveness assessments are regularly performed to ensure that the hedging relationship still meets the risk management objective set at the inception of the deal.

IRRBB is the current and prospective risk to our capital and earnings arising from adverse movements in interest rates that affect our banking book positions. Since excessive levels of interest rate risks in the banking book can pose a significant threat to our earnings and capital base, we have established adequate risk management policies and procedures, appropriate risk measurement models, risk limit structures, and a robust risk management system to manage our IRRBB.

Interest rate exposures from banking book 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 future cash flows in the banking book due to changes in interest rates. The EaR is calculated using the parametric approach for the short- to medium- term horizon (i.e., one to three years) at a 99% confidence level. The BSVaR, on the other hand, is measured using the historical simulation approach based on the daily year-on-year rate movements in the historical window at a 99% confidence level. BSVaR considers both principal and interest payments while EaR considers principal payments only. Both are built on the repricing profile of a static balance sheet and utilize certain behavioral assumptions such as for deposit accounts which do not have specific maturity dates (i.e., current and/or savings accounts). IRRBB levels are measured and monitored daily against RMCom-approved limits and regularly reported to the RMCom and Senior Management.

We ensure adequate levels of liquidity at all times and that contingency plans are in place in the event of liquidity stress. Our liquidity profile is measured and monitored through our internal metrics - the Minimum Cumulative Liquidity Gap (MCLG) and Intraday Liquidity Buffer Ratio (ILBR), and the regulatory metrics - Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The 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. This indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the Bank. In view of further strengthening our liquidity risk management, we implemented in 2022 the ILBR which was designed to promote the Bank's resilience against intraday liquidity risk by ensuring that adequate liquidity buffers are in place to meet unexpected outflows throughout the day without significantly affecting our funds or reserves management. The LCR determines the short-term resilience of our liquidity risk profile, requiring financial institutions to hold adequate levels of high-quality liquid assets to cover net cash outflows in the next 30 days. We, on a solo and consolidated basis, maintain adequate levels of liquidity to provide a sufficient buffer for critical liquidity situations. The NSFR complements the LCR by limiting the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

We perform regular stress testing activities to determine our ability to withstand and evaluate the impact of financial crises and other types of stress events. We conduct price stress tests in both the trading and banking books using a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on our economic value, earnings and non-interest income. The design of the price and EaR stress tests includes various scenarios such as steepening and flattening yield curves, parallel up/down and short rate up/down, forward-looking and other notable stressed events that have occurred in the financial industry. The interest rate shocks applied are calibrated for all significant currencies in which we have significant positions. We also conduct liquidity stress tests using different risk events, scenario types, and stress horizons to assess our liquidity position and determine potential liquidity shortfalls during stress events. Scenario analyses and simulations are also performed to provide forward-looking liquidity conditions and anticipate potential liquidity and funding requirements.

The results of the stress tests are presented to the RMCom and Management as part of our overall risk management process. In 2022, we also conducted various portfolio and risk simulations to evaluate the impact of rising inflation, depreciating Peso, and foreign and local rate hike expectations. All these initiatives were undertaken to ensure that the relevant market, IRRBB, and liquidity risks are identified and controlled.

We have in place escalation procedures in handling potential and/or actual limit breaches in our market, IRRBB and liquidity risk metrics, enabling timely identification and reporting of risks and the formulation of appropriate action plans and strategies to prudently manage such risks and contain them at acceptable levels.

The risk management process, including its various components, is subject to regular monitoring and periodic independent review (i.e., internal/regulatory audit and model validation), and regularly updated to ensure accuracy, propriety, and timeliness of data and assumptions employed.

Operational and Information Technology Risks. BPI's Operational Risk Management (ORM) Division monitors risks arising from inadequate or failed internal processes, people, and systems or from external threats and events such as pandemics, natural disasters that damage physical assets, or electrical or telecommunication failures that disrupt our operations. Operational risk is inherent in all banking products and services, and may include risks that give rise to adverse legal, tax, regulatory, or reputational consequences. Information Technology (IT) is a significant risk factor assumed in conjunction with operational risk, given the highly automated nature of our processes and services. We define IT risk as the risk of any potential adverse outcome arising from the use of or reliance on IT (e.g., computer hardware, software, devices, systems, applications, and networks). IT risk includes, but is not limited to, information security, service availability, reliability and availability of IT operations, completion on specification of IT development projects, and regulatory compliance pursuant to the BSP's guidelines on Information Technology Risk Management. Our ORM Committee (ORMC) provides Senior Management oversight over the ORM Division, in accordance with regulatory requirements.

One of the significant resources that we employ are Business Risk Officers (BRO). We have over 20 BROs coordinating with and overseeing key functional areas and business units across the organization. Our BROs are responsible for promoting a sound risk management culture, implementing ERM best practices, and ensuring timely submission of operational and other risk reports in the first line of defense.

We have an established operational risk management framework that clearly defines responsibilities related to the performance of the risk management function, as well as the accountabilities, processes, and tools employed to identify and mitigate operational and IT risks in our operating units. Subject to regular monitoring, tools include Key Risk Indicators (KRIs), loss events reporting and analysis, Risk & Control Self-Assessment (RCSA), and operational risk management awareness and appreciation programs. KRIs are used to monitor risk profiles, trigger early-warning alerts, and instigate mitigating actions. Operational loss events data collection and analysis provide meaningful information in effectively managing risks. Operating units are required to conduct regular self-assessments to identify, assess, and mitigate risks, which include the assessment of inherent and residual risks, identification of controls, and the assessment of the design and performance effectiveness of these controls. To help us in the aggregation and reporting process, we also have set up risk categories and instituted the use of our risk and control library that provides an aligned taxonomy of risks and controls.

To support the Bank's Environmental, Social, and Governance (ESG) initiatives, we have integrated E&S risks in our tools. Our risk library was expanded to tag Operational Risk titles with potential E&S-related risks. Operational loss events monitoring captures actual occurrence of E&S risks that has resulted to, or has the potential to result to, a financial or regulatory impact. In coordination with our ESRMS unit, efforts to establish key metrics to provide the RMCom and ORMC visibility over E&S risks are ongoing.

With our drive for digitalization, we have implemented an ORM System (ORMS) that fully integrates these tools and processes. Integration of digitalization to the modules on Loss Events, Metrics/KRIs, Incident Management, Exception Approvals, and Findings has already been implemented, while integration to the modules on Risk and Control Self-Assessment (RCSA) and Risk Aggregation are still in progress. Through the ORMS, manual processes are eliminated and correlation with all tools is made possible, thereby providing better visibility to Management and enabling them to make data-driven decisions.

Our exposures to Operational Risks are identified, assessed, and monitored as an integral part of the risk assessment processes. We are currently using the Basel II regulatory Basic Indicator Approach to quantify operational risk-weighted assets, using the historical total annual gross income as the main measure of risk.

We regularly perform operational risk stress tests through scenario analysis to support the internal capital assessment for operational and IT Risks, as part of our initiatives to advance risk management methodologies. Through a series of stress scenarios, we can identify, analyze, and assess the impact of unexpected and severe operational risk events. This exercise ensures that the impact of high-severity events is captured during risk assessment, especially those not yet reflected in our existing historical loss data.

Our risk management processes are ingrained in all our business activities such as new product development and service offerings, process changes/enhancements, outsourcing, new markets, amongst others. From inception to launch, these business activities, including its related processes and systems, are subjected to rigorous risk assessments as well as design and testing activities aimed at safeguarding both us and our clients from the risks of economic loss, operational disruption, or compromise of personal or financial data.

Our Board-level RMCom is regularly apprised of operational and IT Risks through comprehensive reporting and discussions during monthly meetings. The RMCom is likewise continually briefed on current cybercrime landscapes, emerging risks, and industry trends, as well as mitigating measures implemented by the Bank.

Business Continuity Risk. BPI maintains its business continuity capability and organizational resilience by means of an effective and sustainable Business Continuity Management (BCM) program. As self-assessed by the Bank, this program is aligned with ISO 22301 and BSP Circular 951 (Business Continuity Management). This program includes: (1) Business Impact Analysis (BIA) methodology, (2) prioritization of products and services, (3) recovery plans, and (4) response structures to provide adequate level of services until normal operations resume. The BIA methodology identifies products, services, processes, and resources that should be prioritized during a disruption. Risk Assessment for Business Continuity (RABCon) identifies the most probable threats to us and assesses the likelihood of their occurrences and their impact to key areas. Business Recovery Plan (BRP) provides a suitable solution that focuses on the impact of events and the timely restoration of building, equipment and supplies, technology, vital documents, human resources, and third-party vendors.

Resilience structure is in place and business groups/subsidiaries have been identified to meet business continuity objectives and to support the agreed recovery solution. Each business group has a designated Group Business Continuity Coordinator who handles localized risk events impacting business units in the business areas, with the support and guidance of tactical teams such as the Incident Management Teams and the Corporate BCM Unit. For incidents that rise to the level of a true crisis, the Crisis Resiliency Committee (CRCom), composed of senior management officers, is convened to establish command and control.

To further improve the Bank's resilience, we have set up alternate command centers in Metro Manila and in provincial areas, which also provides additional seats that can be used for business recovery. We have also designated various evacuation sites, equipped with food, blankets, and other supplies, to assist employees during natural calamities.

Since the pandemic, we have transitioned our employees to hybrid remote working, equipped with necessary access and tools that allow a flexible work arrangement. With the Bank's digital transformation journey, we were also able to digitize BCM processes, business recovery plans, and other BCM documentations through the Bank's workflow management tool. It also provides us an online collaboration platform that allows our BCM/BCP Coordinators to work together and have BCM huddles/meetings. These reduce manual handling and physical presence, further ensuring business continuity when the availability of the human workforce is put at risk. Along with our foundational capabilities, which includes experiences, relationships, robust frameworks, and data, these allowed us to be resilience in the face of the disruptions not only during natural disasters, but also during the pandemic.

Information and Physical Security Risks. Digitalization has significant information security implications. As BPI continues to transform customer experience through digitalization of customer interfaces, adoption of data analytics and upgrading of back-office processes, we make sure that customer information and other information assets in our possession or control remain secure. We maintain an information security management system of people, processes and technology that seeks to achieve the confidentiality, integrity, and availability of these information assets. We continuously identify, assess, treat, and monitor information security risks guided by information security and data privacy programs that are benchmarked against industry standards and best practices, and adhere to applicable laws and regulations such as the Data Privacy Act and relevant BSP Circulars on customer protection, information security, and risk management.

In view of the increasing cyber-related risks, we continue to invest in the enhancement of our security infrastructure and technical controls to secure both our physical and computing environments. This includes a broad range of prevention, detection, and recovery mechanisms to mitigate and immediately respond to threats and incidents. We also perform annual review and simulation testing of our computer security incident response plan to ensure its workability and effectiveness.

We have an established third-party and vendor risk management program to address third-party risks as we increasingly utilize outsourced services to support our business goals and operations. We apply a stringent vetting process to our service providers and IT suppliers, and regularly monitor their performance to determine compliance with our data privacy and information security requirements.

We have also intensified the Bank's information security awareness campaigns for customers to help them protect their personal information and combat online banking fraud which is likely to rise in frequency and sophistication due to the increased adoption of online services. These campaigns are conducted extensively via social media, the BPI website, press releases, and email bulletins. Our awareness program and campaigns are persistent and updated regularly to keep our employees and customers abreast on current cybercrimes, emerging risks and trends, and the mitigating measures to protect the bank and themselves against these threats.

We subject all our controls to periodic assessments through in-house programs and independent third-party engagements to determine their continued relevance and effectiveness and to identify areas for improvement.

BPI's Facilities Services Group (FSG) is at the forefront of ensuring a safe and secure environment within which our clients and personnel can conduct business at their convenience. Being the unit responsible in ensuring the structural integrity, resilience, adeptness and efficacy of all BPI branches and offices, as well as the physical security and safety of not just the areas but of clients and stakeholders, FSG implements a proactive and integrated approach to people, infrastructure, and security to address the increasingly sophisticated needs of all BPI physical sites, people and clientele with continuous enhancement on strengthening the Bank's physical security hard points to address varying threats on financial products and service fulfillment. In line with our sustainability agenda, physical enablers to reduce the impact of climate change such as calamity-proofing initiatives to selected typhoon prone branches as well as undertakings on renewable energy are well underway. Facilities security and monitoring are constantly evaluated and enhanced to achieve more advanced, dynamic, and resilience designs integrating traditional physical security system with value engineering of more advanced tools to stay ahead of the evolving physical and financial security landscape. Reinforcing this effort is capability development through physical security monitoring systems improvement coupled with strengthened coordination with national and local law enforcement agencies. With the foregoing and the established Physical Security Response Plan in handling all types of emergencies and calamities that is further supported by trained personnel and physical & technological assets, FSG is ready for the robust demands of the future and any kind of eventualities and emergencies.

Legal and Tax Risks. BPI has two specialized legal services divisions composed of highly-trained legal professionals with experience in banking, corporate law and litigation that serve as BPI Group's main legal resource. These two legal divisions play critical roles that enable us to carry out our operations while minimizing legal issues and risks.

Our Corporate Legal Affairs Division composed of the Documentation, Legal Risk and Advisory, Tax Compliance, Tax Advisory and Tax Risk Management units provides proactive guidance and support to effectively manage our legal and tax risks. The Documentation and Legal Advisory units ensure that our rights and obligations are protected in its contractual relations, and that we are abreast of legal developments and requirements, respectively. We also conduct a legal risk assessment of potential claims against us and recommend legal risk mitigation measures. We further empower our units by issuing legal and tax advisory bulletins, providing supporting training seminars that highlight legal and tax issues, new laws, and regulatory fiats that impact our products and services, and promote awareness initiatives of various regulatory agencies.

With the ongoing pandemic, our Corporate Legal Affairs continued to provide legal direction and support, working closely with Management, Risk and Compliance Offices, and the various business segments in monitoring, interpreting, and implementing laws, government regulations, and pandemic-related issuances.

Our Dispute Resolution and Litigation unit plays a significant role in protecting our rights and interests and in avoiding losses when the Bank is involved in disputes arising from client complaints before regulatory bodies to full blown litigation in all levels of the judicial proceedings as well as from trial courts to the Supreme Court. We handle cases that involve large enterprise loans, retail loans, and trade financing. The other units specialize in criminal cases, cybercrime cases, and administrative cases (including BSP and SEC cases) filed on behalf of or against the Bank. We likewise handle defensive cases filed by any party against the Bank for any reason, and play a significant role in the Bank's AMLA Compliance and the Labor Relations Compliance.

Part of the Bank's robust legal risk management is the Dispute Resolution Division's advisories on what areas of improvements should be done in various operations of the Bank based on the learnings from the cases that it handled.

During the pandemic, the Dispute Resolution Division worked closely with HR to ensure compliance with all issuances of the Department of Labor and Employment (DOLE) and the BSP. The Division also implemented safety health measures for our attorneys by opting for virtual court hearings whenever available and provided personal protective equipment when required by courts. Every effort is made by the litigation team to attend virtual hearings in courts whenever allowed or available in furtherance of our sustainability initiatives.

The Corporate Legal Affairs and Litigation Divisions accomplished the following transformative initiatives in 2022: lectured in the Legal Advisory Webinar Series (LAWS) for the Bank's business units; created the electronic document vetting sheet; played a key role in electronic document/signature acceptance; continued providing regular updates on IATF and other COVID-19 related regulations including LGU ordinances; reviewed the Omnibus Terms & Conditions of the Bank; created the dacion checklist (foreclosure cases); assessed risks on red-tagged Real and Other Properties Acquired (ROPA); enhanced processing and monitoring of real property and local business tax; provided Transfer Pricing guidance to the Bank and launched "Project Unlad", a sustainability initiative of Corporate Legal Affairs Division in partnership with BPI BanKo (BanKo) aimed at developing training modules and materials to help BanKo branches disseminate information regarding the benefits of becoming a Barangay Micro-Business Enterprise (BMBE) and the process of BMBE registration. We have partnered with the Data Privacy Office in providing seminars on compliance risk avoidance and mitigation. We continue to train our colleagues from Global Markets/Treasury, Corporate Banking and Corporate Credit, among others, on exposures to DOSRI, subsidiaries and affiliates, and related party transactions. Other significant seminars conducted were on Customer Data handling, Warrant to Disclose Computer Data, other court writs and warrants.

We have made it easier for the BPI Group to direct their legal needs to the proper Legal Department by launching the Legal Directory and the Centralized Legal Automated Request (CLeAR) system in SharePoint. Not only did this provide a much faster and better customer experience for our internal clients, but it also gave us the opportunity to gather and analyze data on the current concerns of the Bank and anticipate future trends where we can better allocate our legal resources. Through this, Legal Risks are properly grouped, defined, and identified and proposed solutions and opinions contribute to further ensure that the Bank has a robust Legal Risk Management response. We continue to assist the Bank in its compliance with pandemic regulations both in labor relations and overall operations. Our litigation teams were able to obtain favorable rulings in Data Privacy cases, the Revenue Regulations 4-11 case, AMLA administrative issues which all serve as guidance for the Bank's future operations.

We also established the BPI Cybercrime Assistance Response (BPI CARes) Team that assists Bank clients who are victimized by third-party scammers and online fraudsters which has contributed to the deterrence and prevention of cybercrime attacks against BPI clients by obtaining conviction of, causing the arrest, and assisting in the investigation of cyber fraudsters. The BPI CARes team also conducted seminars on cybercrime related laws and procedures to equip the BPI branch personnel and other client facing units the capability to respond and assist to cybercrime complaints and incidents.

Reputational Risk. BPI defines reputational risk as the risk of potential negative public perception or uncontrollable events and developments to have an adverse impact on our Brand and reputation that can affect the ability to maintain existing business relationships or establish new business relationships and continued access to sources of funding.

We regard the Bank's reputation as a very valuable asset, since a negative reputation can harm client and investor trust, erode client base, and hinder sales. Poor reputation also correlates with increased costs for hiring and retention that can degrade operating margins and prevent higher returns. Furthermore, reputational damage increases liquidity risk which impacts stock price and ultimately causes market capitalization decline.

We have an established reputational risk management framework that provides consistent standards for the identification, assessment, and management of reputational risk issues. While all our employees have a responsibility to protect our reputation, which forms part of our Code of Business Conduct and Ethics, the primary responsibility for managing and reporting reputational risk matters lies with our business and operating units in the first line of defense. The Corporate Affairs and Communications unit, on the other hand, is the risk control owner of reputational risk, promoting awareness and application of our policies and standards regarding reputational risk and encouraging business units to take account of our reputation in all decision-making activities, as well as dealings with clients, suppliers, co-employees, and all other stakeholders.

Our policies ensure that reputational risk matters are managed in a consistent manner and aligned with our strategic priorities. We have established risk indicators for reputational risks that are regularly monitored and reported. These include events and developments related to products and services, channels, financial performance, human resources, corporate social responsibility, brand equity, customers' awareness and loyalty that are further amplified through traditional and social media coverage.

Model Risk. BPI maintains an active and robust model risk management system and well-articulated model review standards and methodologies. Our RMCom establishes and ensures a strong model risk management structure that fits into the broader risk management culture and processes of the BPI organization, while the CRO is delegated with the responsibility to review and endorse all model risk reports to the RMCom, and model owners are responsible in managing the model risk of their respective models from initiation to retirement.

RMO's Risk Models Validation (RMV) Department is the Bank's model risk manager, owner of the model governance framework and model inventory, and is responsible for conducting the independent model validation activities.

Our framework encompasses governance and control mechanisms such as Board and Senior Management oversight, policies and procedures, controls and compliance, and organizational structure; with controls carried out at the different stages of the model lifecycle. A semi-annual inventory of the Bank's models is conducted to ensure relevance, comprehensiveness, and usability across functional risk areas. These models are subject to independent validation generally prior to implementation, and re-validation as appropriate.

Given the increased regulatory expectations on model risk management, independent validation, and the Bank's focus on data-driven analytics and decision-making, RMV continuously tests the quality and robustness of our risk models, benchmarks our risk models to global best practices on model risk management, considers the impact of the COVID-19 pandemic to latest modeling methodologies employed, and ensures that proper emphasis is placed on models supporting financial inclusion and sustainability initiatives.

Environmental and Social Risks. Under the ERM framework and guided by BSP Circulars 1085 and 1128, we established the Bank's general policy on ESRMS which integrates E&S risk management in our risk governance structure and promotes the updating and/or establishment of policies, processes, methods, and tools that integrate E&S risk management in our main business activities and decision-making processes. It is designed to support the two sustainability pillars of Responsible Banking and Responsible Operations and is critical in achieving our strategic sustainability objectives and targets.

We define E&S risks as potential negative financial, legal, and/or reputational effects from E&S issues affecting our key business activities.[1]

- Environmental risks can be categorized as either physical or transition. Physical risk is the potential loss or damage to tangible assets arising from climate change, weather-related disturbances, and other environmental hazards. This can either be acute events which are event-driven risks that have an immediate adverse impact, or chronic events which are shifts in climate patterns that are long-term in nature.[2] Transition risk is the potential economic adjustment cost resulting from policy, legal, technology, and market changes to meet climate change mitigation and adaptation requirements.
- Social risks are potential negative social impacts including, amongst others, hazards to human health, safety and security, as well as threats to communities, biodiversity, and cultural heritage.

We recognize that E&S risks can influence and/or aggravate the Bank's existing traditional financial and non-financial risks such as credit, operational, and reputational risks. Enhancements to our internal policies, standards and processes are ongoing to integrate the identification, assessment and management of E&S risks with our other existing functional key risk areas.

RISK CATEGORY	EXAMPLES OF ENVIRONMENTAL RISK DRIVERS	
	Physical Risk	Transition Risk
Credit	Reduced repayment capacity of borrowers due to reduced profitability or value of collateral, and returns on transactions caused by climatic shifts or extreme weather events	Failure to consider the shifting regulatory and policy landscape in credit quality assessment (e.g., carbon taxes on emissions, total outright ban in activities driving E&S risk events, shift in consumer preferences, etc.) resulting to a deterioration in portfolio and asset quality
Market	Reduced value and marketability of our assets due to physical impacts	Shift in demand and preferences of clients and other stakeholders for the Bank's products and services
Operational	Business interruptions due to extreme weather events and its resulting damage to physical assets	Increased operating costs and higher capital expenditures to ensure resilience and carbon reduction measures
Reputational	Negative public reaction due to perceived inadequate support for clients and communities affected by extreme weather (and other environmental) events Negative public reaction due to perceived increase in exposure to environmental hazards	Damage to our brand, reputation, and social capital due to potential perceptions of our institution's detraction from the transition to a low-carbon economy

[1] E&S risks definitions based on BSP Circular 1085
[2] Recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD)

E&S considerations are embedded in our lending activities and day-to-day operations to maintain our longstanding commitment to integrate our sustainability strategy and principles in the delivery of products and services, as well as in the resilience of our operations. Moreover, E&S factors are included in qualitative assessments to surface our exposures to E&S Risks.

To date, the Bank's key activities and initiatives to manage E&S Risk exposures include:

Sustainability Pillars	
Responsible Banking (Lending)	Responsible Operations
• Integration of environmental, social, and governance (ESG) criteria to provide sustainable financial products and services that are attuned to the needs of our clients while enabling them in achieving long-term growth and resilience • Time-bound reduction of our coal power generation portfolio to support the country's transition toward sustainable energy sources • Consideration of sustainability-related standards in the credit evaluation processes such as checking for adherence to laws and regulations, alignment to UN SDGs, ESG-related business practices, project technical and financial viability, and resilience to Environmental Risks	• Issuance and/or updating of policies on E&S risk management, good governance, code of business conduct and ethics, and physical safety and security • Implementation of Business Continuity and Operational Resiliency Plans and Programs to ensure products and services continue to be offered at acceptable levels at all times, as well as the security and safety of stakeholders • Geohazard/Environmental Risk Assessment on the Bank's various physical assets, client collaterals, and employee residences to determine areas susceptible to natural hazards such as earthquakes, flooding, typhoons, or volcanic eruptions. Results help the Bank determine the appropriate risk-mitigating measures such as engineering interventions or insurance coverage
• Risk mitigation through insurance to secure the Bank's own assets and/or client collaterals which may be exposed to environmental risks • Provision of technical support, and training programs, and project design enhancements (e.g., energy efficiency, renewable energy, climate resilience, sustainable agriculture) to support clients' compliance with E&S best practices	• Review and updating of risk categories, key risk indicators, and loss event reports to facilitate further integration of E&S risk identification and monitoring into operational risk management • Conduct of Risk and Control Self-Assessments to identify the various risks (including E&S risks) each business unit faces, along with the severity of those identified risks, and to capture and evaluate the key controls associated with the risks identified • Vendor evaluation in terms of compliance with environmental and social standards • Data gathering on energy and water consumption and carbon emissions to monitor the Bank's environmental impact (refer to pages 77 to 80)

These key activities may evolve as we progress in our integration efforts. We are continuously pursuing initiatives to further advance our E&S risk assessment methodologies and capabilities to strengthen our qualitative and quantitative analyses of these risks as well as their potential impacts to the Bank. Furthermore, these key activities shall be further supported by the implementation of new and/or enhanced manuals and processes to ensure alignment with local and relevant global best practices, as well as to fully comply with BSP Circulars 1085 and 1128 within the prescribed transition period. All these efforts are aimed at not only meeting regulatory expectations, but also adding value for our various stakeholders by positively impacting the environment and society.

RELATED PARTY TRANSACTIONS

In the normal course of business and under the overall purview of the Related Party Transactions Committee (RPTCom) of the Board, BPI transacts with related parties which include its directors, officers, stockholders and related interests, subsidiaries and affiliates (including those under the Ayala Group of Companies), as well as other related parties defined in the Bank's internal policy.

Controls are in place to ensure compliance with Related Party Transactions (RPT) processes, a basic element of which are RPT guidelines published in the Bank's policy databases as further communicated through briefing sessions and regular advisories. Another control mechanism requires the RPTC Secretariat to verify if there is prior vetting of RPT proposals submitted for Board-level approval and/or prior to implementation of the transaction. Moreover, post-verification of vetted RPTs is conducted by both Internal Audit and Compliance Office, results of which are reported to the RPTCom. Review of RPTs is likewise part of the external audit assurance process.

RPTs are monitored through various reports such as the regulatory and internal limits monitoring for related party (RP) exposures, reports on RPTs reviewed by the vetting committees, as well as the regulatory reporting for material RPTs.

The Bank maintains a registry of RPs which is regularly updated based on the results of RP analyses, as part of the Know-Your-Customer process, conducted by the business units. Likewise, regular updating is done following the (a) annual preparation of the BPI and Ayala Group's conglomerate map and (b) any Board composition changes effected during the Annual Stockholders' Meeting and/or intra-year Board changes. Updates are also sourced from other information gathered from internal bank units and reputable external sources. Updating of the RP database for the BPI officers' data is regularly conducted in coordination with the Bank's Human Resource Management Group for proper tagging in the system. The Bank's RP database is accessible to business units to serve as a tool in the RP identification process across the Group.

As in the past years, RPTs involve credit and non-credit transactions such as loan accommodations and guarantees, agreements for the periodic provision of leases or other services, asset purchases and sales, derivative transactions, trust transactions, and investments, amongst others. Vetting is done prior to implementation either by the RPTCom or the Management Vetting Committee (MVCom), depending on set materiality thresholds, to ensure that transactions with RPs are normal banking activities and are done at arm's length basis particularly on terms and conditions comparable to those offered to non-RPs or to similar transactions in the market. In line with this, the Bank continues to review and enhance its vetting process by defining standardized terms and/or parameters for select transactions applicable to both RPs and non-RPs alike, as approved by management and subjected to vetting by the RPTCom, thereby strengthening non-preferential treatment to its RPs. During the year, the RPT materiality thresholds and exemptions were reviewed vis- à-vis internal and external developments, and corresponding amendments were recommended to and approved by the RPTCom, as aligned with existing internal RP policies and regulatory guidelines. Key BPI subsidiaries have likewise updated their respective RPT policies to align with the Parent's.

In 2022, supported by the continuing upgrades in the work arrangements and productivity tools as part of the Bank's overall business resilience initiatives, both the RPTCom and the MVCom had fully and consistently carried out the Committees' responsibilities in the evaluation of various RPT proposals and the monitoring and review of other RPT-related matters. Regular RPTCom meetings, including special meetings, were held during the year, ensuring that business transactions with RPs are duly executed as needed with utmost independence and integrity. Likewise, various RPT processes and workflows have been migrated to new Bank systems during the year.

The RPTCom is composed of three independent and non-executive directors, majority of whom are independent including its Chairperson, and two non-voting members from Management (i.e., the Chief Audit Executive and the Chief Compliance Officer). The RPTCom Secretariat, which is part of the Risk Management Office, assists the Committee in carrying out its role and responsibilities as defined in the RPTCom Charter, particularly on strengthening corporate governance and RPT practices. The MVCom, on the other hand, is composed of the Executive Vice Presidents of the Bank.

The Bank is committed in ensuring strict compliance with laws, regulations, and reporting requirements relating to DOSRI and RPTs by instituting rigorous vetting processes and establishing adequate controls and oversight mechanisms. Improvements in the RPT framework are continuously pursued with the aim of enhancing corporate governance measures including greater information awareness initiatives.

Internal Audit

Our Internal Audit Division is an independent body that supports the Audit Committee in fulfilling its oversight responsibilities by providing an objective assessment on the adequacy and effectiveness of the Bank's risk management, internal controls, and governance processes through well-established risk-based audit plans. Internal Audit also ensures that the Bank's operating and business units adhere to internal processes and procedures, as well as regulatory and legal requirements.

The assessment of controls, systems, and processes of the Bank is covered by the annual audit work plan, which is developed using the Audit Risk Assessment or scoring model, and reviewed and approved by the Board through the Audit Committee. The Committee of Sponsoring Organizations of the Treadway Commission (COSO)[1] internal control framework includes Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, and the Control Objectives for Information and Related Technology (COBIT). These frameworks are used in assessing the effectiveness of the internal control system.

This division reports directly to the Board through its Audit Committee. It collaborates with other assurance providers such as the Risk Management Office, Compliance Office, External Auditors, and other oversight units. Through this system for the comprehensive monitoring and review of risks and compliance in the institution, the Board ensures that the Bank and all business units proactively manage the risk and compliance exposures impacting the business.[2]

[1] Joint initiative in the United States by five private sector organizations [the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and Financial Executives International (FEI)], dedicated to guide executive management and governance entities on relevant aspects of organizational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting.
[2] Recommendation 2.10 and 12.2 SEC CG Code for PLCs

The Audit Committee also ensures that the Internal Audit Division undergoes an external quality assessment review (EQAR) to confirm that audit activities conform to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The program includes periodic internal and external quality assessments and continuous monitoring of internal audit activity performance. Periodic internal assessments are conducted annually, while external quality assessments are conducted at least once every five years by a qualified independent validator. This division maintains a rating of "generally conforms" on both internal and external assessments, indicating that its activities have continuously conformed to professional standards, code of ethics, and other internal standards.

Internal Audit Charter. Empowered by the Internal Audit Charter, the internal audit function is granted free access to all records, properties, and personnel. In this respect, the Audit Committee reviews the internal audit function, including its independence and the authority of its reporting relationships. The Internal Audit Division continuously improves the capabilities of its auditors through continuous education on specialized areas of knowledge, auditing techniques, regulations, and banking products and services. The Board, through the Audit Committee, periodically reviews and approves the Internal Audit Charter which is published on the company website at www.bpi.com.ph.3

Chief Audit Executive. The Internal Audit Division is headed by a Chief Audit Executive (CAE) who is appointed by the Board and reports functionally to the Board through the Audit Committee and administratively to the President and CEO. This ensures that the CAE is not dependent on any Bank Executive or Operating Officer for the security of his or her position. The CAE has unrestricted access to all functions, records, property, and personnel. Additionally, the Audit Committee ensures that the CAE has access to the Board, on a confidential basis, and that the Internal Audit Division is independent of Bank Management. The Board, through the Audit Committee, evaluates the performance of the CAE.[4]

See page 321 for the full biography of the CAE.

[3] Recommendation 2.10, SEC CG Code for PLCs
[4] Recommendation 2.8, 9.1, 9.2, 12.3 SEC CG Code for PLCs

Independent External Auditor. The Audit Committee recommends to the Board the appointment of a BSP-accredited External Auditor. The appointment, reappointment, and removal of the Bank's External Auditor is subject to the approval and endorsement of the Audit Committee, for subsequent confirmation and approval by the Board and stockholders and is also done pursuant to the General Requirements of Securities Regulation Code (SRC) Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors).[5]

The Audit Committee also:

- assesses the External Auditor's effectiveness, independence, and objectivity, ensuring that key partners are rotated at appropriate intervals, or that the handling partner is changed at least once every five years or earlier;
- reviews the External Auditor's annual plan and, scope of work, and, in consultation with management, approves the External Auditor's term of engagement and all audit and non-audit services, including fees, to be provided by the External Auditor to the Bank and its subsidiaries and recommends the same for approval by the Board; and
- oversees resolution of disagreements between Management and the External Auditors in the event that these arise.

