



## 2022 ANNUAL REPORT



# Growing in Service





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## Company Profile

**B**ank of Commerce, a universal bank licensed by the Bangko Sentral ng Pilipinas (“BSP”), traces its origins to the Overseas Bank of Manila, established in Binondo, Manila in 1963. In 2008, San Miguel Corporation (“SMC”) bought into the Bank and became a major stakeholder through the voting stake of San Miguel Properties, Inc. in the Bank. In December 2020, the Intellectual Property Office (IPO) granted the copyright license for “BankCom” as the Bank’s official short name.

The Bank provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, investment banking, treasury, asset management, trust and investments. In terms of service reach, the Bank has retail and corporate online banking facilities, 140 branches and 259 automated teller machines (“ATMs”) strategically located nationwide as of 31 December 2022.

### Universal Banking License Application

In November 2022, the Monetary Board of the BSP conferred on the Bank the authority to operate as a universal bank.

With a universal banking license, the Bank will have more opportunities to generate and warehouse interest bearing assets like marketable securities, generate more fee-based income, and manage risk of securities underwritten and held for trading. This will also enable the Bank to enhance its marketing relationship with existing and prospective clients in the large corporate and middle market segments as it will be carrying a broader range of products, from traditional working capital lines and term loans to project finance, initial public offerings, mergers and acquisitions, financial advisory, etc. The latter services are essential to large businesses in planning their expansion programs as a response to the increasing demand brought about by the robust economy.

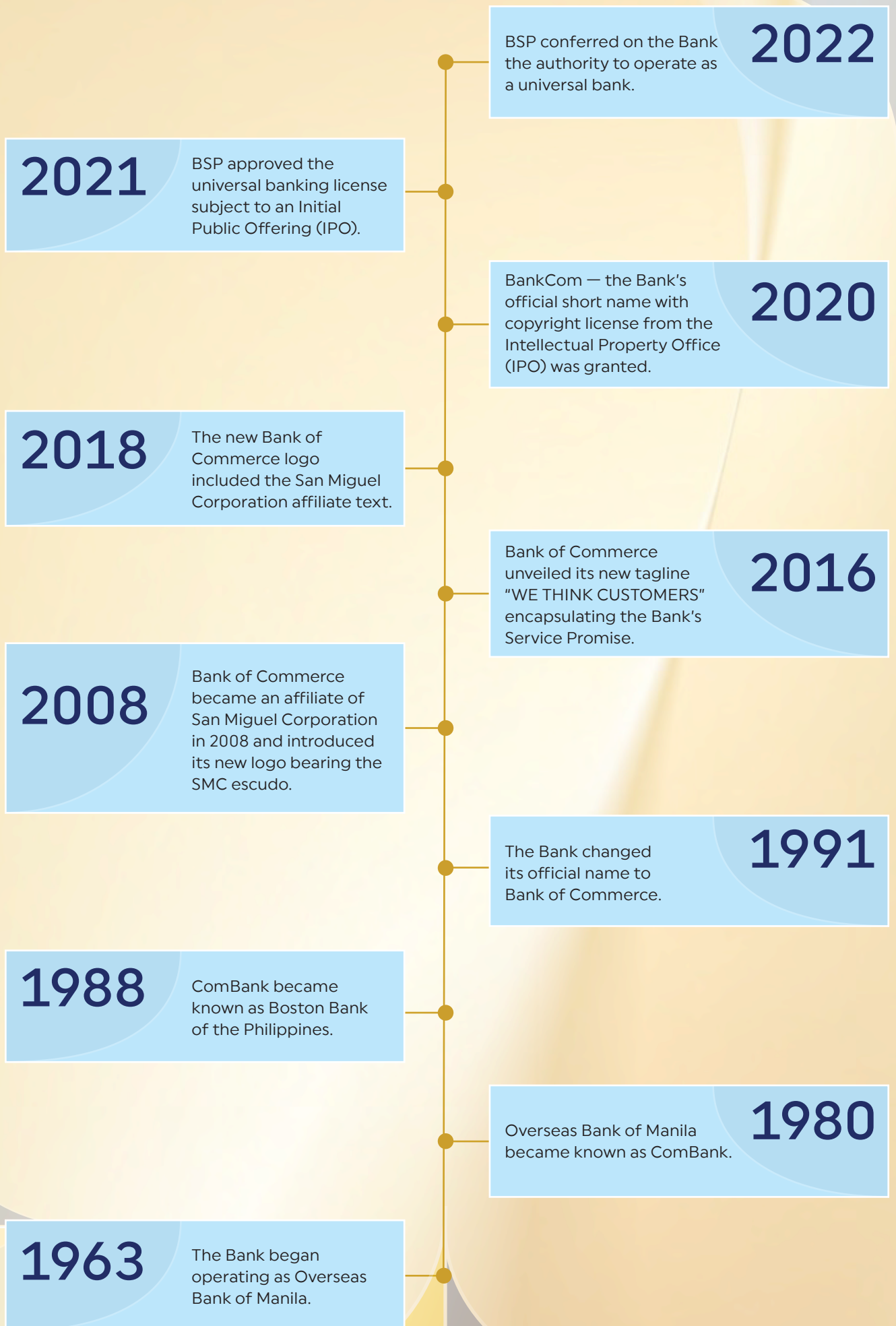


140  
BRANCHES

259  
ATMS









## About Us

### Vision

Provider of exceptional financial services and solutions connecting consumer and business ecosystems that contribute to building the nation.

### Mission

Our mission is to deliver excellent banking experiences through competent and attentive professionals who put customers' needs first.

### Service Promise

With integrity and financial stability, we commit to deliver superior service to you, our discerning customers.

Through competent and warm professionals who understand, anticipate, and fulfill your needs with a sense of urgency in a safe and guest-friendly environment, we promise you a meaningful banking experience.

*We think CUSTOMERS*



# Economic Forecast

## Gross Domestic Product (GDP)

Despite record inflation and rising interest rates, the Philippine economy ended 2022 with the fastest economic growth in over four decades, demonstrating resilience in the face of a lackluster global outlook.

In the fourth quarter (Q4), economic output grew by 7.2% year on year, resulting in a full-year expansion of 7.6%, surpassing the government's target of 6.5%-7.5% and outperforming the 5.7% growth rate of last year. This was the quickest growth since the 8.8% in 1976.

The stellar Q4 performance was driven by strong domestic demand, increased employment opportunities, and a surge in spending following the easing of pandemic restrictions and full reopening in the last three months of the year.

Services and consumption contributed a 9.2% growth as more business were allowed to operate fully amid declining COVID-19 cases, while agriculture and industry posted 0.5% and 6.7%. Meanwhile, improving labor market conditions, increased tourism, holiday spending, and the resumption of face-to-face classes also bolstered growth, reflecting a solid rebound in consumer and investor confidence.

Despite the better-than-expected 2022 growth, the economy is expected to face challenges this year due to an anticipated global recession triggered by events in Ukraine. This may lead to weaker demand, the potential impact of higher interest rates, and elevated inflation, which could result in prolonged tightening of monetary policies.

On a positive note, China's reopening will benefit the economy.

For 2023, the government sees the Gross Domestic Product (GDP) to settle within the 6 to 7% target range.

## Inflation

Inflation has become a major concern in the Philippines, with the consumer price index (CPI) soaring to 8.1% in December, reaching its highest level in 14 years. This figure is slightly higher than the 8% recorded in the previous month and more than double the 3.6% compared to the previous year.

For the full-year 2022, inflation averaged at 5.8%, well above the target range of 2 to 4% and faster than 2021's 4.5%. This is the second straight year that the country missed its target.

The upward trend in inflation was mainly driven by higher prices of food and non-alcoholic beverages (10.2%), restaurants and accommodation services (7%), and housing, water, electricity, gas and other fuels (7%). The rising CPI poses a threat to economic growth as it could cripple domestic consumption, a key driver of the economy.

Addressing inflation is a top priority for the Marcos administration. Measures such as extending reduced tariffs on various products, ensuring an accessible food supply chain, reducing transportation and logistics costs, and implementing other strategies to mitigate the impact on consumers' purchasing power should be pursued.

For 2023, the Bangko Sentral ng Pilipinas (BSP) projects that inflation would breach the upper end of the 2% to 4% target range at 6.1% before returning to within target at 3.1% in 2024.

## Interest Rates

BSP has taken a hawkish stance throughout 2022 in response to the Federal Open Market Committee's (FOMC) stringent policy tightening in the face of rising global inflation.

To balance inflation and economic recovery, and to temper exchange rate pressures while at the same time ensuring growth momentum post-pandemic remains intact, the BSP has kept a decent rate gap between US rates and central bank rates.

Amid broad-based inflationary pressures, persistent upside risks, and elevated expectations, the Monetary Board had cumulatively hiked policy rates by a total of 350 bps with an aim to temper inflation back to within target. Adjusting interest rates also serves as a buffer against external spillovers during tighter global financial conditions.

As of end-2022 the following are the effective key policy rates of the BSP:

	RATE
Overnight RRP	5.50%
Overnight Deposit	5.00%
Overnight Lending	6.00%

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## Report from the Chairman and the President & CEO



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Trade fee income grew by more than seven times from PHP17 million in 2019 to PHP125 million in 2022. This unparalleled expansion reflected the strong partnership of BankCom and SMC in supporting trade-heavy businesses with their operational requirements and exigencies.



**M**oving through a period of heightened risk that marked the first few years of the 2020's, we achieved unprecedented milestones in 2022 by strengthening our capabilities and capitalizing on economic recovery with our invigorated strategy. The Philippines experienced a Gross Domestic Product (GDP) growth of 8.2% in the early part of the year, reaching 7.25% by the end, and resulting in a robust full-year GDP growth of 7.6%. With the economy growing, the Bank achieved a profit of PHP1.8 billion—the highest since SMC acquired BankCom in 2008, and the second time we breached the billion-peso mark since the commencement of our growth strategy.

### **A Year of firsts**

Outside of all-time highs in financial performance, many other extraordinary moments marked 2022. On March 31, we made our first entry into the stock market through a successful initial public offering (IPO) listed at the Philippine Stock Exchange. Becoming the first Bank to list publicly in almost a decade, our IPO showcased market confidence in our potential as a promising investment opportunity.

Shortly before the year ended, the BSP granted us authority to operate as a universal bank. This expanded our capabilities and opened new horizons for enhanced financial services and offerings to our valued customers. Within six months of obtaining our universal bank license, our Investment Banking Group (IBG) alone generated PHP110 million in revenues, primarily from underwriting and selling publicly registered securities. With this, the new investment banking business proved its capability to run side by side with the major players.

Notably, we acted as the selling agent for two major deals. These include the PHP40 billion bond issuance to San Miguel Global Power Holdings Corporation, the energy arm of San Miguel Corporation (SMC) and one of the largest power companies in the Philippines. The PHP60 billion corporate bond issuance of SMC followed before the end of the year, solidifying our presence in the banking industry. This bond issuance was the largest in the Philippine bond market to date.