The Audit Committee also ensures:

- no External Auditor can be engaged by the Bank if he/she has any direct or material indirect financial interest in the Bank, or if his/her independence is considered impaired under circumstances specified in the Code of Professional Ethics for Certified Public Accountants. This limitation shall apply to the partners, associates, and the auditor-in-charge of the engagement;
- the External Auditor and its audit team members shall not have outstanding loans or credit accommodations (except credit card obligations) with the Bank throughout the engagement; and
- the External Auditor and its audit team members adhere to the highest standards of professional conduct, integrity, and objectivity.

[5] Recommendation 2.8, 9.1, 9.2, SEC CG Code for PLCs

The External Auditor reviews and discusses the financial statements and reports, including results of operations, with Management and the CAE, and endorses the same to the Board for approval. Audited Financial Statements are signed by the Chairman of the Board, the President and CEO, and the CFO. The Audit Committee also holds executive or private meetings with the External Auditors without the presence of Management.

Audit and Audit-Related Fees. BPI has paid the following fees, inclusive of taxes, to its External Auditor in the past two years:

Period	Approved Audit Fees	Audit-Related Fees
2020 Paid in 2021	PHP 3.77 Mn	PHP 3.77 Mn
2021 Paid in 2022	PHP 21.01 Mn	PHP 4.56 Mn
2021 Bond Offering Paid in 2022	PHP 4.56 Mn	PHP 0.19 Mn
Approved for 2022 (Not yet paid)	PHP 19.04 Mn	

The audit and audit-related fees cover services by the External Auditor that are reasonably related to the performance of the audit or review of the annual, half-year or quarter-end financial statements for BPI and its subsidiaries. There were no non-audit fees for other services not related to the audit/review of the financial statements.[6]

[6] Recommendation 9.3 SEC CG Code for PLCs

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. There were no disagreements with Isla Lipana & Co. on any accounting and/or financial disclosures.

CAPITAL ADEQUACY

The Bank's Unibank Planning and Capital Management (UPCM) under the Strategy and Finance Group oversees the Management of the Bank's capital adequacy. Capital Adequacy Ratio, or CAR, is a measure of the Bank's total qualifying capital relative to its risk-weighted assets, and indicates the ability of its capital funds to cover various business risks.

UPCM also ensures compliance with regulatory capital adequacy requirements, as well as internal capital thresholds, referred to as the Bank's internal minimum Common Equity Tier 1 (CET1) ratio, or IMCET1, and the CET1 Management Action Trigger, or CET1MAT, which incorporate the Bank's internal capital buffers and limit triggers, and capture risks beyond Pillar 1 (credit, market, and operational).

Furthermore, as a unit under Strategy and Finance, UPCM is responsible for assessing and raising the strategic capital requirements of the Bank, as well as initiating approvals for dividend payments to shareholders.

Sound Capital Management. Effective capital management supports the Bank's assets and absorbs losses that may arise from credit, market and liquidity, operational and IT, and other risk exposures. The Bank's Capital Management Framework ensures that on stand-alone and group bases, there are sufficient capital buffers at all times to support the respective risk profiles of the various businesses of the Bank, as well as changes in the regulatory and accounting standards and other future events.

BPI submits a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) document annually to the Bangko Sentral ng Pilipinas, in accordance with the Pillar 2 guidelines of the Basel framework.

As of Dec. 31, 2022, BPI's solo (parent) and consolidated CAR stood at 15.2% and 16.0% respectively, higher than the minimum regulatory requirement of 10.0%. The Bank's solo and consolidated CET1 capital ratio at 14.3% and 15.1%, respectively, likewise compare favorably with regulatory and internal limits and buffers.

The table below shows the Bank's CAR components for December 2022 and 2021:

Risk	Regulatory Capital	
(PHP Mn)	2022	2021
Credit Risk	168,255	147,402
Market Risk	1,967	1,430
Operational Risk	18,835	17,667
Total	**189,056**	**166,499**

Capital Adequacy		
(PHP Mn)	2022	2021
CET1/Net Tier 1 [1/]	285,809	262,709
T2/Net Tier 2 [2/]	16,929	14,847
Total QC [3/]	**302,738**	**277,556**
Total CRWA [4/]	1,682,545	1,474,024
Total MRWA [5/]	19,665	14,296
Total ORWA [6/]	188,351	176,670
TRWA [7/]	**1,890,562**	**1,664,989**

Consolidated Ratios (%)		
	2022	2021
CAR	16.01	16.67
CET1	15.12	15.78
CCB [8/]	9.12	9.78

Solo (Parent) Ratios (%)	2022	2021
CAR	15.23	15.81
CET1	14.33	14.90
CCB [8/]	8.33	8.90

[1/] Common Equity Tier 1 Capital
[2/] Tier 2 Capital
[3/] Qualifying Capital
[4/] Credit Risk-Weighted Assets
[5/] Market Risk-Weighted Assets
[6/] Operational Risk-Weighted Assets
[7/] Total Risk-Weighted Assets
[8/] Capital Conservation Buffer

Capital Adequacy and Risk Management Disclosures: Supplemental Schedules Pursuant to the BSP's Memorandum M-2014-007

Capital Structure

The Bank's qualifying capital for the years ended 2022 and 2021 were PHP 302.7 billion and PHP 277.6 billion, respectively. The Bank's total qualifying capital for 2022 and 2021 were largely composed of CET1 capital at 94.4% and 94.7%, respectively.

The table below shows the composition of the Bank's capital structure and total qualifying capital.

Capital Structure (PHP Mn)	Dec. 31, 2022			Dec. 31, 2021		
	CET[1/]Tier 1	Tier 2	TOTAL	CET[1/]Tier 1	Tier 2	TOTAL
Core Capital	**349,160**	**16,929**	**366,089**	**291,396**	**14,847**	**306,244**
Paid-up common stock	49,193		49,193	45,131		45,131
Additional paid-in capital	104,123		104,123	74,854		74,854
Retained earnings	170,327		170,327	156,399		156,399
Undivided profits	39,556		39,556	23,786		23,786
Net unrealized gains or losses on AFS securities	-8,665		-8,665	-3,455		-3,455
Cumulative foreign currency translation				-26		-26
Remeasurement of net defined benefit liability (asset)	-5,373		-5,373	-5,293		-5,293
Minority interest [1]/			0			0
General loan loss provision [2]/		16,929	16,929		14,847	14,847
Deductions	**63,351**	**0**	**63,351**	**28,688**	**0**	**28,688**
Common stock treasury shares [3]/	33,043		33,043			0
Total O/S unsecured credit accommodations [4]/	470		470	474		474
Total O/S unsecured loans [5]/	186		186	44		44
Deferred tax assets	16,526		16,526	15,618		15,618
Other intangible assets	2,316		2,316	1,989		1,989
Defined benefit pension fund assets	61		61	66		66
Investments in equity [6]/	3,172		3,172	3,131		3,131
Significant minority investments [7]/	5,291		5,291	5,271		5,271
Other equity investments [8]/	2,286		2,286	2,096		2,096
TOTAL QUALIFYING CAPITAL	**285,809**	**16,929**	**302,738**	**262,709**	**14,847**	**277,556**
% to Total	**94.4%**	**5.6%**	**100.0%**	**94.7%**	**5.3%**	**100.0%**

[1/] Minority interest in subsidiary banks, which are less than wholly-owned
[2/] General loan loss provision, limited to a maximum of 1% of Credit Risk-Weighted Assets, and any amount in excess thereof shall be deducted from the Credit Risk-Weighted Assets in computing the denominator of the risk-based capital ratio
[3/] Including shares that the Bank could be contractually obliged to purchase. Treasury shares are: (1) shares of the parent bank held by a subsidiary financial allied undertaking in a consolidated statement of condition, or (2) the reacquired shares of a subsidiary bank/quasi-bank that is required to compute its capital adequacy ratio in accordance with the risk-based capital adequacy framework.
[4/] Total outstanding unsecured credit accommodations, both direct and indirect, to Directors, Officers, Stockholders and their Related Interests (DOSRI)
[5/] Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates
[6/] Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable) and investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)
[7/] Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases) and significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases)
[8/] Other equity investments in non-financial allied undertakings and non-allied undertakings

Credit Risk-Weighted Assets. Using the Basel regulatory standardized approach, our total Credit Risk-Weighted Assets as of December 31, 2022 amounted to PHP 1.7 trillion, and are composed of on-book credit exposures after risk mitigation of PHP 1.6 trillion, off-balance sheet risk-weighted assets of PHP 37.8 billion, counterparty risk-weighted assets in the banking book of PHP 242 million, counterparty risk-weighted assets in the trading book of PHP 8.9 billion, and risk-weighted securitization exposures of PHP 1.3 billion.

The table below provides a summary of the Bank's Credit Risk-Weighted Assets for 2022 and 2021:

Credit RWAs (PHP Mn)	Amount	
	2022	2021
Total RWA (On-balance sheet) [0/]	1,644,597	1,457,845
Total RWA (Off-balance sheet) [0/]	37,849	21,211
Total counterparty RWA (banking book) [1/]	242	
Total counterparty RWA (trading book) [1/]	8,901	4,769
Total risk-weighted credit linked notes (banking book)	0	0
Total risk-weighted securitization exposures	1,280	891
Total Gross RWA	1,692,869	1,484,716
Deductions: General loan loss provision [2/]	-10,324	-10,692
Total Credit RWAs	1,682,545	1,474,024

The Bank's Credit Risk exposures on both on- and off-balance sheet assets after mitigation, broken down by risk buckets, for 2022 and 2021 are as follows:

Schedule A

Dec. 31, 2022

(PHP Mn)	Exposure after risk mitigation	Risk Weights 0%	20%	50%	75%	100%	150%	Total CRWA [1/]
Cash on hand	39,435	39,435						39,435
Checks and other cash items	177		177					177
Due from BSP	182,877	182,877						182,877
Due from other banks	47,768		1,514	46,082		171		47,768
Available-for-sale (AFS)	94,478	83,561		3,366		7,551		94,478
Held-to-maturity (HTM)	420,532	290,346	1,403	62,380		66,403		420,532
UDSCL [2/]								0
Loans and receivables [3/]	1,692,328	136	145,934	199,870		1,340,234	6,154	1,692,328
Sales contract receivables								0
ROPA [4/]	2,976						2,976	2,976
Sub-total	**2,480,572**	**596,355**	**149,029**	**311,699**		**1,414,359**	**9,130**	**2,480,572**
Other assets	22,030					22,030		22,030
Total exposures, plus other assets	**2,502,601**	**596,355**	**149,029**	**311,699**		**1,436,389**	**9,130**	**2,502,601**
Total risk-weighted OBSA (no CRM) [0/] [5/]			29,806	155,850		1,436,389	13,695	1,635,739
Total risk-weighted OBSA (with CRM) [5/]			553	2		8,301		8,857
Total RWA (On-Balance Sheet)		**0%**	**30,359**	**155,852**		**1,444,690**	**13,695**	**1,644,597**

Dec. 31, 2021

(PHP Mn)	Exposure after risk mitigation	Risk Weights 0%	20%	50%	75%	100%	150%	Total CRWA [1/]
Cash on hand	34,822	34,822						34,822
Checks and other cash items	321		321					321
Due from BSP	268,851	268,851						268,851
Due from other banks	33,670		1,008	32,361		301		33,670
Available-for-sale (AFS)	132,207	87,581	349	2,457		41,820		132,207
Held-to-maturity (HTM)	338,670	236,991	4,514	44,273		52,891		338,670
UDSCL [2/]								
Loans and receivables [3/]	1,476,804	17,840	125,925	184,430		1,133,305	15,304	1,476,804
Sales contract receivables								
ROPA [4/]	2,396						2,396	2,396
Sub-total	**2,287,741**	**646,086**	**132,117**	**263,522**		**1,228,318**	**17,699**	**2,287,741**
Other assets	30,075					30,075		30,075
Total exposures, plus other assets	**2,317,817**	**646,086**	**132,117**	**263,522**		**1,258,393**	**17,699**	**2,317,817**
Total risk-weighted OBSA (no CRM) [0/] [5/]			26,423	131,761		1,258,393	26,549	1,443,127
Total risk-weighted OBSA (with CRM) [5/]			494	1		14,223		14,718
Total RWA (On-Balance Sheet)			**26,918**	**131,762**		**1,272,616**	**26,549**	**1,457,845**

[0/] On-balance sheet assets
[1/] Credit Risk-Weighted Assets
[2/] Unquoted debt securities classified as loans
[3/] Inclusive of loans and receivables arising from repurchase agreements, certificate of assignment/participation with recourse, and securities lending and borrowing transactions
[4/] Real and other properties acquired
[5/] Not covered by, and covered by credit risk mitigants, respectively

Schedule B

Dec. 31, 2022

RWA (Off-Balance Sheet) (PHP Mn)	CEA [0/]	Risk Weights 0%	20%	50%	75%	100%	150%	Total CRWA [1/]
Direct credit substitutes [2/]	31,735				1,631	29,561		31,191
Transaction-related contingencies [3/]	3,023		1		330	2,576		2,907
Trade-related contingencies [4/]	3,852				306	3,444		3,750
Total RWA (Off-Balance Sheet)		**0**	**1**	**0**	**2,266**	**35,581**	**0**	**37,849**

Dec. 31, 2021

RWA (Off-Balance Sheet) (PHP Mn)	CEA [0/]	Risk Weights 0%	20%	50%	75%	100%	150%	Total CRWA [1/]
Direct credit substitutes [2/]	17,694				2,703	14,090		16,793
Transaction-related contingencies [3/]	2,227		1		245	1,893		2,139
Trade-related contingencies [4/]	2,377		5		234	2,040		2,279
Total RWA (Off-Balance Sheet)		**0**	**6**	**0**	**3,182**	**18,022**	**0**	**21,211**

[0/] Credit equivalent amount
[1/] Credit Risk-Weighted Assets
[2/] Such as general guarantees of indebtedness and acceptances
[3/] Such as performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions
[4/] Arising from movement of goods, such as documentary credits collateralized by the underlying shipments, and commitments with an original maturity of up to one year

Schedule C

Dec. 31, 2022

Counterparty Assets Banking Book (PHP Mn)	Net Amount [0]	0%	20%	50%	100%	150%	Total CRWA [1]
				Risk Weights			
Derivative exposures:							
Interest rate							
Exchange rate							
Equity contracts							
Credit derivatives							
Counterparty Exposures arising from Financial Assets [2]							
Available-for-Sale							
Held-to-Maturity	288			45	197		
Total RWA [3] (Off-Balance Sheet)		0	0	45	197	0	242

Dec. 31, 2021

Counterparty Assets Banking Book (PHP Mn)	Net Amount [0]	0%	20%	50%	100%	150%	Total CRWA [1]
				Risk Weights			
Derivative exposures:							
Interest rate							
Exchange rate							
Equity contracts							
Credit derivatives							
Counterparty Exposures arising from Financial Assets [2]							
Available-for-Sale							
Held-to-Maturity							
Total RWA [3] (Off-Balance Sheet)		0	0	0	0	0	0

[0] Net Exposures After CRM (Uncovered Portion)
[1] Credit Risk-Weighted Assets
[2] Sold/Lent under Repurchase Agreements, Certificates of Assignment/Participation with Recourse, Securities Lending and Borrowing Agreement (Repo-style Transactions)
[3] Risk-weighted assets

Schedule D

Dec. 31, 2022

Counterparty Assets Trading Book (PHP Mn)	Net Amount [0]	0%	20%	50%	100%	150%	Total CRWA [1]
				Risk Weights			
Derivative exposures:							
Interest rate	3,755			160	3,435		3,595
Exchange rate	6,521		19	1,148	4,128		5,295
Equity contracts	11				11		11
Credit derivatives							0
Total counterparty RWA [2] of derivatives transactions		0	19	1,309	7,573	0	8,901

Dec. 31, 2021

Counterparty Assets Trading Book (PHP Mn)	Net Amount [0]	0%	20%	50%	100%	150%	Total CRWA [1]
				Risk Weights			
Derivative exposures:							
Interest rate	2,565			368	1,828		2,196
Exchange rate	3,723			1,156	1,405		2,561
Equity contracts	11				11		11
Credit derivatives							0
Total counterparty RWA [2] of derivatives transactions		0	0	1,525	3,244	0	4,769

[0] Credit equivalent amount
[1] Credit Risk-Weighted Assets
[2] Risk-weighted assets

Market Risk-Weighted Assets. In terms of capital usage following the Basel standardized approach, total Market Risk-Weighted Assets stood at PHP 19.6 billion as of end-2022, of which foreign exchange exposures accounted for more than 79%, followed by interest rate exposures and equity exposures, respectively.

The table below presents the breakdown of the Bank's Market Risk-Weighted Assets for 2022 and 2021:

Market RWA (PHP Mn)	Amount	
	2022	2021
Using standardized approach:		
Interest rate exposures	3,850	3,592
Equity exposures	292	377
Foreign exchange exposures	15,519	10,327
Options	4	
TOTAL MARKET RWA [0]	19,665	14,296

[0] Risk-weighted assets

Operational Risk-Weighted Assets. BPI currently uses the Basel regulatory basic indicator approach to quantify Operational Risk-Weighted Assets, by using the historical total annual gross income as the main measure of risk. In 2022, the Bank's total Operational Risk-Weighted assets stood at PHP 188.4 billion.

The table below presents the Bank's Operational Risk-Weighted Assets for the years 2022 and 2021:

Operational RWA (PHP Mn)	Amount	
	2022	2021
Gross income (a)	101,908	101,903
Capital requirement [1]	15,286	15,285
Average capital requirement (b) [2]	15,068	14,134
Adjusted capital charge (c) [3]	18,835	17,667
TOTAL OPERATIONAL RWA [4]	188,351	176,670

[0] Risk-weighted assets
[1] (a) multiplied by 15 percent
[2] Average of 15 percent of (a) for the past 3 years
[3] (b) multiplied by 125 percent
[4] (c) multiplied by factor 10

External Audit and Assurance Statements

Summary of Financial Performance

BPI delivered full year 2022 net income of PHP 39.6 billion, up 66% from the previous year, driven by strong loan growth, higher NIM and lower provisions, as well as a gain from a property sale in the second quarter. Return on Equity stood at 13.14% and Return on Assets at 1.59%. Excluding the impact of the one-off gain from the property sale, net income stood at PHP 36.0 billion, up 50.2%.

The Bank generated record revenue of PHP 118.5 billion, up 21.7% year-on-year, boosted by the 22.2% growth in net interest income to PHP 85.1 billion, on the back of asset base expansion and improvement in net interest margin by 28 bps to 3.59%. Non-interest income grew 20.3% to PHP 33.5 billion, primarily from the one-off gain on the property sale, higher fees from the credit cards business and transaction banking services, as well as gains from foreign exchange transactions.

Total operating expenses stood at PHP 58 billion, up 14.3% compared to the previous year, with all categories showing increases, led by technology and marketing. The cost-to-income ("CIR") ratio was 48.9%, but excluding the property sale, CIR would have been 51.1%.

The Bank booked provisions of PHP 9.2 billion, a 30.2% reduction from last year. Asset quality continued to improve with the NPL ratio declining to 1.76%, while the NPL coverage ratio rose to 180.1% as of the end of the year.

As of Dec. 31, 2022, total loans stood at PHP 1.7 trillion, up 15.3% from the previous year, led by growth in the credit card, corporate/SME and auto portfolios of 31.1%, 15.5%, and 14.0%, respectively. Total deposits expanded to PHP 2.1 trillion, up 7.2% year-on-year, while CASA increased 3.5%. The CASA Ratio stood at 74.4% and the Loan-to-Deposit Ratio at 81.2%.

Total assets reached PHP 2.6 trillion, reflecting an 7.5% growth year-on-year. Total equity stood at PHP 317.7 billion, with a Common Equity Tier 1 Ratio of 15.1% and a Capital Adequacy Ratio of 16.0%, both well above regulatory requirements.

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, 2022, 2021 and 2020, 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

Eric Roberto M. Luchangco
Senior Vice President
and Chief Finance Officer

Report of the Audit Committee to the Board of Directors

The role and responsibilities of the Audit Committee are defined in the Board-approved Audit Committee charter. In accordance with this charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

- *systems of internal controls, risk management, and governance process of the Bank*
- *integrity of the Bank's financial statements and its financial reporting process*
- *performance of the internal audit function and the external auditor*
- *compliance with bank policies, applicable laws, rules and regulatory requirements*

The Committee is composed of three (3) qualified non-executive directors, with two (2) independent directors including the Chairman. All members have the necessary background, knowledge, skills, and/or experience to carry out their functions.

For 2022, the Committee held 12 regular and six (6) special meetings including one (1) joint session with the Risk Management Committee. Highlights of its activities were as follows:

1. Financial Statements:

a) Reviewed and discussed with Management and the external auditor, Isla Lipana & Co/PwC , the audited consolidated financial statements of Bank of the Philippine Islands (BPI) and the related disclosures for the year ended December 31, 2022, including the assessment of the internal controls relevant to the financial reporting process. The review was performed in the following context:

- *that Management is responsible for the preparation and fair presentation of the financial statements in accordance with the prescribed financial reporting framework, and*
- *that Isla Lipana has audited the financial statements in accordance with the Philippine Standards on Auditing and is responsible for expressing an opinion on the fairness of the Bank's financial records, including the results of its independent review of the Bank's valuation models and methodology particularly on the loan loss provisioning in relation to requirements of PFRS 9 and related accounting treatment on significant bank transactions.*

After obtaining assurance on the external auditor's independent review of the financial statements, the Committee endorsed the 2022 audited financial statements for approval of the Board.

b) Discussed with Management and the internal auditors, the quarterly unaudited consolidated financial reports of BPI Group including the results of operations and endorsed the financial statements to the Board of Directors for approval.

2. External Audit:

a) Reviewed the 2022 audit plan and the scope of work of the external auditors, ensuring that areas of focus were appropriately covered and there were no significant gaps in the scope between external and internal audits to ensure effective use of resources.

The Committee also discussed the external auditor's report, focusing on the items with material financial impact and key control issues through its Management Letter of Comments. The Audit Committee also held an annual executive session with the external auditor to discuss any concern relative to its engagement and assessment on the key areas of focus and ensuring that risks identified in these areas are appropriately addressed.

b) Assessed the overall performance of the external auditor, Isla Lipana/PwC and its audit process. The Committee ensures that lead audit partner is rotated every five (5) years and that Isla Lipana & Co. had reaffirmed its independence from BPI and its subsidiaries and had complied with the ethical and professional standards.

c) In consultation with Management, the Audit Committee endorsed for approval by the Board of Directors and the stockholders, the re-engagement of Isla Lipana & Co. for BPI and its subsidiaries/ affiliates for year 2022 and the related audit fees. There were no non-audit services performed for 2022.

3. Internal Audit:

a) Reviewed and approved the annual work plan of Internal Audit including its charter, risk assessment model and rating framework. The Committee ensures that the internal audit function is independent, has adequate and competent resources, and has appropriate authority to be able to effectively discharge its duties.

b) Reviewed and discussed the reports from internal audit and other management assurance units ensuring that Management is taking the appropriate corrective actions on the issues on a timely manner and open/outstanding issues are tracked and monitored until full resolution.

Report of the Audit Committee to the Board of Directors

(Internal Audit – cont'd)

c) Discussed periodic updates from Management on the major systems implementation, cyber security threats and/or other relevant information technology issues ensuring that risks had been adequately addressed or mitigated.

d) Reviewed the minutes of meetings of the different Audit Committees of the BPI subsidiaries and discussed the significant control, risk and compliance issues and ensuring that these are monitored and acted upon.

e) Evaluated the performance of the Chief Audit Executive. The Committee also discussed and noted the results of the external quality assessment review conducted by Navarro, Amper and Co./Deloitte on BPI Internal Audit, which affirmed that its activities consistently conformed with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics .

4. Regulatory Compliance:

a) Reviewed and approved the annual compliance and AML plan of the Group Compliance Office including amendments of its manuals. The Committee also discussed the quarterly compliance update reports, including the status of the 2020 BSP Report of Examination and Management's responses and corrective actions to address the regulatory concerns.

b) Discussed the results of the post-implementation reviews of related party transactions (RPTs), conducted by Internal Audit and Compliance Office to ensure that any significant issues had been appropriately addressed.

In compliance with the SEC requirement and the BPI Corporate Governance Manual, the Audit Committee:

- *Attended the required annual SEC accredited workshop on corporate governance, risk management and sustainability. The Committee also received updates on the new relevant law and regulations, accounting standards and tax rules.*
- *Reviewed the Audit Committee Charter to ensure that it is updated and aligned with the regulatory requirements.*
- *Performed the annual self-assessment and reviewed its performance against its charter and other regulatory mandates. The result was validated by the Compliance Officer and discussed in the Corporate Governance Committee. The process confirmed a satisfactory performance of the Audit Committee.*

Based on the results of the assurance activities performed by the Bank's Internal Audit, compliance reviews and the external auditor's unqualified opinion on the financial statements, the Committee assessed that the Bank's systems of internal controls, risk management, and governance processes continue to be adequate and generally effective. This overall assessment states, among others, that the audit scope and coverage are sufficient, comprehensive, and risk-based, that Management is aware of its responsibility for internal control, and that there is no interference with the accomplishment of audit activities and reporting of issues and other relevant information to Management, Audit Committee, and the Board of Directors.

MA. DOLORES B. YUVIENCO
Chairman

OCTAVIO V. ESPIRITU
Member

CESAR V. PURISIMA
Member

Bank of the Philippine Islands

Financial Statements
As at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022

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Isla Lipana & Co.

Independent Auditor's Report

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, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022 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, 2022 and 2021;
- the consolidated and parent statements of income for each of the three years in the period ended December 31, 2022;
- the consolidated and parent statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the consolidated and parent statements of changes in capital funds for each of the three years in the period ended December 31, 2022;
- the consolidated and parent statements of cash flows for each of the three years in the period ended December 31, 2022; 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.

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, 2022, the total allowance for impairment for loans and advances amounted to PHP57,767 million for the BPI Group and PHP56,031 million for the Parent Bank while provision for loan losses recognized in profit or loss for the year then ended amounted to PHP8,215 million for the BPI Group and PHP7,512 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 PFRS 9; 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 includes 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) calculation and post-model adjustments as allowed by Philippine Financial Reporting Standards (PFRS) 9, *Financial instruments*, 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 calculation which includes assumptions used in the post-model adjustments, 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 loan loss allowance for selected accounts and portfolios at reporting date using the ECL methodology adopted by the BPI Group and the Parent Bank.

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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.

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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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the BPI Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the BPI Group 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 matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Bank of the Philippine Islands
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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 V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 83389-SEC , Category A; valid to audit 2022 to 2026 financial statements
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 November 14, 2025

Makati City
February 15, 2023

BANK OF THE PHILIPPINE ISLANDS

Statements of Condition

December 31, 2022 and 2021
(In Millions of Pesos)

	Notes	Consolidated		Parent	
		2022	2021	**2022**	2021
A S S E T S					
CASH AND OTHER CASH ITEMS	4	**39,613**	35,143	**39,359**	33,868
DUE FROM BANGKO SENTRAL NG PILIPINAS (BSP)	4	**182,869**	268,827	**178,534**	197,435
DUE FROM OTHER BANKS	4	**45,190**	34,572	**43,096**	27,734
INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL, net	4,5	**12,382**	30,852	**11,631**	30,023
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,7	**22,133**	21,334	**16,941**	15,575
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8	**95,267**	134,741	**92,153**	115,541
INVESTMENT SECURITIES AT AMORTIZED COST, net	9	**420,533**	338,672	**415,035**	333,193
LOANS AND ADVANCES, net	10	**1,702,990**	1,476,527	**1,680,684**	1,233,052
ASSETS HELD FOR SALE, net		**3,760**	3,282	**3,650**	505
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net	11	**19,355**	17,525	**18,721**	15,243
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net	12	**7,227**	7,165	**15,406**	15,556
ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**19,060**	17,563	**-**	-
DEFERRED INCOME TAX ASSETS, net	13	**16,752**	15,819	**16,356**	11,953
OTHER ASSETS, net	14	**16,830**	19,893	**16,103**	21,648
Total assets		**2,603,961**	2,421,915	**2,547,669**	2,051,326

(forward)

BANK OF THE PHILIPPINE ISLANDS

Statements of Condition

December 31, 2022 and 2021
(In Millions of Pesos)

	Notes	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
LIABILITIES AND CAPITAL FUNDS					
DEPOSIT LIABILITIES	15	**2,096,001**	1,955,147	**2,082,584**	1,675,785
DERIVATIVE FINANCIAL LIABILITIES	7	**4,297**	3,632	**4,253**	3,545
BILLS PAYABLE AND OTHER BORROWED FUNDS	16	**97,503**	95,039	**93,002**	82,550
DUE TO BSP AND OTHER BANKS		**2,887**	953	**2,811**	814
MANAGER'S CHECKS AND DEMAND DRAFTS OUTSTANDING		**6,755**	6,931	**6,751**	5,243
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**10,587**	8,413	**9,794**	6,127
LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**14,919**	13,242	**-**	-
DEFERRED CREDITS AND OTHER LIABILITIES	17	**51,208**	43,402	**49,445**	33,762
Total liabilities		**2,284,157**	2,126,759	**2,248,640**	1,807,826
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI	18				
Share capital		**49,193**	45,131	**49,193**	45,131
Share premium		**104,123**	74,934	**104,123**	74,934
Treasury shares		**(33,043)**	-	**(33,043)**	-
Reserves		**644**	564	**33,055**	160
Accumulated other comprehensive loss		**(14,256)**	(8,670)	**(11,843)**	(6,825)
Surplus		**211,061**	181,101	**157,544**	130,100
		317,722	293,060	**299,029**	243,500
NON-CONTROLLING INTERESTS		**2,082**	2,096	**-**	-
Total capital funds		**319,804**	295,156	**299,029**	243,500
Total liabilities and capital funds		**2,603,961**	2,421,915	**2,547,669**	2,051,326

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Income

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

	Notes	Consolidated 2022	Consolidated 2021	Consolidated 2020	Parent 2022	Parent 2021	Parent 2020
INTEREST INCOME							
On loans and advances		**84,909**	72,225	82,312	**80,724**	53,426	63,599
On investment securities		**16,863**	10,436	12,052	**16,683**	9,949	10,786
On deposits with BSP and other banks		**1,496**	1,956	1,944	**1,385**	1,271	1,343
		103,268	84,617	96,308	**98,792**	64,646	75,728
INTEREST EXPENSE							
On deposits	15	**14,821**	10,168	18,986	**14,711**	5,587	12,777
On bills payable and other borrowed funds	16	**3,381**	4,866	5,058	**3,273**	4,396	4,595
		18,202	15,034	24,044	**17,984**	9,983	17,372
NET INTEREST INCOME		**85,066**	69,583	72,264	**80,808**	54,663	58,356
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	26	**9,167**	13,135	28,000	**8,437**	10,591	21,394
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES		**75,899**	56,448	44,264	**72,371**	44,072	36,962
OTHER INCOME							
Fees and commissions		**11,339**	11,204	8,899	**9,516**	9,051	7,763
Income from foreign exchange trading		**2,617**	2,384	2,155	**2,511**	2,206	2,022
Securities trading gain		**857**	97	3,310	**831**	4	2,657
Income attributable to insurance operations	2	**1,379**	1,854	1,506	**-**	-	-
Net gains on disposals of investment securities at amortized cost	9	**214**	1,513	4,647	**214**	1,166	4,078
Other operating income	19	**17,053**	10,770	9,142	**14,565**	13,026	13,459
		33,459	27,822	29,659	**27,637**	25,453	29,979
OTHER EXPENSES							
Compensation and fringe benefits	21	**19,528**	18,528	18,005	**17,407**	14,094	13,870
Occupancy and equipment-related expenses	11,20	**18,761**	16,010	14,606	**17,124**	13,352	12,544
Other operating expenses	21	**19,701**	16,195	15,543	**18,195**	12,220	11,788
		57,990	50,733	48,154	**52,726**	39,666	38,202
PROFIT BEFORE INCOME TAX		**51,368**	33,537	25,769	**47,282**	29,859	28,739
INCOME TAX EXPENSE	22						
Current		**12,438**	8,328	10,751	**11,226**	6,701	9,272
Deferred	13	**(906)**	1,099	(6,845)	**(943)**	375	(5,144)
		11,532	9,427	3,906	**10,283**	7,076	4,128
NET INCOME FROM CONTINUING OPERATIONS		**39,836**	24,110	21,863	**36,999**	22,783	24,611
NET LOSS FROM DISCONTINUED OPERATIONS	12	**-**	-	(211)	**-**	-	-
NET INCOME AFTER TAX		**39,836**	24,110	21,652	**36,999**	22,783	24,611

(forward)

Statements of Income

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos, Except Per Share Amounts)

	Note	Consolidated			Parent		
		2022	2021	2020	**2022**	2021	2020
(forwarded)							
Basic and diluted earnings per share attributable to the equity holders of BPI during the year from:	18						
Continuing operations		**8.78**	5.29	4.79	**8.20**	5.05	5.45
Discontinued operations		**-**	-	(0.05)	**-**	-	-
Income (loss) attributable to equity holders of BPI arising from:	18						
Continuing operations		**39,605**	23,880	21,620	**36,999**	22,783	24,611
Discontinued operations		**-**	-	(211)	**-**	-	-
		39,605	23,880	21,409	**36,999**	22,783	24,611
Income attributable to the non-controlling interests arising from:							
Continuing operations		**231**	230	243	**-**	-	-
Discontinued operations		**-**	-	-	**-**	-	-
		231	230	243	**-**	-	-
Income attributable to							
Equity holders of BPI		**39,605**	23,880	21,409	**36,999**	22,783	24,611
Non-controlling interests		**231**	230	243	**-**	-	-
		39,836	24,110	21,652	**36,999**	22,783	24,611

(The notes on pages 1 to 101 are an integral part of these financial statements.)

Statements of Comprehensive Income

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

	Note	Consolidated			Parent		
		2022	2021	2020	**2022**	2021	2020
NET INCOME FROM CONTINUING OPERATIONS		**39,836**	24,110	21,863	**36,999**	22,783	24,611
OTHER COMPREHENSIVE LOSS	18						
Items that may be subsequently reclassified to profit or loss							
Share in other comprehensive (loss) income of associates		**(1,015)**	(728)	640	**-**	-	-
Net change in fair value reserve on investments in debt instruments measured at FVOCI, net of tax effect		**(1,525)**	(548)	428	**(1,480)**	(506)	428
Fair value reserve on investments of insurance subsidiaries, net of tax effect		**(225)**	(209)	195	**-**	-	-
Currency translation differences and others		**(65)**	627	(238)	**-**	291	(167)
Items that will not be reclassified to profit or loss							
Remeasurements of defined benefit obligation		**(8)**	608	(3,383)	**120**	431	(2,798)
Share in other comprehensive income (loss) of associates		**687**	448	(1,242)	**-**	-	-
Net change in fair value reserve on investments in equity instruments measured at FVOCI, net of tax effect		**(3,503)**	(3,041)	215	**(3,658)**	(2,753)	565
Total other comprehensive loss, net of tax effect from continuing operations		**(5,654)**	(2,843)	(3,385)	**(5,018)**	(2,537)	(1,972)
Total comprehensive income for the year from continuing operations		**34,182**	21,267	18,478	**31,981**	20,246	22,639
NET LOSS FROM DISCONTINUED OPERATIONS		**-**	-	(211)	**-**	-	-
Total other comprehensive loss, net of tax effect from discontinued operations		**-**	-	(3)	**-**	-	-
Total comprehensive loss, for the year from discontinued operations		**-**	-	(214)	**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**34,182**	21,267	18,264	**31,981**	20,246	22,639
Total comprehensive income attributable to equity holders of BPI arising from:							
Continuing operations		**34,019**	21,109	18,163	**31,981**	20,246	22,639
Discontinued operations		**-**	-	(214)	**-**	-	-
		34,019	21,109	17,949	**31,981**	20,246	22,639
Total comprehensive income attributable to the non-controlling interest arising from:							
Continuing operations		**163**	158	315	**-**	-	-
Discontinued operations		**-**	-	-	**-**	-	-
		163	158	315	**-**	-	-
Total comprehensive income attributable to:							
Equity holders of BPI		**34,019**	21,109	17,949	**31,981**	20,246	22,639
Non-controlling interests		**163**	158	315	**-**	-	-
		34,182	21,267	18,264	**31,981**	20,246	22,639

(The notes on pages 1 to 101 are an integral part of these financial statements.)

Statements of Changes in Capital Funds

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

Consolidated	Share capital	Share premium	Treasury Shares	Reserves	Accumulated other comprehensive loss	Surplus	Total	Non-controlling interests	Total capital funds
	Attributable to equity holders of BPI (Note 18)								
Balance, January 1, 2020	44,999	74,449	-	5,108	(2,439)	147,460	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	-	-	-	-	(3,460)	21,409	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	(5,899)	165,509	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	-	-	-	-	(2,771)	23,880	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 surplus to reserves	-	-	-	189	-	(189)	-	-	-
Other movements	-	-	-	-	-	25	25	-	25
	-	-	-	189	-	(164)	25	-	25
Balance, December 31, 2021	45,131	74,934	-	564	(8,670)	181,101	293,060	2,096	295,156
Comprehensive income									
Net income for the year	-	-	-	-	-	39,605	39,605	231	39,836
Other comprehensive loss for the year	-	-	-	-	(5,586)	-	(5,586)	(68)	(5,654)
Total comprehensive income (loss) for the year	-	-	-	-	(5,586)	39,605	34,019	163	34,182
Transactions with owners									
Issuance of shares as a consideration of the merger	4,062	28,981	(33,043)	-		-	-	-	-
Executive stock plan amortization	-	208	-	(8)	-	-	200	-	200
Cash dividends	-	-	-	-	-	(9,568)	(9,568)	(177)	(9,745)
Total transactions with owners	4,062	29,189	(33,043)	(8)	-	(9,568)	(9,368)	(177)	(9,545)
Other movements									
Transfer from surplus to reserves	-	-	-	73	-	(73)	-	-	-
Transfer from reserves to surplus	-	-	-	(2)	-	2	-	-	-
Other movements	-	-	-	17	-	(6)	11	-	11
	-	-	-	88	-	(77)	11	-	11
Balance, December 31, 2022	**49,193**	**104,123**	**(33,043)**	**644**	**(14,256)**	**211,061**	**317,722**	**2,082**	**319,804**

(The notes on pages 1 to 101 are an integral part of these financial statements.)

Statements of Changes in Capital Funds

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

Parent (Note 18)	Share capital	Share premium	Treasury Shares	Reserves	Accumulated other comprehensive loss	Surplus	Total capital funds
Balance, January 1, 2020	44,999	74,449	-	4,892	(2,316)	94,226	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	-	-		-	(1,972)	24,611	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	(4,288)	115,453	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	-	-	-	-	(2,537)	22,783	20,246
Transactions with owners							
Exercise of stock option plan	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	(6,825)	130,100	243,500
Comprehensive income							
Net income for the year	-	-	-	-	-	36,999	36,999
Other comprehensive loss for the year	-	-		-	(5,018)	-	(5,018)
Total comprehensive income (loss) for the year	-	-	-	-	(5,018)	36,999	31,981
Transactions with owners							
Issuance of shares	4,062	28,981	(33,043)	-	-	-	-
Executive stock plan amortization	-	208	-	(10)	-	-	198
Cash dividends	-	-	-	-	-	(9,568)	(9,568)
Total transactions with owners	4,062	29,189	(33,043)	(10)	-	(9,568)	(9,370)
Other movements	-	-	-	32,905	-	13	32,918
	4,062	29,189	(33,043)	32,895	-	(9,555)	23,548
Balance, December 31, 2022	**49,193**	**104,123**	**(33,043)**	**33,055**	**(11,843)**	**157,544**	299,029

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Cash Flows

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

	Notes	Consolidated 2022	Consolidated 2021	Consolidated 2020	Parent 2022	Parent 2021	Parent 2020
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before income tax from:							
Continuing operations		51,368	33,537	25,769	47,282	29,859	28,739
Discontinued operations	12	-	-	(246)	-	-	-
		51,368	33,537	25,523	47,282	29,859	28,739
Adjustments for:							
Impairment losses	26	9,167	13,135	28,000	8,437	10,591	21,394
Depreciation and amortization	11,14	5,445	6,249	6,023	4,871	5,213	4,860
Share in net income of associates	12	(1,055)	(1,086)	(487)	-	-	-
Dividend and other income	19	(60)	(30)	(57)	(1,810)	(6,939)	(7,792)
Share-based compensation	18	(8)	(41)	47	(11)	(36)	44
Profit from asset sold		(5,392)	-	-	(5,392)	-	-
Realized gain - investment securities		(189)	-	-	(189)	-	-
Interest income		(103,268)	(84,617)	(96,308)	(98,792)	(64,646)	(75,728)
Interest received		98,874	85,450	98,573	92,487	64,866	77,998
Interest expense		18,503	15,345	24,401	18,265	10,229	17,651
Interest paid		(17,238)	(15,352)	(25,768)	(17,061)	(10,214)	(18,749)
(Increase) decrease in:							
Interbank loans receivable and securities purchased under agreements to resell		(2,612)	(2,167)	320	(2,699)	(2,117)	201
Financial assets at fair value through profit or loss		(801)	16,134	(13,270)	(1,267)	18,548	(16,339)
Loans and advances, net		(231,573)	(82,837)	39,921	(221,575)	(68,754)	35,369
Assets held for sale		(914)	(355)	173	(927)	(168)	63
Assets attributable to insurance operations		(2,316)	450	(351)	-	-	-
Other assets		540	(4,046)	(3,084)	4,870	(4,556)	(5,609)
Increase (decrease) in:							
Deposit liabilities		140,855	238,976	20,827	132,034	205,581	13,744
Due to BSP and other banks		1,680	(232)	(150)	1,744	(371)	(150)
Manager's checks and demand drafts outstanding		(176)	(177)	(1,191)	(169)	(204)	(974)
Accrued taxes, interest and other expenses		1,382	(707)	315	1,133	(582)	(42)
Liabilities attributable to insurance operations		1,693	(1,290)	286	-	-	-
Derivative financial instruments		665	(2,025)	2,780	708	(2,112)	2,780
Deferred credits and other liabilities		4,950	(337)	(5,668)	2,064	(1,735)	(4,832)
Net cash (absorbed by) from operations		(30,480)	213,977	100,855	(35,997)	182,453	72,628
Income taxes paid		(12,938)	(7,497)	(11,601)	(11,605)	(6,008)	(10,080)
Net cash (used in) from operating activities		(43,418)	206,480	89,254	(47,602)	176,445	62,548

(forward)

BANK OF THE PHILIPPINE ISLANDS

Statements of Cash Flows

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

	Notes	Consolidated 2022	Consolidated 2021	Consolidated 2020	Parent 2022	Parent 2021	Parent 2020
(forwarded)							
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of bank premises, furniture, fixtures and equipment		(1,657)	(5,595)	(1,041)	(1,580)	(5,108)	(4,609)
Disposal of bank premises, furniture, fixtures and equipment		1,200	789	273	1,191	777	212
Placements in investment securities		(95,218)	(278,718)	(375,082)	(94,789)	(272,363)	(365,682)
Proceeds from:							
Maturities/sales of investment securities		49,008	176,833	328,569	49,008	158,047	328,569
Net gains on sale of investment properties		4,721	(12)	6	4,721	(14)	4
Decrease (increase) in:							
Investment in subsidiaries and associates, net		694	1,432	(1,926)	-	(4,516)	(1,321)
Assets attributable to insurance operations		474	804	(481)	-	-	-
Impact of merger	30.1	-	-	-	78,200	-	-
Dividends received		60	30	57	880	3,400	7,792
Net cash (used in) from investing activities		(40,718)	(104,437)	(49,625)	37,631	(119,777)	(35,035)
CASH FLOWS FROM FINANCING ACTIVITIES							
Cash dividends paid	17,18	(9,745)	(8,124)	(8,124)	(9,568)	(8,124)	(8,124)
Proceeds from share issuance	18	208	256	361	208	256	361
Increase (decrease) in bills payable and other borrowed funds	16	2,464	(56,908)	1,110	868	(57,798)	13,819
Payments for principal portion of lease liabilities		(1,624)	(1,900)	(1,458)	(1,417)	(1,478)	(1,108)
Net cash (used in) from financing activities		(8,697)	(66,676)	(8,111)	(9,909)	(67,144)	4,948
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(92,833)	35,367	31,518	(19,880)	(10,476)	32,461
CASH AND CASH EQUIVALENTS							
January 1	4,5	365,953	330,586	299,068	285,329	295,805	263,344
December 31		273,120	365,953	330,586	265,449	285,329	295,805
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.)

Notes to Financial Statements

As at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022

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.

The Parent Bank's office address, which also serves as its principal place of business, is located at Ayala North Exchange, Ayala Avenue corner Salcedo Street, Legaspi Village, 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, 2022, the BPI Group has 17,573 employees (2021 - 18,520 employees) and operates 1,130 branches (2021 - 1,176 branches) and 2,080 automated teller machines (ATMs) and cash accept machines (CAMs) (2021 - 2,457) 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 (SRC), 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.

The merger between BPI and BPI Family Savings Bank, Inc. ("BFB"), a wholly-owned subsidiary, became effective on January 1, 2022 with the Parent Bank as the surviving entity (Note 30.1). The comparative figures presented in the financial statements and notes to financial statements pertaining to the Parent Bank as at and for the years ended December 31, 2021 and 2020 are exclusive of BFB balances.

On September 30, 2022, the Board of Directors (BOD) of BPI approved the execution of an agreement between the Parent Bank and Robinsons Bank Corporation (RBC) and Robinsons Retail Holdings, Inc. and JG Summit Capital Services Corporation, as RBC shareholders, for the merger of BPI and RBC, with BPI as the surviving entity, which was approved by the shareholders on January 17, 2023 and subject to regulatory approvals (Note 30.3).

On January 4, 2023, it had been reported that some CAM deposits and ATM, point-of-sale (POS), and e-commerce debit transactions concerning the Parent Bank, performed from December 30 to 31, 2022, were erroneously posted twice. Within the day of such reports, the Parent Bank corrected the duplicate transactions in its systems and assured clients that their accounts remain safe and secure. This incident has caused no material impact to the Parent Bank's business, financial condition, and operations, nor has it received further instruction from the Bangko Sentral ng Pilipinas (BSP) which the Parent Bank duly notified of the successful resolution of the matter.

Coronavirus pandemic

As the Philippine economy fully reopens and society shifts into its new normal, the BPI Group's business model and operating environment have now fully integrated various business continuity plans enacted during the pandemic. These include, but are not limited to, changes in the workforce arrangements and set-up of corporate offices, allowing for hybrid schedules, split operations, and alternative work sites, all duly supported by the use of mobility tools and virtual communications. The BPI Group's accelerated digital transformation has also ensured continuous client service through its various distribution platforms while maintaining back-office efficiency. The BPI Group's robust risk management continues to guard against increasing cybersecurity risks heightened by remote and virtual work arrangements.

The Parent Bank upholds a stringent credit process while also enhancing aspects of its underwriting, monitoring, and collections, in consideration of the changes in regulatory, economic, and competitive environment, and customer behaviors post-crisis. Monitoring vulnerable industries and sectors that have been affected by COVID-19 and having regular conversations with clients also continues.

Thus, the BPI Group's asset quality has remained resilient and more favorable than industry averages, displaying an improving trend across key metrics. The Parent Bank's robust capital and liquidity levels also serve as sufficient buffers for any adverse scenario post-pandemic.

Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the BOD on February 15, 2023.

The consolidated financial statements comprise the financial statements of the Parent Bank and the following subsidiaries:

Subsidiaries	Country of incorporation	Principal activities	% of ownership 2022	% of ownership 2021
BPI Family Savings Bank, Inc.*	Philippines	Banking	-	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 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

**The merger between the Parent Bank and BFB became effective on January 1, 2022 (Note 30.1)*

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	2022	2021
		(In Millions of Pesos)	
Assets			
Cash and cash equivalents	4	**292**	412
Insurance balances receivable, net		**6,449**	4,797
Investment securities			
Financial assets at fair value through profit or loss		**1,771**	2,306
Financial assets at fair value through other comprehensive income		**6,618**	6,982
Financial assets at amortized cost		**267**	269
Investment in associates		**167**	167
Accounts receivable and other assets, net		**3,294**	2,423
Land, building and equipment		**202**	207
		19,060	17,563

	2022	2021
	(In Millions of Pesos)	
Liabilities		
Reserves and other balances	**13,094**	11,307
Accounts payable, accrued expenses and other payables	**1,825**	1,935
	14,919	13,242

Details of income attributable to insurance operations before income tax and minority interest for the years ended December 31 are as follows:

	2022	2021	2020
	(In Millions of Pesos)		
Premiums earned and related income	**3,016**	3,071	3,607
Investment and other income	**1,070**	1,504	1,026
	4,086	4,575	4,633
Benefits, claims and maturities	**1,280**	1,502	1,720
Decrease in actuarial reserve liabilities	**(336)**	(486)	(315)
Commissions	**924**	856	879
Management and general expenses	**811**	817	822
Other expenses	**28**	32	21
	2,707	2,721	3,127
Income before income tax and minority interest	**1,379**	1,854	1,506

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 for individual customers.

- Corporate banking - this segment caters both high-end corporations and middle market clients. Services offered include deposit taking and servicing, loan facilities, trade, cash management and internet-based banking platforms 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 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 segment assets and liabilities as at December 31 and the results of the operations of the reportable segments of the BPI Group's for the years ended December 31 follow:

	2022			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	49,614	26,746	12,281	88,641
Provision for credit and impairment losses	2,808	6,326	25	9,159
Net interest income after provision for credit and impairment losses	46,806	20,420	12,256	79,482
Fees, commissions and other income, net	17,017	2,847	7,064	26,928
Total income	63,823	23,267	19,320	106,410
Compensation and fringe benefits	14,698	2,459	1,162	18,319
Occupancy and equipment-related expenses	5,471	115	646	6,232
Other operating expenses	25,215	3,211	1,484	29,910
Total other expenses	45,384	5,785	3,292	54,461
Operating profit	18,439	17,482	16,028	51,949
Income tax expense				11,532
Net income				39,836
Share in net income of associates				1,056
Total assets	579,926	1,390,803	658,828	2,629,557
Total liabilities	1,534,471	618,008	142,236	2,294,715

	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

(4)

	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

Reconciliation of segment results to consolidated results of operations:

	2022		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	88,641	(3,575)	85,066
Provision for credit and impairment losses	9,159	8	9,167
Net interest income after provision for credit and impairment losses	79,482	(3,583)	75,899
Fees, commissions and other income, net	26,928	6,531	33,459
Total income	106,410	2,948	109,358
Compensation and fringe benefits	18,319	1,209	19,528
Occupancy and equipment-related expenses	6,232	12,529	18,761
Other operating expenses	29,910	(10,209)	19,701
Total other expenses	54,461	3,529	57,990
Operating profit	51,949	(581)	51,368
Income tax expense	11,532		11,532
Net income	39,836		39,836
Share in net income of associates	1,056		1,056
Total assets	2,629,557	(25,596)	2,603,961
Total liabilities	2,294,715	(10,558)	2,284,157

	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

"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		Parent	
		2022	2021	**2022**	2021
		(In Millions of Pesos)			
Cash and other cash items		**39,613**	35,143	**39,359**	33,868
Due from BSP		**182,869**	268,827	**178,534**	197,435
Due from other banks		**45,190**	34,572	**43,096**	27,734
Interbank loans receivable and securities purchased under agreements to resell (SPAR)	5	**5,156**	26,999	**4,460**	26,292
Cash and cash equivalents attributable to insurance operations	2	**292**	412	**-**	-
		273,120	365,953	**265,449**	285,329

Note 5 - Interbank Loans Receivable and SPAR

The account at December 31 consists of transactions with:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
BSP	**136**	16,163	**-**	15,800
Other banks	**12,259**	14,733	**11,645**	14,267
	12,395	30,896	**11,645**	30,067
Accrued interest receivable	**27**	2	**26**	2
	12,422	30,898	**11,671**	30,069
Allowance for impairment	**(40)**	(46)	**(40)**	(46)
	12,382	30,852	**11,631**	30,023

As at December 31, 2022, interbank loans receivable and SPAR maturing within 90 days from the date of acquisition amounting to P5,156 million (2021 - P26,999 million) for the BPI Group and P4,460 million (2021 - P26,292 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		Parent	
	2022	2021	**2022**	2021
Peso-denominated	**4.50 - 8.28**	2.00 - 8.28	**4.50 - 8.28**	2.00 - 8.28
US dollar-denominated	**3.13 - 4.29**	0.02 - 0.47	**4.05 - 4.18**	0.02 - 0.47

Note 6 - Financial Assets at Fair Value through Profit or Loss (FVTPL)

The account at December 31 consists of:

	Note	Consolidated		Parent	
		2022	2021	**2022**	2021
		(In Millions of Pesos)			
Debt securities					
Government securities		**10,974**	14,343	**9,876**	11,872
Commercial papers of private companies		**3,820**	3,250	**30**	183
Listed equity securities		**192**	188	**-**	-
Derivative financial assets	7	**7,147**	3,553	**7,035**	3,520
		22,133	21,334	**16,941**	15,575

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**411**	232	**52**	310
Currency forwards	**3,557**	1,488	**2,184**	1,584
Options	**3**	-	**-**	-
Interest rate swaps	**3,164**	1,821	**2,061**	1,738
Warrants	**2**	2	**-**	-
Equity options	**10**	10	**-**	-
	7,147	3,553	**4,297**	3,632

Parent

	Assets		Liabilities	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**411**	232	**52**	310
Currency forwards	**3,455**	1,465	**2,140**	1,497
Options	**3**	-	**-**	-
Interest rate swaps	**3,164**	1,821	**2,061**	1,738
Warrants	**2**	2	**-**	-
	7,035	3,520	**4,253**	3,545

In 2022, the Parent Bank began trading foreign exchange options as part of the BPI Group's strategy subsequent to the granting of Type 1 derivative license by the BSP in 2021.

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.

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.

During the year ended December 31, 2022, the BPI Group did not enter into any hedge transaction.

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Debt securities				
Government securities	**85,143**	122,966	**83,588**	105,369
Commercial papers of private companies	**6,701**	7,869	**6,294**	7,869
	91,844	130,835	**89,882**	113,238
Accrued interest receivable	**603**	555	**595**	475
	92,447	131,390	**90,477**	113,713
Equity securities				
Listed	**1,709**	1,982	**1,331**	1,517
Unlisted	**1,111**	1,369	**345**	311
	2,820	3,351	**1,676**	1,828
	95,267	134,741	**92,153**	115,541

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**7,959**	34,060	**6,788**	26,921
Non-current (over 12 months)	**84,488**	97,330	**83,689**	86,792
	92,447	131,390	**90,477**	113,713

The range of average effective interest rates (%) of financial assets at FVOCI for the years ended December 31 follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Peso-denominated	**2.20 - 8.57**	1.58 - 8.57	**2.20 - 8.57**	1.58 - 7.18
Foreign currency-denominated	**0.15 - 6.10**	0.01 - 4.41	**0.15 - 6.10**	0.01 - 4.41

Interest income from debt instruments recognized in the statement of income for the year ended December 31, 2022 amounts to P1,987 million (2021 - P2,473 million; 2020 - P3,398 million) and P1,945 million (2021 - P2,306 million; 2020 - P3,124 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, 2022 amounts to P60 million (2021 - P30 million; 2020 - P57 million) and P36 million (2021 - P16 million; 2020 - 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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Government securities	**338,323**	293,751	**337,661**	292,573
Commercial papers of private companies	**78,345**	42,039	**73,568**	37,809
	416,668	335,790	**411,229**	330,382
Accrued interest receivable	**3,876**	2,888	**3,817**	2,817
	420,544	338,678	**415,046**	333,199
Allowance for impairment	**(11)**	(6)	**(11)**	(6)
	420,533	338,672	**415,035**	333,193

The range of average effective interest rates (%) for the years ended December 31 follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Peso-denominated	**2.00 - 8.13**	1.61 - 8.13	**2.00 - 8.13**	1.61 - 8.13
Foreign currency-denominated	**0.13 - 7.13**	0.13 - 4.88	**0.13 - 7.13**	0.16 - 4.88

In 2022, the BPI Group and the Parent Bank sold an insignificant amount of debt securities, which resulted in a gain of P214 million. 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 (P4,078 million), respectively, 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.

As at December 31, 2022, government securities aggregating P19.11 billion are used as security for bills payable of the Parent Bank (Note 16). There are no investment securities used as security for bills payable in 2021.

Interest income from these investment securities recognized in the statement of income for the year ended December 31, 2022 amounts to P14,514 million (2021 - P7,657 million; 2020 - P8,398 million) and P14,388 million (2021 - P7,347 million; 2020 - P7,386 million) for the BPI Group and the Parent Bank, respectively.

Investment securities at amortized cost are expected to be realized as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**41,813**	29,061	**41,918**	28,384
Non-current (over 12 months)	**378,720**	309,611	**373,117**	304,809
	420,533	338,672	**415,035**	333,193

As at December 31, 2022, the Parent Bank has P6,401 million (2021 - P4,421 million) outstanding securities overlying securitization structures 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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Corporate loans				
Large corporate customers	**1,348,210**	1,169,551	**1,342,447**	1,151,417
Small and medium enterprise	**76,046**	66,594	**76,039**	48,678
Retail loans				
Credit cards	**99,680**	76,048	**99,680**	74,125
Real estate mortgages	**158,137**	153,303	**156,862**	10
Auto loans	**58,009**	51,182	**58,009**	3
Others	**16,675**	11,952	**225**	283
	1,756,757	1,528,630	**1,733,262**	1,274,516
Accrued interest receivable	**11,189**	7,819	**10,632**	5,447
Unearned discount/income	**(7,189)**	(6,158)	**(7,179)**	(6,047)
	1,760,757	1,530,291	**1,736,715**	1,273,916
Allowance for impairment	**(57,767)**	(53,764)	**(56,031)**	(40,864)
	1,702,990	1,476,527	**1,680,684**	1,233,052

As at December 31, 2022 and 2021, 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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**678,738**	520,838	**669,478**	488,979
Non-current (over 12 months)	**1,082,019**	1,009,453	**1,067,237**	784,937
	1,760,757	1,530,291	**1,736,715**	1,273,916

The range of average interest rates (%) of loans and advances for the years ended December 31 follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Commercial loans				
Peso-denominated loans	**4.15 - 5.24**	4.33 - 4.59	**4.16 - 5.24**	4.30 - 4.56
Foreign currency-denominated loans	**2.73 - 5.85**	2.50 - 2.97	**2.73 - 5.85**	2.50 - 2.97
Real estate mortgages*	**6.11 - 7.03**	5.65 - 6.20	**6.09 - 7.02**	-
Auto loans*	**9.54 - 10.01**	8.86 - 9.63	**9.54 - 10.01**	-

**These portfolios under BFB were migrated to the Parent Bank upon effectivity of the merger on January 1, 2022.*

Interest income from loans and advances for the year ended December 31, 2022 for the BPI Group and the Parent Bank amounts to P84,909 million (2021 - P72,225 million) and P80,724 (2021 - P53,426), respectively.

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**281,974**	268,427	**280,633**	138,333
Chattel mortgage	**58,862**	51,878	**58,861**	6
Others	**184,664**	122,943	**183,911**	120,803
	525,500	443,248	**523,405**	259,142
Unsecured loans	**1,224,068**	1,079,224	**1,202,678**	1,009,327
	1,749,568	1,522,472	**1,726,083**	1,268,469

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

	2022			
	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
	(In Millions of Pesos)			
Cost				
January 1, 2022	3,048	26,192	16,941	**46,181**
Additions	5	5,196	951	**6,152**
Disposals	(38)	(552)	(1,492)	**(2,082)**
Transfers	-	(6)	(2)	**(8)**
Other changes	-	257	2	**259**
December 31, 2022	**3,015**	**31,087**	**16,400**	**50,502**
Accumulated depreciation				
January 1, 2022	-	13,827	14,829	**28,656**
Depreciation and amortization	-	3,054	938	**3,992**
Disposals	-	(391)	(1,243)	**(1,634)**
Transfers	-	(4)	(1)	**(5)**
Other changes	-	136	2	**138**
December 31, 2022	**-**	**16,622**	**14,525**	**31,147**
Net book value, December 31, 2022	**3,015**	**14,465**	**1,875**	**19,355**

	2021			
	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	-	(109)	2	(107)
December 31, 2021	3,048	26,192	16,941	46,181
Accumulated depreciation				
January 1, 2021	-	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	-	(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

Parent

		2022			
	Note	Land	Buildings and leasehold improvements	Furniture and equipment	Total
		(In Millions of Pesos)			
Cost					
December 31, 2021		2,703	22,461	14,914	**40,078**
Impact of merger	30.1	346	1,964	1,354	**3,664**
January 1, 2022		3,049	24,425	16,268	**43,742**
Additions		4	4,892	903	**5,799**
Disposals		(38)	(429)	(1,478)	**(1,945)**
Transfers		-	(6)	-	**(6)**
Other changes		-	(2)	-	**(2)**
December 31, 2022		**3,015**	**28,880**	**15,693**	**47,588**
Accumulated depreciation					
December 31, 2021		-	11,708	13,127	**24,835**
Impact of merger	30.1	-	760	1,190	**1,950**
January 1, 2022		-	12,468	14,317	**26,785**
Depreciation and amortization		-	2,743	850	**3,593**
Disposals		-	(272)	(1,234)	**(1,506)**
Transfers		-	(4)	-	**(4)**
Other changes		-	(1)	-	**(1)**
December 31, 2022		-	**14,934**	**13,933**	**28,867**
Net book value, December 31, 2021		**3,015**	**13,946**	**1,760**	**18,721**

	2021			
	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	-	(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

As at December 31, 2022, the BPI Group has recognized construction-in-progress amounting to P914 million (2021 - P475.1 million) in relation to the redevelopment of its main office.

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 2022, the Parent Bank realized a gain of P683 million (2021 - P78 million; 2020 - P77 million) from the disposal of certain bank premises, furniture, fixtures and equipment. During the year, the Parent Bank also sold two properties located at Pasong Tamo, Makati City with a net book value of P126 million for a purchase price of P5.49 billion resulting in a gain on sale of P4.99 billion, net of gross receipts tax, which forms part of the realized gain recorded within Other operating income (Note 19). Out of the total gain of P4.99 billion, P4.31 billion pertains to the portion of the property classified as investment property under Other assets (Note 14).

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Carrying value (net of impairment)				
Investments at equity method	**7,227**	7,165	**-**	-
Investments at cost method	**-**	-	**15,406**	15,556
	7,227	7,165	**15,406**	15,556

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 2022	2021	Acquisition cost 2022	2021
		(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**	940
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	3,061

The movements in investments in associates accounted for using the equity method in the consolidated financial statements are summarized as follows:

	2022	2021
	(In Millions of Pesos)	
Acquisition cost		
At January 1	**3,061**	3,001
Additions during the year	**-**	60
At December 31	**3,061**	3,061
Accumulated equity in net income		
At January 1	**4,076**	4,201
Share in net income for the year	**1,055**	1,086
Dividends received	**(694)**	(1,211)
At December 31	**4,437**	4,076
Accumulated share in other comprehensive (loss) income		
At January 1	**168**	448
Share in other comprehensive loss for the year	**(299)**	(280)
At December 31	**(131)**	168
Allowance for impairment	**(140)**	(140)
	7,227	7,165

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:

	2022	2021
	(In Millions of Pesos)	
Total assets	**127,610**	129,058
Total liabilities	**112,119**	114,717
Total revenues	**13,771**	24,044
Total net income	**1,925**	2,629

The details of equity investments accounted for using the cost method in the separate financial statements of the Parent Bank follow:

	Acquisition cost 2022	2021	Allowance for impairment 2022	2021	Carrying value 2022	2021
			(In Millions of Pesos)			
Subsidiaries						
BPI Europe Plc.(BPI Europe)	**7,180**	7,180	**-**	-	**7,180**	7,180
BPI Direct BanKo, Inc., A Savings Bank (BanKo)	**1,392**	1,392	**-**	-	**1,392**	1,392
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**	693	**(672)**	(672)	**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
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	**935**	935	**-**	-	**935**	935
Associates	**2,120**	2,120	**-**	-	**2,120**	2,120
	16,078	16,228	**(672)**	(672)	**15,406**	15,556

The merger between the Parent Bank and BFB became effective on January 1, 2022 (Note 30.1).

In 2021, the Parent Bank made additional capital infusions to BPI Europe, BanKo and BPHI amounting to P4,021 million, P500 million, and P60 million, respectively.

The Parent Bank in 2021, recognized an impairment loss of P60 million on its investment in BPHI due to financial losses incurred by BPHI's associate, AFPI. In computing for its recoverable amount, the Parent Bank used a discount rate of 13.08% in assessing its value in use, which amounts to P21 million. There are no changes in the allowance for impairment for the year ended December 31, 2022.

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, 2022 and 2021 in its subsidiaries apart from BPHI.