Additionally, we successfully listed our inaugural issuance of PHP7.5 billion two-year bonds, further demonstrating market confidence and our commitment to enhancing our overall financial standing.

### **Steady and sustained financial growth**

In addition to these extraordinary events, we continued to focus on our strategy to grow the Bank steadily and profitably, which we began in 2018. We achieved the following key results: growth in loans, profits, provisions, and capital.

Our loans portfolio expanded impressively from PHP71 billion to PHP103 billion. Our Net Interest Income (NII) surpassed operating expenses (OPEX) by 21%, as we managed to keep our OPEX to a single-digit growth of 9% despite the rise in our business activity.

Our Capital Adequacy Ratio (CAR) increased from 15.06% in 2018 to 17.97%, surpassing the minimum regulatory requirement of the Bangko Sentral ng Pilipinas (BSP). Also since 2018, our qualifying capital rose from PHP15 billion to PHP26 billion showing the growing strength of our balance sheet.

By the end of the year, we achieved significant financial performance wins. Our trade-related contingent volume had an outstanding full-year growth of 178% compared to the previous year. We also secured the 9th position in the Trust industry ranking for Assets Under Management (AUM), with a 10.4% growth in AUM volume compared to 2021.

Our Gross Loans grew by 39.32%, next to the highest among peer banks, with PHP108.6 billion from corporate and consumer credit accounts. Corporate loans increased by 48%. We registered the fastest loan growth during the second quarter.

With this increase in the overall loan portfolio together with a decrease in the actual non-performing loan balances, our gross Non-Performing Loans (NPL) ratio in the last quarter of 2022 reached 2.1%, showing a notable decrease from the previous year's ratio of 3.01%, and remains better than the industry average.

These levels of performance are an achievement in the context of the economic situation that all banks needed to contend with in 2022.

### **Continuing success**

Amidst the highly competitive area of trade, our Trade Finance business grew 575% since 2019, driven by robust issuances of standby letter of credit to sellers of goods and providing support to small and medium enterprises as well as larger businesses throughout the pandemic. As a result, Trade fee income grew by more than seven times from PHP17 million in 2019 to

PHP125 million in 2022. This unparalleled expansion reflected the strong partnership of BankCom and SMC in supporting trade-heavy businesses with their operational requirements and exigencies.

In addition, we saw Foreign Exchange (FX) gains of PHP150 million, posting a 211% growth from 2021.

The gains from lending, combined with significant improvements in revenues from FX, Real & Other Properties Acquired (ROPA), trading, service charges, and other sources, pushed Gross Revenues up by 30.4% from PHP6.2 billion the previous year to PHP8.1 billion in 2022.

As our top three revenue sources were NII, Service Charges, and FX, the results were aligned with our growth strategy focusing on lending, transaction and investment banking, and client FX transactions. In particular, our NII posted a double-digit growth, from PHP5.1 billion in 2020 to PHP6.7 billion in 2022. All in all, growth in various revenue sources resulted in our Net Interest Margin expanding by 3.8%.

In an environment of volatile interest rates, a stable income stream derived from transaction-based fee revenues is crucial. We achieved an unprecedented 61.5% rise in income from service charges, fees and commissions, or a total of PHP858 million compared to PHP531 million the previous year, brought about by a confluence of record growth in trade finance contingent liabilities in average daily balance terms, the new investment banking business, Trust fee expansion, improving consumer loan volume, and credit card billings breaching the PHP4 billion mark.

### The road ahead

Looking ahead to 2023, we remain committed to sustaining growth in our core business lines by maximizing opportunity where our strength lies. This includes more aggressive cross-selling, automation, digitalization, innovation in products and services, developing the SMC ecosystem and affiliates, and strengthening investment banking deals. In pushing for digitalization, we will be combining cash recycling with a more robust ATM network. We also aim to expand our loan portfolio and customer base, focusing on corporate accounts (including regular and SMC accounts), consumer loans, and credit cards.

Our Transaction Banking Group (TBG) will continue to enhance and innovate products and services to better cater to customer requirements. The Branch

Banking Group (BBG) will focus on developing tiered deposit products that stimulate growth and retention, supporting our overall expansion.

Synergy among our units will be a recurring theme in our future efforts. We will implement incentive programs to boost bookings and cross-selling, driving growth in both interest and non-interest income such as fees across FX, Trust services, trade finance, cash management, and other transactions. Treasury will provide pricing support for BBG to grow retail deposits and fund asset deployment. This will also strengthen FX revenue through client FX purchases or sales and fees from distributing products originated by the IBG.

The IBG will increase our participation in capital markets deals, focusing on debt and equity transactions, while continuously monitoring accounts and prospective deals. The Trust Group will sustain revenue growth by offering higher fee-generating products and distributing products originated by the IBG.

TBG will be responsible for growing transactional fee volume in BankCom [Persona] through increased usage and targeted promotions. The Cards Group will focus on increasing billings, enhancing fee collection, encouraging higher spending on both Credit Cards and Debit Cards, adjusting purchase requirements, and acquiring key quality accounts for Credit Cards.

Through automation and digitalization, we aim to optimize output and enhance operational efficiency in collaboration with our Digital Services Group.

Building upon the growth achieved in 2022, we are confident in our ability to drive growth, deliver value to our customers, and achieve long-term success in an ever-changing and rapidly evolving landscape.

In the final analysis, what all this comes down to is a renewed commitment, an intense fervor, and a stronger resolve to internalize, exude, and consistently breathe our mantra:

"We Think Customers."

  
**Francis C. Chua**  
Chairman of the Board

  
**Michelangelo R. Aguilar**  
President & CEO





## Business Model

### Product Range and Revenue Sources

BankCom provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, treasury, investment banking, asset management, and trust and investments.

### Loans

BankCom extends loans and other credit facilities to corporate institutional, and middle market clients to support their working capital and/or capital expenditure requirements. Corporate lending may be in the form of term loans, credit lines, or project finance. The target market is divided into:

- Ecosystem accounts - suppliers/providers, dealers, and distributors
- Non-ecosystem - conglomerate, large corporations, and strong middle market

BankCom also provides home, automobile, and salary loans for individual customers around the country. The Bank maintains partnerships with real estate developers as well as automobile dealers through its account officers to capture the market.

BankCom generates revenue from its lending activities in the form of net interest income and non-interest income (i.e., fees).

### Branch-Based Transactions

With a network of 140 branches, BankCom provides a consistent and comprehensive financial experience for its affluent and middle-market customers, while extending dependable access to basic banking services to the mass segment.

For financial consumers who transact with merchants or other customers, these branches service their deposits to fund their personal or operating accounts, facilitate withdrawal through over-the-counter or onsite ATMs, accept check clearing and encashment, and fulfill various account-related requests.

BankCom also services the needs of business customers through its check releasing counters, deposit pickup facilities, and account maintenance for auto-credit and auto-debit arrangements performed by branches.

For customers who aim for a higher return on their funds, these branches offer not only time deposits and but also various investment products from BankCom's other business units.

Depending on the type of product, BankCom pays interest and credits it to the customers' account at certain periods, thereby incurring interest expense. The pool of funds generated from these accounts is then used to support the Bank's lending and investing activities.

### Electronic Banking Transactions

BankCom's electronic banking channels consist of a mobile app and online banking channel designed for retail or individual customers, i.e., BankCom [Personal], a web-based channel specially made for corporate or institutional accounts, i.e., BankCom [Corporate], ATMs (and soon, Cash Recycling Machines or CRMs), and point-of-sale (POS) terminals.

For retail transactions such as Instapay and PESONet fund transfer, as well as acquirer-based ATM withdrawals and balance inquiries, the Bank earns fee revenues net of agreed sharing with the external partner (e.g., BancNet). On the other hand, for corporate transactions delivered through cash management services, the revenue may be generated through fees entirely, through float from the required deposit ADB, or a combination of both.

### Treasury

BankCom's treasury business covers money market, trading and treasury services, foreign exchange, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks. The Bank earns net interest income and non-interest income from this business.

### Trade Finance

BankCom's trade finance business caters to the needs of customers requiring guarantees to secure ordered goods through standby letters of credit (SBLCs). Distributors and merchants whose businesses are based on consumer demand are among the target customer segments. The Bank earns fee revenue from the asset and foreign exchange flows generated by this business.

### Remittance

Aside from cash management, trade finance, and digital channels, BankCom manages a remittance business within the purview of transaction banking. BankCom develops and manages tie-ups with various partners to facilitate remittances from overseas Filipino workers (OFWs) mostly from the Middle East.

To support this business, BankCom will continue to develop the BankCom SikapPinoy Debit Card and SikapPinoy Asenso program. SikapPinoy Asenso is an all-in-one service to help OFWs and their families handle their hard-earned money in the most convenient, secure, and smart way possible towards establishing a business of their own.



### Credit Card and Debit Card Marketing

BankCom's credit card product is a revolving loan facility that is offered to clients and applicants that meet certain acceptance criteria. On the other hand, the debit card device is a feature of certain BankCom deposit account products.

The Bank rolls out various marketing activities to promote use of its debit card and credit card products. To support this, the Bank maintains relationships with various establishments (i.e., merchants). Purchases made using these card products generate billings and usage transactions which earn fee revenues. CCG also to promote the usage of the Bank's card products.

### Trust Services

BankCom's trust and fiduciary management arm is responsible for developing new business, account solicitation, and administration of personal and corporate investment accounts under the scope of trust, other fiduciary business, and investment management activities specifically licensed by the BSP.

Through its Trust Services business, such as asset management activities performed in its capacity as Trustee or Investment Manager under local regulations, the Bank is able to generate assets under management to realize its growth objectives, and earn trust fee revenues.

### Investment Banking

As a universal bank, BankCom engages in and offers investment banking products and services to capitalize on its retail (investors) and corporate (issuers and

investors) client base and extensive distribution capabilities from its branch network and established Treasury and Trust businesses. These include but are not limited to: (i) managing, underwriting, and arranging to distribute equity and debt securities; and (ii) providing financial advisory services across various mandates including mergers and acquisitions and capital raising. BankCom has been actively participating in capital market transactions thereby generating fee revenues and cross-sell opportunities with its Trust and Treasury Groups.

## Strategic Focus Areas

BankCom's focus areas of business comprise a four-point agenda aimed at countering the economic headwinds and securing the growth uptrend that shaped its first year as a universal bank.

### Focus Area 1: Core-Business Income

BankCom considers building its core business income as first and foremost. Responding to the continuing scenario of abated movement of the economy due to interest rate and inflationary pressure, the Bank will maximize every opportunity where our strength lies. This includes deepening the Bank's absorption into the SMC ecosystem through well-thought out loans for small- and medium-scale enterprises (SMEs), a thrust that has resonated since the Bank's universal license was approved by the Bangko Sentral ng Pilipinas (BSP). BankCom plans to stay on course in its trajectory of growth in its overall loan portfolio while keeping its Non-Performing Loans ratio to within a healthy range.