For the 2022 and 2021 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 Tokyo Century Corporation (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.

	Amount (In Millions of Pesos)
INTEREST INCOME	
On loans and advances	370
On investment securities	-
On deposits with BSP and other banks	1
	371
INTEREST EXPENSE	
On bills payable and other borrowed funds	271
NET INTEREST INCOME	100
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	418
NET INTEREST EXPENSE AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	(318)
OTHER INCOME	
Fees, commissions, and other operating income	949
Income from foreign exchange trading	28
	977
OTHER EXPENSES	
Compensation and fringe benefits	63
Occupancy and equipment-related expenses	727
Other operating expenses	115
	905
LOSS BEFORE INCOME TAX	(246)
INCOME TAX EXPENSE	
Current	90
Deferred	(125)
	(35)
NET LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(211)

	2020
Net cash flows from operating activities	3,791
Net cash flows from investing activities	3,539
Net cash flows from financing activities	(7,326)
Net increase in cash flows from discontinued operations	4

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**	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Deferred income tax assets				
Allowance for credit and impairment losses	**15,380**	14,222	**14,889**	10,579
Pension liability	**1,736**	1,794	**1,736**	1,525
Provisions	**480**	304	**434**	225
Others	**(63)**	(102)	**19**	23
Total deferred income tax assets	**17,533**	16,218	**17,078**	12,352
Deferred income tax liabilities				
Unrealized gain on property appraisal	**(394)**	(395)	**(394)**	(395)
Others	**(387)**	(4)	**(328)**	(4)
Total deferred income tax liabilities	**(781)**	(399)	**(722)**	(399)
Deferred income tax assets, net	**16,752**	15,819	**16,356**	11,953

Movements in net deferred income tax assets are summarized as follows:

	Note	**Consolidated**		**Parent**	
		2022	2021	**2022**	2021
		(In Millions of Pesos)			
Beginning of the year		**15,819**	17,525	**11,953**	12,838
Impact of merger	30.1	**-**	-	**3,449**	**-**
Amounts recognized in statement of income		**906**	(1,099)	**943**	(375)
Amounts recognized in other comprehensive income		**27**	(607)	**11**	(510)
End of the year		**16,752**	15,819	**16,356**	11,953

Details of deferred income tax items recognized in the statement of income are as follows:

	Consolidated			**Parent**		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Allowance for impairment	**(1,164)**	(1,816)	(6,637)	**(1,152)**	(1,541)	(4,992)
Pension	**33**	(131)	(45)	**46**	(121)	(55)
NOLCO	**-**	(6)	17	**-**	-	-
Others	**225**	3,052	(180)	**163**	2,037	(97)
	(906)	1,099	(6,845)	**(943)**	375	(5,144)

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Accounts receivable	**6,327**	2,928	**6,728**	6,405
Sundry debits	**2,839**	9,458	**2,723**	9,367
Intangible assets	**2,316**	1,989	**2,277**	1,770
Prepaid expenses	**1,608**	1,426	**1,546**	1,153
Rental deposits	**825**	762	**782**	647
Accrued trust and other fees	**645**	715	**139**	136
Creditable withholding tax	**328**	216	**189**	76
Investment properties	**73**	165	**62**	153
Miscellaneous assets	**3,058**	3,333	**2,792**	2,849
	18,019	20,992	**17,238**	22,556
Allowance for impairment	**(1,189)**	(1,099)	**(1,135)**	(908)
	16,830	19,893	**16,103**	21,648

Accounts receivable includes non-loan related receivables from merchants and service providers, litigation related receivables and receivables from employees.

Sundry debits are float items caused by timing differences in recording of transactions. These float items are normally cleared within one day.

Intangible assets comprise computer software costs, contractual customer relationships and management contracts.

Prepaid expenses include Philippine Deposit Insurance Corporation (PDIC) assessment dues, prepayments for rent, allowances and taxes.

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	
	Note	**2022**	2021	**2022**	2021
		(In Millions of Pesos)			
Beginning of the year		**1,099**	983	**908**	822
Impact of merger	30.1	-	-	**136**	-
Provision for impairment losses		**255**	269	**243**	214
Transfer/reallocation		**(33)**	13	**(20)**	21
Write-off		**(132)**	(166)	**(132)**	(149)
End of the year		**1,189**	1,099	**1,135**	908

Other assets are expected to be realized as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**15,554**	18,758	**14,885**	20,624
Non-current (over 12 months)	**2,465**	2,234	**2,353**	1,932
	18,019	20,992	**17,238**	22,556

Note 15 - Deposit Liabilities

The account at December 31 consists of:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Demand	**376,337**	369,079	**379,169**	356,398
Savings	**1,182,071**	1,137,124	**1,172,009**	1,012,722
Time	**537,593**	448,944	**531,406**	306,665
	2,096,001	1,955,147	**2,082,584**	1,675,785

Deposit liabilities include amounts due to related parties (Note 25).

Deposit liabilities are expected to be settled as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**1,272,994**	1,087,175	**1,265,986**	957,669
Non-current (over 12 months)	**823,007**	867,972	**816,598**	718,116
	2,096,001	1,955,147	**2,082,584**	1,675,785

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		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Demand	**287**	377	625	**286**	359	578
Savings	**2,420**	3,419	6,053	**2,375**	2,841	4,944
Time	**12,114**	6,372	12,308	**12,050**	2,387	7,255
	14,821	10,168	18,986	**14,711**	5,587	12,777

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 2022 and 2021.

Reserves must be set aside in deposits with the BSP. As at December 31, 2022, the reserves (included in Due from BSP) amounted to P212,276 million (2021 - P175,759 million) for the BPI Group and P211,789 million (2021 - P167,530 million) for the Parent Bank. The BPI Group is in full compliance with the reserve requirement as at December 31, 2022 and 2021.

Note 16 - Bills Payable and Other Borrowed Funds

The account at December 31 consists of:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Bills payable				
Local banks	**3,471**	-	**3,471**	-
Foreign banks	**17,056**	2,906	**12,555**	-
Other borrowed funds	**76,976**	92,133	**76,976**	82,550
	97,503	95,039	**93,002**	82,550

Bills payable

Bills payable include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group in accordance with the agreed financing programs. Investment securities at amortized cost serve as collateral for the Parent Bank's bills payable (Note 9). The average payment terms of these bills payable is 1.11 years (2021 - 1.12 years).

As at December 31, 2021, the Parent Bank does not hold any bills payable as they all matured within the year then ended.

The range of average interest rates (%) of bills payable for the years ended December 31 follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Private firms and local banks - Peso-denominated	3.75 - 6.40	-	3.75 - 6.40	-
Foreign banks - Foreign currency-denominated	0.13 - 5.96	0.77 - 1.44	2.95 - 4.27	0.77 - 1.44

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, of which P97 billion has been drawdown in multiple 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 2022	Carrying amount 2021
Fixed rate bond, unconditional, unsecured and unsubordinated bonds	January 31, 2022	2.81%	January 31, 2024	27,000	**26,874**	-
Fixed rate bonds, unconditional, unsecured and unsubordinated bonds	January 24, 2020	4.24%	January 24, 2022	15,328	**-**	15,328
BPI CARe bonds, unconditional, unsecured and unsubordinated bonds	August 7, 2020	3.05%	May 7, 2022	21,500	**-**	21,463

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. Effective January 1, 2022, the bond was assumed by BPI following the merger (Note 30.1) and the same matured on June 16, 2022. The bond has a carrying amount of P9,584 million as at December 31, 2021.

On May 18, 2022, the BOD of the Parent Bank approved the establishment of P100 billion Bond Program. The issuance of the first tranche of the Bond Program is disclosed in Note 29.

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 2022	Carrying amount 2021
					(In Millions of Pesos)	
US$ 600 million, 5-year senior unsecured Bonds	September 4, 2018	4.25%	September 4, 2023	32,000	**33,417**	30,519
US$ 300 million, 5-year senior unsecured Green Bonds	September 10, 2019	2.50%	September 10, 2024	15,572	**16,685**	15,240

Interest expense for the years ended December 31 is summarized as follows:

	Consolidated			Parent		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Bills payable	**143**	77	471	**35**	59	458
Other borrowed funds	**3,238**	4,789	4,587	**3,238**	4,337	4,137
	3,381	4,866	5,058	**3,273**	4,396	4,595

The movements in bills payable and other borrowed funds are summarized as follows:

	Note	Consolidated		Parent	
		2022	2021	**2022**	2021
		(In Millions of Pesos)			
At January 1		**95,039**	151,947	**82,550**	140,348
Impact of merger	30.1	**-**	-	**9,584**	-
Additions		**61,113**	87,461	**42,788**	74,530
Maturities		**(63,434)**	(147,618)	**(46,428)**	(135,539)
Amortization of discount		**241**	462	**241**	424
Exchange differences		**4,544**	2,787	**4,267**	2,787
At December 31		**97,503**	95,039	**93,002**	82,550

Bills payable and other borrowed funds are expected to be settled as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	**51,715**	48,261	**49,443**	36,791
Non-current (over 12 months)	**45,788**	46,778	**43,559**	45,759
	97,503	95,039	**93,002**	82,550

Note 17 - Deferred Credits and Other Liabilities

The account at December 31 consists of the following:

	Note	Consolidated		Parent	
		2022	2021	**2022**	2021
		(In Millions of Pesos)			
Bills purchased - contra		12,270	9,989	12,270	9,989
Lease liabilities	20	10,095	7,326	9,726	6,248
Outstanding acceptances		9,100	2,842	9,100	2,842
Accounts payable		4,011	5,396	3,465	3,397
Other deferred credits		3,342	4,129	3,342	342
Due to the Treasurer of the Philippines		1,174	1,182	1,164	1,031
Withholding tax payable		880	632	841	519
Miscellaneous liabilities		10,336	11,906	9,537	9,394
		51,208	43,402	49,445	33,762

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.

Outstanding acceptances represent liabilities arising from the bank drafts and bills of exchange the Parent Bank has accepted from 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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Current (within 12 months)	41,678	32,810	40,116	24,770
Non-current (over 12 months)	9,530	10,592	9,329	8,992
	51,208	43,402	49,445	33,762

Note 18 - Capital Funds

a) Share capital

Details of authorized share capital of the Parent Bank follow:

	2022	2021	2020
	(In Millions of Pesos, except par value per share)		
Authorized capital (at P10 par value per share)			
Common shares	**50,000**	50,000	49,000
Preferred A shares	**600**	600	600
	50,600	50,600	49,600

Details of the Parent Bank's subscribed common shares are as follows:

	2022	2021	2020
	(In absolute number of shares)		
Common shares			
At January 1	**4,513,128,255**	4,513,101,605	4,507,071,644
Subscription of shares during the year	**406,179,276**	26,650	6,029,961
At December 31	**4,919,307,531**	4,513,128,255	4,513,101,605
	(In absolute amounts)		
Subscription receivable	**-**	-	85,612,950

The BPI common shares are listed and traded in the PSE since October 12, 1971.

As at December 31, 2022, the Parent Bank has a subscription receivable representing the amortization of Executive Stock Purchase Plan (ESPP) shares in excess of par value and booked against share premium amounting to P208 million (2021 - P416 million; 2020 - P583 million).

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, 2022, 2021 and 2020, the Parent Bank has 11,864, 12,084 and 12,306 common shareholders, respectively. There are no preferred shares issued and outstanding at December 31, 2022, 2021 and 2020.

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.

On September 30, 2022, the BOD of the Parent Bank approved the increase in authorized share capital in the amount of P4,000 million divided into 400 million common shares with a par value of P10 per share. As at reporting date, the Parent Bank is still in the process of securing approvals from the regulators.

BPI and BFB merger (Note 30.1)

The Parent Bank issued 406,179,276 treasury shares on January 1, 2022 at a price of P81.35 per share as a consideration for the merger. The number of treasury shares issued was computed based on the net assets of BFB as at December 31, 2020 over the share price of the Parent Bank as at December 29, 2020.

Pursuant to the issuance of shares due to the merger as at January 1, 2022, the Parent Bank's share capital and share premium increased by P4,062 million and P28,981 million, respectively, as at January 1, 2022.

As at December 31, 2022, the Parent Bank is securing regulatory approvals regarding its plan to dispose the treasury shares.

b) Reserves

The account consists of:

	Consolidated			Parent		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Reserve for trust business	**387**	389	199	**-**	-	-
Executive stock option plan amortization	**132**	141	183	**116**	126	162
Reserve for trading participants	**73**	-	-	**-**	-	-
Reserve for self-insurance	**34**	34	34	**34**	34	34
Merger reserves	**-**	-	-	**32,905**	-	-
Others	**18**	-	-	**-**	-	-
	644	564	416	**33,055**	160	196

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, 2022 and December 31, 2021, the GLLP appropriation is nil as the loan loss provision for both years are higher than the required GLLP.

Reserve for trust business

In compliance with existing BSP regulations, 10% of the BPI Asset Management and Trust Corporation's (AMTC), a wholly-owned subsidiary of the Parent Bank, income from trust business should be appropriated to surplus reserve. This appropriation is required until the surplus reserve for trust business reaches 20% of BPI AMTC's regulatory net worth.

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.

Reserve for trading participants

Reserve for trading participants represents the required annual minimum appropriation of net income of the BPI Group's broker/dealer activities through BPI Securities Corporation, a wholly-owned subsidiary of the Parent Bank, to a reserve fund in compliance with SEC Memorandum Circular No. 16-2004.

Merger reserves

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the value of the shares acquired in respect of the acquisition of BFB accounted for under the pooling-of-interest method. It also include the results of operations of BFB during the year ended December 31, 2021, net of dividends declared on December 29, 2021.

Share-based compensation plan

The BOD of the Parent Bank approved to grant the Executive Stock Option Plan (ESOP) and 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:

	2022	2021	2020
At January 1	**12,905,000**	15,921,667	13,965,001
Granted	**-**	-	3,950,000
Exercised	**(2,353,001)**	(1,650,000)	(141,667)
Cancelled	**(685,000)**	(1,366,667)	(1,851,667)
At December 31	**9,866,999**	12,905,000	15,921,667
Exercisable	**8,708,666**	9,095,002	8,526,667

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**		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Fair value reserve on financial assets at FVOCI						
At January 1	**(3,030)**	559	(84)	**(2,327)**	932	(61)
From continuing operations						
Unrealized fair value loss before tax	**(4,337)**	(2,864)	(69)	**(4,393)**	(2,779)	889
Amount recycled to profit or loss	**(28)**	47	494	**(28)**	148	479
Deferred income tax effect	**(663)**	(772)	218	**(717)**	(628)	(375)
At December 31	**(8,058)**	(3,030)	559	**(7,465)**	(2,327)	932
Share in other comprehensive (loss) income of insurance subsidiaries						
At January 1	**71**	219	118	**-**	-	-
Share in other comprehensive (loss) income for the year, before tax	**(187)**	(184)	131	**-**	-	-
Deferred income tax effect	**36**	36	(30)	**-**	-	-
At December 31	**(80)**	71	219	**-**	-	-
Share in other comprehensive (loss) income of associates						
At January 1	**166**	446	1,048	**-**	-	-
Share in other comprehensive loss for the year	**(328)**	(280)	(602)	**-**	-	-
At December 31	**(162)**	166	446	**-**	-	-
Translation adjustment on foreign operations						
At January 1	**(517)**	(1,144)	(906)	**-**	(291)	(124)
Translation differences and others	**(65)**	627	(238)	**-**	291	(167)
At December 31	**(582)**	(517)	(1,144)	**-**	-	(291)
Remeasurements of defined benefit obligation, net						
At January 1	**(5,360)**	(5,979)	(2,615)	**(4,498)**	(4,929)	(2,131)
From continuing operations						
Actuarial gains (losses) for the year	**191**	1,372	(4,729)	**104**	1,039	(4,214)
Deferred income tax effect	**(205)**	(753)	1,368	**16**	(608)	1,416
From discontinued operations						
Actuarial losses for the year	**-**	-	(7)	**-**	-	-
Deferred income tax effect	**-**	-	4	**-**	-	-
At December 31	**(5,374)**	(5,360)	(5,979)	**(4,378)**	(4,498)	(4,929)
	(14,256)	(8,670)	(5,899)	**(11,843)**	(6,825)	(4,288)

d) Dividend declarations

Cash dividends declared by the BOD of the Parent Bank are as follows:

Date declared	Amount of dividends Per share	Total (In Millions of Pesos)
For the year ended December 31, 2022		
May 18, 2022	1.06	4,784
November 16, 2022	1.06	4,784
		9,568
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

e) Earnings per share (EPS)

EPS is calculated as follows:

	Consolidated			**Parent**		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos, except earnings per share amounts)					
a) Net income attributable to equity holders of the Parent Bank from:						
Continuing operations	**39,605**	23,880	21,620	**36,999**	22,783	24,611
Discontinued operations	**-**	-	(211)	**-**	-	-
b) Weighted average number of common shares outstanding during the year	**4,513**	4,513	4,513	**4,513**	4,513	4,513
c) Basic EPS (a/b) based on net income from:						
Continuing operations	**8.78**	5.29	4.79	**8.20**	5.05	5.45
Discontinued operations	**-**	-	(0.05)	**-**	-	-

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:

	Note	**Consolidated**			**Parent**		
		2022	2021	2020	**2022**	2021	2020
		(In Millions of Pesos)					
Gain on sale of assets	11	**5,303**	477	372	**5,295**	129	124
Credit card income		**4,594**	3,542	3,091	**4,594**	3,449	3,013
Trust and asset management fees		**3,802**	3,913	3,495	**4**	6	5
Rental income		**195**	236	208	**225**	285	260
Dividend income		**60**	30	57	**1,810**	6,939	7,792
Miscellaneous income		**3,099**	2,572	1,919	**2,637**	2,218	2,265
		17,053	10,770	9,142	**14,565**	13,026	13,459

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	**2022**	2021	**2022**	2021
		(In Millions of Pesos)			
Right-of-use assets					
Buildings and leasehold improvements	11	**9,011**	6,631	**8,666**	5,712
Lease liabilities (included in "Deferred credits and other liabilities")	17				
Current		**3,417**	2,486	**3,225**	2,188
Non-current		**6,678**	4,840	**6,501**	4,060
		10,095	7,326	**9,726**	6,248

Additions to the right-of-use assets (Note 11) in 2022 aggregated P4,495 million (2021 - P1,622 million) and P4,220 million (2021 - P1,351 million) for BPI Group and BPI Parent, respectively. Total cash outflow for leases in 2022 amounted to P1,925 million (2021 - P2,213 million) and P1,698 million (2021 - P1,724 million) for BPI Group and BPI Parent, respectively.

Amounts recognized in the statement of income relating to leases:

		Consolidated		Parent	
	Note	**2022**	2021	**2022**	2021
		(In Millions of Pesos)			
Depreciation expense					
Buildings and leasehold improvements	11	**2,088**	2,029	**1,632**	1,663
Interest expense (included in "Occupancy and equipment-related expenses")		**301**	313	**281**	246
Expense relating to short-term leases (included in "Occupancy and equipment-related expenses")		**124**	141	**124**	141
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "Occupancy and equipment-related expenses")		**235**	144	**213**	101
		2,748	2,627	**2,250**	2,151

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Rent concession (included in "Other operating income")	**1**	70	**1**	69
Rent escalation deferral				
Increase in right-of-use assets	**-**	45	**-**	45
Increase in lease liabilities	**-**	45	**-**	45

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 4.10% to 6.83% (2021 - 3.94% to 7.19%). 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	**2022**	2021	2020	**2022**	2021	2020
		(In Millions of Pesos)					
Salaries and wages		**16,024**	15,050	14,896	**14,236**	11,461	11,411
Retirement expense	23	**1,438**	1,443	1,068	**1,379**	1,135	872
Other employee benefit expenses		**2,066**	2,035	2,041	**1,792**	1,498	1,587
		19,528	18,528	18,005	**17,407**	14,094	13,870

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		
	2022	2021	2020	**2022**	2021	2020
	(In Millions of Pesos)					
Insurance	**4,768**	4,188	4,289	**4,711**	3,090	3,065
Advertising	**2,393**	970	804	**2,259**	920	754
Taxes and licenses	**1,214**	1,285	1,263	**1,147**	996	957
Travel and communication	**1,194**	1,123	1,132	**1,069**	950	961
Supervision and examination fees	**873**	843	733	**695**	593	570
Management and other professional fees	**651**	337	301	**572**	254	248
Office supplies	**358**	343	390	**305**	254	309
Litigation expenses	**349**	373	430	**345**	101	249
Amortization expense	**172**	135	339	**3**	-	-
Shared expenses	**-**	-	-	**-**	53	39
Others	**7,729**	6,598	5,862	**7,089**	5,009	4,636
	19,701	16,195	15,543	**18,195**	12,220	11,788

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					
	2022		2021		2020	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	**12,842**	**25.00**	8,384	25.00	7,667	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**(723)**	**(1.41)**	39	0.12	(229)	(0.90)
Tax-exempt income	**(1,318)**	**(2.56)**	(1,780)	(5.31)	(5,320)	(20.82)
Others, net	**731**	**1.42**	2,784	8.30	1,788	6.88
Effective income tax	**11,532**	**22.45**	9,427	28.11	3,906	15.16

	Parent					
	2022		2021		2020	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	**11,821**	**25.00**	7,465	25.00	8,621	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**(77)**	**(0.17)**	91	0.30	(258)	(0.90)
Tax-exempt income	**(1,506)**	**(3.18)**	(933)	(3.12)	(3,823)	(13.30)
Others, net	**45**	**0.10**	453	1.52	(412)	(1.43)
Effective income tax	**10,283**	**21.75**	7,076	23.70	4,128	14.37

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Present value of defined benefit obligation	**15,600**	15,580	**15,296**	13,361
Fair value of plan assets	**(12,876)**	(9,999)	**(12,515)**	(8,504)
Pension liability recognized in the statement of condition	**2,724**	5,581	**2,781**	4,857
Effect of asset ceiling	**24**	23	**-**	-
	2,748	5,604	**2,781**	4,857

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
At January 1	**9,999**	9,189	**8,504**	7,762
Contributions	**4,182**	1,386	**3,733**	1,194
Interest income	**473**	356	**401**	299
Benefit payments	**(834)**	(909)	**(776)**	(733)
Remeasurement - return on plan assets	**(944)**	(23)	**(804)**	(18)
Transfer to the plan	**-**	-	**1,457**	-
At December 31	**12,876**	9,999	**12,515**	8,504

The carrying values of the plan assets represent their fair value as at December 31, 2022 and 2021.

The merger between the Parent Bank and BFB became effective on January 1, 2022 (Note 30.1), accordingly, the plan assets of BFB were transferred to the Parent Bank.

The plan assets are comprised of the following:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Debt securities	**6,759**	6,228	**6,569**	5,297
Equity securities	**4,852**	2,692	**4,716**	2,289
Others	**1,265**	1,079	**1,230**	918
	12,876	9,999	**12,515**	8,504

The plan assets of the unified retirement plan include investment in BPI's common shares with aggregate fair value of P489 million at December 31, 2022 (2021 - P485 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	
	2022	2021	2022	2021
	(In Millions of Pesos)			
At January 1	**15,580**	16,532	**13,361**	14,008
Interest cost	**768**	654	**659**	555
Current service cost	**782**	853	**656**	703
Past service cost - plan amendment	**189**	-	**163**	-
Remeasurement - changes in financial assumptions	**(1,428)**	(1,313)	**(1,223)**	(1,094)
Remeasurement - experience adjustment	**543**	(18)	**919**	97
Remeasurement - changes in demographic assumption	**-**	(219)	**-**	(175)
Benefit payments	**(834)**	(909)	**(776)**	(733)
Transfer to the plan	**-**	-	**1,537**	-
At December 31	**15,600**	15,580	**15,296**	13,361

The BPI Group has no other transactions with the plan other than the regular funding contributions presented above for the years ended December 31, 2022 and 2021.

(b) Expense recognized in the statement of income for the year ended December 31 are as follows:

	Consolidated			Parent		
	2022	2021	2020	2022	2021	2020
	(In Millions of Pesos)					
Current service cost	**782**	853	754	**656**	703	628
Net interest cost	**295**	298	164	**258**	256	142
	1,077	1,151	918	**914**	959	770

The principal assumptions used for the actuarial valuations of the unified plan are as follows:

	Consolidated		Parent	
	2022	2021	2022	2021
Discount rate	**7.15%**	4.93%	**7.15%**	4.93%
Future salary increases	**6.00%**	5.00%	**6.00%**	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, 2023 for the BPI Group and the Parent Bank amount to P987 million and P964 million, respectively (2021 - P1,312 million and P1,111 million, respectively). The weighted average duration of the defined benefit obligation under the BPI unified retirement plan as at December 31, 2022 is 7.32 years (2021 - 8.12 years).

The projected maturity analysis of retirement benefit payments as at December 31 are as follows:

	Consolidated		Parent	
	2022	2021	2022	2021
	(In Millions of Pesos)			
Up to one year	**1,661**	1,535	**1,647**	1,346
More than 1 year to 5 years	**3,327**	5,671	**3,272**	4,997
More than 5 years to 10 years	**9,955**	9,397	**9,729**	8,018
More than 10 years to 15 years	**10,850**	8,430	**10,644**	7,111
More than 15 years to 20 years	**6,550**	4,839	**6,321**	3,905
Over 20 years	**21,648**	13,553	**20,612**	10,428

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2022

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 6.80%	Increase by 7.80%
Salary growth rate	1.00%	Increase by 7.80%	Decrease by 7.00%

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%

Parent

2022

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 6.80%	Increase by 7.70%
Salary growth rate	1.00%	Increase by 7.70%	Decrease by 6.90%

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%

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Fair value of plan assets	**1,961**	1,981	**1,684**	1,474
Present value of defined benefit obligation	**(889)**	(760)	**(767)**	(563)
	1,072	1,221	**917**	911
Effect of asset ceiling	**1,072**	1,221	**917**	911
	-	-	**-**	-

The movements in the present value of the defined benefit obligation follow:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
At January 1	**760**	1,069	**563**	692
Interest cost	**37**	42	**28**	27
Current service cost	**122**	196	**84**	112
Past service cost – plan amendment	**47**	-	**36**	-
Benefit payments	**(147)**	(71)	**(128)**	(49)
Remeasurement - changes in financial assumptions	**(212)**	(155)	**(161)**	(112)
Remeasurement - experience adjustment	**282**	(65)	**284**	79
Remeasurement - changes in demographic assumptions	**-**	(256)	**-**	(186)
Transfer to the plan	**-**	-	**61**	-
At December 31	**889**	760	**767**	563

The movements in the fair value of plan assets follow:

	Consolidated		Parent	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
At January 1	**1,981**	1,478	**1,474**	1,102
Contribution paid by employer	**176**	320	**121**	220
Interest income	**100**	62	**74**	46
Benefit payments	**(147)**	(71)	**(128)**	(49)
Remeasurement - return on plan assets	**(149)**	192	**108**	155
Transfer to the plan	**-**	-	**35**	-
At December 31	**1,961**	1,981	**1,684**	1,474

Total retirement expense for the year ended December 31, 2022 under the defined contribution plan for the BPI Group and Parent Bank amounts to P210 million (2021 - P193 million) and P170 million (2021 - P110 million), respectively.

The components of plan assets of the defined contribution as at December 31 are as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2022
	(In Millions of Pesos)			
Debt securities	**554**	1,139	**476**	847
Equity securities	**1,302**	839	**1,118**	624
Others	**105**	3	**90**	3
	1,961	1,981	**1,684**	1,474

The weighted average duration of the defined contribution retirement plan for the BPI Group and Parent Bank is 15.46 years (2021 - 18.88 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, 2022 and 2021 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, 2022, the total trust and fund assets managed by the BPI Group through BPI AMTC amounts to P875 billion (2021 - P882 billion).

As required by the General Banking Act, BPI AMTC has deposited government securities with the BSP valued at P673 million (2021 - P503 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

	2022		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	**226**	**226**	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 4.95% to 6.09% (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	**(18)**	**42**	
Ayala Group	**(541)**	**64,654**	
Other related parties	**(546)**	**-**	
	(879)	**64,922**	
Deposits from:			
Subsidiaries	**(5,411)**	**5,972**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.06% to 0.80% Savings - 0.09% to 0.10% Time - 1.71% to 4.17% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	**(236)**	**1,037**	
Ayala Group	**(8,475)**	**2,926**	
Key management personnel	**(727)**	**257**	
	(14,849)	**10,192**	

	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	

Parent

	2022		
	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 4.95% to 6.09% (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	**(60)**	**-**	
Ayala Group	**(541)**	**64,654**	
Other related parties	**(544)**	**-**	
	(1,145)	**64,654**	
Deposits from:			
Subsidiaries	**(5,408)**	**5,923**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.06% to 0.80% Savings - 0.09% to 0.10% Time - 1.71% to 4.17% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	**(234)**	**1,037**	
Ayala Group	**(7,203)**	**2,926**	
Key management personnel	**(692)**	**255**	
	(13,537)	**10,141**	

	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	

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

	2022	2021	2020
	(In Millions of Pesos)		
Interest income			
Subsidiaries	**5**	5	21
Associates	**-**	11	19
Ayala Group	**1,724**	2,782	3,283
Other related parties	**-**	21	910
	1,729	2,819	4,233
Other income			
Subsidiaries	**1,248**	1,671	1,896
Associates	**1,771**	245	1,246
Ayala Group	**833**	2,470	656
	3,852	4,386	3,798
Interest expense			
Subsidiaries	**5**	5	21
Associates	**1**	1	3
Ayala Group	**29**	18	39
Key management personnel	**1**	2	5
	36	26	68
Other expenses			
Subsidiaries	**707**	1,534	1,766
Associates	**389**	-	-
Ayala Group	**1,769**	1,112	114
	2,865	2,646	1,880
Retirement benefits			
Key management personnel	**52**	46	56
Salaries, allowances and other short-term benefits			
Key management personnel	**831**	829	966
Directors' remuneration	**157**	119	126

Parent

	2022	2021	2020
	(In Millions of Pesos)		
Interest income			
Subsidiaries	**-**	-	-
Associates	**-**	11	19
Ayala Group	**1,724**	2,782	3,283
Other related parties	**-**	21	390
	1,724	2,814	3,692
Other income			
Subsidiaries	**733**	1,630	2,019
Associates	**1,771**	312	1,139
Ayala Group	**648**	1,645	287
	3,152	3,587	3,445
Interest expense			
Subsidiaries	**5**	5	21
Associates	**1**	1	3
Ayala Group	**29**	13	29
Key management personnel	**1**	1	4
	36	20	57
Other expenses			
Subsidiaries	**817**	10	9
Associates	**282**		
Ayala Group	**1,744**	867	103
	2,843	877	112
Retirement benefits			
Key management personnel	**51**	41	52
Salaries, allowances and other short-term benefits			
Key management personnel	**796**	746	890
Directors' remuneration	**131**	86	98

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Outstanding DOSRI loans	**19,571**	15,230	**19,571**	15,229

As at December 31, 2022, allowance for credit losses amounting to P589 million (2021 - P280 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, external auditors, 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.

Credit risk, liquidity risk and market risk, as well as operational and cyber security risks are some of the top risks that the BPI Group manages.

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 prudent credit policies and standards, 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 eliminated. However, said risk may be reduced by adopting proper risk controls, mitigation, and diversification strategies to prevent undue risk concentrations from excessive exposures to 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 borrower may also be 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, which is performed by the Credit Risk Modeling, Analytics and MIS (CRMA-MIS) division. 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 CRMA-MIS, e.g., Risk Models Validation Department, Internal Auditors, and/or external assurance partners. 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 Risk Management Office and revised as needed to reflect the borrower's current financial position, risk profile, related collateral or credit enhancements, and other credit risk mitigants. 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 financial instruments (e.g., cash, investments) are delivered or exchanged in the expectation of a corresponding receipt of financial instruments as per agreement. 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, investments (bonds or equities)]; 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 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 and credit evaluation (such as financial and business information, disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) and are used in 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 is aligned with regulatory guidelines and 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, contracts-to-sell/group plans with recourse, floorstock lines) 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, a 14-scale rating system with ten (10) 'pass' rating grades for SME accounts, and a 23-scale rating with nineteen (19) 'pass' rating levels for cross-border accounts. For cross-border accounts, the BPI Group also uses available external/benchmark credit ratings issued by reputable rating agencies if there is no internal rating. The level of risk and associated PD are determined using either the internal credit risk ratings or external/benchmark credit ratings, as applicable, for corporate loans.

The BPI Group uses the following set of classifications:

Classifications	Large corporate	SME	Cross-Border
Standard monitoring	AAA to B-, unrated, and ≤ 30 days past due (dpd)	AAA to B-, unrated, and ≤ 30 dpd	AAA to B- with no significant increase in credit risk (SICR), and ≤ 30 dpd
Special monitoring	CCC to C or based on prescribed dpd threshold	CCC to C or based on prescribed dpd threshold	Downgraded to lower than BB+ with SICR but not impaired, or based on prescribed dpd threshold
Default	Adversely classified accounts (ACA) or >90 dpd or Items in Litigation (IL)	ACA or >90dpd or IL	Default/ACA with objective evidence of impairment, or > 90 dpd

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	≤ 29 dpd	≤ 30 dpd	≤ 10 dpd
Special monitoring	30 to 89 dpd	31 to 90 dpd or based on prescribed dpd threshold	Not applicable
Default	>89 dpd or IL	>90 or IL	>10 dpd

**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 either internal ratings or reputable external ratings and/or available and reliable qualitative and quantitative information. In the absence of both internal and external 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	Applicable ratings
Standard monitoring	AAA to B- with no SICR
Special monitoring	Downgraded to lower than BB+ with SICR but not 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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Corporate and SME loans, net	**1,372,660**	1,183,793	**1,366,793**	1,168,666
Retail loans, net	**330,330**	292,734	**313,891**	64,386
	1,702,990	1,476,527	**1,680,684**	1,233,052

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

	2022				2021			
	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	1,171,215	52,183	-	**1,223,398**	945,623	65,057	-	1,010,680
Special monitoring	78,737	79,040	-	**157,777**	77,983	96,818	-	174,801
Default	-	-	35,167	**35,167**	-	-	36,223	36,223
Gross amount	1,249,952	131,223	35,167	**1,416,342**	1,023,606	161,875	36,223	1,221,704
Loss allowance	(9,855)	(1,444)	(32,383)	**(43,682)**	(11,318)	(2,728)	(23,865)	(37,911)
Carrying amount	1,240,097	129,779	2,784	**1,372,660**	1,012,288	159,147	12,358	1,183,793

Retail loans

	2022				2021			
	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	308,616	13,005	-	**321,621**	271,163	11,784	-	282,947
Special monitoring	401	6,333	-	**6,734**	465	5,702	-	6,167
Default	-	-	16,060	**16,060**	-	-	19,473	19,473
Gross amount	309,017	19,338	16,060	**344,415**	271,628	17,486	19,473	308,587
Loss allowance	(4,045)	(2,195)	(7,845)	**(14,085)**	(4,967)	(1,970)	(8,916)	(15,853)
Carrying amount	304,972	17,143	8,215	**330,330**	266,661	15,516	10,557	292,734

Parent

Corporate and SME loans

	2022				2021			
	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	1,165,519	52,183	-	**1,217,702**	936,805	64,334	-	1,001,139
Special monitoring	78,737	79,040	-	**157,777**	73,232	95,982	-	169,214
Default	-	-	35,117	**35,117**	-	-	33,577	33,577
Gross amount	1,244,256	131,223	35,117	**1,410,596**	1,010,037	160,316	33,577	1,203,930
Loss allowance	(10,026)	(1,444)	(32,333)	**(43,803)**	(10,689)	(2,709)	(21,866)	(35,264)
Carrying amount	1,234,230	129,779	2,784	**1,366,793**	999,348	157,607	11,711	1,168,666

Retail loans

	2022				2021			
	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	292,362	12,940	-	**305,302**	60,454	4,552	-	65,006
Special monitoring	401	6,162	-	**6,563**	80	701	-	781
Default	-	-	14,254	**14,254**	-	-	4,199	4,199
Gross amount	292,763	19,102	14,254	**326,119**	60,534	5,253	4,199	69,986
Loss allowance	(3,509)	(2,188)	(6,531)	**(12,228)**	(1,057)	(920)	(3,623)	(5,600)
Carrying amount	289,254	16,914	7,723	**313,891**	59,477	4,333	576	64,386

The tables below present the gross amount of "Stage 2" loans and advances by age category.

Consolidated

	2022			2021		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	130,601	9,721	**140,322**	161,128	7,831	168,959
Past due up to 30 days	520	3,618	**4,138**	605	4,172	4,777
Past due 31 - 90 days	102	5,999	**6,101**	142	5,483	5,625
Past due 91 - 180 days	-	-	**-**	-	-	-
Over 180 days	-	-	**-**	-	-	-
	131,223	19,338	**150,561**	161,875	17,486	179,361

Parent

	2022			2021		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	130,601	9,671	**140,272**	160,063	4,012	164,075
Past due up to 30 days	520	3,596	**4,116**	143	540	683
Past due 31 - 90 days	102	5,835	**5,937**	110	701	811
Past due 91 - 180 days	-	-	-	-	-	-
Over 180 days	-	-	-	-	-	-
	131,223	19,102	**150,325**	160,316	5,253	165,569

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Due from BSP	**182,869**	268,827	**178,534**	197,435
Due from other banks	**45,190**	34,572	**43,096**	27,734
Interbank loans receivable and SPAR, net	**12,382**	30,852	**11,631**	30,023
Financial assets at FVTPL	**21,941**	21,146	**16,941**	15,575
Financial assets at FVOCI	**92,447**	131,390	**90,477**	113,713
Investment securities at amortized cost, net	**420,533**	338,672	**415,035**	333,193
	775,362	825,459	**755,714**	717,673

Credit quality of treasury and other investment securities, net

Consolidated

	2022				2021			
	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	182,869	-	-	**182,869**	268,827	-	-	268,827
Due from other banks	45,190	-	-	**45,190**	34,572	-	-	34,572
Interbank loans receivable and SPAR	12,382	-	-	**12,382**	30,852	-	-	30,852
Financial assets at FVTPL	21,941	-	-	**21,941**	21,146	-	-	21,146
Financial assets at FVOCI	92,040	407	-	**92,447**	131,390	-	-	131,390
Investment securities at amortized cost	419,614	930	-	**420,544**	338,678	-	-	338,678
Default								
Interbank loans receivable and SPAR	-	-	40	**40**	-	-	46	46
Gross carrying amount	**774,036**	**1,337**	**40**	**775,413**	825,465	-	46	825,511
Loss allowance	(1)	(22)	(40)	**(63)**	(6)	-	(46)	(52)
Carrying amount	**774,035**	**1,315**	**-**	**775,350**	825,459	-	-	825,459

Parent

	2022				2021			
	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	178,534	-	-	**178,534**	197,435	-	-	197,435
Due from other banks	43,096	-	-	**43,096**	27,734	-	-	27,734
Interbank loans receivable and SPAR	11,631	-	-	**11,631**	30,023	-	-	30,023
Financial assets at FVTPL	16,941	-	-	**16,941**	15,575	-	-	15,575
Financial assets at FVOCI	90,070	407	-	**90,477**	113,713	-	-	113,713
Investment securities at amortized cost	414,116	930	-	**415,046**	333,199	-	-	333,199
Default								
Interbank loans receivable and SPAR	-	-	40	**40**	-	-	46	46
Gross carrying amount	**754,388**	**1,337**	**40**	**755,765**	717,679	-	46	717,725
Loss allowance	(1)	(22)	(40)	**(63)**	(6)	-	(46)	(52)
Carrying amount	**754,387**	**1,315**	**-**	**755,702**	717,673	-	-	717,673

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Accounts receivable, net	**1,346**	1,367	**1,791**	5,369
Rental deposits	**825**	762	**782**	647
Other accrued interest and fees receivable	**64**	79	**10**	7
Others	**216**	130	**212**	98
	2,451	2,338	**2,795**	6,121

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

	2022				2021			
	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	1,087,193	1,280	-	**1,088,473**	376,603	2,099	-	378,702
Special monitoring	111,801	-	-	**111,801**	15,239	-	-	15,239
Default	-	-	579	**579**	-	-	615	615
Gross amount	1,198,994	1,280	579	**1,200,853**	391,842	2,099	615	394,556
Loss allowance*	(924)	(56)	(54)	**(1,034)**	(546)	(75)	(126)	(747)
Carrying amount	1,198,070	1,224	525	**1,199,819**	391,296	2,024	489	393,809

**Included in "Miscellaneous liabilities" in Note 17*

Parent

	2022				2021			
	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	1,087,193	1,280	-	**1,088,473**	370,603	1,964	-	372,567
Special monitoring	111,801	-	-	**111,801**	14,955	-	-	14,955
Default	-	-	579	**579**	-	-	611	611
Gross amount	1,198,994	1,280	579	**1,200,853**	385,558	1,964	611	388,133
Loss allowance*	(924)	(56)	(54)	**(1,034)**	(534)	(68)	(126)	(728)
Carrying amount	1,198,070	1,224	525	**1,199,819**	385,024	1,896	485	387,405

**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

	2022			2021		
	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	35,167	32,383	2,784	36,223	23,865	12,358
Retail loans	16,060	7,845	8,215	19,473	8,916	10,557
Total credit-impaired assets	**51,227**	**40,228**	**10,999**	55,696	32,781	22,915
Fair value of collateral	**35,970**			27,302		

Parent

	2022			2021		
	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	35,117	32,333	2,784	33,577	21,866	11,711
Retail loans	14,254	6,531	7,723	4,199	3,623	576
Total credit-impaired assets	**49,371**	**38,864**	**10,507**	37,776	25,489	12,287
Fair value of collateral	**35,856**			15,534		

The BPI Group acquires assets by taking possession of collaterals held as security for loans and advances.

As at December 31, 2022, the BPI Group's foreclosed collaterals have carrying amount of P3,760 million (2021 - P3,282 million). The related foreclosed collaterals have aggregate fair value of P12,607 million (2021 - P10,630 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 2022, the Parent Bank realized a loss of P81 million (2021 - P62 million gain) from disposals of foreclosed collaterals with book value of P1,731 million (2021 - P62 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, 2022	11,318	2,728	23,865	**37,911**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,555)	723	1,256	**424**
Transfer from Stage 2	21	(817)	165	**(631)**
Transfer from Stage 3	1	5	(49)	**(43)**
New financial assets originated	2,640	-	-	**2,640**
Financial assets derecognized during the year	(1,353)	(843)	(2,708)	**(4,904)**
Changes in assumptions and other movements in provision	(1,105)	(356)	10,153	**8,692**
	(1,351)	(1,288)	8,817	**6,178**
Write-offs and other movements	(112)	4	(299)	**(407)**
Loss allowance, at December 31, 2022	**9,855**	**1,444**	**32,383**	**43,682**

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, 2022	4,967	1,970	8,916	**15,853**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,233)	1,381	2,565	**2,713**
Transfer from Stage 2	113	(1,324)	1,338	**127**
Transfer from Stage 3	13	66	(440)	**(361)**
New financial assets originated	1,669	-	-	**1,669**
Financial assets derecognized during the year	(519)	(124)	(729)	**(1,372)**
Changes in assumptions and other movements in provision	(960)	228	(7)	**(739)**
	(917)	227	2,727	**2,037**
Write-offs and other movements	(5)	(2)	(3,798)	**(3,805)**
Loss allowance, at December 31, 2022	**4,045**	**2,195**	**7,845**	**14,085**

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, 2022	10,689	2,709	21,866	**35,264**
Impact of merger	806	19	1,941	**2,766**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,555)	723	1,256	**424**
Transfer from Stage 2	21	(817)	165	**(631)**
Transfer from Stage 3	1	5	(49)	**(43)**
New financial assets originated	2,640	-	-	**2,640**
Financial assets derecognized during the year	(1,353)	(843)	(2,708)	**(4,904)**
Changes in assumptions and other movements in provision	(1,110)	(356)	10,152	**8,686**
	(1,356)	(1,288)	8,816	**6,172**
Write-offs and other movements	(113)	4	(290)	**(399)**
Loss allowance, at December 31, 2022	**10,026**	**1,444**	**32,333**	**43,803**

Retail loans	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
			(In Millions of Pesos)		
Loss allowance, at January 1, 2022		1,057	920	3,623	**5,600**
Impact of merger	30.1	3,500	1,040	3,869	**8,409**
Provision for credit losses for the year					
Transfers:					
Transfer from Stage 1		(838)	1,376	1,905	**2,443**
Transfer from Stage 2		112	(1,291)	1,292	**113**
Transfer from Stage 3		11	66	(423)	**(346)**
New financial assets originated		955	-	-	**955**
Financial assets derecognized during the year		(280)	(123)	(625)	**(1,028)**
Changes in assumptions and other movements in provision		(1,007)	202	8	**(797)**
		(1,047)	230	2,157	**1,340**
Write-offs and other movements		(1)	(2)	(3,118)	**(3,121)**
Loss allowance, at December 31, 2022		**3,509**	**2,188**	**6,531**	**12,228**

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

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 climate, regulatory, legislative or political changes is likewise considered as post-model adjustments, 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, 2022

	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 (%)	5.5	5.1	6.7	6.8	4.3	3.4
Inflation rate (%)	3.9	2.8	2.9	1.5	5.0	4.0
BVAL 5Y (%)	7.3	5.8	5.1	3.2	9.4	8.4
US Treasury 5Y (%)	5.5	4.2	3.4	1.5	7.6	6.8
Exchange rate	56.725	56.552	56.379	53.158	57.071	60.148

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

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 the 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 P15 million as at December 31, 2022 from the baseline scenario (2021 - P42 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 month 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 P1,059 million as at December 31, 2022 (2021 - P1,137 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, 2022)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	**Total**
			(In Millions of Pesos)				
Due from BSP	182,869	-	-	-	-	-	**182,869**
Due from other banks	45,190	-	-	-	-	-	**45,190**
Interbank loans receivable and SPAR	12,422	-	-	-	-	(40)	**12,382**
Financial assets at FVTPL	11,145	8	221	2	10,565	-	**21,941**
Financial assets at FVOCI	1,822	699	2,331	407	87,188	-	**92,447**
Investment securities at amortized cost	18,090	5,637	4,525	3,955	388,337	(11)	**420,533**
Loans and advances	163,038	162,155	288,524	404,678	742,362	(57,767)	**1,702,990**
Other financial assets	-	-	-	-	3,402	(951)	**2,451**
At December 31, 2022	434,576	168,499	295,601	409,042	1,231,854	(58,769)	**2,480,803**

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

Parent Bank (December 31, 2022)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	**Total**
			(In Millions of Pesos)				
Due from BSP	178,534	-	-	-	-	-	**178,534**
Due from other banks	43,096	-	-	-	-	-	**43,096**
Interbank loans receivable and SPAR	11,671	-	-	-	-	(40)	**11,631**
Financial assets at FVTPL	7,570	8	221	2	9,140	-	**16,941**
Financial assets at FVOCI	1,822	699	2,202	407	85,347	-	**90,477**
Investment securities at amortized cost	18,090	5,637	4,525	3,955	382,839	(11)	**415,035**
Loans and advances	162,971	151,910	286,928	403,380	731,526	(56,031)	**1,680,684**
Other financial assets	-	-	-	-	3,703	(908)	**2,795**
At December 31, 2022	423,754	158,254	293,876	407,744	1,212,555	(56,990)	**2,439,193**

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

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	**2022**	2021	2020	**2022**	2021	2020
				(In Millions of Pesos)			
Loans and advances	10	**8,215**	12,765	26,994	**7,512**	10,226	20,232
Assets held for sale		**411**	44	12	**396**	20	(78)
Interbank loans receivable and SPAR	5	**(6)**	5	1	**(6)**	5	1
Investment securities at amortized cost	9	**5**	(7)	13	**5**	(7)	13
Undrawn loan commitments	32	**287**	(212)	309	**287**	(199)	308
Impairment on equity investment	12	**-**	-	-	**-**	60	313
Accounts receivable	14	**172**	83	509	**160**	215	452
Other assets		**83**	457	162	**83**	271	153
		9,167	13,135	28,000	**8,437**	10,591	21,394

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**	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Local fixed-income	28	76	27	75
Foreign fixed-income	89	94	81	85
Foreign exchange	131	105	48	6
Derivatives	180	180	115	147
Equity securities	24	21	-	-
Mutual fund	31	24	-	-
	483	500	271	313

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

	2022			2021		
	USD	Others*	**Total**	USD	Others*	Total
	(In Millions of Pesos)					
Financial assets						
Cash and other cash items	2,886	385	**3,271**	3,195	203	3,398
Due from other banks	27,638	16,993	**44,631**	31,044	1,896	32,940
Interbank loans receivable and SPAR	4,553	524	**5,077**	13,158	620	13,778
Financial assets at FVTPL	6,537	1,111	**7,648**	5,758	140	5,898
Financial assets at FVOCI - debt securities	23,336	1,083	**24,419**	47,979	1,568	49,547
Investment securities at amortized cost	141,692	2,597	**144,289**	111,205	1,695	112,900
Loans and advances, net	139,617	6,171	**145,788**	113,229	6,450	119,679
Others financial assets	35,983	1	**35,984**	2,723	9	2,732
Total financial assets	382,242	28,865	**411,107**	328,291	12,581	340,872
Financial liabilities						
Deposit liabilities	269,677	37,096	**306,773**	257,513	7,713	265,226
Derivative financial liabilities	2,109	928	**3,037**	1,846	204	2,050
Bills payable	67,158	-	**67,158**	48,664	-	48,664
Due to BSP and other banks	2,284	-	**2,284**	609	-	609
Manager's checks and demand drafts outstanding	210	8	**218**	444	37	481
Other financial liabilities	121	2	**123**	5,938	311	6,249
Accounts payable	346	2	**348**	199	2	201
Total financial liabilities	341,905	38,036	**379,941**	315,213	8,267	323,480
Net on-balance sheet position	40,337	(9,171)	**31,166**	13,078	4,314	17,392

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Parent Bank

	2022			2021		
	USD	Others*	**Total**	USD	Others*	Total
	(In Millions of Pesos)					
Financial assets						
Cash and other cash items	2,886	385	**3,271**	3,031	203	3,234
Due from other banks	27,330	16,975	**44,305**	23,616	1,513	25,129
Interbank loans receivable and SPAR	4,460	-	**4,460**	13,158	-	13,158
Financial assets at FVTPL	6,107	910	**7,017**	3,788	128	3,916
Financial assets at FVOCI - debt securities	22,792	1,066	**23,858**	38,659	1,568	40,227
Investment securities at amortized cost	137,606	1,180	**138,786**	107,977	-	107,977
Loans and advances, net	134,884	5,212	**140,096**	111,401	5,283	116,684
Others financial assets	35,982	-	**35,982**	11,581	2,664	14,245
Total financial assets	372,047	25,728	**397,775**	313,211	11,359	324,570
Financial liabilities						
Deposit liabilities	268,592	36,978	**305,570**	240,939	7,585	248,524
Derivative financial liabilities	2,090	928	**3,018**	1,770	204	1,974
Bills payable	62,656	-	**62,656**	45,758	-	45,758
Due to BSP and other banks	2,209	-	**2,209**	470	-	470
Manager's checks and demand drafts outstanding	210	8	**218**	441	37	478
Other financial liabilities	121	2	**123**	14,817	2,950	17,767
Accounts payable	346	2	**348**	199	2	201
Total financial liabilities	336,224	37,918	**374,142**	304,394	10,778	315,172
Net on-balance sheet position	35,823	(12,190)	**23,633**	8,817	581	9,398

**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.

Year	Change in currency	Effect on pre-tax income Consolidated	Parent
		(In millions of Pesos)	
2022	**+/-4.82%**	**+/- 1,948**	**+/- 1,727**
2021	+/-2.19%	+/- 286	+/- 193

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), behavioral 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 at December 31, 2022, the net interest income impact of movement in interest rates resulted in a decrease of P1,199 million (2021 - P210 million decrease) for the whole BPI Group and decrease of P1,195 million (2021 - P204 million decrease) for the Parent Bank. In accordance with BSP Circular No. 1044 as amended by Circular No. 1101 effective January 1, 2022, the BPI Group also projects the interest inflows and outflows from its financial assts and financial liabilities over the medium-term horizon, 36 months, resulting to a reduction on net interest income of P371 million for the whole BPI Group and P501 million for the Parent Bank.

BSVaR

The BSVaR 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, 2022, the average monthly BSVaR for the banking book stood at P16,861 million (2021 - P24,497 million) for the whole BPI Group and P16,277 million (2021 - P20,806 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, short rate up/down shocks and forward-looking scenarios. 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, 2022)

	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, 2022					
Financial Assets					
Cash and other cash items	-	-	-	39,613	**39,613**
Due from BSP	-	-	-	182,869	**182,869**
Due from other banks	-	-	-	45,190	**45,190**
Interbank loans receivable and SPAR	-	-	-	12,382	**12,382**
Financial assets at FVTPL	48	957	2,159	18,777	**21,941**
Financial assets at FVOCI	-	-	-	92,447	**92,447**
Investment securities at amortized cost	-	-	-	420,533	**420,533**
Loans and advances, net	983,901	291,744	292,685	134,660	**1,702,990**
Other financial assets	-	-	-	2,451	**2,451**
Total financial assets	983,949	292,701	294,844	948,922	**2,520,416**
Financial Liabilities					
Deposit liabilities	1,272,993	337,648	485,360	-	**2,096,001**
Derivative financial liabilities	28	879	1,154	2,236	**4,297**
Bills payable and other borrowed funds	2,176	-	-	95,327	**97,503**
Due to BSP and other banks	-	-	-	2,887	**2,887**
Manager's checks and demand drafts outstanding	-	-	-	6,755	**6,755**
Other financial liabilities	-	-	-	6,138	**6,138**
Total financial liabilities	1,275,197	338,527	486,514	113,343	**2,213,581**
Total interest gap	(291,248)	(45,826)	(191,670)	835,579	**306,835**

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

Parent Bank (December 31, 2022)

	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, 2022					
Financial Assets					
Cash and other cash items	-	-	-	39,359	**39,359**
Due from BSP	-	-	-	178,534	**178,534**
Due from other banks	-	-	-	43,096	**43,096**
Interbank loans receivable and SPAR	-	-	-	11,631	**11,631**
Financial assets at FVTPL	48	957	2,159	13,777	**16,941**
Financial assets at FVOCI	-	-	-	90,477	**90,477**
Investment securities at amortized cost	-	-	-	415,035	**415,035**
Loans and advances, net	976,541	291,337	292,618	120,188	**1,680,684**
Other financial assets	-	-	-	2,794	**2,794**
Total financial assets	976,589	292,294	294,777	914,891	**2,478,551**
Financial Liabilities					
Deposit liabilities	1,265,986	335,084	481,514	-	**2,082,584**
Derivative financial liabilities	28	879	1,154	2,192	**4,253**
Bills payable and other borrowed funds	-	-	-	93,002	**93,002**
Due to BSP and other banks	-	-	-	2,811	**2,811**
Manager's checks and demand drafts outstanding	-	-	-	6,751	**6,751**
Other financial liabilities	-	-	-	5,542	**5,542**
Total financial liabilities	1,266,014	335,963	482,668	110,298	2,194,943
Total interest gap	(289,425)	(43,669)	(187,891)	804,593	**283,608**

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	(532,984)	(50,090)	95,322	705,555	217,803

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	
	2022	2021	**2022**	2021
Liquidity coverage ratio	**194.52%**	220.68%	**194.37%**	221.67%
Net stable funding ratio	**148.81%**	154.88%	**148.02%**	152.11%
Leverage ratio	**10.71%**	10.63%	**10.08%**	10.22%
Total exposure measure	**2,669,592**	2,471,163	**2,607,989**	2,085,573

The decline in the Parent Bank's LCR was driven by higher volumes of retail deposits and lower HQLA. Cash, reserves and due from BSP make up 33% (2021 - 38%) of the total stock of HQLA for the year ended December 31, 2022.

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, 2022)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2022				
Financial Assets				
Cash and other cash items	39,613	-	-	**39,613**
Due from BSP	182,879	-	-	**182,879**
Due from other banks	34,572	-	-	**34,572**
Interbank loans receivable and SPAR	12,353	51	2	**12,406**
Financial assets at FVTPL	6,145	1,964	6,500	**14,609**
Financial assets at FVOCI	12,973	57,426	41,665	**112,064**
Investment securities at amortized cost	62,896	110,946	314,923	**488,765**
Loans and advances	888,065	435,069	752,413	**2,075,547**
Other financial assets	2,451	-	-	**2,451**
Total financial assets	1,241,947	605,456	1,115,503	**2,962,906**
Financial Liabilities				
Deposit liabilities	1,268,490	332,382	472,451	**2,073,323**
Bills payable and other borrowed funds	52,227	46,191	-	**98,418**
Due to BSP and other banks	2,887	-	-	**2,887**
Manager's checks and demand drafts outstanding	6,755	-	-	**6,755**
Lease liabilities	1,896	3,852	4,013	**9,761**
Other financial liabilities	6,138	-	-	**6,138**
Total financial liabilities	1,338,393	382,425	476,464	**2,197,282**
Total maturity gap	(96,446)	223,031	639,039	**765,624**

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	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

Parent Bank (December 31, 2022)

	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	39,359	-	-	**39,359**
Due from BSP	178,538	-	-	**178,538**
Due from other banks	43,096	-	-	**43,096**
Interbank loans receivable and SPAR	11,602	51	2	**11,655**
Financial assets at FVTPL	4,595	1,852	6,500	**12,947**
Financial assets at FVOCI	11,117	57,220	40,939	**109,276**
Investment securities at amortized cost	62,648	108,971	310,935	**482,554**
Loans and advances	871,926	421,804	747,813	**2,041,543**
Other financial assets	2,794	-	-	**2,794**
Total financial assets	1,225,675	589,898	1,106,189	**2,921,762**
Financial Liabilities				
Deposit liabilities	1,144,684	290,277	409,293	**1,844,254**
Bills payable and other borrowed funds	49,937	43,830	-	**93,767**
Due to BSP and other banks	2,811	-	-	**2,811**
Manager's checks and demand drafts outstanding	6,751	-	-	**6,751**
Lease liabilities	1,722	3,639	3,991	**9,352**
Other financial liabilities	5,542	-	-	**5,542**
Total financial liabilities	1,211,447	337,746	413,284	**1,962,477**
Total maturity gap	14,228	252,152	692,905	**959,285**

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	488,979	436,227	348,710	1,273,916
Other financial assets	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

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
2022		(In Millions of Pesos)		
Interest rate swap contracts - held for trading				
- Inflow	**48**	**957**	**2,159**	**3,164**
- Outflow	**(28)**	**(879)**	**(1,154)**	**(2,061)**
- Net inflow	**20**	**78**	**1,005**	**1,103**
Non-deliverable forwards and swaps - held for trading				
- Inflow	**123**	**356**	**-**	**479**
- Outflow	**(147)**	**-**	**-**	**(147)**
- Net outflow	**(24)**	**356**	**-**	**332**

	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)

(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
2022		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	**3,385**	**52**	**55**	**3,492**
- Outflow	**(2,025)**	**(54)**	**(9)**	**(2,088)**
- Net inflow	**1,360**	**(2)**	**46**	**1,404**

	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)

Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2022		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	**3,282**	**52**	**55**	**3,389**
- Outflow	**(1,980)**	**(54)**	**(9)**	**(2,043)**
- Net inflow	**1,302**	**(2)**	**46**	**1,346**

	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)

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, 2022)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	**Total**
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	7,147	-	7,147	-	**7,147**
Trading assets					
- Debt securities	14,794	14,794	-	-	**14,794**
- Equity securities	192	191	1	-	**192**
Financial assets at FVOCI					
- Debt securities	92,447	92,317	130	-	**92,447**
- Equity securities	2,820	1,709	346	765	**2,820**
	117,400	109,011	7,624	765	**117,400**
Financial liabilities					
Derivative financial liabilities	4,297	-	4,297	-	**4,297**
Non-recurring measurements					
Assets held for sale, net	3,760	-	12,607	-	**12,607**

Consolidated (December 31, 2021)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	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	1,338	1,369	644	3,351
	156,075	147,700	7,731	644	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

Parent Bank (December 31, 2022)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	**Total**
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	7,035	-	7,035	-	**7,035**
Trading assets					
- Debt securities	9,906	9,906	-	-	**9,906**
- Equity securities	-	-	-	-	**-**
Financial assets at FVOCI					
- Debt securities	90,477	90,477	-	-	**90,477**
- Equity securities	1,676	1,331	345	-	**1,676**
	109,094	101,714	7,380	-	**109,094**
Financial liabilities					
Derivative financial liabilities	4,253	-	4,253	-	**4,253**
Non-recurring measurements					
Assets held for sale, net	3,650	-	12,183	-	**12,183**

Parent Bank (December 31, 2021)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	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
- Equity securities				-	
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

The table below shows the valuation techniques and applicable unobservable inputs used to measure the BPI Group's Level 3 financial instruments (equities classified at FVOCI) as at December 31:

Description	Valuation technique	Unobservable inputs	Amount 2022	Amount 2021
Unlisted equity securities	Net asset value; investment multiple	Net asset value; investment multiple	765	644

The investment valuation sensitivity of the underlying portfolio investee company is mainly impacted by the movement in net asset value and investment multiple. At December 31, 2022, if the net asset value and investment had increased/ decreased by 1% with all other variables held constant, net income and equity as at and for the year ended December 31, 2022 would have been P5.74 million (2021 - P4.16 million) higher/lower.

There were no transfers between the fair value hierarchy levels during the years ended December 31, 2022 and 2021.

26.4.2 Fair value disclosures of assets and liabilities not measured at fair value

Consolidated (December 31, 2022)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	39,613	-	39,613	**39,613**
Due from BSP	182,869	-	182,869	**182,869**
Due from other banks	45,190	-	45,190	**45,190**
Interbank loans receivable and SPAR, net	12,382	-	12,382	**12,382**
Investment securities at amortized cost, net	420,533	391,540	-	**391,540**
Loans and advances, net	1,702,990	-	2,060,167	**2,060,167**
Other financial assets	2,451	-	2,451	**2,451**
Financial liabilities				
Deposit liabilities	2,073,323	-	2,073,323	**2,073,323**
Bills payable and other borrowed funds	97,503	93,001	4,651	**97,652**
Due to BSP and other banks	2,887	-	2,887	**2,887**
Manager's checks and demand drafts outstanding	6,755	-	6,755	**6,755**
Other financial liabilities	6,138	-	6,138	**6,138**
Non-financial assets				
Investment properties	74	-	248	**248**

Consolidated (December 31, 2021)

	Carrying amount	Fair value Level 1	Fair value 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

Parent Bank (December 31, 2022)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	39,359	-	39,359	**39,359**
Due from BSP	178,534	-	178,534	**178,534**
Due from other banks	43,096	-	43,096	**43,096**
Interbank loans receivable and SPAR, net	11,631	-	11,631	**11,631**
Investment securities at amortized cost, net	415,035	386,717	-	**386,717**
Loans and advances, net	1,680,684	-	1,656,995	**1,656,995**
Other financial assets	2,794	-	2,794	**2,794**
Financial liabilities				
Deposit liabilities	1,844,254	-	1,844,254	**1,844,254**
Bills payable and other borrowed funds	93,002	93,002	-	**93,002**
Due to BSP and other banks	2,811	-	2,811	**2,811**
Manager's checks and demand drafts outstanding	6,751	-	6,751	**6,751**
Other financial liabilities	5,542	-	5,542	**5,542**
Non-financial assets				
Investment properties	64	-	227	**227**

Parent Bank (December 31, 2021)

	Carrying amount	Fair value Level 1	Fair value 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

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Tier 1 capital	**349,160**	291,396	**349,113**	291,322
Tier 2 capital	**16,929**	14,847	**16,634**	12,961
Gross qualifying capital	**366,089**	306,243	**365,747**	304,283
Less: Regulatory adjustments/required deductions	**63,351**	28,688	**86,177**	78,076
Total qualifying capital	**302,738**	277,555	**279,570**	226,207
Risk weighted assets	**1,890,562**	1,664,989	**1,835,412**	1,430,838
CAR (%)	**16.01**	16.67	**15.23**	15.81
CET1 (%)	**15.12**	15.78	**14.33**	14.90

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 Events

Issuance of the 1st Tranche of the P100 billion Bond Program

On January 30, 2023, the BPI Group issued the first tranche of the P100 billion Bond Program called BPI Reinforcing Inclusive Support for MSMEs Bonds ("BPI RISE Bonds") with a par value amounting to P5,000 million, with the option to upsize. These bonds are issued at a fixed rate of 5.75% p.a., payable quarterly. These bonds are unconditional, unsecured and unsubordinated, and are expected to mature within 1.5 years from issuance.

Shareholders' approval on the increase in authorized capital stock and allocation of ESOP and ESPP

On January 17, 2023, the shareholders of the Parent Bank approved the following:
- increase in the Parent Bank's authorized capital stock in the amount of P4 billion divided into 400 million common shares with a par value of P10 per share (Note 18);
- combination of the allocation of authorized common shares for ESOP and ESPP into a three percent (3%) allocation for all employee stock incentive plans (Note 18); and
- denial of the pre-emptive rights over the 406,179,276 treasury shares which shall be disposed of by the Parent Bank in accordance with Republic Act No. 8791, otherwise known as the General Banking Law of 2000 (Notes 18 and 30.1).