### Focus Area 2: Cross-Selling

As the economy pulls harder towards recovery, BankCom believes that the banking needs of its customers will expand and be felt at various marketing touchpoints. To ride on this trend and ensure visibility to its target market segments, BankCom will fortify its core business with more aggressive cross-selling of consumer loans, credit card, trust services and other investment products. This will be accomplished through extensive frontline training and effective data science.

The systematic use of data science methodologies in studying and predicting customer needs and behavior patterns from both primary and surrogate data has

been in development by a high-level team consisting of no less than the heads of branch banking, consumer, credit card, transaction banking, corporate banking, and business intelligence (information technology side), under the guidance of SMC's Head of Business Intelligence and Data Science.

Using the Recency-Frequency-Monetary data model, the team has unearthed customers from within the original affluent, emerging affluent, and mass market categories which reveal the potential for advancing to the next higher category(ies) when offered with the appropriate product mix.

### Focus Area 3: Information Technology

Outside of lending, major information technology (IT) capital expenditure has remained the key for the Bank to push digitalization in 2023. The Bank's IT roadmap includes combining cash recycling with a more robust ATM network, deploying automation projects to make business units run more efficiently, and building the infrastructure to expand stable sources of fee revenue streams.

Through strategic innovation, BankCom will endeavor to continually bring right-sized solutions to more customers and with even greater efficiency. BankCom continues to enhance its existing electronic banking delivery channels such the BankCom [Personal] mobile app, BankCom [Corporate], as well as roll out up-to-date automated solutions for corporate disbursements and collections.

### Focus Area 4: Fee Revenues

BankCom is cognizant of the view that a continued rise in interest rates alongside elevated inflation makes it more urgent to accelerate fee-based businesses. As such, BankCom will continue to maintain a stable income stream derived from transaction-based fee revenues.

Maintaining growth in fee revenues such as what was experienced in 2022 will be managed through keener sales focus on foreign exchange transactions, generation of trade finance contingent liabilities, the new investment banking business, trust fee expansion, and continued improvement in consumer loan volume and credit card billings.



# Products & Services

## RETAIL PRODUCTS

- Savings Account with Debit Card (Mastercard)
- Savings Account with Passbook
- Savings Account Plus
- Checking Account
- Complete Checking Account
- Executive Payroll Account
- US Dollar Savings Account
- Euro Savings Account
- Yuan Savings Account
- Junior Smart Savers Savings Account
- One Passbook Investment Account
- Time Deposit
- One-Year Time Deposit
- Future Secure Time Deposit
- US Dollar Time Deposit
- Euro Time Deposit
- SSS Pension Account
- US Veterans Pension Savings Account (Peso and Dollar)
- Payroll Savings Account
- Philippine Retirement Authority (PRA) Savings and Time Deposit Accounts (Peso and Dollar)
- Cash Card (Mastercard)
- Long-Term Negotiable Certificate of Time Deposit
- Corporate Savings Account
- Corporate Savings Account Plus
- Corporate Checking Account
- Corporate Checking Account Plus with Corporate Access Number

## CORPORATE BANKING

- Working Capital Loan
- Term Loan
- Capital Expenditure Financing
- Project Financing
- Small Business Loan – Term Loan
- Small Business Loan – Business Credit Line
- Foreign Currency Denominated Loan
- Trade Financing
- Letters of Credit
- Export Packing Credit
- Export Bills Purchase
- Domestic Bills Purchase

## CONSUMER LOANS

- Home Loan
- Auto Loan
- Salary Loan



## CREDIT CARD

- Bank of Commerce Mastercard
  - Classic
  - Gold
  - Platinum
  - World

## TRUST PRODUCTS AND SERVICES

- **Unit Investment Trust Funds (UITFs)\***
  - Diversity Money Market Fund
  - Diversity Peso Bond Fund
  - Diversity Dollar Bond Fund
  - Diversity Dividend Focused Fund

\*All UITFs can be enrolled in the Easy Investment Plan (EIP) to regularly subscribe or invest.

- **Trust and Other Fiduciary Services**
  - Personal Management Trust
  - Life Insurance Trust
  - Employee Benefit Trust
  - Trust Under Indenture
  - Collateral Trust
  - Special Purpose Trust / Other Institutional Trust
  - Safekeeping

- **Investment Management Accounts**
  - Discretionary
  - Directional / Non-Discretionary

- **Other Agency Accounts**
  - Facility / Loan Agency
  - Escrow Agency
  - Buyer and Seller Escrow
  - POEA Escrow
  - BIR Escrow
  - HLURB Escrow

- Source Code Escrow
- Other Escrow Accounts

## TREASURY PRODUCTS

- Fixed Income Government Securities (Peso and Dollar)
- Corporate Bonds
- Foreign Exchange

## TRANSACTION BANKING

### Cash Management Solutions

- BankCom PAY
  - cashPAY
  - directPAY
  - checkPAY
  - govPAY
- BankCom COLLECT
  - depositCOLLECT
  - directCOLLECT
- BankCom CONNECT
  - BankCom [Business]
  - BankCom [Business] Direct

### Digital Channels

- BankCom [Persona] – Retail Online
- Banking (Web and Mobile App)
- BancNet Point of Sale
- Automated Teller Machines (ATMs)
- Fintech / Card Solutions
- Cash Deposit Machine

### Remittance Services

- SikapPinoy OFW Savings Account
- SikapPinoy Asenso Program
- SikapPinoy Domestic Remit
  - Cash Pick up at RD Pawnshop
- SikapPinoy International Remit:
  - Credit to Accounts with Bank of Commerce
  - Credit to Accounts with Other Philippine Banks via PESONet
  - Credit to Accounts with Other Philippine Banks via InstaPay
  - Credit to Mobile Wallets (GCash, Maya, Coins.ph, GrabPay)
  - Cash Home Delivery
  - Cash Pick-up Services via Bank of Commerce Branches from International Remittance Partners\*
  - Cash Pick-up Services via Philippine Payout Partners:
    - M Lhuillier
    - Cebuana Lhuillier
    - LBC Express
    - Palawan Pawnshop

- RD Pawnshop
- I-Pay Commerce Ventures Inc. (for Western Union International Money Transfer)
- E-Government Payments of OFWs through International Remittance Partners\*:
  - SSS Contributions / Loan Payments
  - PhilHealth Contributions
  - Pag-IBIG Contributions / Loan Payments
- International Remittance Partners:
  - Al Ansari Exchange LLC (United Arab Emirates)
  - Arab National Bank – TeleMoney (Kingdom of Saudi Arabia)
  - Bank AlJazira – Fawri (Kingdom of Saudi Arabia)
  - Bank AlBilad – Enjaz (Kingdom of Saudi Arabia)
  - Family Express (Canada)
  - Eastern & Allied Pty Ltd – HaiHa Money Transfer (Australia)
  - MoneyGram (Global)
  - Pacific Ace Forex HK Ltd (Hong Kong)
  - Prabhu Money Transfer (Qatar)
  - TransFast (Global)
  - U Remit International Corp. (Canada)
  - Western Union (through I-Pay Commerce Ventures, Inc.)

### Trade Services

- Import
  - Import Letter of Credit
  - Standby Letter of Credit (SBLC) / Bank Guarantees
  - Import Collections
  - Documents Against Payment (DP)
  - Documents Against Acceptance (DA)
  - Trust Receipt Loan
  - Payment Abstract Secure (PAS6) Enrollment, and Bureau of Customs Duties and Taxes payment
  - Shipperside Bond Guarantee
  - Airway Bill Endorsement
  - Foreign Exchange (FX) Purchase for Advance Payment of Importation
  - Direct Remittance (DR)
  - Open Account (OA) Arrangement
- Export
  - Export Bills for Collection
  - Export Bills Purchased
  - Export Advances
  - Export LC Advising / Confirmation / Transfer
- Domestic
  - Letter of Credit
  - Standby Letter of Credit / Bank Guarantees
  - Negotiation of Domestic Letter of Credit
- Supply Chain
  - Trade Finance Receivable

# Financial Highlights

<b>PROFITABILITY</b>	<b>2022</b>	<b>2021</b>
Total Net Interest Income	6.68	5.40
Total Non-Interest Income	1.43	0.83
Total Non-Interest Expense	(5.47)	(5.03)
Expense from Income Tax	(0.67)	(0.62)
Pre-Provision Profit	1.97	0.58
Provision for Credit and Impairment Losses	(0.17)	0.63
Net Income	1.80	1.21
<b>SELECTED BALANCE SHEET DATA</b>		
Liquid Assets	209.13	191.44
Gross Loans	105.54	75.45
Total Assets	217.52	199.71
Deposits	176.27	171.71
Total Equity	28.03	23.36
<b>SELECTED RATIOS</b>		
Return on Equity	7.01%	6.01%
Return on Asset	0.86%	0.65%
CET 1 Capital Ratio (for UBs/KBs)	13.45%	15.35%
TIER 1 Capital Ratio (for UBs/KBs)	17.22%	20.66%
Capital Adequacy Ratio	17.97%	21.57%
<b>PER COMMON SHARE DATA</b>		
Net Income per share:		
Basic	1.24	1.02
Diluted	1.03	0.93
Book Value	16.96	16.00
<b>OTHERS</b>		
Cash Dividends Declared	N/A	N/A
Head Count	1,865	1,873
Officers	907	905
Staff	958	968

(Amounts in PHP billions, Except Ratios, Per Common Share & Head Count)



A photograph of two women in professional attire sitting at a desk in a meeting room. They are looking at a laptop and some papers. The woman on the right is smiling. The image is partially framed by a yellow curved shape on the left side.

## Operational Highlights

Throughout 2022, the Bank delivered exceptional results which were a testament to the collective efforts and collaboration of various groups within the organization. These accomplishments encompassed gains in key areas such as revenue generation, asset growth, and customer acquisition. Furthermore, employee well-being was prioritized as the Bank continued to implement standard health and safety protocols and provide e-learning opportunities for their career development.

### Branch Banking Group

Branch Banking Group (BBG) oversees the Bank's retail banking business and is considered as the "nucleus" or core source of customers for the Bank's other business units to drive programs for their target markets. With a network of 140 branches, BBG draws from the years of experience of its seasoned leadership and expertise of its individual branch teams to deliver a consistently satisfying and comprehensive financial experience to the Bank's affluent ("Priority") and emerging affluent ("Aspire") customers under the BankCom Experience Program.

Despite a challenging year, BBG reached a double-digit growth in low-cost deposits of 16% or PHP13.3 billion, and a 7% increase in high-cost deposits or PHP4.7 billion. The growth brought the Bank's total deposits to PHP176.2 billion by the end of 2022.

As physical and mobility restrictions eased, BBG launched tactical customer acquisition campaigns not only in Metro Manila but also in key cities across the country, including client presentations with key members of the Senior Executive Team. Highlights of these campaigns were a roadshow and economic forum that supported the Bank's key fund-raising activities, both capital and bonds, working together with Treasury Management Group (TMG), Trust Services Group (TSG), and Investment Banking Group (IBG).