Note 30 - Other Disclosures

30.1 BPI and BFB Merger

On January 1, 2022, the merger of BPI and BFB, its wholly owned thrift bank subsidiary, officially took effect, with BPI as the surviving entity. The Parent Bank has secured all necessary approvals for the transaction from its regulatory agencies and shareholders.

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 January 1, 2022, the Parent Bank issued common shares to BFB amounting to the net assets of the latter as reflected in the standalone financial statements as at December 31, 2020.

The Parent Bank, owning 100% of the shares of BFB, issued treasury shares as a consideration of the merger. The number of treasury shares issued was 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 number of 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 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 BSP	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

The above assets and liabilities were acquired through a tax-free exchange as evidenced by the Plan of Merger.

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 a result of a 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 remaining net income after dividend declaration amounting to P18 million formed part of Other reserves (Note 18) upon effectivity of the merger.

iv. 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 cash and cash equivalents acquired are as follows:

	Amount
	(In Thousands of Pesos)
Cash and other cash items	982,150
Due from BSP	67,065,132
Due from other banks	10,152,692
	78,199,974

v. 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 adopted the BSP guidelines also for prudential reporting purposes of its corporate and business banking loan portfolio beginning January 1, 2022. Following the reprieve requirements, the Bank implemented a process to identify and evaluate accounts that were qualified under the regulations and applied the necessary internal risk controls for qualified exposures from credit evaluation to credit monitoring and risk reporting. As at December 31, 2022, Modified Loans consist 0.01% of total corporate loan portfolio, while Restructured-Modified Loans consist 0.12% of the total corporate loan portfolio. As at December 31, 2022, there are no past due or non-performing loans which availed the reprieve under BSP M-2021-056.

30.3 BPI and RBC Merger

On September 30, 2022, the BOD of BPI approved the merger of BPI and RBC, subject to shareholders and regulatory approvals. In exchange, BPI shall issue to the RBC shareholders such number of BPI common shares as would result to the RBC shareholders collectively holding approximately 6% of the resulting outstanding common stock of BPI as of the closing date but in no case more than 314,003,992 shares.

Subsequently, the BOD of BPI in its meeting on December 14, 2022 amended the previous resolution dated September 30, 2022 to increase the number of BPI common shares that may be issued to the RBC shareholders pursuant to the proposed merger from "in no case more than 314,003,992 primary common shares" to "in no case more than 318,912,309 primary common shares."

The merger will be effective on the first day of the calendar quarter following the completion of the regulatory approvals which is expected to be on January 1, 2024 and therefore, the December 31, 2022 and 2021 financial statements of the BPI Group do not include the financial information of RBC.

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) *Amendments to existing standards adopted by the BPI Group*

The BPI Group has adopted the following amendments to existing standards effective January 1, 2022:

- Amendment 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.

- Amendment 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'.

- 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.

- *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 did not have a material impact on the financial statements of the BPI Group.

Effective January 1, 2021, the BPI Group has also adopted amendments to PFRS 9, 'Financial Instruments', PFRS 7 'Financial Instruments: Disclosures', PFRS 4, 'Insurance Contracts' and PFRS 16 'Leases' issued in August 2020 to 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.

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:

Consolidated:

			Of which: have reference to a currency LIBOR* (In Millions of Pesos)							
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
December 31, 2022	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	39,613	-	-	-	-	-	-	-	-	-
Due from BSP	182,869	-	-	-	-	-	-	-	-	-
Due from other banks	45,190	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	12,382	-	-	-	-	-	-	-	-	-
Investment securities at amortized cost	420,533	-	6,607	-	-	-	-	-	6,607	-
Loans and advances, net	1,702,990	-	67,824	-	-	-	-	-	67,824	-
Other financial assets	2,451	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	2,096,001	-	-	-	-	-	-	-	-
Bills payable and other borrowed funds	-	97,503	1,673	-	-	-	-	-	1,673	-
Due to BSP and other banks	-	2,887	-	-	-	-	-	-	-	-
Manager's checks and demand drafts outstanding	-	6,755	-	-	-	-	-	-	-	-
Lease liabilities	-	10,095	-	-	-	-	-	-	-	-
Other financial liabilities	-	6,138	-	-	-	-	-	-	-	-
	2,406,028	2,219,379	76,104	-	-	-	-	-	76,104	-
Measured at fair value										
Financial assets at FVTPL	14,986	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	95,267	-	-	-	-	-	-	-	-	-
	110,253	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	2,516,281	2,219,379	76,104	-	-	-	-	-	76,104	-
Derivative assets and liabilities	7,147	4,297	104,915	-	11,950	-	-	-	116,865	-
Total carrying value of assets and liabilities exposed	**2,523,428**	**2,223,676**	**181,019**	-	11,950	-	-	-	**192,969**	-

**Based on the notional amounts of their related contracts*

			Of which: have reference to a currency LIBOR* (In Millions of Pesos)							
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
December 31, 2021	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:

			Of which: have reference to a currency LIBOR* (In Millions of Pesos)							
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
December 31, 2022	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	39,359	-	-	-	-	-	-	-	-	-
Due from BSP	178,534	-	-	-	-	-	-	-	-	-
Due from other banks	43,096	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	11,631	-	-	-	-	-	-	-	-	-
Investment securities at amortized cost	415,035	-	6,607	-	-	-	-	-	6,607	-
Loans and advances, net	1,680,684	-	63,263	-	-	-	-	-	63,263	-
Other financial assets	6,121	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	2,082,584	-	-	-	-	-	-	-	-
Bills payable and other borrowed funds	-	93,002	-	-	-	-	-	-	-	-
Due to BSP and other banks	-	2,811	-	-	-	-	-	-	-	-
Manager's checks and demand drafts outstanding	-	6,751	-	-	-	-	-	-	-	-
Lease liabilities	-	9,726	-	-	-	-	-	-	-	-
Other financial liabilities	-	5,542	-	-	-	-	-	-	-	-
	2,374,460	2,200,416	69,870	-	-	-	-	-	69,870	-
Measured at fair value										
Financial assets at FVTPL	9,906	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	92,153	-	-	-	-	-	-	-	-	-
	102,059	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	2,476,519	2,200,416	69,870	-	-	-	-	-	69,870	-
Derivative assets and liabilities	7,035	4,253	104,915	-	11,950	-	-	-	116,865	-
Total carrying value of assets and liabilities exposed	**2,483,554**	**2,204,669**	**174,785**	-	11,950	-	-	-	**186,735**	-

December 31, 2021	Carrying Value Assets	Carrying Value Liabilities	USD Libor Assets	USD Libor Liabilities	PHIREF Assets	PHIREF Liabilities	GBP Libor Assets	GBP Libor Liabilities	Total Assets	Total Liabilities
			Of which: have reference to a currency LIBOR* (In Millions of Pesos)							
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, 2022 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, 2022 reporting period and have not been early adopted by the BPI Group:

- 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.

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 including post-model adjustments, as applicable, 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 both in the ECL models and post-model adjustments, as applicable.
- 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, 2022 and December 31, 2021.

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 at 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 liabilities classified under Level 3 as at and for the year ended December 31, 2022 and 2021. A subsidiary of the Parent Bank has investments in non-marketable equity securities classified under Level 3 as at December 31, 2022 and 2021.

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, 2022 and 2021, 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. 2018-06. 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.

Construction-in-progress is initially recognized at cost and will be depreciated once completed and available for use. The cost of construction-in-progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items on the site on which it is located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of the cost of those assets during the construction period. The construction-in-progress is internally funded by the Parent Bank hence, no borrowing costs were capitalized. The construction-in-progress is recorded as part of Buildings and leasehold improvements.

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, 2022 and 2021.

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, 2022 and 2021.

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 Income tax expense - 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.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Bank's equity holders until the shares are cancelled, reissued or disposed of.

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the value of the shares acquired in respect of the acquisition of BFB accounted for under the pooling-of-interest method and the difference between the results of operations of BFB during the year ended December 31, 2021 and the dividends declared on December 29, 2021.

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	
	2022	2021	**2022**	2021
Return on average equity				
- Daily average[1]	**13.14**	8.40	**13.02**	9.70
- Simple average[2]	**12.88**	8.28	**13.64**	9.60
Return on average assets				
- Daily average[3]	**1.59**	1.08	**1.52**	1.21
- Simple average[4]	**1.58**	1.03	**1.61**	1.15
Net interest margin				
- Daily average[5]	**3.59**	3.30	**3.47**	3.06
- Simple average[6]	**3.55**	3.15	**3.68**	2.91

[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, 2022 and 2021.
[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, 2022 and 2021.
[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, 2022 and 2021.
[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, 2022 and 2021.
[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, 2022 and 2021.
[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, 2022 and 2021.

(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, 2022 and 2021.

Significant Credit Exposures

Details of the loans and advances portfolio as to concentration per industry/economic sector over total loan portfolio (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Real estate, renting and other related activities	**22.98**	25.63	**15.88**	18.05
Manufacturing	**16.39**	15.62	**19.21**	18.54
Wholesale and retail trade	**10.42**	10.69	**11.98**	11.83
Financial institutions	**9.26**	8.08	**10.88**	9.64
Consumer	**9.21**	8.08	**6.21**	5.44
Agriculture and forestry	**1.91**	1.94	**2.23**	2.31
Others	**29.83**	29.96	**33.61**	34.19
	100.00	100.00	**100.00**	100.00

Details of the loans and advances portfolio as to concentration per industry/economic sector over Tier 1 Capital (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
Real estate, renting and other related activities	**115.90**	134.58	**67.71**	78.94
Manufacturing	**82.63**	82.01	**81.88**	81.09
Wholesale and retail trade	**52.56**	56.13	**51.07**	51.72
Consumer	**46.44**	42.42	**26.48**	23.80
Financial institutions	**46.69**	42.45	**46.40**	42.14
Agriculture and forestry	**9.63**	10.19	**9.51**	10.09
Others	**150.42**	157.37	**143.25**	149.52

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	
	2022	2021	**2022**	2021
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**281,974**	268,427	**280,633**	138,333
Chattel mortgage	**58,862**	51,878	**58,861**	6
Others	**184,664**	122,943	**183,911**	120,803
	525,500	443,248	**523,405**	259,142
Unsecured loans	**1,224,068**	1,079,224	**1,202,678**	1,009,327
	1,749,568	1,522,472	**1,726,083**	1,268,469

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

	2022			2021		
	Performing	Non-performing	Total	Performing	Non-performing	Total
			(In Millions of Pesos)			
Corporate loans	**1,385,660**	**14,502**	**1,400,162**	1,198,873	17,531	1,216,404
Credit cards	**90,515**	**2,970**	**93,485**	67,397	3,762	71,159
Other retail loans	**242,496**	**13,407**	**255,903**	218,255	16,663	234,918
	1,718,671	**30,879**	**1,749,550**	1,484,525	37,956	1,522,481
Allowance for probable losses	**(6,934)**	**(21,415)**	**(28,349)**	(8,546)	(17,572)	(26,118)
Net carrying amount	**1,711,737**	**9,464**	**1,721,201**	1,475,979	20,384	1,496,363

**Amounts exclude accrued interest receivables and GLLP*

Parent

	2022			2021		
	Performing	Non-performing	Total	Performing	Non-performing	Total
			(In Millions of Pesos)			
Corporate loans	**1,385,211**	**14,428**	**1,399,639**	1,177,981	16,087	1,194,068
Credit cards	**90,515**	**2,970**	**93,485**	65,765	3,576	69,341
Other retail loans	**220,904**	**12,038**	**232,942**	4,584	476	5,060
	1,696,630	**29,436**	**1,726,066**	1,248,330	20,139	1,268,469
Allowance for probable losses	**(7,116)**	**(20,359)**	**(27,475)**	(7,378)	(12,790)	(20,168)
Net carrying amount	**1,689,514**	**9,077**	**1,698,591**	1,240,952	7,349	1,248,301

**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	
	2022	2021	**2022**	2021
		(In Millions of Pesos)		
Loans and advances from:				
Subsidiaries	**226**	-	**-**	-
Associates	**42**	60	**-**	60
Ayala Group	**64,654**	65,195	**64,654**	65,195
Other related parties	**-**	546	**-**	544

	Consolidated		Parent	
	2022	2021	**2022**	2021
		(In Millions of Pesos, except percentages)		
Total outstanding loans and advances	**64,922**	65,801	**64,654**	65,799
% to total outstanding related party loans				
Subsidiaries	**0.35**	-	**-**	-
Associates	**0.06**	0.09	**-**	0.09
Ayala Group	**99.59**	99.08	**100.00**	99.08
Other related parties	**-**	0.83	**-**	0.83

	Consolidated		Parent	
	2022	2021	**2022**	2021
		(In Millions of Pesos, except percentages)		
Total outstanding loans and advances	**64,922**	65,801	**64,654**	65,799
% to total outstanding related party loans				
Unsecured related party loans	**63.84**	66.61	**63.75**	66.61
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	
	2022	2021	**2022**	2021
		(In Millions of Pesos)		
Outstanding DOSRI loans	**19,571**	15,230	**19,571**	15,229

	Consolidated		Parent	
	2022	2021	**2022**	2021
		(In percentages)		
% to total outstanding loans and advances	**1.12**	1.00	**1.13**	1.20
% to total outstanding DOSRI loans				
Unsecured DOSRI loans	**2.40**	3.11	**2.40**	3.11
Past due DOSRI loans	**0.02**	0.01	**0.02**	0.01
Non-performing DOSRI loans	**0.03**	0.02	**0.03**	0.02

The BPI Group is in full compliance with the General Banking Act and the BSP regulations on DOSRI loans as at December 31, 2022 and 2021.

(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, 2022, part of the bills payable of the Parent Bank is secured by government securities classified as investment securities at amortized cost (Note 9). As at December 31, 2021, the BPI Group has no assets used as security for bills payable (Notes 9 and 10).

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	
	2022	2021	**2022**	2021
		(In Millions of Pesos)		
Guarantees issued	**2,774**	2,327	**2,774**	2,327
Financial standby letters of credit - foreign	**28,960**	15,367	**28,960**	15,367
Performance standby letters of credit - foreign	**6,045**	4,453	**6,045**	4,453
Commercial letters of credit	**14,142**	10,719	**14,142**	10,719
Trade related guarantees	**5,203**	1,305	**5,203**	1,305
Commitments	**148,935**	124,754	**148,935**	122,689
Spot foreign exchange contracts	**13,264**	10,208	**13,264**	10,208
Derivatives	**422,807**	357,556	**413,679**	349,039
Other contingent accounts	**1,058,968**	1,141,823	**35,006**	27,337
	1,701,098	1,668,512	**668,008**	543,444

Other contingent accounts pertain to inward and outward bills for collection, late deposits or payments received, and trust accounts.

Significant credit risk exposures arising from off-balance sheet items are as follows:

	Consolidated		Parent	
	2022	2021	**2022**	2021
		(In Millions of Pesos)		
Undrawn loan commitments	**1,143,705**	360,425	**1,143,705**	354,002
Unused letters of credit	**57,148**	34,131	**57,148**	34,131
Gross carrying amount	**1,200,853**	394,556	**1,200,853**	388,133
Loss allowance	**(1,034)**	(747)	**(1,034)**	(728)
Carrying amount	**1,199,819**	393,809	**1,199,819**	387,405

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, 2022 consist of:

	Amount (In Millions of Pesos)
Deposit and loan documents	8,565
Trade finance documents	865
Mortgage documents	528
Others	45
	10,003

(ii) Withholding taxes

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2022 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Income taxes withheld on compensation	2,208	278	2,486
Withholding tax on withdrawal from decedent's account	31	1	32
Final income taxes withheld on interest on deposits and yield on deposit substitutes	1,467	232	1,699
Final income taxes withheld on income payment	483	236	719
Creditable income taxes withheld (expanded)	609	85	694
Fringe benefit tax	83	31	114
VAT withholding tax	27	8	35
	4,908	**871**	**5,779**

(iii) All other local and national taxes

All other local and national taxes paid/accrued for the year ended December 31, 2022 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Gross receipts tax	5,276	560	5,836
Real property tax	150	-	150
Municipal taxes	300	-	300
Others	16	-	16
	5,742	**560**	**6,302**

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 various claims of tax refund pending with tax authorities. There are no outstanding cases under preliminary investigation, litigation and/or bodies outside the BIR in 2022.

Statement of Management's Responsibility for Non-Financial Statements

The Management of the Bank of the Philippine Islands (BPI) collaborated and thought through the preparation of BPI's 2022 Integrated Report. This report was prepared based on the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework, the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) guidelines on the submission of Annual and Sustainability Reports, and the BSP Circular 1085 Sustainable Finance Framework disclosure requirements. It also references the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards, and Task Force on Climate-Related Financial Disclosures (TCFD) for sustainability performance disclosures.

The Management supervised the publication of this report, and is responsible for ensuring the integrity of the report.

This report contains certain forward-looking statements that may involve risk or uncertainties as they relate to future events and circumstances that may be beyond BPI's control.

In addition, regulations of the Philippines Stock Exchange (PSE) prohibit making price-sensitive forecasts without considerable independent review. The Management therefore advises readers to use caution when interpreting any forward-looking statements in this report.

JOSE TEODORO K. LIMCAOCO
President and Chief Executive Officer

ERIC ROBERTO M. LUCHANGCO
Senior Vice President, Chief Finance Officer and Chief Sustainability Officer

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV AS Philippine Branch (‘DNV’) has been commissioned by the management of the Bank of the Philippine Islands (‘BPI’, ‘the Bank’ or ‘the Company’, Securities and Exchange Commission Identification Number: PW 121) to undertake an independent assurance of the sustainability / non-financial disclosures in BPI’s 2022 Integrated Report (‘the Report’) in its printed format for the year ended 31 December 2022. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance using DNV’s assurance methodology VeriSustain[TM1], which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*. The verification engagement was carried out from December 2022 to April 2023.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from BPIs operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of BPI as detailed under the section ‘Material Topics’ in the Report i.e., covering entities over which BPI has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of BPI and of the Assurance Provider

The Company’s management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company’s sustainability reporting. BPI has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the ”<IR> Framework”) and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards, TCFD as well as the SASB Standards 2018 (Commercial Banks).

In performing our assurance work, DNV’s responsibility is solely towards the Management of BPI in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company’s stakeholders. DNV’s responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to BPI and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City in the Philippines and consolidated annual numbers, based on DNV’s sampling plan. Review of the non–financial sustainability-related disclosures in this Report;

- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;

[1] The VeriSustain protocol is available on www.dnv.com
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by BPI;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Carried out remote assessment on their head office, select branches to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that BPI’s 2022 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework (“<IR> Framework”). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report has brought out key stakeholders (e.g., Customers. Investors, Employees, Suppliers and contractors, Community / Customers, Government and Regulatory Agencies, Communities, Non-Government, and Civil Society Groups, etc.) to engage with, to build trust based on significant influence on BPI’s sustainability performance and address key ESG trends in the banking sector. The Report also describes the engagement modes such as meetings, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value BPI seeks to deliver through various engagement platforms including BPI’s responses to the key concerns through various disclosures on strategies and value creation in the Report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report brings out BPI’s process for identification and prioritization of the Company’s material matters. Aligned with the GRI framework, the Company completed an online materiality assessment process with its internal and external stakeholder groups, considering the requirements of the <IR> Framework’s Guiding Principles. The material topics identified for 2022 also included those that are most to the business and stakeholders, building on their existing stakeholder concerns and material topics further enhancing alignment with ESG frameworks, ratings, and investor inquiries.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The Report may further strengthen on this Principle in future reporting periods by bringing out the long- and medium-term targets towards value creation related to its identified material topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of the performance disclosures verified through offsite verification, i.e., at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2022 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of BPI's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements#, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Ayala Corporation, Bank of the Philippine Islands, Ayala Land Inc., AREIT, AC Energy Corporation, Manila Water Company Inc., Integrated Microelectronics Inc and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to BPI in 2022 that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV

Nagarajan, Sathishkumar — Digitally signed by Nagarajan, Sathishkumar Date: 2023.04.14 12:08:42 +08'00'	Percy Lakdawalla — Digitally signed by Percy Lakdawalla Date: 2023.04.14 14:57:24 +08'00'	Astone, Antonio — Digitally signed by Astone, Antonio Date: 2023.04.14 12:15:03 +08'00'
N Sathishkumar **Lead Verifier** **Head, Sustainability Services (SEA)** **DNV Business Assurance Singapore Pte. Ltd.**	**Percy Lakdawalla** **Regional Manager - Asia Pacific** **Supply Chain and Product Assurance** **DNV Business Assurance Singapore Pte. Ltd.**	**Antonio Astone** **Assurance Reviewer** **Global Service Manager** **DNV Business Assurance Italia S.r.l**

14 April 2023, Singapore

DNV, is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

[2] The DNV Code of Conduct is available from the DNV website (www.dnv.com)
15 February 2023

Appendices

Material Topics

CL	Clients	SC	Suppliers and Contractors
IN	Investors	GR	Government and Regulatory Agencies
EM	Employees	CN	Communities, NGOs, and Civil Society

Material Topic	Impacted Stakeholder	Corresponding Disclosures			
		Table of Contents	GRI Index	SASB Index	TCFD Index
Anti-Corruption	CL, EM, SC, GR	Compliance			
Anti-Money Laundering	CL, EM, GR, CN	Compliance			
Business Ethics	CL, EM, SC, GR	Compliance		FN-CB-510a.1 FN-CB-510a.2	
Climate Risks and Opportunities	CL, IN, SC, GR, CN	BPI's Contribution to the UN SDGs Business Growth ESG Disclosures Risks and Opportunities Risk Management	GRI 302-1 GRI 302-3 GRI 305-2 GRI 305-4	FN-CB-410a.1 FN-CB-410a.2	Governance Strategy Risk Management Metrics
Corporate Social Responsibility	CN	Financial Inclusion		FN-CB-240a.1 FN-CB-240a.2 FN-CB-240a.3 FN-CB-240a.4	
Customer Service	CL, EM, GR	Customer Acquisition and Digitalization Customer Experience ESG Disclosures	GRI 417-2		
Data and Information Security	CL, GR	Compliance ESG Disclosures Risk Management	GRI 410-1	FN-CB-230a.1 FN-CB-230a.2	
Data Privacy	CL, GR	Compliance ESG Disclosures Risk Management	GRI 410-1	FN-CB-230a.1 FN-CB-230a.2	
Digitalization	CL, GR	Compliance Customer Acquisition and Digitalization Risk Management	GRI 103-2 GRI 410-1	FN-CB-230a.1 FN-CB-230a.2	Strategy
Diversity, Equal Opportunity, and Non-Discrimination	CL, IN, EM, SC, GR, CN	ESG Disclosures	GRI 102-8 GRI 401-1 GRI 401-2 GRI 405-1 GRI 406-1 GRI 410-1		
Economic Performance	IN	Audited Statements Business Growth Financial and Operating Performance Highlights Financial Inclusion	GRI 201-1		

Material Topic	Impacted Stakeholder	Corresponding Disclosures			
		Table of Contents	GRI Index	SASB Index	TCFD Index
Employment Training and Education	EM, GR	ESG Disclosures	GRI 102-8 GRI 401-2 GRI 404-1		
Financial Consumer Protection	CL, GR	Compliance ESG Disclosures Risk Management	GRI 417-2		
Financial Inclusion	CL, EM, GR, CN	BPI's Contribution to the UN SDGs Customer Acquisition and Digitalization Financial Inclusion		FN-CB-240a.1 FN-CB-240a.2 FN-CB-240a.3 FN-CB-240a.4 FN-CB-410a.1 FN-CB-410a.2	
Financing Sustainable Development	CL, EM, GR, CN	BPI's Contribution to the UN SDGs Business Growth		FN-CB-410a.1 FN-CB-410a.2	Strategy
Freedom of Association and Collective Bargaining	EM, GR, CN	ESG Disclosures	GRI 102-41 GRI 102-8 GRI 401-1 GRI 401-2		
Greenhouse Gas Emissions	CL, IN, SC, GR, CN	Business Growth ESG Disclosures	GRI 302-1 GRI 302-3 GRI 305-2 GRI 305-4		Strategy Risk Management Metrics
Health and Safety	CL, IN, EM, SC, GR, CN	ESG Disclosures	GRI 102-8 GRI 403		
Marketing and Labelling	CL, GR	Customer Experience ESG Disclosures	GRI 417-2		
Products and Services Delivery Channels	CL, GR, CN	Customer Acquisition and Digitalization			
Supply Chain Management	SC, GR	ESG Disclosures	GRI 102-9		
Supporting Nation-Building	CL, GR, CN	Business Growth Customer Acquisition and Digitalization Financial Inclusion		FN-CB-410a.1 FN-CB-410a.2	
Systemic Risk Management	CL, IN, EM, SC, GR, CN	Risks and Opportunities Risk Management		FN-CB-550a.1 FN-CB-550a.2	Strategy Risk Management
Waste and Wastewater Management	EM, GR, CN	ESG Disclosures			

GRI Content Index

Statement of use The Bank of the Philippine Islands has reported the information cited in this GRI Content Index for the period of January 1, 2022 to December 31, 2022 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Reference (Page)
GRI 2: General Disclosures 2021	2-1	Organizational details	5-7, 24-25
	2-2	Entities included in the organization's sustainability reporting	4
	2-3	Reporting period, frequency, and contact point	4
	2-4	Restatements of information	None
	2-5	External assurance	4, 296-299
	2-6	Activities, value chain, and other business relationships	5-7
	2-7	Employees	91-93
	2-8	Workers who are not employees	91
	2-9	Governance structure and composition	18-25, 82, 102-127
	2-10	Nomination and selection of the highest governance body	103-110
	2-11	Chair of the highest governance body	18, 106, 124, 127
	2-12	Role of the highest governance body in managing impacts	81-85, 102-103, 122-126, 295
	2-13	Delegation of responsibility for managing impacts	122-126
	2-14	Role of the highest governance body in sustainability reporting	81-82, 295
	2-15	Conflicts of interest	130-136
	2-16	Communication of critical concerns	115-117
	2-17	Collective knowledge of the highest governance body	110-112, 306-321
	2-18	Evaluation of performance of the highest governance body	117-121
	2-19	Remuneration policies	112-115
	2-20	Process to determine remuneration	112-115
	2-22	Statement on sustainable development strategy	6-7, 11-13, 15-17, 38-41, 44-47, 82-83
	2-23	Policy commitments	6-7, 38-41, 85, 130-136
	2-24	Embedding policy commitments	6-7, 38-41, 85, 130-136
	2-27	Compliance with laws and regulations	95, 149-161
	2-28	Membership associations	332
	2-29	Approach to stakeholder engagement	36-37
	2-30	Collective bargaining agreements	87, 93
GRI 3: Material Topics 2021	3-1	Process to determine material topics	4, 36-37, 301-302
	3-2	List of material topics	301-302
	3-3	Management of material topics	4, 301-302
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	43
	201-2	Financial implications and other risks and opportunities due to climate change	34-35, 77, 81-85, 161-162
	201-3	Defined benefit plan obligations and other retirement plans	86, 167, 222-227
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	91-92
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	44-74
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	43
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	130-136
	205-2	Communication and training about anti-corruption policies and procedures	133-138
	205-3	Confirmed incidents of corruption and actions taken	95

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Reference (Page)
GRI 302: Energy 2016	302-1	Energy consumption within the organization	79
	302-3	Energy intensity	79
	302-4	Reduction of enery consumption	79
GRI 303: Water and Effluents 2018	303-5	Water consumption	79
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	53, 101
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	85
	305-2	Energy indirect (Scope 2) GHG emissions	79
	305-3	Other indirect (Scope 3) GHG emissions	85
	305-4	GHG emissions intensity	79
	305-5	Reduction of GHG emissions	79
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Leaders' Biographies

BOARD OF DIRECTORS

JAIME AUGUSTO ZOBEL DE AYALA
Position: Chairman

Tenure
Appointed Chairman March 2004 to Present
Appointed Vice-Chairman 1995 to March 2004
Appointed a Non-Executive Director March 1990

Board Committee Membership
Chairman of the Executive Committee
Member of the Nomination Committee
Chairman of Personnel and Compensation Committee

Age
64, Born 1959

Nationality
Filipino

Career
Mr. Zobel serves as a director of Ayala Corporation since May 1987 and its chairman since April 2006. He holds the following positions in other publicly listed companies: Chairman of Ayala Corporation, Globe Telecom, Inc., and Ayala Land, Inc. He is also chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., and Asiacom Philippines, Inc. Mr. Zobel is also the Co-Chairman of Ayala Foundation, Inc.; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, Light Rail Manila Holdings, Inc. and AG Holdings Limited.

Relevant Skills and Experience
Chairman Jaime Zobel de Ayala has a distinguished track record as an international businessman. Having been the CEO of Ayala Corporation, a holding company established in 1834, with diverse business interests, a legacy of pioneering the future and aspirations for sustainable national development, Mr. Zobel has received may honors including: World Economic Forum Global Leader for Tomorrow in 1995; Emerging Markets CEO of the year in 1998 (sponsored by ING); Philippine TOYM (Ten Outstanding Young Men) Award in 1999 and Management Association of the Philippines Management Man of the Year Award in 2006. He has a deep understanding of international strategic, commercial and environmental issues, and gained extensive experience as a member of the board of directors of the companies in the Ayala Group in the areas of banking, telecommunications, property development, water distribution, health and education, renewable energy. During his time as Chair, he has been committed to developing and maintaining a strong dialogue with investors and other key stakeholders and has ensured that their views are considered during Board discussions and decision-making. He has also demonstrated a strong commitment to ensuring that the highest standards of corporate governance, ethics and compliance are maintained. Mr. Zobel has a strong commitment to national development, which is reflected in the thrust of the Ayala Group towards new capacity-building efforts in strategic sectors such as power and transport infrastructure. In 2007, he received the Harvard Business School Alumni Achievement Award, the school's highest recognition. 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.

Outside Interests/Commitments
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 Fund 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.

Environmental, Social and Governance
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. He was formerly a chairman of the World Wildlife Fund Philippine Advisory Council.

Education
He received his B.A. in Economics (with honors) from Harvard University in 1981 and completed his MBA at Harvard Business School in 1987.

Other Philippine Stock Exchange-Listed Companies
Chairman of the following:
Ayala Corporation
Globe Telecom, Inc.
Ayala Land, Inc.

CEZAR P. CONSING
Position: Vice-Chairman

Tenure
Appointed as Vice-Chairman September 2022
Appointed Non-Executive Director April 2021 to Present
Appointed Executive Director April 2013 to April 2021
Appointed a Non-Executive Director February 1995 to January 2000
Appointed Independent Director from August 2004 to January 2007 and from April 2010 to April 2013

Board Committee Membership
Vice-Chairman of the Executive Committee
Member of the Nomination Committee

Mr. Consing is a member of the board of directors of BPI Asset Management and Trust Corporation (also known as BPI Wealth), BPI Capital Corporation, and BPI Direct BanKo, Inc., A Savings Bank.

Age
63, Born 1959

Nationality
Filipino

Career
Mr. Consing served as President and Chief Executive Officer of BPI for eight years from 2013 to 2021 and is currently the President & CEO of Ayala Corporation and Vice Chairman of Globe Telecom and AC Energy.
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Relevant Skills and Experience
Mr. Consing first worked for BPI, in corporate planning and corporate banking, from 1981-1985. He worked for J.P. Morgan & Co., based in Hong Kong and Singapore, from 1985-2004. He headed the firm's investment banking business in Asia Pacific from 1997 - 2004, the last five years as President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director of J.P. Morgan, Mr. Consing was a member of the firm's global investment banking management committee and its Asia Pacific management committee. Mr. Consing was a partner at The Rohatyn Group from 2004 - 2013, 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 has previously served as Chairman and President of the Bankers Association of the Philippines, President of Bancnet, and Chairman of the National Reinsurance Corporation.

Outside Interests/Commitments
Mr. Consing is Chairman of the Philippine Dealing System. He has previously served as an independent director of Jollibee Foods Corporation, CIMB Group Holdings Berhad and First Gen Corporation. He has also served as a board director of SQREEM Technologies and FILGIFTS.com.

Environmental, Social and Governance
Mr. Consing has previously served as a board director of the Asian Youth Orchestra, the US-Philippines Society, La Salle Greenhills, Endeavor Philippines, and International Care Ministries. He is a trustee of College of St. Benilde, a member of the Trilateral Commission as well as a member of the boards of trustees of the Philippine-American Educational Foundation and the Manila Golf Club Foundation.

Education
Mr. Consing received an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University, Manila, in 1979. Mr. Consing obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Other Philippine Stock Exchange-Listed Companies
Ayala Corporation - *Director*
AC Energy Corporation – *Vice-Chairman*
Globe Telecom, Inc. – *Vice-Chairman*

JOSE TEODORO K. LIMCAOCO
Position: Executive Director, President and CEO

Tenure
Appointed Executive Director, President and CEO April 2021 to Present
Appointed Non-Executive Director from February 2019 to April 2021

Board Committee Membership
Member of the Executive Committee

Mr. Limcaoco serves as chairman of BPI Capital Corporation, BPI Asset Management and Trust Corporation (also known as BPI Wealth), 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.