To deliver on its key result areas, among which is cross-selling, BBG rolled out a "Star Look" development program for branches and individual branch employees which was supported by capacity building through familiarization with the products of partner business units, certifications for treasury and trust

services, compliance awareness, and service quality clinics, among others.

With effective collaboration with Credit Cards Group (CCG), Consumer Group (CG), Trust Services Group (TSG), TMG, and Transaction Banking Group (TBG), BBG referred new credit card holders, raised consumer loans (Auto Loan and Home Loan), Trust Referral Income, and FOREX income. Likewise, BBG continued to promote enrollment to BankCom [Persona] and BankCom [Business] among its customers.

Riding on its formula for achieving these key financial results, BBG has placed the following in its immediate horizon:

1. Keener promotion of the BankCom Experience Program
2. Introduction of new deposit products
3. Technology enhancement
4. Continuous training and development
5. Heightened activity in marketing the BankCom brand
6. Completion and piloting of the "branch of tomorrow" design

### Corporate Banking Group

Corporate Banking Group (CBG) grew its assets by a remarkable 47.2%, from PHP63.6 billion in 2021 to PHP 93.6 billion in 2022 or an increase of PHP30.0 billion, even while the economy was in a recovery phase due to the effects of the pandemic. Following the same trajectory, loan volume on an average daily balance (ADB) basis rose by 47.5% by the end of 2022. The bulk of this growth came from major deals with highly rated, credit-worthy companies in public infrastructure and real estate, power and renewable energy, engineering and construction, and information technology and telecommunications industries.

The growth in loan volume and fees brought net interest income to PHP1.3 billion in 2022. Non-interest income was also a source of strong performance as CBG booked a total of PHP154 million - almost four (4) times its fee income of PHP40 million in 2021.

### Consumer Group

Consumer Group (Consumer) continued with its uptrend in operational results with a strong follow through to the recovery that started in 2021. While the country was still in the midst of the pandemic related challenges, the 2022 performance reflected better year-end balances than projected for the year, with improved net interest margins at PHP354

million, higher fees generated at PHP40.4 million, and reversals in provisions at PHP93.6 million due to improved delinquency levels. Profit after provisions stood at PHP330.1 million.

A key attribute of the performance in 2022 was a strict adherence to an approved risk appetite for lending. Consumer Group focused on credit-granting parameters that identified the desirable borrowers and which were closely reviewed and calibrated according to the prevailing market conditions. This provided the anchor to the 2022 results. The total consumer loans portfolio not only grew but the composition shifted to a higher percentage of performing loans and lower delinquency levels. The improvement in delinquent accounts was brought about by a combination of more efficient collections and timely remedial activities. As a result, non-performing loan ratios were significantly better at the end of 2022 compared to 2021.

The Group's strategy has enabled the Bank's consumer lending business to remain resilient in the face of global economic headwinds. While Consumer Group sees 2023 with optimism, it remains watchful of the market conditions as it targets to deliver growth while maintaining the quality of its portfolio.

### Credit Card Group

The Credit Card Group (CCG) exceeded its 2021 income levels with the full recovery in the cards business in 2022. Credit card billings hit the PHP4 billion mark, closing the year with a total of PHP4.2 billion in credit card billings consisting of both local and international spend. Likewise, total credit card revenues exceeded PHP300 million. These figures



have been the highest so far, reflecting customers' regained confidence in consumer spending, their more pronounced online and digital transaction lifestyle, and of course, the resurgence of travel.

The Bank through CCG also saw higher activity with its Debit Card, posting more than PHP2.2 billion in retail billings, or 24% higher than its 2021 level. Revenues generated from transaction fees reached PHP11.5 million or an increase of 22% over the previous year. This remarkable performance reflected cardholders' readiness and increasing acceptance of it as an innovative, alternative mode of payment. It demonstrated the positive and improved direction of Debit Card usage supported by the awareness and adoption of marketing campaigns that CCG launched in 2022 through various channels including social media.

With a seasoned and adaptive team, a constant focus on the customer, and the overall confidence of cardholders, CCG has set plans to further develop strong campaigns while retaining prudent risk controls, customer focus and satisfaction.

### Treasury Management Group

Treasury Management Group (Treasury) broke records in fixed income, foreign exchange (FX) distribution, and liquidity management in spite of the demanding environment that struggled to come out of the dampening effects of the pandemic on one hand, as well as inflationary forces created by aggressive interest rate hikes of central banks notably the Federal Reserve of the United States and BSP.

#### Fixed Income

Treasury's cautious approach to purchasing fixed income securities and lodging them in the Bank's Held-to-Collect (HTC) portfolio, coupled with prudence in position sizing, discipline in trading, and diligence in reading the market, enabled it to manage losses to a relatively low level at -PHP29.2 million. All in all, its security holdings, mostly in HTC portfolio, generated PHP1.7 billion in total interest income. In terms of volume, Treasury through its Marketing and Sales team moved a total of PHP29 billion in securities, or a massive 1,368% increase versus the previous year, in line with the Bank's investment banking offerings in 2022.

The Bank's successful maiden bond issuance, which Treasury spearheaded, became the year's highlight as it raised an aggregate amount of PHP7.5 billion

after closing the book on just the second day of the offer at more than three times the initially announced minimum issue size of PHP3 billion. The two year Series A Bonds, which was competitively priced at a coupon rate of 5.0263% per annum due 2024, was met with strong demand and swift traction by both institutional and retail investors, such that the Bank reached PHP10.9 billion of orders shortly before deciding to conclude the offering period. The overwhelming response underscored the market's confidence in BankCom's performance, its creditworthiness, and growth potential as a publicly-listed company and an affiliate of SMC, one of the Philippines' largest and diversified conglomerates. Proceeds from this issuance were intended to enable the Bank to match long-term assets with long-term funding to reduce the Bank's interest rate risk, and to provide stability through diversified funding sources in propelling loan growth in the corporate, SME and retail sectors.

As bond yields trend upwards, Treasury continues to work on gaining access to the bond futures market to seize more profitable opportunities. A new system, Fusion Opics, was procured for this purpose.

#### FX Distribution

Treasury duplicated its feat with a record-breaking 211% increase in FX gains from PHP48.4 million in 2021 to PHP150 million in 2022. This was achieved through an expanded FX sales team and a pricing strategy that closely supported clients' needs.

#### Liquidity Management

At its core, Treasury through its Liquidity and Asset-Liability Management team delivered on its goal of securing funding at optimal rates to keep the Bank's deposit costs at bay at 0.59%, albeit 18 bps more than in 2021, and achieve a remarkable 41% expansion in loans, or PHP30.7 billion increase year-on-year, and 19% growth in investment securities, or PHP9.43 billion year-on-year. This was achieved by strategically matching assets and liabilities to the extent possible.

This, in spite of unprecedented challenges characterized by sharp interest rate hikes of central banks and elevated market volatility, after more than a decade of abundant liquidity and relative stability in the market.

The efficiency and reduced risk of Treasury's approach to liquidity management enabled the Bank to surpass



its targeted net interest margin / net interest income for the year without exposure to undue risks from the interest rate volatility, which largely contributed to achieving a record-high net income in 2022.

### Trust Services Group

BankCom landed a stronger contender on trust business as the Bank rose to 9th place from 10th in the industry in terms of Assets Under Management (AUM). TSG grew AUM by an impressive 12% year-on-year, reaching a total of PHP70.3 billion. The combination of TSG's decisiveness, synergy with BBG, and strong support from SMC unlocked numerous opportunities for clients to seek BankCom's trust products and services.

BankCom's Investment Management Account likewise completed a banner year, growing AUM by 12.97% year-on-year to PHP66 billion. Other Fiduciary Accounts AUM also yielded double-digit growth at 22.9% and ended the year at PHP1.2 billion.

With its sights set on achieving a 20% compounded annual growth rate (CAGR) increase in both AUM and revenues by 2023, TSG has rolled out initiatives to create value for clients and key stakeholders by providing employees, suppliers, distributors, and consumers with well-thought-out programs to protect and grow their savings through prudent and informed investing.

### Transaction Banking Group

Transaction Banking Group (TBG) runs four businesses, namely, Cash Management, Trade, Remittance, and Digital Channels. Transaction flows

which either originate or are fulfilled by these units generate revenue for the Bank in the form of interest income and fee / non-interest income.

In 2022, TBG brought in a total of PHP1.407 billion in revenues, consisting of PHP1.117 billion in interest income from TBG deals, and PHP289.6 million in fee income. Compared to the previous year, interest income grew by 3.81%. Among the four units, cash management continued to lead TBG's interest income at 77%, followed by digital channels at 22%. These were derived from transaction flows of PHP39.5 billion generated by cash management's payment and collection solutions, and PHP11.6 billion worth of fund transfer, bills payments and other financial transactions that went through BankCom [Personal], ATMs, point-of-sale and retail transaction channels managed by the group.

Similarly, TBG saw its fee income rise by 44.8% versus 2021, contributed mostly by trade finance (44%), digital channels (35%) and remittance (19%). Issuances of standby letters of credit (SBLCs) was one of its more widely-recognized trade business activities. SBLCs were issued to sellers of goods, on behalf of the Bank's clients, who bought the goods for their operations. It was a stellar year for the BankCom's trade finance business as its trade fee income grew by 753% from 2019 to 2022. Likewise, its trade-related contingent liabilities reached PHP19.9 billion in average daily balance (ADB), or six times its 2019 level of PHP2.7 billion. The remarkable growth mirrored the revival of activity in trade as BankCom's issuance throughput accelerated by more than 20 times from PHP3.4 billion issued in 2019—the year its trade finance unit was established—to PHP70 billion in 2022. It also demonstrated the strong partnership of BankCom and SMC in supporting the operational requirements and exigencies of trade-heavy businesses.

BankCom's remittance business, through its SikapPinoy Debit Card and SikapPinoy Asenso program, made notable strides versus industry growth rates in 2022. While Philippine inward remittances grew by 5.76% in December 2022 versus the same period the previous year, BankCom's growth was at 23%. On a full-year basis, BankCom processed 12% more in inward remittances in 2022 compared to the previous year, whereas the total industry was at 3.6%. The key drivers of growth in 2022 were remittances from the Middle East, accounting for over 60% of the business, and remittances through digital channels which grew exponentially by over 600%.



## Investment Banking Group

Established in March 2022 following the approval of the Bangko Sentral ng Pilipinas' of the upgrade of the Bank's status from a commercial to a universal bank, the Investment Banking Group thrusted forward to a remarkable start, generating PHP110 million in revenues from selling fees and underwriting fees within only six months. Most of the transaction volume to date comes from selling and underwriting publicly registered securities. These include the PHP40 billion corporate bonds issuance of SMC Global Power in July last year, and San Miguel Corporation's own corporate bonds issuance worth PHP60 billion in December last year, the largest corporate debt issuance in the Philippine bond market to date.

The warm reception and overwhelming demand for IBG's investment offerings from the extensive existing client networks of the Branch Banking Group, Treasury Management Group, and Trust Services Group were crucial to the Bank's outstanding performance in investment banking in 2022. With a highly experienced team, structural policies in place, membership in the Investment House Association of the Philippines, and the required securities underwriting licenses, IBG is poised to deliver on its pipeline deals, from debt arrangement for clients in IT services and in large-scale infrastructure projects such as elevated tollways and commuter railways, to capital markets and financial advisory transactions through 2023.

## Support Initiatives

### Digital Services Group

In 2022, the Digital Services Group (DSG) made significant strides in strengthening and modernizing the Bank's IT systems and processes, with a strong focus on digitalization. The primary goals of DSG were to ensure compliance with regulations, support business growth initiatives, and enhance operational efficiencies.

Throughout the year, DSG remained dedicated to maintaining a robust IT security posture that kept pace with the evolving risks and changes in internal operations, external clients, market trends, and industry practices. DSG also crafted plans to stay at the forefront of technology, while continuously evolving to meet the needs of the Bank's customers in the ever-changing banking landscape.

## Human Resource Management and Development Division

The Bank's Human Resource Management and Development Division (HRMDD) led key initiatives in 2022 in the areas of recruitment, executive learning and mandatory training, organizational development, occupational safety and health, and regulatory activities.

As unprecedented manpower movements were felt within the industry, HRMDD diversified its hiring strategies to address the Bank's requirements. HRMDD launched an employee referral program, participated in online job fairs with prestigious universities, and maximized well-established online professional communities and search facilities. HRMDD's social media campaigns through the Bank's Facebook page were consistently the top posts. These campaigns were also posted on the Bank's website as well as SMC's Facebook page.

Responding to the spread of the Omicron variant of COVID-19 in the early part of the year, HRMDD ensured that standard health and safety protocols were observed in the workplace. The Omicron risk did not deter its efforts in advancing employees' skills and fulfilling its Learning and Development objectives. Throughout the year, HRMDD enabled employees through the Bank's proprietary E-Learning online facility to attend anti-money laundering, information security risk, business continuity, financial consumer protection, and data privacy training programs which the BSP requires. HRMDD also partnered with Branch Banking Group to conduct specialized programs through online facilities such as Zoom and Microsoft Teams. These provided essential training on Bank operating policies, regulations and customer requirements.

Aside from in-house training, HRMDD also brought external training to the Bank's officers, such as in the areas of operations, compliance and all other relevant areas of knowledge in Banking through the Bank Administration Institute of the Philippines (BAIPHIL). HRMDD also arranged leadership programs for them, and organized a special program for selected members of the Senior Executive Team to attend and complete the Executive Management and Development Program of the Asian Institute of Management through the auspices of San Miguel Corporation's Corporate Human Resources (SMC Corporate HR). Besides skills training, HRMDD also



rolled out an online program targeting employees' mental wellness, dubbed "Mindfulness Talks".

As the Bank advanced to become a universal bank, HRMDD remained a steady partner to both business and support units in ensuring that their team members were aligned with their evolving roles and functions. HRMDD undertook a major review of job content and roles within certain units, and involved one of the highly-regarded job evaluation consultants in the process.

Halfway through the year, the Bank engaged Willis Towers Watson (WTW) for a salary review to ensure that its employee compensation and benefits package remained generally competitive. Likewise, HRMDD continued to keep relations with the Employee Union strong through periodic monthly meetings with HR Leaders. As of the end of the year, no outstanding employee grievance was reported. This favorable outcome was replicated by the satisfactory results of government-related compliance, one of which was the inspection which the Department of Labor and Employment (DOLE) conducted in branches during the entire year.

Another was on Occupational Safety and Health in the fourth quarter, for which the Bank received awards based on the requirements it submitted through HRMDD for the Safety Milestone Program of SMC.

Building employee engagement was achieved alongside internal policies on gatherings and health safety protocols. HRMDD advocated for Christmas celebrations among branches and head office departments to be allowed in small groups. To have a unified celebration, HRMDD also organized a Christmas raffle and online engagement contests through official social media and e-mail platforms.

Towards the end of the year, the Bank had its very first Data Privacy audit conducted by the Data Privacy Commission. HRMDD was one of the Bank units that participated in this exercise. There were no unresolved adverse findings resulting from this exercise.

Overall, the workforce environment remained challenged by the continued effects of COVID 19 to employees' well-being and behavior but HRMDD was resolute in providing support to the Bank's business and organizational goals.



# Corporate Social Responsibility

The Bank not only prioritizes its financial performance, but also focuses on making meaningful contributions to the development of the nation and welfare of the larger society. The Bank's Corporate Social Responsibility (CSR) efforts are geared toward fulfilling its long-standing commitment to community development, promoting financial literacy, and championing volunteer work. All these initiatives are also made possible by the firm commitment shown by highly regarded corporate partners and non-governmental organizations in rendering initial assistance, as well as sustaining the efforts that had been started in the communities.

From organizing relief operations to expanding the delivery of essential services, the Bank's CSR initiatives reflected its dedication to active community participation with the aim of uplifting the lives of the people it serves. Past activities include:



## 2022 Meal-packing Event with International Care Ministries (ICM).

With volunteers finishing to pack 75 boxes in just two hours, this was one of the most highly energized and inspired CSR initiatives that exceeded attendance expectations. Employee donations reached a total of P106,900.00. This activity resulted in fewer families going hungry during the Christmas season and during the course of the Transform and Family Academy programs with our partners International Care Ministries and Rise Against Hunger Philippines.

**"Stop Hunger Now!"**. BankCom employees were encouraged to support the call for donations to help Filipino families rise above extreme poverty and malnutrition.



**Better World Tondo Food-feeding Day.** In support of SMFI's community center Better World Tondo (BWT), BankCom held an early Christmas Party for more than 60 beneficiary kids with games, food, and gifts. BWT is a center for learning and livelihood for families in Manila and a food bank which plans to serve at least one million meals each year to children in Tondo, Manila for the next 10 years. BankCom employees volunteered to set up the venue with Christmas decorations using recycled materials. They also cooked and served lunch meals, conducted a wide range of relay and parlor games, and distributed gift packs with assorted SMC food products. The gathering was the first post-pandemic event that gave the kids the chance to experience a Christmas party and engage in friendly competition with exciting prizes.



**Awesome Pawsome Day with Team Malasakit and Animal Kingdom Foundation.** From tree-planting to animal welfare, BankCom supported *malasakit* for nature initiatives as employees joined SMFI's CSR activity called Awesome Pawsome Day. In partnership with Animal Kingdom Foundation (AKF), BankCom volunteers from Trust Services Group and Human Resource Management and Development Division visited the Animal Kingdom Center in Capas, Tarlac to conduct feeding, cleaning, bathing, and dog socialization activities. The two-hectare property devoted to animal rescue and rehabilitation has 17 kennels with 20 to 25 dogs per each kennel. AKF is a non-profit organization devoted to eliminating cruel and abusive practices against animals. SMFI is AKF's partner organization in the retrieval, rehabilitation, and rehoming of more than hundreds of abandoned dogs and cats in Taliptip, Bulakan, Bulacan. BankCom also implemented a successful four part Financial Literacy Program with relocatees and local residents from the same area.

**Masungi Georeserve Tree-Planting Activity.** This was part of our "malasakit" for nature initiatives targeting the Masungi Georeserve at the Upper Marikina River Basin Protected Landscape. With a combined total of 102 planted seedlings varying from species acacia mangium, narra, maraluhut, ipil-ipil, and mango sinora, BankCom employees contributed to the reforestation efforts of Masungi Georeserve.







**CSR Day in Leyte.** Eastern Visayas Area's Ormoc and Tacloban Branches collaborated on diverse CSR malasakit programs benefiting the town of Brgy. Buho, Tabango, Leyte. In collaboration with the Kiwanis Club of Geo, Ormoc (KCGO) and Kiwanis Club of Sulhog, Tacloban (KCST), branch officers and staff with third-party service providers, headed by Ormoc and Tacloban Branch Managers and KCGO President, led in providing assistance to hundreds of families through the distribution of slippers, handing out of school supplies and hygiene kits, food-feeding and giving out of fruits, and donating of cash gifts to the youth.

**2022 International Coastal Cleanup.** BankCom joined local and international volunteers at the Manila Bay coastline during the International Coastal Cleanup Day on September 17, 2022. Bank volunteers gathered at the Las Pinas- Parañaque Critical Habitat and Ecotourism Area (LPPCHEA) or Las Pinas- Paranaque Wetland Park together with SMFI and SMC subsidiaries and affiliates to be part of this global movement. The volunteers contributed to minimizing the massive amount of pollution in the Manila Bay area. With their participation, SMC managed to collect 14,500 kilograms of trash nationwide, together with 1,200 SMC volunteers in other locations. The documented and segregated trash collected by every volunteer would help to identify ways and means to eliminate ocean trash. This CSR activity was organized by the Department of Environment and Natural Resources (DENR).

**BankCom Financial Literacy Program in Bulacan.** BankCom's Consumer Protection Department held its Financial Literacy (FinLit) Program at Barangay Taliptip in the municipality of Bulakan, Bulacan province. The BankCom FinLit program focused on

the concept of savings through various bank products, the factors to consider before borrowing money, and the importance of online banking. Besides the main learning session, a set of games was conducted to determine the participants' understanding of the lessons and its practical application to their day-to-day financial requirements. The FinLit Program was designed to provide guidance on the financial goals of the fishing communities which had ventured into sustainable mushroom farming in line with the CSR program of San Miguel Aerocity, Inc. (SMAI) within the scope of the Aerocity development.

**Masungi Georeserve Scholarship Program.** Recognizing the need of the education sector to continue with their operations despite the pandemic, the Bank partnered with Masungi Georeserve to initiate a scholarship program for select students in nearby schools in Baras, Rizal. The Bank provided financial support and organized a donation among employees to collect cash or in-kind donations for the purchase of school items for student beneficiaries.





## Environmental, Social and Governance (ESG) Report

**B**ank of Commerce (BankCom), a universal bank, is one with the Bangko Sentral ng Pilipinas (BSP) in recognizing the critical role the financial industry plays in pursuing sustainable and resilient growth for Filipinos under the Philippine Development Plan. Under this plan, the National Government, in collaborative partnership with the private sector, media, the academe, global development partners, civil society organizations, and policy- and decision-makers, work together to transition the country towards the achievement of the 17 United Nations (UN) Sustainable Development Goals (SDGs). These SDGs are:

1. No Poverty
2. Zero Hunger
3. Good Health & Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life below Water

15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnership for the Goals

Environmentally and socially responsible business decisions are key to making this growth happen. In 2016, the Securities and Exchange Commission (SEC) released the Code of Corporate Governance for Publicly-Listed Companies. Besides the expansion of corporate purpose, the Code promoted stakeholder governance and introduced sustainability reporting in the governance framework of the said companies. Sustainability reporting became mandatory in February 2019, when SEC released Memorandum Circular No. 4, series of 2019 on "Sustainability Reporting Guidelines for Publicly-Listed Companies." The SEC Circular specified the procedure for sustainability reporting in the Philippines and required publicly-listed companies to submit a sustainability report as part of their annual report each year thereafter.