Age
61, Born 1962

Nationality
Filipino

Career
From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, and Chief Sustainability Officer and Finance Group Head of Ayala Corporation, a PSE-listed company. He was also the President and CEO of AC Ventures Holding Corp. He was also a Director of several Ayala companies, including publicly listed Globe Telecom, Inc., Integrated Micro-electronics Inc., and SSI Group, Inc. He was a director of Globe Fintech Innovations, Inc. in 2017-2022 and AC Energy International Inc. in 2019-2022.

Relevant Skills and Experience
Previously, he served as President of BPI Family Savings Bank from 2010-2015 and President of BPI Capital Corporation from 2007-2010. He has also served as Officer-in-Charge for Ayala Life Assurance, Inc. and as Director and Chairman of Ayala Plans, Inc.

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 CFO of Azalea Technology Investments, Inc. 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. in Singapore and New York and with BZW Asia.

Outside Interests/Commitments
Mr. Limcaoco is a director and treasurer of Bankers Association of the Philippines, BAP Data Exchange, Inc., and director of Philippine Dealing System Holdings Corporation and Philippine Payments Management, Inc. He is a director and treasurer of Just For Kids, Inc., a family-owned company.

Environmental, Social and Governance
He is Vice-Chairman of the Bank of the Philippine Islands Foundation, Inc. and also served as director of a number of Ayala group companies including those involved in healthcare, infrastructure, education, energy and industrial technologies.

Education
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

Other Philippine Stock Exchange-Listed Companies
None

JANET GUAT HAR ANG
Position: Independent Director

Tenure
Appointed Independent Director from May 2021 to Present

Board Committee Membership
Chairperson of the Risk Management Committee*

Age
63, Born 1959

Nationality
Singaporean

Career
Ms. Ang is currently the Chairperson of SISTIC.com Pte Ltd, NUS–ISS, Singapore Polytechnic and the Public Transport Council.

Relevant Skills and Experience
Ms. Ang spent 37 years with IBM Singapore and was a member of the IBM Industry Academy. Her last executive role was a IBM Vice President, Head of Industry Solutions and Smarter Cities & Industry Solutions for Asia Pacific from 2015-2019. Prior to that she was a Managing Director of IBM Singapore from 2001-2003 and again from 2011-2015. She is a veteran in the tech industry and has lived and worked in Japan and China for over a decade.

Ms. Ang was awarded The Public Service Medal in 2019. She was also awarded the NUS Business School Eminent Alumni Award in 2014, the NUS Distinguished Alumni Service Award in 2015 and the Singapore Computer Society IT Leaders Award – Hall of Fame in 2018.

Outside Interests/Commitments
She is the Deputy Chairman of the Singapore Business Federation Foundation, and Member of the Board of the Esplanade Company Ltd, and the Home Team Science & Technology Agency (HTX).

** Interim Chairperson effective Feb. 15, 2023*

Environmental, Social and Governance
She was an Independent Director of SPH Ltd from 2014-2022 and Chairperson of the Board of Trustees of Caritas Singapore Agape Fund from 2019-2022.

Ms. Ang serves on the Council for Board Diversity as well as the Singapore Business Federation, and is a Senior Advisor of the RGE Group and board member 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), and an alumnus of the IBM Industry Academy. She has been appointed as Singapore's Non-Resident Ambassador (Designate) to the Holy See and Nominated MP of the Parliament of Singapore.

Education
Ms. Ang graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore

Other Philippine Stock Exchange-Listed Companies
None

RENÉ G. BAÑEZ
Position: Non-Executive Director

Tenure
Appointed Non-Executive Director August 2021 to Present

Board Committee Membership
Member of the Executive Committee
Member of the Related Party Transaction Committee
Member of the Retirement and Pension Committee

Mr. Bañez also serves as a board director of BPI Asset Management and Trust Corporation (also known as BPI Wealth, A Trust Corporation) and BPI Capital Corporation.

Age
67, Born 1955

Nationality
Filipino

Career
Atty. Bañez served in the government 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. Apart from serving the government, Atty. Bañez also served in the private sector and held senior level positions in Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), Metro Pacific Investment Corporation and PLDT. He was a faculty member at the Ateneo de Manila University College of Law, handling Taxation, from 1990 to 2007.

Relevant Skills and Experience
Atty. Bañez 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. Until his retirement from PLDT 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.

Environmental, Social and Governance
He is also 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. He is also 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, and Unitas Asia Corp. (a subsidiary of Radio Veritas Asia).

Education
Atty. Bañez graduated with a Bachelor of Laws degree in 1981 and his Bachelor of Arts degree in 1976 both from Ateneo de Manila University.

Other Philippine Stock Exchange Listed Companies
None

ROMEO L. BERNARDO
Position: Non-Executive Director

Tenure
Appointed Non-Executive Director April 2019 to Present
Appointed Independent Director from August 2002 to April 2019
Appointed Non-Executive Director February 1998

Board Committee Membership
Member of the Executive Committee
Member of the Personnel and Compensation Committee

Age
68, Born 1954

Nationality
Filipino

Career
Mr. Bernardo is a former undersecretary of the Department of Finance and founded his consultancy practice, Lazaro Bernardo Tiu & Associates in 1997.

Relevant Skills and Experience
Mr. Bernardo has been advisor to 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 and the National Economic Development Authority (NEDA) in policy matters involving pension reform, capital markets reform, and fiscal and debt management.

Outside Interests/Commitments
Mr. Bernardo serves as an independent director of the following PSE-listed companies: Aboitiz Equity Ventures, Inc., RFM Corporation, Monde Nissin Corporation and Philippine Investment Management, Inc. (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.

Environmental, Social and Governance
Mr. Bernardo is 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 Partner of GlobalSource Partners, Inc., a worldwide network providing insights on emerging markets.

Education
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 (Valedictorian) at Williams College, Williamstown, Massachusetts in 1977.

Other Philippine Stock Exchange-Listed Companies
RFM Corporation - *Independent Director*
Globe Telecom, Inc. - *Non-Executive Director*
Aboitiz Equity Ventures, Inc. – *Independent Director*
Monde Nissin Corporation - *Independent Director*

IGNACIO R. BUNYE
Position: Lead Independent Director

Tenure
Appointed Independent Director April 2016 to Present

He was first appointed as lead independent director in April 2021

Board Committee Membership
Chairman of the Related Party Transaction Committee
Member of the Corporate Governance Committee
Member of the Personnel and Compensation Committee

He serves as an Independent Director of BPI Asset Management and Trust Corporation (also known as BPI Wealth) and BPI Direct BanKo, Inc., A Savings Bank, and BPI Capital Corporation.

Age
78, Born 1945

Nationality
Filipino

Career
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 began his government service in the City of Muntinlupa (then a municipality) as officer-in-charge and mayor between 1986 and 1998. 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.

Relevant Skills and Experience
In earlier years, he worked at the Filipinas Foundation Inc. as Assistant Corporate Secretary from 1970 to 1975, Assistant Vice President of BPI Investment Corporation from 1976 to 1983 and Assistant Vice President for Corporate Banking and Treasury at the Bank of the Philippine Islands from 1983 to 1985. He also held various executive positions at the Ayala Group of Companies, including Assistant Vice President of the Ayala Investment and Development Corporation. 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).

Outside Interests/Commitments
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).

Environmental, Social and Governance
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 (hospital).

Education
Mr. Bunye is a member of the Philippine Integrated Bar. 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.

Other Philippine Stock Exchange Listed Companies
None

EMMANUEL S. DE DIOS
Position: Independent Director

Tenure
Appointed Independent Director April 2022 to Present

Board Committee Membership
Chairman of the Corporate Governance Committee

Age
68, Born 1954

Nationality
Filipino

Career
Mr. de Dios was professor at the University of the Philippines School of Economics from 1980 until his retirement in 2019. He was the Dean of the University of the Philippines School of Economics from 2007 to 2010.

Outside Interests/Commitments
He is currently trustee/chairman of Pulse Asia Research, Inc. Mr. De Dios is also a Trustee of Assisi Development Foundation, Inc., the Peace and Equity Foundation, Inc., and the FEU Public Policy Center.

Environmental, Social and Governance
Mr. de Dios is the author or editor of various books, monographs, articles and reviews in economics.

Education
Mr. de Dios 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.

Other Philippine Stock Exchange-Listed Companies
ABS-CBN Corporation - *Lead Independent Director*
ABS-CBN Holdings Corporation - *Independent Director*

RAMON R. DEL ROSARIO, JR.
Position: Non-Executive Director

Tenure
Appointed Non-Executive Director from April 2020 to Present

Board Committee Membership
Member of the Corporate Governance Committee
Member of the Retirement/Pension Committee

Age
78, Born 1944

Nationality
Filipino

Career
Mr. del Rosario is the Chairman and Chief Executive Officer of Phinma Corporation; President and Chief Executive Officer of Philippine Investment Management, Inc.

Relevant Skills and Experience
Mr. del Rosario served as the Philippines Secretary of Finance in 1992-1993.He was named in 1978 one of the Ten Outstanding Young Men of the Philippines, and in 2010 was The MAP Management Man of the Year. He has managed Phinma since 2002 and brings with him a wealth of experience in leading a diversified conglomerate. He is 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 Microtel 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.

Outside Interests/Commitments
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.

Environmental, Social and Governance
He is Chairman of Philippine Business for Education; and Vice-Chairman of Caritas Manila.

Education
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.

Other Philippine Stock Exchange-Listed Companies
Phinma Corporation - *Chairman & CEO*

OCTAVIO VICTOR R. ESPIRITU

Position: Non-Executive Director

Tenure
Appointed Non-Executive Director April 2021 to Present
Appointed Independent Director April 2003 to April 2021
Appointed Non-Executive Director April 2000
Appointed Lead Independent Director from April 2019 to April 2021

Board Committee Membership
Member of the Risk Management Committee
Member of the Audit Committee

Age
79, Born 1943

Nationality
Filipino

Career
Mr. Espiritu was the former President and Chief Executive Officer from 1984 to April 2000 of Far East Bank & Trust Company (FEBTC), a commercial bank established in 1960 which became a publicly-listed company in 1991. In 2000, BPI acquired FEBTC. 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.

Relevant Skills and Experience
Mr. Espiritu was the former Treasurer and President of FEBTC, and was an exemplary Chair for the BPI Risk Management Committee (RMC) for several years. His expertise in markets, credit as well as banking operations particularly during the 1997 Asian financial crisis and 2008 global financial crisis also serves as a solid grounding for his membership in BPI's Audit Committee. During his term as Chair of the RMC, BPI risk management was thrice recognized by international bodies as Risk House of the Year for the Philippines in 2014, 2018 and 2020 and as Bank Risk Manager in 2020 by Asia Risk and as Asean Risk Champion at the Asean Risk Awards in 2019.

Outside Interests/Commitments
Mr. Espiritu is an independent director of Bloomberry Resorts Corporation, Manila Water Company Inc., and PDS Group Holdings and Subsidiaries, and 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.

Education
Mr. Espiritu 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.

Other Philippine Stock Exchange-Listed Companies
Manila Water Company, Inc. – *Independent Director*
Bloomberry Resorts Corporation – *Independent Director*

AURELIO R. MONTINOLA III

Position: Non-Executive Director

Tenure
Appointed Non-Executive Director from April 2013 to Present
Appointed Executive Director from January 2005 to April 2013
Appointed Non-Executive Director from January 2004 to December 2004

Board Committee Membership
Chairman of Retirement and Pension Committee
Member of the Executive Committee
Member of the Personnel and Compensation Committee

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 BPI Foundation, Inc.

Age
71, Born 1951

Nationality
Filipino

Career
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.

Relevant Skills and Experience
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.

Outside Interests/Commitments
Mr. Montinola is also the Chairman of the Roosevelt Colleges, Inc., East Asia Computer Center Inc., and Amon Trading Corporation.

Environmental, Social and Governance
Mr. Montinola is the Chairman of Ramon Magsaysay Award Foundation and a member of the Board of Trustees of BPI Foundation Inc. He also sits as Vice-chairman of Philippine Business for Education Inc.

Education
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.

Other Philippine Stock Exchange-Listed Companies
Far Eastern University, Incorporated – *Chairman of the Board*
Roxas and Company, Inc. – *Independent Director*

CESAR V. PURISIMA

Position: Independent Director

Tenure
Elected as Independent Director January 2021 to Present

Board Committee Membership
Member of the Executive Committee
Chairman of the Nomination Committee
Member of the Risk Management Committee
Member of the Audit Committee
Board representatives to the BPI IT Steering Committee

He is also an Independent Director of BPI Capital Corporation.

Age
63, Born 1960

Nationality
Filipino

Career
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. 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 SGC & Co.

Relevant Skills and Experience
Mr. Purisima is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. Apart from his private sector experience, 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. He was conferred the Chevalier dans l'Ordre national de la 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 l'Ordre national du Merite (Knight of the National Order of Merit) by the President of the French Republic in 2001.

Outside Interests/Commitments
Mr. Purisima 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 Ikhlas Capital Singapore Pte. Ltd., a pan-ASEAN private equity platform. He is a member of the Board of AIA Group Limited, and a member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation. He is also a member of the Board of Advisors of ABS-CBN Corporation.

Environmental, Social and Governance
He is a member of Singapore Management University's International Advisory Council in the Philippines. He is also a member of the board of trustees the International School of Manila. He is an Asia Fellow at the Milken Institute, a global, non-profit, non-partisan think tank.

Education
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.

Other Philippine Stock Exchange-Listed Companies
Ayala Corporation – *Independent Director*
Ayala Land, Inc. – *Independent Director*
Universal Robina Corporation – *Independent Director*
Jollibee Foods Corporation – *Independent Director*

JAIME Z. URQUIJO
Position: Non-Executive Director

Tenure
Appointed Non-Executive Director September 2022 to Present

Age
34, Born 1988

Nationality
Filipino

Career
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 – International at AC Energy Corporation (ACEN) and a Senior Manager at Ayala Corporation.

Relevant Skills and Experience
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 2020. 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. He started his career at J.P. Morgan in New York in 2010 and was an analyst and associate until 2013.

Outside Interests/Commitments
Mr. Urquijo is an advisor to the board of the Philippine Rugby Football Union.

Environmental, Social and Governance
Mr. Urquijo is the president of the University of Notre Dame Alumni Association of the Philippines, an executive committee member of the INSEAD Alumni Association of the Philippines, and a member of the National Advisory Council of WWF Philippines.

Education
Mr. Urquijo graduated with a B.A. in Political Science from the University of Notre Dame in 2010 and received his M.B.A. from INSEAD in 2018.

Other Philippine Stock Exchange-Listed Companies
Integrated Micro-Electronics, Inc.– *Non-Executive Director*

MARIA DOLORES B. YUVIENCO
Position: Independent Director

Tenure
Appointed Independent Director April 2016 to Present
Appointed Non-Executive Director April 2014

Board Committee Membership
Chairman of the Audit Committee
Member of the Related Party Transaction Committee
Member of the Personnel and Compensation Committee

Mrs. Yuvienco is an independent director of BPI Asset Management and Trust Corporation (also known as BPI Wealth), and designated chairman of the AMTC Corporate Governance Committee and a member of the AMTC Risk Management Committee.

Age
75, Born 1947

Nationality
Filipino

Career
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.

Relevant Skills and Experience
Her exposure at the BSP was largely in bank supervision where her responsibilities ranged from the crafting of policies/regulations on banking supervision to onsite 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. She is a Certified Public Accountant and a Career Executive Service Professional.

Outside Interests/Commitments
She serves as independent director of First Consolidated Bank (Thrift Bank), where she is Chairman of the Nomination and Governance Committee.

Environmental, Social and Governance
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.

Education
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.

Other Philippine Stock Exchange-Listed Companies
None

MARIA LOURDES P. GATMAYTAN
Senior Vice President, Head of Corporate Legal Affairs and Corporate Secretary

Atty. Gatmaytan, Filipino, 54 years old, 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.

EXECUTIVE MANAGEMENT

RAMON L. JOCSON
Executive Vice President and Chief Operating Officer

Filipino, 63 years old, Mr. Jocson heads BPI's Enterprise Services which serves as the backbone of the organization that includes Human Resources, Centralized Operations, Information Systems, Digital Channels and Facilities Services. He chairs the Bank's Information Technology Steering Committee.

Mr. Jocson 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 (VP) and General Manager (GM) of IBM Global Services, ASEAN and South Asia. He was then appointed as VP and GM of IBM Global Services for Industrial Sector for Asia Pacific in 2005. Two years later, in 2007, Mr. Jocson took on the role of VP 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, Mr. Jocson 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 Southeast 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.

Mr. Jocson 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. Mr. Jocson served as the Vice-Chairman of the CyberSecurity Committee of the Bankers Association of the Philippines from 2017 to 2022.

Mr. Jocson is a graduate of the University of the Philippines with a Bachelor's degree in Industrial Engineering in 1982. He obtained his MBA from the Ateneo Graduate School of Business. Mr. Jocson 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.

MARIA CRISTINA L. GO
Executive Vice President
Head of Consumer Banking

Filipino, 53 years old, Ms. Go is the head Consumer Banking, which was formed post-merger of BPI and BPI Family Savings Bank (BFSB). After having served as President of BFSB since June 2017, Ms. Go leads the combined retail businesses to primarily serve the needs of over nine million individual customers. BPI Consumer Banking is comprised of the 753 branches nationwide, 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 BPI 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 inspires a high performing, agile and collaborative culture to be able to serve the ever-changing needs of customers.

Beyond digitizing products and automating processes, the ongoing transformation journey of the Consumer Bank encompasses the transformation of the branches from transactional to advisory centers enabled by the continuous upskilling and reskilling of bank personnel. Her experience in BFSB of transforming processes, products and culture enabled high quality business growth and a pandemic-resilient portfolio, preserving BFSB's leadership position in the thrift bank industry until its merger. 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 its inception in 2013. She serves as a mentor for high-impact entrepreneurs in Endeavor Philippines and is a contributor to the Philippine Star's Property Report section. 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 earned a Master's degree from the Harvard Business School with honors in 1996. 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 was recognized as one of the UP College of Business Administration's Distinguished Alumni in 2012.

MARIA THERESA D. MARCIAL
President & CEO, BPI Wealth

Ms. Marcial, 52, is the President & CEO of BPI Wealth - A Trust Corporation. She oversees a comprehensive suite of investment, trust, and wealth management solutions catering to a diverse range of clients, including corporate, institutional, high net worth, mass affluent, and retail segments. She is a seasoned banker with diverse experience spanning 28 years across various disciplines such as investment management, trust, private banking, corporate banking, debt and equity capital markets, corporate strategy and finance. Her leadership roles in BPI include a five-year stint as Chief Finance Officer where she played a pivotal role in driving the bank's strategic imperatives, capital structure, and sustainability agenda. She actively engaged with business partners, investors, and capital markets while providing oversight for the capital structure, and financial and regulatory reporting for BPI group of companies.

She is presently a board director of BPI AIA Life Assurance Corporation, BPI International Finance Ltd Hong Kong, 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 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.

Ms. Marcial is an advocate of marine conservation and renewable energy development. 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. She participated in the 2018 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 6,000 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. She was recognized as one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor in 2014, CEM Centennial Outstanding Alumni of the University of the Philippines Los Baños in 2019, and Most Outstanding Alumnus of the University of the Philippines Los Baños in 2022.

MARIE JOSEPHINE M. OCAMPO
Executive Vice President
Head of Mass Retail Products

Filipino, 60 years old, Ms. Ocampo is the Head of the Mass Retail Products of the Bank, where she oversees BPI's credit, debit, and prepaid card businesses as well as personal and microfinance 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 Asia-Pacific 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 became the President of BPI Card Corporation, the Bank's credit card subsidiary. Under her watch, BPI Credit Cards won the prestigious Agora Award for Marketing Company of the Year in 2000.

In 2005, Ms. Ocampo was cross-posted to BPI's Consumer Banking Group as Head of Kiosk Banking and Head of Personal Banking. She, then, became the Bank's Chief Marketing Officer from 2008 until 2014, wherein she was responsible for BPI's data warehouse, customer analytic capabilities, and the bank's CRM, advertising, and digital initiatives across the breadth of products, channels, and services. In 2015, she was appointed as the group head for Payments and Remittance.

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 from the Ateneo de Manila University with a degree in Business Management (Honors Program), magna cum laude. She also completed the Advanced Management Program at the Harvard Business School in 2007.

JUAN CARLOS L. SYQUIA

Executive Vice President
Head of Institutional Banking

Filipino, 56 years old, Mr. Syquia is the head of Institutional Banking and is responsible in overseeing Relationship Management for Corporate & Commercial Banking, Corporate & Commercial Credit Products, Transaction Banking (Cash Management and Trade), Remittance & Fund Transfer, and Investment Banking (which includes Equity Brokerage). He is also the Chairman of BPI's joint venture company, Global Payments Asia-Pacific Philippines Incorporated.

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, New York, USA as well as a Bachelor's degree in Management Economics from the Ateneo de Manila University.

JOSEPH ANTHONY M. ALONSO

Senior Vice President and Chief Credit Officer

Filipino, 57 years old, Mr. Alonso is the Bank's Chief Credit Officer responsible for managing the aggregate risk in the BPI Group's loan portfolio - ensuring that portfolio quality and profitability are maintained across the lending units within the BPI Group through the 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 and Irregularities 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 25-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.

DINO R. GASMEN

Senior Vice President and Treasurer

Filipino, 56 years old, Mr. Gasmen is the 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 Bachelor's degree in Electrical Engineering and a Master's Degree in Business Administration from the University of the Philippines Diliman.

MARITA SOCORRO D. GAYARES

Senior Vice President and Chief Risk Officer

Filipino, 61 years old, Ms. Gayares is the Chief Risk Officer (CRO) of the BPI Group of Companies and Head of its Risk Management Office since January 2018. As CRO, she is primarily responsible for the overall management of our enterprise risks - ensuring that all relevant financial and non-financial risks are appropriately identified, measured, controlled, and monitored within our approved risk appetite and commensurate to returns on capital. She provides executive and strategic risk support to the Board of Directors, through the Risk Management Committee (RMCom), in fulfilling its risk management function and ensuring that we have an established, sound, and robust enterprise risk management (ERM) framework. She works closely with the Chief Audit Executive and Chief Compliance Officer for effective risk management governance, compliance, and control processes across the Bank. She currently serves as a Member of our Fraud and Irregularities Committee (Chairperson), Enterprise Data Steering Committee (Chairperson), Crisis Resiliency Committee (Deputy Commander), Sustainability Council (non-voting member), Enterprise and Information Technology Steering Committee (advisory capacity), Finance Committee (non-voting member), and Operational Risk Management Committee.

With career stints in the areas of Corporate Banking, Credit and Transaction Banking, Loans Operations, Project Management, Systems, and Financial Control, and having previously served as our Chief Compliance Officer, Ms. Gayares' extensive and diverse 37-year banking experience has been instrumental in transforming our compliance, anti-money laundering, corporate governance, and data privacy frameworks, methods, and processes, and helping us become one of the leading financial institutions in the Philippine banking industry in the areas of governance, risk management, and compliance (GRC).

Ms. Gayares is a graduate of the University of the Philippines Diliman with a Bachelor's degree in Business Economics. She completed her Master's degree in Business Administration at the George Washington University in Washington, D.C. She has successfully completed the Strategic Compliance in the Banking Industry certificate course by the Association of Bank Compliance Officers (ABCOMP) and De La Salle University (DLSU) Manila, as well as completed corporate governance modules facilitated by the Institute of Corporate Directors (ICD). She currently serves as Member of the Risk Management Committee of the Bankers' Association of the Philippines (BAP), and Executive Committee Member of the Enterprise Risk Management (ERM) Council of the Ayala Group of Companies.

JOSE RAUL E. JEREZA IV

Senior Vice President
Head of Agency Banking

Filipino, 51 years old, Mr. Jereza heads BPI Agency Banking Group since it was formed in April 2022. He is responsible in building the agency banking model which enables the Bank to partner with third-party establishments to be Banking Agents, allowing BPI to offer better payment options, more savings accounts ownerships, credit and financing terms, and investment opportunities, thereby increasing customer count and expanding the Bank's geographical and socioeconomic reach via these agency banking partners.

He has been with the Bank for more than 15 years, joining BPI in January 2007. He was tasked to form the Overseas Filipino (OF) Segment, understanding the market opportunities abroad. He previously led the Self-Service Channels, offering Express Phone and Express Online services. In 2011, Mr. Jereza developed the first agency channel model under then-BPI Globe BanKo. Eventually, he was transferred to Retail Banking as Head of the VisMin branches from 2015 to 2018 before becoming Head of Northern Metro Manila branches before he assumed the Agency Banking post.

Mr. Jereza graduated from the Philippine School of Business Administration – Quezon City. He also finished the AIM Management Development Program in 2001.

ERIC ROBERTO M. LUCHANGCO
Senior Vice President and Chief Finance Officer and Chief Sustainability Officer

Filipino, 52 years old, Mr. Luchangco is the Chief Finance Officer, Chief Sustainability Officer, and Head of Strategy and Finance since June 2022. In this role, he oversees the Bank's strategic planning and budgeting, capital structure, and sustainability agenda.

Before taking on his current role, Mr. Luchangco was Head of Business Banking from June 2019 until May 2022, where he managed BPI's presence within the Small and Medium Enterprises (SME) space. Mr. Luchangco initially joined the BPI Group in 2013 as Head of Debt Capital Markets of BPI Capital, the Bank's investment banking unit. His responsibilities are later expanded 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.

Prior to joining BPI Group, 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 is a graduate of Ateneo de Manila University with a bachelor's degree in Management Economics. He completed his Master's degree from the Ross School of Business at the University of Michigan.

DOMINIQUE R. OCLIASA
Senior Vice President
Head of Business Banking

Filipino, 55 years old, Mr. Ocliasa is the Head of Business Banking since June 2022. He oversees the expansion of BPI's presence within the SME space, which has been identified as a growth area for the Bank. Business Banking envisions to be the partner of choice for SMEs in the Philippines by providing simple, convenient and relevant product offerings and services to address the needs of the customers.

He started his banking career in 1987 as Analyst at the Credit Division of Far East Bank and Trust Company (FEBTC) where he was later appointed as Deputy Administrative Officer. In 1990, he moved to Corporate Banking as Account Officer covering top corporates, a role he retained upon the merger with the Bank of the Philippine Islands (BPI) in 2000. He was promoted to Assistant Vice President in 2008 and became Team Head of Asian Corporates & PEZA in 2011. In 2015, he was assigned to Corporate Credit Products Group where he concurrently headed the Credit Division for Metro Manila Lending, Asian Corporates & PEZA, and Leasing Express Lane up to early 2019. He briefly joined the Office of the Chief Credit as member of the BPI Sub-Credit Committee before moving to BPI Family Savings Bank (BFSB) as Co-Chairman of the Credit Committee in late 2019. In April 2020, he became the Credit Division Head and Chairman of the Credit Committee.

Mr. Ocliasa is a graduate of the University of the Philippines Diliman with a Bachelor's degree in Economics 1987.

MARY CATHERINE ELIZABETH P. SANTAMARIA
Senior Vice President and Chief Customer and Marketing Officer

Filipino, 55 years old, Ms. Santamaria is the Chief Customer and Marketing Officer (CCMO) of the Bank since August 2021. Her role was expanded to lead a strategic imperative of Chief Customer Officer concurrent with her position as Chief Marketing Officer. She is tasked to understand our customers and their behaviors to guide the way we serve them in creating products and solutions, as well as add value in the way we narrate and communicate our brand purpose and promise.

Ms. Santamaria joined BPI in 2011, starting with Customer Relationship Marketing (CRM). She had various roles in the Bank, subsequently becoming its 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 and Eastern Europe, Brazil, Australia, China, and Saudi Arabia. She was subsequently appointed as General Manager for Kraft Foods Jaya, leading Singapore, Malaysia, and Brunei.

Immediately before joining BPI, Ms. Santamaria was connected with Globe Telecom where she spearheaded the repositioning of various mobile brands.

Ms. Santamaria's accolades throughout her career include the Rookie of the Year (Adformatix), President Award (Kraft Foods - Asia Pacific/Kraft Foods International), Best Innovation – TM (Globe Telecom), and a Bronze Award in Excellence in Data-Driven Marketing and Consumer Insight (Marketing Interactive). Within the Bank, she led the team that won the Best Innovation Project - Employee category in 2016 and has been recognized in the Unibank Excellence Awards program since 2018.

Ms. Santamaria served as Vice President for the Bank Marketing Association of the Philippines (BMAP) in 2018.

Ms. Santamaria graduated from the University of the Philippines in 1988 with a Bachelor's degree in Business Administration, cum laude. She also has a Certificate in Strategic Business Economics (with Distinction) and a Master's degree in Business Economics from the University of Asia and the Pacific. She also took a course at the Chicago Business School in February 2006 and completed a Telecoms Marketing Mini-MBA from Informa Telecoms and Media in London in April of the same year.

ROSEMARIE B. CRUZ
Senior Vice President and Chief Audit Executive

Filipino, 60 years old, Ms. Cruz is the Chief Audit Executive of the BPI Group of companies since January 2012 and leads the Bank's Internal Audit Division. She oversees the audit of the different units, systems, and processes of the BPI Group and provides assessment on the adequacy and effectiveness of their internal control systems, risk management, and governance processes. She supports the Audit Committee in the discharge of its oversight function and also works closely with the Chief Risk Officer, Chief Compliance Officer, external auditor and other assurance units for a comprehensive review of risks and compliance systems in the Bank.

Ms. Cruz also sits as non-voting member of the board-level Related Party Transactions Committee and the management-level Fraud and Irregularities Committe. Ms. Cruz joined BPI in 2000, when the Bank acquired Far East Bank and Trust Company, where she was previously in charge of the audit of the retail banking, lending operations and other backroom support operations. She also headed the special examination unit in charge of investigation of fraud and irregularities.

Ms. Cruz is a Certified Public Accountant and is a graduate of Philippine School of Business Administration with the bachelor's degree in Accounting. She completed her Advanced Bank Management program at Asian Institute of Management in 1996.

NORAVIR A. GEALOGO
Senior Vice President and Chief Compliance Officer

Filipino, 59 years old, Atty. Gealogo is the Chief Compliance Officer of BPI and Head of the Bank's Compliance Division which oversees the implementation of the Bank's enterprise-wide compliance programs and is composed of the following departments: Regulatory Compliance – Management & Advisory, Regulatory Compliance – Testing & Post Review, Regulatory Compliance - Subsidiary Oversight, AML Compliance, AML Systems and Special Projects, FATCA Compliance, Corporate Governance, Data Privacy Office, and Compliance Analytics. The Compliance Division is also empowered by 26 Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank.

Having started her banking career with Far East Bank and Trust Company (FEBTC) in 1991 which merged with BPI in 2000, she has more than 31 years of banking experience. Previously a legal officer of FEBTC, the Head of the Legal Advisory Department of BPI and Legal Advisory Officer and Head of Compliance of BPI Capital Corporation, she has extensive business, legal and compliance exposure in the areas of corporate and retail banking, corporate finance, project finance, securities distribution, mergers and acquisition, correspondent banking, remittance, and trade finance. She is currently a non-voting member of BPI's board-level Related Party Transactions Committee and chairs the management level Money Service Business (MSB) Governance Committee and Money Laundering Evaluation Committee (MLEC).

Atty. Gealogo obtained her Bachelor of Laws from the University of the Philippines Diliman in 1988 and AB History from the same university in 1984. She completed the Development Lawyers Course at the International Development Law Institute in Rome, Italy in 1994 and the Certificate Course in Strategic Compliance for the Banking Industry at the Center for Professional Development in Business of the De La Salle University in 2017. She has regularly undergone corporate governance courses and training provided by the Institute of Corporate Directors (ICD), Bankers Institute of the Philippines (BAIPHIL), Good Governance Advocates and Practitioners of the Philippines (GGAPP) and Association of Bank Compliance Officers of the Philippines (ABCOMP). She is currently also the Secretary and a Member of the Board of Directors of ABCOMP.

Senior Management

PRESIDENT
Limcaoco, Jose Teodoro K.

AGENCY BANKING

SENIOR VICE PRESIDENT
Jereza, Jose Raul E. IV

VICE PRESIDENT
Barroquillo, Ericson H.
Fariñas, Ritche G.
Lualhati, Genaro N. IV
Montenegro, Jose Victor G.

BUSINESS BANKING

SENIOR VICE PRESIDENT
Ocliasa, Dominique R.
Paulino, Ma. Genalyn R.