For its part, the Monetary Board issued its Resolution No. 415 in 2020 which approved the sustainable finance policy framework that set out the expectations of the Bangko Sentral ng Pilipinas (BSP) on the integration of sustainability principles, including those covering environmental and social

(E&S) risk areas, in the corporate governance and risk management frameworks as well as in the strategic objectives and operations of banks. This gave birth to BSP Circular No. 1085, issued in 2020, dubbed the "Sustainable Finance Framework," which required BSP-supervised financial institutions (BSFIs) to integrate sustainability principles and develop an environmental and social risk management system (ESRMS) consistent with their size, risk profile, and complexity of operations.

Since 2020, the BSP has been laying down the foundation and structure for banks under its supervision to formulate and roll out a transition plan to adopt an environmental, social and governance (ESG) and sustainability framework appropriate to each institution's structure and complexity of operations. BSP Circular No. 1128 on "Environmental and Social Risk Management Framework" was issued in 2021 and prescribed guidelines on integrating E&S risks in the enterprise-wide risk management frameworks of banks.

### A. Sustainability Strategic Objectives

BankCom recognizes the opportunity to create positive economic, environmental, and social impacts as a universal bank. The Bank also acknowledges the potential risks and negative impacts of its own operations.

To this end, the Bank shall:

- commit to introduce more innovative solutions for a seamless customer experience in order to provide a better and more inclusive banking experience for our clients, while strengthening our engagement with partners, employees, and all our other stakeholders;
- continue to leverage on its digital transformation initiatives to model a sustainability path that is driven by investments in people, technology, and products.

Guided by its core values, BankCom shall embed ESG principles by:

- Establishing policies, standards, guidelines, procedures and a roadmap to support the Bank's commitment to sustainable development;
- Developing and implementing risk measurement tools and systems that shall help the Bank in ESG-related decision making;
- Incorporating a governance structure to drive ESG in the organization;
- Providing products and services which integrate ESG criteria;
- Building internal capability of employees to promote a culture that fosters environmentally and socially responsible business decisions throughout support units and operations;
- Communicating our sustainability efforts and initiatives with transparency and consistency across all channels.

In the context of the UN SDGs, BankCom's ESG agenda touches on 10 out of the 17. These are the following:



**Zero Hunger**



**Quality Education**



**Gender Equality**



**Clean Water and Sanitation**



**Decent Work and Economic Growth**



**Industry, Innovation and Infrastructure**



**Sustainable Cities and Communities**



**Responsible Consumption and Production**



**Life on Land**



**Peace, Justice and Strong Institutions**

BankCom will conceptualize projects and activities to achieve its ESG agenda vis-à-vis these SDGs. The evaluation and prioritization of these projects shall be based on how they address particular SDGs in terms of, but not limited to, promoting responsible products and circular economies; enabling systems which are innovative, responsible and inclusive; and supporting customers' transition towards sustainability.

## B. Risk Appetite for ESG

Every year or as may be required, the Bank formulates its Risk Appetite Statement to guide the decision-making on various transactions of the Bank.

For each type of risk—credit, market, liquidity, operational, information technology—a dashboard showing the current risk exposure against approved limits or risk appetite is presented to the Board Risk Oversight Committee (BROC) and the Board of Directors (BOD). Any mandates or directives from the BROC or the BOD are further tackled by the responsible Risk Management unit with the affected business or support unit. The outcome of these discussions may be further escalated to the Senior Executive Team (SET) if certain decisions are required.

ESG focuses on two types of E&S risk, i.e., physical risk and transition risk. **Physical risk** refers to the potential loss or damage to tangible assets arising from climate change and/or other weather-related conditions such as floods, typhoons, droughts, earthquakes, extreme weather variability and rising sea levels. The Bank's Risk Appetite Statement on physical risk is constructed as follows:

### Physical Risk

- Impact of physical risk shall be considered in the overall assessment of a counterparty. A commentary section or sensitivity analysis around the location of operations and/or collateral shall be included in the account officer's evaluation.
- On disasters, the Bank has a low physical risk appetite, which means it aims to minimize physical risks to its business operations, assets, and employees. The Bank prioritizes safety and security measures to protect against natural disasters, physical damage, theft, and other physical risks that could disrupt its operations or harm its people. Residual financial impact shall be managed by business continuity plans and by transferring risk (ex. Insurance), where feasible.

**Transition risk**, on the other hand, refers to the potential economic adjustment cost resulting from policy, legal, technology and market changes to meet climate change mitigation and adaptation requirements. The Bank's Risk Appetite Statement on transition risk is stated as follows:

### Transition Risk

- Exposures shall be aligned with identified transition risks. Additional due diligence will be required for industries and companies with E&S risks:

- Environmental permits and/or certificates ("ECC") for relevant industries (e.g., Mining and Power sectors);
- Awareness on possible changes to regulations, technology, or market conditions and estimated potential impact to loan repayment.

## C. Overview of The Bank's Environmental and Social Risk Management System (ESRMS)

The ESRMS, in a nutshell, pertains to the combination of policies, procedures and tools that the Bank utilizes in order to identify, assess, monitor and mitigate exposures to E&S risks. The ESRMS ensures that the risk of financial loss, a weakened reputation, or diminution of stakeholder value stemming from the impact of major environmentally and socially-related incidents and national or global developments is adequately mitigated. Above and beyond the call of duty to environmental stewardship, BankCom stands by its fundamental fiduciary responsibility to its depositors and investors to protect their assets against these risks.

The Bank's ESRMS aligns with its existing enterprise risk management framework. The ESRMS is composed of 1) Board and senior management oversight, 2) processes, policies and procedures, 3) monitoring and management information system, and 4) internal controls and audit.

### 1. Board and Senior Management Oversight

Institutionalizing the Bank's ESG and Sustainability Framework and Policy involves the Board of Directors, Senior Management, and all BankCom employees identified with ESG-linked functions.

**1.1. BankCom Full Board** – determines the overall ESG direction, implementation, and strategies of the Bank. The Board of Directors shall:

- 1.1.1. Institutionalize the adoption of sustainability principles, including those covering Environmental and Social (E&S) risk areas in the Bank, by incorporating the same in the corporate governance and risk management frameworks as well as in the Bank's strategic objectives and operations, risk strategy, risk appetite and risk management policies and procedure. Moreover, the Board shall:
  - Set strategic E&S objectives covering short, medium, and long-term horizons;
  - Approve the risk appetite on specific risk areas that the Bank is willing and capable to manage, results of stress testing exercises,



- and assessment of the timing and channels through which E&S risks may materialize; and
- Ensure that material E&S risks are considered in the Internal Capital Adequacy Assessment Process (ICAAP) or internal capital planning process.
- 1.1.2. Promote a culture that fosters environmentally and socially responsible business decisions. The Board of Directors shall ensure that sustainability implications are considered in the overall decision-making process;
- 1.1.3. Approve the Bank's ESRMS that is commensurate with the Bank's size, nature, and complexity of operations and oversee its implementation. The Board of Directors shall ensure that the ESRMS is aligned with internationally recognized principles, standards and global practices and forms part of the enterprise-wide risk management (ERM) system;
- 1.1.4. Ensure that sustainability objectives and policies are clearly communicated across the institution, and to its investors, clients, and other stakeholders;
- 1.1.5. Adopt an effective organizational structure to ensure attainment and continuing relevance of the Bank's sustainability objectives. The Board of Directors or the designated board-level or management committee shall monitor the bank's progress in attaining sustainability objectives;
- 1.1.6. Monitor the progress of the Bank in meetings its E&S strategic objectives and targets and ensure that issues in meeting the same are addressed;
- 1.1.7. Institutionalize a capacity building program for the Board of Directors, all levels of management, and personnel to equip the Bank in identifying, measuring, monitoring, and controlling E&S risks. The Board of Directors shall likewise ensure that key personnel shall possess adequate knowledge, skills, and expertise necessary to perform their work;
- 1.1.8. Ensure that adequate resources are available to attain the Bank's sustainability objectives. The Board of Directors shall ensure that the members of the board, senior management and personnel are regularly apprised of the developments on sustainability standards and practices;
- 1.1.9. Adopt an effective communication strategy to inform both internal and external stakeholders of the Bank's E&S strategic objectives and targets; and
- 1.1.10. Ensure that the sustainability agenda is integrated in the Bank's performance appraisal system.
- 1.2. Corporate Governance Committee** – Board oversight for ESG is delegated to the Corporate Governance Committee (CGCOM), a Board-level committee. The CGCOM shall:
- 1.2.1. Assist the board via its oversight role and responsibilities on ESG topics and issues of the Bank and shall monitor the Bank's progress in attaining sustainability objectives;
- 1.2.2. Oversees the integration of Environmental, Social and Governance (ESG) principles in its corporate governance framework, strategies and operations through the establishment of organization structure(s) that play critical roles in ensuring that its sustainability objectives remain relevant to its business. The Committee shall likewise oversee the reporting and disclosure of relevant ESG information on compliance with existing regulation and ethical responsibility to its stakeholders and ensure that appropriate monitoring systems are in place with regard to the deployment and use of ESG-related products.
- 1.3. Board Risk Oversight Committee** –The Board Risk Oversight Committee (BROC), a Board-level committee, shall provide oversight on the Bank's adherence to the risk appetite statement, risk policy, and risk limits related to ESG.
- 1.4. Senior Executive Team** – shall be responsible for the overall implementation of the board-approved strategies and policies in relation to the sustainability objectives of the Bank. It shall:
- 1.4.1. Assess on a periodic basis the effectiveness of implementation and continuing relevance of said policies considering the developments in the business environment;
- 1.4.2. Facilitate the identification, assessment, monitoring and mitigation of E&S risks. It shall ensure that the Bank takes a holistic approach in managing these risks aligned with the strategic objectives set by the Board of Directors;

- 1.4.3. Ensure that Bank activities are aligned with the overall E&S strategic objectives and targets;
- 1.4.4. Ensure adoption of methodologies and tools that will effectively identify, quantify/measure, monitor and control E&S risks;
- 1.4.5. Ensure that policies, procedures, and processes are clearly and effectively communicated across the organization;
- 1.4.6. Assess consistency of operations and performance of personnel with the Bank's sustainability objectives; and
- 1.4.7. Apprise the Board of Directors and/or relevant management committee, on a regular basis, on the Bank's exposure to E&S risks, which shall include potential issues associated with both internal and external activities of the Bank and the activities of its clients that may have material impact on the Bank's portfolio or reputation. Moreover, the senior management shall report its progress in implementing the Bank's sustainability policies and ESRMS.

**1.5. ESG Technical Working Group** – shall execute the approved direction and strategies as well as develop and implement tactical plans to achieve objectives through the functional teams.

**1.6. Audit and Compliance Teams** – shall incorporate in their respective programs the assessment of adherence to policies related to the management of E&S risks and evaluation of the robustness and continuing relevance of said policies. The internal audit function shall also review the Bank's adherence to international sustainability standards and principles as well as relevant laws and regulations.

**2. Processes, Policies and Procedures**

Details of processes, policies, and procedures are incorporated in separate manuals of the Bank depending on the activity where an environmental and social (E&S) component is included. For example, E&S related controls pertaining to credit assessments are to be included in the Bank's Credit Policy Manual or in the relevant operating policies and procedures manuals (OPPMs). The individual manuals are to contain the roles and responsibilities of the front, middle, and back office. The processes indicated in the policies and procedures are to specify controls to identify, assess (or

measure), control, monitor and report ESG-related risks. These risk management processes are applicable to the credit and operational risk management system.



**Identify**

E&S risks will cover both physical and transition risks. E&S risks shall be included in the Bank's risk appetite statements.



**Assess**

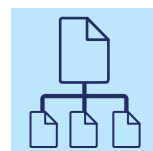
Policies and procedures shall be periodically assessed considering developments in the business environment. E&S risks shall be included in the Bank's Risk and Control Self-Assessment (RCSA) and Business Impact Analysis (BIA) Process. Credit Risk exposures shall also be evaluated to ensure that risks are adequately measured and managed. Other risk assessment tools and processes, such as stress testing, may be applied to E&S risks, when appropriate.



**Control**

Specific policies related to ESG shall be incorporated in the relevant manuals and OPPMs. These policies will specify the controls, limits, approval authorities which Bank personnel should comply with. It shall also specify requirements to evaluate customers and vendors/ suppliers of the Bank with regard to ESG.

Controls to educate and train customers, stakeholders, as well as relevant employees will be developed to ensure that ESG principles of the Bank are understood and followed. Activities to support the Bank's ESG principles shall also be considered in the employee's appraisal.



**Monitor**

Activities are included as a separate part of the ESRMS, under Monitoring and Management Information System.



**Report**

Reporting activities include escalation and notation of potential or actual ESG issues to relevant Management and Board committees. Updates to such issues shall be presented on a regular basis.

ESG activities are also reported to third parties such as customers, stakeholders, and regulators. Disclosure requirements and other information relevant to stakeholders shall be included in the

Bank's annual report. The disclosure shall contain the following:

- Sustainability strategic objectives and risk appetite;
- Overview of E&S risk management system;
- Products/services aligned with internationally recognized sustainability standards and practices;
- Breakdown of E&S risk exposures of the Bank per industry or sector;
- Information on existing and emerging E&S risks and their impact on the Bank; and
- Other initiatives to promote adherence to internationally recognized sustainability standards and practices.

### 3. Monitoring and Management Information System

Tools, such as Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs) related to ESG shall be incorporated in the relevant manuals and OPPMs. These tools will be able to track updates to the Bank's E&S objectives or risks. Action Plans should be developed in case of breaches in limits, thresholds or non-compliance with sustainability-related standards, laws and regulations, or possible non-attainment of E&S objectives and targets.

### 4. Internal Controls And Audit

Internal controls are documented in the relevant Bank manual and/or OPPMs. The second and third lines of defense shall provide oversight and assurance that internal controls are adequately designed and effectively implemented to address E&S risks. The Compliance program incorporates ESG in compliance testing and in its compliance self-assessment checklist. The Internal Audit program likewise incorporates ESG in audit testing.

## D. Products or Services Aligned with Sustainability Standards and Practices

### 1. Corporate Loans

The Bank's corporate banking loan products range include loans for working capital, capital expenditure, project finance, business credit lines, term loans, and various trade finance services:

- Working Capital Loan
- Term Loan
- Capital Expenditure Financing
- Project Financing
- Small Business Loan – Term Loan
- Small Business Loan – Business Credit Line
- Foreign Currency Denominated Loan
- Trade Financing
- Letters of Credit
- Export Packing Credit
- Export Bills Purchase
- Domestic Bills Purchase

### 2. Retail Loans

For the retail or individuals segment, the Bank offers the following types of consumer loans:

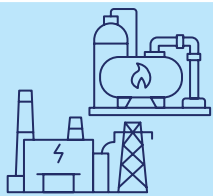
- Home Loan
- Auto Loan
- Salary Loan

The Bank extends the abovementioned loans to borrowers which represent various economic sectors or activities as defined by the Philippine Standard Industrial Classification (PSIC). These economic activities are also associated with specific UN SDGs that the Bank's ESG agenda covers, as follows:

Economic Activity	Selected UN SDGs									
	2. Zero Hunger	4. Quality Education	5. Gender Equality	6. Clean Water and Sanitation	7. Affordable and Clean Energy	8. Decent Work and Economic Growth	9. Industry, Innovation and Infrastructure	11. Sustainable Cities and Communities	12. Responsible Consumption and Production	16. Peace, Justice and Strong Institutions
Electricity, gas					✓			✓		
Real Estate								✓		
Manufacturing							✓		✓	
Construction					✓	✓	✓	✓		
Agriculture, fishing	✓		✓		✓		✓		✓	
Financial and insurance						✓	✓			
Water supply				✓				✓		
Transport and storage						✓	✓	✓	✓	
Education		✓								
Human health, social work			✓							✓



## Electricity and Gas



### Electricity and Gas

Electricity and gas is comprised of the following sub-industries:

- Development and Operation of Liquefied Natural Gas (LNG) Terminal Facilities
- Power Generation
- Power Generation / Wholesaler of Electrical Power
- Power Transmission Service Provider

Natural gas has been identified under the 2018-2040 Philippine Energy Plan as the transition fuel for renewable-based power generation. Through the financing extended to a major LNG producer, the Bank is able to contribute to the country's transition to a Clean Energy Scenario (CES) in support of the UN SDG No. 7 (Affordable and Clean Energy), and to the promotion of sustainable energy in human settlements under UN SDG No. 11 (Sustainable Cities and Communities).

The integration of battery and other energy storage systems, along with the use of information and communications technology (ICT), is an area which the National Renewable Energy Program (NREP) 2020-2040 is looking at in terms of one of its three main categories or "baskets" of renewable energy (RE) systems. This basket encourages the use of renewable energy by consumers in agriculture, fisheries, health, and education. The Bank extends financing to an affiliate engaged in battery energy storage systems (BESS) with projects in Luzon, Visayas, and Mindanao as listed in the 2018-2040 Philippine Energy Plan.

## Real Estate



### Real Estate

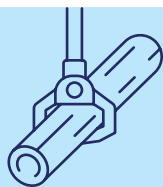
The Real Estate sector is segmented by the Bank into corporate and individual (7.7%). Corporates comprise 14.4% of the total outstanding loan portfolio as of April 2023. The Bank has loan accounts with corporate customers belonging to the following sub-industries:

- Property/Real Estate Developer
- Real Estate Commercial Developing/Leasing Mall/Retail Developing and Operation
- Real Estate Developer
- Real Estate Leasing/Rental
- Real Estate Lessor
- Real Estate Selling and Developing

Many of these customers which are developers have embraced sustainability in planning and designing human settlements that incorporate features supporting the UN SDG No. 11 (Sustainable Cities and Communities), such as but not limited to the following:

- Energy-efficient building design
- Double glazed windows
- Rainwater harvesting
- Water-saving toilet fixtures
- Abundant and open green spaces
- Cool roof systems
- Efficient temperature control
- Sewage treatment plant
- Materials recovery facility

## Manufacturing



### Manufacturing

The Bank has been extending loans to manufacturing companies belonging to 12 sub-industries. Four of these clients have been applying sustainable practices in their production as follows:

- Reducing greenhouse gas (GHG) emissions in support of UN SDG No. 9 (Industry, Innovation and Infrastructure) – involves monitoring GHG emissions longer than the regulatory mandates vis-à-vis a target reduction by more than 25% by 2025, and carbon neutrality of identified operations by 2027. This is further accomplished through various carbon reduction and carbon sequestration projects including the use of LED lighting and solar energy, shift to biofuels in certain products, and adopting large mangrove areas and tree planting programs to sequester around 10K MT of carbon per annum by 2025.
- Achieving plastic neutrality through the Plastic Credit Exchange in support of UN SDG No. 12 (Responsible Consumption and Production) – entails offsetting 100% of plastic footprint through partnership with Plastic Credit Exchange (PCEX).
- Implementing a circular approach to business in support of UN SDG No. 12 (Responsible Consumption and Production) – starting with the product mix, of which more than 40% is glass, the packaging solutions company has long established a circular business model that reduces the dependence on single-use packaging that mostly come from plastic. Historically, the company has used between 65% to as high as 97% recycled glass in the manufacture of its glass products. Recovery of materials such as glass cullets, aluminum and metal caps, through partnership with local waste aggregators combined with recycling facilities has enabled the company to produce new packaging products and pallets out of scrap.
- Promoting the sustainable utilization and production of forests' goods and services in support of UN SDG No. 15 (Life on Land) – by sourcing wood raw materials for pallet manufacturing from sustainable plantation forests.

## Construction



### Construction

Construction companies represent the 4th largest share of the Bank's total lending portfolio. Besides having the potential to realize Sustainable Cities and Communities (UN SDG No. 11), these companies support other UN SDGs in the following manner.

- Supporting the progress towards achieving UN SDG No. 7 (Affordable and Clean Energy) – by building LNG terminals and import facilities, linking natural gas supply to end-consumers.
- Promoting full and productive employment and decent work in support of UN SDG No. 8 (Decent Work and Economic Growth) – as most of the Bank's clients in this sector are into general construction, engineering, and contracting services, which require significant manual labor, the need to create decent jobs to members of local communities including the vulnerable sector (i.e., low-income urban residents) is substantially addressed.
- Achieving sustainable transport to a large scale in support of UN SDG No. 9 (Industry, Innovation and Infrastructure) – is made possible through financing extended by the Bank to companies engaged in tollroad operation and development, which in turn improves accessibility and efficiency of conveying people and goods through the network of urban-rural linkages.

## Agriculture and Fishing



### Agriculture and Fishing

While this sector represents only a small portion of the Bank's total loan portfolio, the contribution to certain UN SDGs by a major transnational company is quite significant. The borrower has already institutionalized a well-rounded sustainability framework that covers the entire range of UN SDGs, through the following strategies:

- better nutrition through product innovation including plant-based ingredients;
- responsible sourcing with supplier code of conduct;
- net zero carbon emissions by 2050 through renewable energy, among other steps;
- ESG culture that promotes diversity, inclusion and community development;
- waste reduction through management of material usage, plastic solution, and recycling, reusing, and repurposing;

## Financial and Insurance



### Financial and insurance

The Bank extends financing to other financial institutions. The particular borrower maintains products that address certain UN SDGs as follows:

- Supporting UN SDG No. 8 (Decent Work and Economic Growth) – by facilitating access to finance that strengthen employment and income-generating programs as a tool to eradicate poverty and improve the welfare and livelihoods of local communities, through its Salary Loan that caters to:
  - teachers and personnel of accredited CHED and TESDA-Supervised Schools, State Universities and Colleges, and other Non-DepEd Government Schools;
  - teaching and non-teaching personnel of accredited private schools, universities, and colleges;
  - employees and elected officials of an accredited Local Government Unit; and accredited Private Companies and Agencies.
- Supporting UN SDG No. 9 (Industry, Innovation and Infrastructure) – by enabling the promotion of inclusive and sustainable industrialization in the context of affordable, efficient and convenient transportation made possible through Motorcycle Loan product that caters to employed or self-employed individuals, sole proprietors, pensioners, remitters, and corporations.