VICE PRESIDENT
Cruz, Katrina Joy G.
Pagulayan, Rhodora Adelaida C.
Raneses, Niño Jesus B.
San Diego, Ma. Cristina L.

CHIEF CREDIT

SENIOR VICE PRESIDENT
Alonso, Joseph Anthony M.
Aniceto, Homer L.

VICE PRESIDENT
Abduhalim, Noel Y.
Catalan, Mari Margaret Z.
Cortez, Marie Antoinette S.
Jalandoni, Carlos A.
Tan, Ma. Elizabeth V.

CHIEF RISK RISK MANAGEMENT

SENIOR VICE PRESIDENT AND CHIEF RISK OFFICER
Gayares, Marita Socorro D.

SENIOR VICE PRESIDENT
Asis, Ma. Cristina F.

VICE PRESIDENT
Amado, Frances S.
Centeno, Veronica Anne Y.
David, Jan Lenard S.
Gianan, Maria Lucia P.
Isaac, Christine P.
Lim, Steven S.
Ramos, May Lita D.
Sumagpang, Sylvia P.
Velasco, Josephine Eufemia P.

INTERNAL AUDIT

SENIOR VICE PRESIDENT AND CHIEF AUDIT EXECUTIVE
Cruz, Rosemarie B.

VICE PRESIDENT
Abaca, Ma. Cecilia L.
Almazan, Jinky C.
Baisac, Michelle M.
Bobadilla, Anna Liza O.
Tan, Janice U.

COMPLIANCE

SENIOR VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER
Gealogo, Noravir A.

VICE PRESIDENT
Paz, Jonathan John B.
Sevilla, Don Cesar Teodoro II L.
Villaflores-Balatan, Melissa B.

CORPORATE SECRETARY

SENIOR VICE PRESIDENT
Gatmaytan, Ma. Lourdes P.

CONSUMER BANKING

EXECUTIVE VICE PRESIDENT
Go, Maria Cristina L.

SENIOR VICE PRESIDENT
Ang, Olga S.
Fronda, Dennis T.
Galvez, Marwin L.
Sta. Ana, Ana Liza C.
Sy, Cristina J.
Zobel De Ayala, Mariana Beatriz E.

VICE PRESIDENT
Amarillo, Lorilei Joy E.
Badua, Arrex S.
Barin, Diosdado B.
Braganza, Sonia S.
Brocka, Virginia Gloria B.
Catindig, Myra Liza D.
Cayco, Noreene T.
Cervantes, Miguel P. Jr.
Chee, Fitzgerald S.
Chua, Ma. Lea Jasmin O.
Concepcion, Lorina D.
Cuajotor, Dexter Lloyd C.
Dionisio, Florisa F.
Espiritu, Hazel Marie O.
Facundo, Alan Ramil T.
Gasa, Jose Mari Israel V.
Gonzales, Glenda M.
Guirgen, Elaine Jean T.
Hasegawa, Edgar C.
Iringan, Ariel M.
Lataquin, Philip Joel P.
Lopez, Redilberto V.
Lucero, Joseph L.
Mallari, Edward C.
Marquez, Ma. Carmina T.
Medina, Melissa R.
Mercado, Arlene D.
Meregillano, Ma. Theresa D.
Montemayor, Rochelle S.
Montes, Vivian D.
Navarrete, Rhodora Marie R.
Nicdao, Sheila M.
Ocampo, Amelita C.
Ocampo, Bernadette B.
Panizales, Mark Launcel P.
Perez, Art Gerald B.
Raymundo, Maribeth A.
Rodriguez, Audrey May M.
Quimbo, Joseph Sidney D.
Saguindang, Isagani M.
Sampang, Jose P. Jr.
Sampang, Maya B.
Santos, Ma. Claudina C.
Santos, Mylene Riza C.
Segui, Maribeth G.
Soriano, Rhoda A.
Taguba, Janette B.
Teo, William C.
Tined, Edelinda R.
Trinidad, Jonathan V.
Ureta, Joy L.
Wambangco, Angel Gerard P.
Wee, Ignacio Jr. T.

INSTITUTIONAL BANKING

EXECUTIVE VICE PRESIDENT
Syquia, Juan Carlos L.

SENIOR VICE PRESIDENT
Cariaso, Reginaldo Anthony B.
Cruz, Luis Geminiano E.
Go, Raymond H.
Lim, Maria Teresa Anna K.
Macapagal, Juan Jesus C.
Marcos, Noelito C.
Untalan, Barbara Ann C.
Veloso, Roland Gerard R. Jr.

VICE PRESIDENT
Amoranto, John Albert P.
Ampolitud, Mary Jane L.
Ang, Christian Ivan B.
Basilio, Maria Cristina A.
Buensuceso, Maria Bella T.
Canlas, Mark Emmanuel L.
Casals, Sheree N.
Catelo, Felices V.
Cirujano, Raymond Anthony M.
Daluz, Allan Gerard C.
De Jesus, Marie Joan Socorro J.
De Paula, Noel Isabelo S.
De Vera, Joel A.
Dela Paz, Cecile Catherine A.
Elefano, Ria Gloria B.
Espiritu, Patricia S.
Felipe, Herman Rufino S.
Garcia, Emmanuel Gualberto R.
Garcia, Jeanette J.
Guiang, Georgia V.
Jimenez, Jose Gregorio T.
Laquindanum, Mary Jane Y.
Liang, Adonis G.
Pandan, Michelle Therese B.
Ruba, Andres B. Jr.
Ruelo, Arsenio B.
Sangco, Jose Martin S.
Santoyo, Kristine Joy V.
Saulog, Grace Pacita A.
Sison, Ana Maria C.
Sison, Rolando Antonio D.
Tanchun, Nenita T.

CUSTOMER & MARKETING

SENIOR VICE PRESIDENT AND CHIEF CUSTOMER AND MARKETING OFFICER
Santamaria, Mary Catherine Elizabeth P.

VICE PRESIDENT
Luna, Maria Ana M.
Melliza, Madeline H.
Valdez, Melissa Joy D.

ENTERPRISE SERVICES

SENIOR VICE PRESIDENT
Eala, Maria Virginia O.
Mercado, Eugenio P.
Pineda, Teodoro S. Jr.
Seminiano, Alexander G.

VICE PRESIDENT
Aguirre, Melanie Marie D.
Aquino, Jose Benjamin Augusto P. Jr.
Bernales, Dominador R. Jr.
Chua, Lea Grace A
Cortes, Ellen S.
De Jesus, Donna M.
Dee, Jericho S.
Del Fierro, Anna Christina U.
Faustino, Frederick M.
Ferrer, Josephine B.
Garcia, Carlo Demetrius C.
Javier, Ivan Angelo E.
Jugo, Carlos V.
Lee, Eugene O.
Lustre, Francisca Ann M.
Mercado, Roberto Isabelo P.
Ngo Sy, Sheryl G.
Paguntalan, Reygen C.
Poblete, Carlo Eduardo P.
Rocero, Anna Lyn J.
Segundo, Servillano R.
Sta. Ana, Jose Antonio Rogelio P.
Taguibao, Domingo Digno A. Jr.
Treyes, Anthony Y.
Trocio, Bernadette S.
Ugsimar, Joel L.
Umayam, Editha F.
Villegas, Christian R.

Senior Management

GLOBAL MARKETS

SENIOR VICE PRESIDENT AND TREASURER
Gasmen, Dino R.

SENIOR VICE PRESIDENT
Fernandez, Rinaldo H.
Pineda, Donarber N.
Neri, Emilio S. Jr.

VICE PRESIDENT
Barrameda, Ma. Lourdes D.
Bernales, Jesse Allan B.
Cabral, Voltaire P.
Cayetano, Alan C.
Crisostomo, Mari Len S.
Figueroa, Susan C.
Gingco, Rowena M.
Go, Donna May P.
Javier, Marco Miguel M.
Leonen, Lionel F.
Romagos, Christian Paolo E.
Salvan, Jose Esteban J.
Singian, Jennifer Gayle P.
Sorra, Jethro Daniel S.
Wee Sit, Clive Manuel O.

MASS RETAIL PRODUCTS

EXECUTIVE VICE PRESIDENT
Ocampo, Marie Josephine M.

SENIOR VICE PRESIDENT
Gomez, Jesus Angelo O.
Lacerna, Jenelyn Z.

VICE PRESIDENT
Aldip, Alma G.
Bejar, Mary Catherine A.
Celorico, Stephanie Faye C.
Delfin, Christine I.
Feranil, Catherine Y.
Ibarra, Girly G.
Okoye, Ranjit Kaur B.
Tiukinhoy, Anna Frederika B.
Villaraza, Carmel Ace Q.

STRATEGY AND FINANCE

SENIOR VICE PRESIDENT AND CHIEF FINANCE OFFICER
Luchangco, Eric Roberto M.

SENIOR VICE PRESIDENT
Abola, Joaquin Ma. B.
Lukban, Maria Consuelo A.
Osalvo, Emmanuel Jesus G.

VICE PRESIDENT
Agdeppa, Maria Lourdes Valerie C.
Banta, Jeri Alanz A.
Barcelo, Alma L.
Campos, Lourdes Suzanne S.
Coloma, Cesar Bernard R.
Cruz, Feliciana S.
Eala, Jo Ann B.
Santiago, Richard M.
Taco, Eliza May T.
Tan, Cherish Honey C.
Tuddao, Dennis T.
Ysmael, Paul Roderick A.

WEALTH MANAGEMENT

SENIOR VICE PRESIDENT
Back, Jonathan Paul

PRIVATE BANKING

SENIOR VICE PRESIDENT
Chuidian, Tomas S.

VICE PRESIDENT
Ambito, Sabrina Rosario A.
Boon, Lorraine Dominique C.
Bustamante, Ma. Carmencita S.
Mapanao, Perlita S.
Mendoza, Barbara B.
Mercado, Gerissa T.
Roxas, Vilma L.
Ty-Gosingco, Leslie Ann N.
Velez, Gemma T.

BPI WEALTH

PRESIDENT
Marcial, Maria Theresa D.

SENIOR VICE PRESIDENT
Chua, Smith L.
De Peralta, Yvette Mari V.
Garcia, Maria Paz A.
Sevilla, Christmas G.

VICE PRESIDENT
Alonzo-Velasco, Christiane B.
Ang, Irene L.
Ayson, Remarie Suzette A.
Balita, Jose Erwin B.
Bello, Ronald Bernard P.
Dee, Allen Martin O.
Evaristo, Mario Gerardo Z.
Gavino, Kenneth John C.
Maramag, Angela Pilar B.
Manalo, Andrae V.
Rocamora, Minette Josephine C.
Santos, Rhex Ryan P.
Sarreal, Lovell A.
Verayo, Harold Ceasar T.
Zialcita, Luis Antonio P.

BPI CAPITAL CORPORATION

PRESIDENT
Huang, Rhoda A.

VICE PRESIDENT
Gatmaitan, Jerome Matthew Y.
Guevara, Jenny C.
Jardeleza, Francis L.
Llige, Reinier A.
Ng Uy, April Ria M.
Ong, Lester

BPI INVESTMENT MANAGEMENT INC.

PRESIDENT
Enrile, Roberto Martin S.

VICE PRESIDENT
Gomez, Vittorio Raoul M.

BPI SECURITIES CORP.

PRESIDENT
Narvaez, Hermenegildo Z.

BPI EUROPE, PLC

MANAGING DIRECTOR
Yulo, Lizbeth Joan P.

BPI INTERNATIONAL FINANCE

MANAGING DIRECTOR
Ng, Shui Shan Susanna

VICE PRESIDENT
Ho, Kwai Lun
Lau, Mei Kuen
Li, Tsan Man
Lui, Chi Hang
Ng, Wah Chung
Ueng, Yeu Jye

BPI DIRECT BANKO INC.

PRESIDENT
Minglana, Jerome B.

SENIOR VICE PRESIDENT
Mabiasen, Rodolfo K. Jr.

VICE PRESIDENT
De Jesus, Ma. Cynthia Leticia S.
Delos Reyes, Anne A.
Florentino, Maria Angelica G.

BPI FOUNDATION

EXECUTIVE DIRECTOR
Cammayo, Owen L.

Products and Services

DEPOSITS

Peso
- Checking
- Savings
- Time

Foreign Currency
- Savings
- Time

Deposit Substitutes

LOANS

COMMERCIAL

Agribusiness
- Agricultural Production
- Agricultural Trading
- Agricultural Services
- Post-Harvest Operations

Trade Finance
- *Import Trade Services*
  - Advanced Payment
  - Direct Remittance
  - Open Account
  - Documentary Collection
  - Letters of Credit
- *Export Trade Services*
  - Letter of Credit Advising, Confirmation, Negotiation
  - Outward Bills for Collection
- *Other Trade Services*
  - Standby Letters of Credit
  - Shipping Guarantees
  - BOC Duties Payment
- *Trade Financing*
  - Import Bills
  - Trust Receipt Financing
  - Export Advance Loan
  - Export Bills Purchase
- *Supply Chain*
  - Supplier Finance
  - Receivable Finance

Structured Finance
- Project and Infrastructure Finance
- Cross Border Loans and Investments
- Other Structured Credits

Sustainable Development Finance
- Energy Efficiency
- Renewable Energy
- Climate Resilience
- Sustainable Agriculture

Leasing
- Operating Lease
- Full Service Operating Lease

SMALL MEDIUM ENTERPRISES

Deposits
- Bizlink
- Bizlink checking
- BizKo

Loans
- Standard Loan
- Merchant Loan
- BizTech (Business Technology) Loan
- Zero Collateral
- Off-the-Shelf
- Back-to-Back
- Ka-Negosyo Credit Line (KCL)
- Commercial Asset Purchase (CAP)
- Business Franchise Financing (BFF)
- Private Lite
- Investor Loan
- Supplier Community Solutions
- Distributor Community Solutions
- Doctor's Loan

Seasonal Loans

MICROFINANCE
- BanKo NegosyoKo Loan
- PondoKo Savings Account
- BanKo Mobile

CONSUMER
- Auto Loans (BFSB)
- Housing Loans (BFSB)

FINANCIAL SERVICES (HONG KONG)
- Global Securities
- Foreign Fixed Income
- Bonds/Credits
- Collective Investment Schemes/Funds
- Equities
- Investment Management Account
- Multi-Currency Time Deposits
- Short Term Loans
- Foreign Exchange Spot

PAYMENTS AND SETTLEMENTS

Electronic Channels
- BPI Online
- BPI Mobile App
- BPI Contact Center
- BPI Automated Teller Machine (ATM)
- BPI Cash Accept Machine (CAM)

Unsecured Lending and Cards
- Credit Cards
- Debit Cards
- Prepaid Cards
- Personal Loans

Remittance
- **Inward Cross-Boarder Remittance**
  - **Settlement Modes**
    - Credit to BPI Account
    - Credit to Other Bank Accounts
    - Gift Remittance
    - Cash Pick-Up from BPI and BFSB Branches and Partner Outlets
- **Outward Remittance**
- **Domestic Remittance**
  - **Funds Transfer to other banks**
    - InstaPay, PESONet, GSRT, and PDDTS
  - **Remit to Account**
    - Credit to Account via Domestic Tie-Ups
  - **Seafarer Allotment Distribution**
    - Credit to BPI Accounts
    - Credit to Other Bank Accounts
    - Credit to E-Wallets

Cash Management
- **Collections**
  - Cash and Check Pick-Up
  - Corporate Cash Deposit Machine (CCDM)
  - Motorized Check Collection
  - PDC Warehousing
  - Remote Deposit Capture
  - Auto Debit Arrangement (ADA)
  - E-ADA Enrollment (e-ADA)
  - Bills Collection
  - Electronic Payment & Presentment (EIPP)
  - Corporate QR
- **Disbursements**
  - Pay Bills
  - Government Payments
  - Pay BPI (Online Supplier Payments)
  - Self-Service Check Disbursement
  - Outsourced Check Disbursement
  - Pay Non-BPI
  - Pay Foreign Accounts
  - Corporate ATM
  - Electronic Certificate of Withholding Tax
- **Liquidity**
  - Account Inquiry and Transaction History
  - Special Bank Statements (MT940 PH Standard, Multicash, BAI)
  - Bank Statement Download
  - Transfer to Own
  - Account Sweeping

FI Depository Services

ASSET MANAGEMENT & TRUST

INSTITUTIONAL FUND MANAGEMENT

Fund Management Solutions
- Corporate and Institutional Funds
- Pension and Provident Funds

Other Fiduciary Solutions
- Bond Trusteeship
- Loan Agency
- Escrow Agency
- Mortgage Trust Indenture

Securities Custody Account

Wealth Management
- Regular Subscription Plan
- Personal Management Trust
- Investment Management Account
- Personal Equity & Retirement Account (PERA)
  - BPI PERA Money Market Fund
  - BPI PERA Equity Fund
  - BPI PERA Government Bond Fund
  - BPI PERA Corporate Income Fund

INVESTMENT FUNDS

BPI Investment Funds
- **Peso**
  - BPI Invest Short Term Fund
  - BPI Invest Money Market Fund
  - BPI Invest Premium Bond Fund
  - BPI Invest Balanced Fund
  - ABF Philippines Bond Index Fund
  - BPI Invest Philippine High Dividend Equity Fund
  - BPI Invest Equity Value Fund
  - BPI Invest Philippine Equity Index Fund
  - BPI Invest Philippine Infrastructure Equity Index Fund
  - BPI Invest Philippine Consumer Equity Index Fund
  - BPI Fixed Income Portfolio Fund-of-Funds
  - BPI Invest Catholic Values Global Equity Feeder Fund
  - BPI Invest *Bayanihan* Balanced Fund

Foreign Currency

BPI Invest US Dollar Short Term Fund
BPI Invest Global Bond Fund-of-Funds
BPI Invest Philippine Dollar Bond Index Fund
BPI Invest Global Equity Fund-of-Funds
BPI Invest US Equity Index Feeder Fund
BPI Invest European Equity Feeder Fund
BPI Invest US Dollar Income Feeder Fund
BPI Invest World Technology Feeder Fund
BPI Invest Global Health Care Feeder Fund

Odyssey Funds

Peso

Odyssey Peso Medium Term Bond Fund
Odyssey Peso Bond Fund
Odyssey Diversified Capital Fund
Odyssey Diversified Balanced Fund
Odyssey Philippine Equity Fund
Odyssey Philippine High Conviction Equity Fund

Foreign Currency

Odyssey Philippine Dollar Bond Fund
Odyssey Asia Pacific High Dividend Equity Feeder Fund

BPI INVESTMENT MANAGEMENT INC.

Mutual Funds

ALFM Mutual Funds

ALFM Money Market Fund
ALFM Peso Bond Fund
ALFM Dollar Bond Fund
ALFM Euro Bond Fund
ALFM Growth Fund
Philippine Stock Index Fund
ALFM Global Multi-Asset Income Fund

PAMI Mutual Funds

Philam Managed Income Fund
Philam Bond Fund
Philam Dollar Bond Fund
PAMI Global Bond Fund
Philam Fund
PAMI Horizon Fund
PAMI Asia Balanced Fund
Philam Strategic Growth Fund
PAMI Equity Index Fund

Other BIMI Funds

Ekklesia Mutual Fund
Solidaritas Fund
Affinity Global Multi-Asset Fund

BPI Indices

BPI Philippine Government Bond Index
BPI Philippine Government Bond 1-3 Year Index
BPI Philippine Government Bond 1-5 Year Index
BPI Philippine Government Bond 5+ Year Index
BPI Philippine Government Liquid Bond Index
BPI Philippine Government Money Market Index
BPI Philippine Corporate Bond Index
BPI Philippine Equity Total Return Index
BPI Philippine Infrastructure Equity Index
BPI Philippine High Dividend Equity Total Return Index
BPI Philippine Consumer Equity Index

INVESTMENT BANKING

Equity Capital Markets

IPO/Follow-on Public Offering
Private Placements
Equity-linked instruments

Debt Capital Markets

Public Offers
Private Placements

Project Finance

Special Projects
Power & Infrastructure
PPP
Energy Financing

Mergers and Acquisitions

Acquisitions
Joint Ventures and Mergers
Divestments

Loan & Credit Syndication

Bilateral Loans
Short-Term Notes
LBO Financing

Securities Distribution and Trading

Institutional
Corporate
HNW
Retail

Strategic Advisory

Funding Strategy
Capital, Corporate & Governance Structuring
Private Equity and other Investor Placements
Transition (2G □ 4G)

Merchant Banking

Partner of Choice
Equity

Securities Distribution and Trading

Philippine Sovereign Debt

Treasury Bills and Notes
Retail Treasury Bonds

Corporate Bonds

Proprietary Investments

Merchant Banking

Broker/Dealer of the Philippine Equities

Online Stock Trading
Broker Assistance & Portfolio Design
Research
Investor Education

Treasury Solutions

Foreign Exchange

Fixed Income Securities

Derivatives & Hedging Solutions

Forward Contracts (Deliverable Forwards and Non-Deliverable Forwards)
Swap Contracts (Foreign Exchange Swaps, Interest Rate
Swaps, Cross Currency Swaps, Non-Deliverable Swaps)
Hedged Investments

INSURANCE

Individual Account / In-Branch

Family Care Plus
Build Estate Plus
Life Ready Plus
Life Protect
Accident Guard 24/7
Life Extreme Protect
Critical Care Max
Critical Care Plus
Build Life Plus
Invest Peso Max
Preferred Life Plus
Premier Benefit Life
Dollar Protect Plus
Critical Care 100
MedLife Protect Plus

BPI-Philam Direct

Smart Shield
Life Protect Health Direct
Smart Health Shield Series

Non-Life

Fire
Motor
Personal Accident
Casualty
Marine and Aviation
Engineering
Surety Bond
Microinsurance

2022 Awards and Citations

Institutional: BPI
- Market Leader in Corporate Banking, Euromoney Market Leaders Philippines Bank Rankings
- Best Domestic Bank, Asiamoney Best Bank Awards for the Philippines
- Best SME Bank in the Philippines, Alpha Southeast Asia Awards and Global Finance Awards

Sustainability
- Most Sustainable Bank (Philippines), International Business Magazine Awards
- Best Bank for Sustainable Finance (Philippines), Global Finance Sustainable Finance Awards
- Financial Leadership in Sustaining Communities (Asia-Pacific), Global Finance Sustainable Finance Awards
- Best Sustainable Bank (Philippines), FinanceAsia Country Awards
- House Awards Service Providers APAC: ESG Solution, Corporate Treasurer Awards
- Market Leader in Environmental, Social, and Governance (ESG), Euromoney Market Leaders
- Sustainability Company the Year – Circle of Excellence, Asia CEO Awards
- Top Sustainability Advocates in Asia, Asia Corporate Excellence and Sustainability (ACES) Awards
- Awardee: Sustainable Development Finance Program, Manila Bulletin Sustainability Recognition Night
- Best Bank for Sustainable Finance – Domestic (Philippines), The Asset Triple A Country Awards for Sustainable Finance

Corporate Governance
- ASEAN Asset Class Awardee (Regional Recognition), Institute of Corporate Directors (ICD)
- Golden Arrow Awardee (Domestic Recognition), Institute of Corporate Directors (ICD)

BPI Capital Corporation
- Best Investment Bank in the Philippines, International Business Magazine, Finance Derivative, FinanceAsia, and Alpha Southeast Asia (4th consecutive win)
- Best Equity Capital Markets House, *Alpha Southeast Asia and FinanceAsia*
- Best Debt Capital Markets House, *FinanceAsia*
- Top Ranked Market Leader in Investment Banking, *Euromoney*
- Domestic M&A Deal of the Year (AC Logistics stake acquisition of AIR 21 Group), *Alpha Southeast Asia*
- Best Green Bonds of the Year (ACEN Corporation's ASEAN Green Bonds), *Alpha Southeast Asia*
- Corporate Client Initiative of the Year (Cebu Air, Inc. Business Transformation Program), *Asian Banking and Finance*
- Green Deal of the Year (ACEN Finance Limited FFL Senior Guaranteed Undated Notes), *Asian Banking and Finance*
- Best Project Finance Deal for Asia (Smart Communications and Digital Tower Assets Sale), *FinanceAsia*
- Most Innovative Deal (ACEN Corporation Energy Transition Mechanism for South Luzon Thermal Energy Corporation) *The Asset*
- Best New Bond (Cebu Landmaster's Fixed Rate Bond), *The Asset*

Global Markets
- Best FX Bank for Corporates & Financial Institutions, *Alpha Southeast Asia Treasury & FX Awards*
- Best FX Bank for Retail Clients, *Alpha Southeast Asia Treasury & FX Awards*
- Triple A LLC Bank for Treasury/Working Capital Management in the Philippines, *The Asset Triple A Treasury, Trade, SSC, and Risk Management Awards*
- Triple A SME Bank for Treasury/Working Capital Management in the Philippines, *The Asset Triple A Treasury, Trade, SSC, and Risk Management Awards*
- Best Local Currency Bond Individual for Research (Emilio Neri, Jr.; Rank 2), *The Asset Benchmark Research Awards*
- Top Brokering Participant for Corporate Securities, 17th PDS Annual Awards
- Top 5 Fixed Income Dealing Participant (Rank 5), 17th PDS Annual Awards
- Top 5 Fixed Income Brokering Participants (Rank 4), 17th PDS Annual Awards

Transaction Services
- Best Trade Finance Bank in the Philippines (8th consecutive win), Alpha Southeast Asia

BPI Wealth, A Trust Corporation (Formerly BPI Asset Management and Trust Corporation)
- Best Managed Fund of the Year for Equity Dollar category for BPI Invest Global Equity Fund-of-Funds, Chartered Financial Analyst Society of the Philippines (CFA Society Phils)
- Best Overall Asset & Fund Manager (6th win in 7 years)
  Best Asset Manager for Money Market Funds
  Best Asset Manager for Equity & Fixed Income Funds
  Alpha Southeast Asia's Fund Management Awards
- Best Asset Manager – Philippines, International Finance Awards

BPI Investment Management, Inc.
- Best Managed Fund of the Year – Medium Term (HTM) Category for ALFM Dollar Bond Fund, CFA Society Phils
- ALFM Money Market Fund, Inc. 1st Place: 10-Year Return, Money Market Fund Category - Peso Denominated, Philippine Investment Funds Association (PIFA)
- ALFM Dollar Bond Fund, Inc., 1st Place: 1-Year, 3-Year, 5-Year, 10-year Return, Bond Fund Category - Foreign Currency Denominated, PIFA
- Philam Dollar Bond Fund, Inc., 3rd Place: 3-Year, 5-Year, 10-year Return, Bond Fund Category - Foreign Currency Denominated, PIFA
- ALFM Peso Bond Fund, Inc., 2nd Place : 1-Year, 3-Year, 5-Year, 10-year Return, Bond Fund Category - Peso Denominated, PIFA
- Philam Managed Income Fund, Inc., 3rd Place: 3-Year, 5-Year, and 10-Year Return, Bond Fund Category - Peso Denominated, PIFA
- Philam Fund, Inc., 3rd Place: 3-Year and 5-Year Return, Balanced Fund Category - Peso Denominated, PIFA
- PAMI Horizon Fund, Inc., 2nd Place: 3-Year Return, Balanced Fund Category - Peso Denominated, PIFA
- Solidaritas Fund, Inc., 1st Place: 10-Year Return, Balanced Fund Category - Peso Denominated, PIFA
- Philequity Fund, Inc., 1st Place: 10-Year Return, Equity Fund Category - Peso Denominated, PIFA
- Phil. Stock Index Fund Corp. (Share), 1st Place: 1-Year, 3-Year, 5-Year Return, Index Fund Category - PSEi Tracker, PIFA
- PAMI Equity Index Fund, Inc., 2nd Place: 3-Year Return, Index Fund Category - PSEi Tracker, PIFA

BPI Foundation
- Best Bank for Corporate Social Responsibility (CSR) in the Philippines, *Asiamoney Best Bank Awards*
- Winner, CSR Guild Awards: Breakthrough, Outstanding CSR Project in Financial Inclusion, League of Corporate Foundations (LCF)
- Finalist, CSR Guild Awards: Adopt-a-Beneficiary, Outstanding CSR Project in Financial Inclusion, LCF
- Finalist, CSR Guild Awards: Banking On The Arts Virtual Exhibit, Outstanding CSR Project in Arts and Culture, LCF
- Finalist, CSR Guild Awards: Maagang Pamasko Sa Panahon ng Covid-19, Outstanding CSR Project in Disaster Resilience, LCF
- Finalist, CSR Guild Awards: Lakbay Luntian, Outstanding CSR Project in Environment, LCF

Customer and Marketing Group
- Platinum Anvil Award - Going viral? Do it yourself. *Public Relations Society of the Philippines (PRSP)*
- Gold Anvil Award - Going viral? Do it yourself. *Public Relations Society of the Philippines (PRSP)*
- Silver Anvil Award - #BPIFinancialEducationFriday: Pursuing financial inclusion with an online financial literacy campaign *Public Relations Society of the Philippines (PRSP)*
- Silver Anvil Award - #BPIcybersecuriTips: Championing Cybersecurity Awareness *Public Relations Society of the Philippines (PRSP)*
- Marketing Excellence Awards, Excellence in Content Marketing, *Marketing-Interactive Magazine*
- Marketing Excellence Awards, Excellence in Data-driven Marketing and Consumer Insights *Marketing-Interactive Magazine*
- Marketing Excellence Awards, Excellence in Personalization Marketing *Marketing-Interactive Magazine*
- Marketing Excellence Awards, Excellence in Viral Marketing, *Marketing-Interactive Magazine*

Human Resources
- Best Employer Brand on LinkedIn (Above 10,000 employees on LinkedIn), LinkedIn Talent Awards

Compliance
- Best Data Privacy Officer of the Year (Banking and Finance) – Jonathan John B. Paz, I am Secure Cybersecurity Excellence Awards 2022, Information Security Officers Group (ISOG)

Membership in Industry Associations

ACI Philippines The Financial Market Association
Association of Bank Compliance Officers Inc.
Association of Bank Remittance Officers Inc.
Association of Certified Fraud Examiners
Association of Foundations (Philippines) Inc.
Association of Philippine Correspondent Bank Officers
Ayala Business Club of Cebu
Ayala Business Club of Davao
Ayala Group Club, Inc.
Bank Security Management Association
Bankers Association of the Philippines
Bankers Institute of the Philippines
British Chamber of Commerce Philippines
Business for Sustainable Development (BSD)
Cebu Business Park Association, Inc.
Cebu Chamber of Commerce Industry
CFA Institute
Clark Investors and Locators Association
Credit Card Association of the Philippines
Credit Management Association of the Philippines
Davao City Chamber of Commerce and Industry
Employers Confederation Philippines
Financial Executive Institute of the Philippines (FINEX)
Fund Managers Association of the Philippines
Gen Santos Chamber of Commerce
Good Governance Advocates and Practitioners of the Philippines
Information System Audit and Control Association (ISACA)
Institute of Corporate Directors, Inc.
Institute of Internal Auditors
Integrated Bar of the Philippines (IBP)
Investment House Association of the Philippines
League of Corporate Foundations, Inc.
Makati Business Club, Inc.
Management Association of the Philippines
Marketing & Opinion Research Society of Philippines (MORES)
Money Market Association of the Philippines
National Association of Securities Broker Salesman Inc.
Next Gen Organization of Women Corporate Directors
Nordic Chamber of Commerce of the Philippines (NORDCHAM)
Philippine Association of National Advertisers, Inc.
Philippine Association of Stock Transfer and Registry Agencies Inc.
Philippine Council for NGO Certification
Philippine Disaster Resilience Foundation
Philippine Institute of Certified Public (PICPA) Accountants
Philippine Payments Management Inc.
Philippine Stock Exchange, Inc.
Rotary Club of Surigao Midtown
Rotary Club Foundation of Makati West
Subic Bay Freeport Chamber of Commerce
Tax Management Association of the Philippines
The American Chamber of Commerce of the Philippines
The Japanese Chamber of Commerce & Industry Philippines
Trust Officers Association of the Philippines
Various Regional Bankers Association

Group Directory

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BPI Wealth
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Product-Related Inquiries:
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www.alfmmutualfunds.com
www.pamifunds.com

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BPI Century Tokyo Rental Corporation
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BPI/Ms Insurance Corporation
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Www.bpims.com

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(Formerly BPI-Philam Life Assurance Corporation)
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Validity: 2022 to 2026 Financial Statements

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BPI is regulated by the Bangko Sentral ng Pilipinas
https://www.bsp.gov.ph

About the Cover

BPI believes in financial inclusion as a key to realizing its vision of building a better Philippines - one family, one community at a time.

The Bank takes pride in helping clients like Manelyn De La Cruz Rabulan-who grew her ice cream business with the help of BPI's microfinance arm, BanKo-reach their financial and business goals through trusted advice, innovative financial solutions, and going above and beyond expectations for our clients.

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