## E. Breakdown of E&S Risk Exposures of the Bank per Industry or Sector

The table below provides a breakdown of the Bank's exposure to E&S risks based on the outstanding balance of loans extended to clients falling under the industries or economic activities indicated:

Economic Activity	Outstanding Balance of Loans as % of Portfolio
Electricity, gas	28.9%
Real estate	22.8%
Manufacturing	12.6%
Construction	5.9%
Wholesale and retail trade	4.6%
Agriculture, fishing	2.3%
Water supply	1.3%
Accommodation and food	1.2%
Transport and storage	1.3%
Mining and quarrying	1.8%
<b>Total</b>	<b>82.7%</b>

The preceding information is derived from an initial study of the portfolio. The criteria shall be refined further.



## F. Information on Existing and Emerging E&S Risks and their Impact on the Bank

Climate patterns and forces of nature may bring about physical risks to businesses of clients which the Bank has extended loans to. This can affect loan repayment and pose financial risks to the Bank. Affected businesses are the following:

Physical Risk	Affected Nature of Business
Climate change; extended drought; natural gas depletion	<ul style="list-style-type: none"> <li>• Power Generation (hydropower and natural gas)</li> </ul>
Geophysical risk	<ul style="list-style-type: none"> <li>• Real estate development, leasing/rental, selling and operation (commercial and retail)</li> <li>• General engineering and construction services</li> </ul>
Extreme weather disturbances or dry spells; extended drought	<ul style="list-style-type: none"> <li>• Manufacturer and supplier of wooden pallets from plantation forests; integrated aqua-farming, processing, exports and domestic retailing of fresh frozen, processed and canned seafood products</li> <li>• Agriculture, ocean fishing, poultry contract growing</li> <li>• Water supply</li> </ul>
Sea level rise	<ul style="list-style-type: none"> <li>• Hospitality (hotel and resorts)</li> <li>• Residential projects</li> </ul>

On the other hand, changes to existing laws or enactment of new regulations may result to transition risk. This may adversely impact a client's ability to meet its loan obligations, which may lead to default. Because of this, the Bank closely monitors possible sources of transition risk which may affect clients that fall under the following types of business:

Transition Risk	Affected Nature of Business
Update in Philippine Energy Plan, enactment of Presidential Decrees (PD), and issuance of Department of Energy (DOE) Circulars on non-renewable and/or renewable energy sources	<ul style="list-style-type: none"> <li>• Power generation, development and operation of liquefied natural gas terminal facilities; power transmission services;</li> <li>• Wholesale and retail trade of automotive fuel, liquefied petroleum gas;</li> <li>• General Engineering and construction services; equipment rental / tracking and hauling services;</li> <li>• Manufacturing of petroleum products</li> </ul>
Enactment of carbon tax laws	<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Power generation</li> <li>• Transport and storage</li> </ul>
Changes in plantation forest laws or quarrying laws	<ul style="list-style-type: none"> <li>• Manufacturer and supplier of wooden pallets;</li> <li>• Integrated aqua-farming, processing, exports and domestic retailing of fresh frozen, processed and canned seafood products;</li> <li>• Manufacturing of cement</li> <li>• Mining and quarrying</li> </ul>
Change in wastewater management policy	<ul style="list-style-type: none"> <li>• Hospitality (hotel and resorts)</li> </ul>

## G. Other Initiatives to Promote Adherence to Sustainability Standards and Practices

Consistent with its Board-approved Transition Plan in relation to BSP Circular 1085 (Sustainable Finance Framework) and BSP Circular 1128 (Environmental and Social Risk Management Framework), the Bank has implemented the following initiatives to promote adherence to sustainability standards and practices.

### 1. Communications

The Bank considers communications to be critical to the institutionalization of its ESG and Sustainability Framework. During its transition period, the Bank developed and implemented communications plans for internal and for external audiences.

**1.1. Internal** – the following advisories aimed to orient employees on the rationale, basis, and

scope of the Bank's ESG and sustainability agenda. These were released through internal e-mail, and the Bank's intranet Hub.

- i. What is ESG?
- ii. The Sustainable Development Goals
- iii. ESG goes beyond Environmental Matters
- iv. Issuance of Environmental, Social and Governance and Sustainability Framework Manual
- v. Timeline and Summary of ESG Regulations

**1.2. External** – moving on to external audiences, the Bank developed a communications plan targeting customers (depositors and borrowers), suppliers, investors, and the communities in which the Bank operates.

Objective	Message	Audience	Channel
1. Announce Bank's ESG initiative	<ul style="list-style-type: none"> <li>Why ESG matters to BankCom</li> <li>"ESG goes beyond environmental matters."</li> </ul>	General public	Corporate website
2. Introduce Bank's ESG agenda for selected stakeholders	<ul style="list-style-type: none"> <li>BankCom's approach to ESG</li> <li>What to expect and when</li> <li>What you can do</li> </ul>	Suppliers Borrowers New Depositors	Corporate website; E-mail
3. Announce the new Supplier Sustainability Questionnaire (SSQ)	<ul style="list-style-type: none"> <li>Why the new SSQ is important</li> <li>When will it be applicable (i.e., new suppliers, existing suppliers)</li> <li>What the questions stand for</li> <li>How to accomplish</li> </ul>	New suppliers  Existing suppliers	E-mail (Letter)
4. Provide updates on the Bank's ESG initiative	<ul style="list-style-type: none"> <li>Hospitality (hotel and resorts)</li> </ul>	General public; Investor community	Corporate website

### 2. Capacity Building Through Training

The complexity of the subject of ESG and sustainability necessitated that training programs be developed for specific audiences such as the ESG Project Team, the Board of Directors, the Senior Executive Team, and identified key personnel such as account officers/relationship managers, and personnel involved in credit evaluation and management.

The Bank utilized various strategies, from both internal and external sources, to come out with

a suitable mix of training programs based on the profile of the said audiences:

**2.1. Banking industry** – these include webinars and general membership meetings with the Bankers' Association of the Philippines (BAP) and Bank Administration Institute of the Philippines (BAIPHIL), of which some were conducted by officers and ESG policy administrators of no less than the Bangko Sentral ng Pilipinas (BSP).

**2.2. Rating agencies** – these include webinars organized by either ESG rating agencies or credit rating agencies which have expanded to ESG advisory and implementation services.

**2.3. Accounting and management consulting firms** – these were provided by top-ranking accounting, auditing and management consulting firms which have a well-established ESG advisory and reporting practice.

**2.4. Foreign sources** – these refer to training modules professionally prepared by bankers and academicians who have built their careers around ESG and sustainability. These modules are especially curated and accessed from LinkedIn Learning and Udemy through subscription.

### 3. Policy Development

Institutionalizing an environmental and social risk management system (ESRMS) required the development of new, or amendment of existing policies in order to embed ESG principles and tools. During the transition period, a number of such policies were initiated and have reached various stages in the documentation process.

**3.1. Credit Policy Update** – this covers the guidelines on the use of ESG tools, such as HazardHunterPH, in the assessment of physical and transition risks, the determination of potential exposure of the Bank to loans to individual or corporate borrowers, and the identification of mitigating controls, whether monetary, documentary, or procedural, which will be required prior to the granting of credit and during the life of the loan.

**3.2. Branch Site Selection Update** – using the same HazardHunterPH tool, specific teams under the Branch Banking Group will perform a verification of the physical risks faced by the proposed new location of a branch, or prospectively, a new site for business operations.

**3.3. Supplier Accreditation and Evaluation Update** – this involves the enhancement of the process of accrediting new suppliers or service providers, as well as the annual performance evaluation for existing suppliers or service providers, via the introduction of a new Supplier Sustainability Questionnaire and mandatory conform to the Bank's Policy on Solicitation and Acceptance of Gifts. This is a tool that supports multiple SDGs by examining a supplier or vendor's current policies and practices concerning employees and work (UN SDG No. 8 on Decent Work and Economic Growth); methods of minimizing the hazardous effects of their production or generation of services for the Bank (UN SDG No. 12 on Responsible Consumption and Production, and No. 15. Life on Land); as well anti-bribery and anti-corruption (UN SDG No. 16 on Peace, Justice and Strong Institutions).

**3.4. Cost Management Update** – this refers to prescribed actions that support sustainability, such as the following:

- i. reducing electrical consumption by shifting to LED lamps and other energy-saving measures;
- ii. managing water consumption by controlling leaks and unmonitored flow;
- iii. reducing paper usage and wastage, and proper recycling of used paper;
- iv. advocating the use of electronic channels in lieu of paper-based or manual transactions for disbursements; and
- v. encouraging employee suggestions for other cost management measures.

### ESG Outlook

As its ESRMS matures and market conditions permit, BankCom aspires to position itself more actively in the next higher stages of sustainable finance, structuring conventional banking products into green, social, and/or sustainability-linked financial instruments vouched by a reputable second party opinion (SPO) provider.





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## Corporate Governance

### Manual on Corporate Governance

On 27 October 2012, the Board adopted the Manual on Corporate Governance ("Manual"), which institutionalizes the principles of good corporate governance in the entire organization. The Bank believes that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization. The Manual is reviewed and updated annually to capture current and best practices. Proposed amendments thereof are presented to and approved by the Board as reviewed and endorsed by the Corporate Governance Committee.

In adopting the Manual, the Board and its members acknowledge the responsibility in governing the conduct of the business of the Bank, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

### Board Governance

Setting the tone from the top, the Board of Directors (the Board) is primarily responsible for the sound governance of the Bank. It approves and oversees the implementation of the Bank's strategic objectives. Aware of its duty of setting the policies for the accomplishment of corporate objectives, the Board fosters the long-term success of the Bank and sustains its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of the stockholders. The Board likewise conducts an independent check on Management.

### Board of Directors

The Bank's Board of Directors (BOD) is composed of fifteen (15) members. The Board is a healthy mix of individuals with diverse experiences, backgrounds, and perspectives and a combination of executive and non-executive directors such that no director or small group of directors dominates the decision-making process. Six (6) of the total Board seats are independent directors.

This number of independent directors is compliant with the representation of independent directors required by the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) rules and regulations. All directors were chosen based on integrity, probity, market reputation, conduct and behavior, relevant education and training, physical and mental fitness, knowledge and experience.

They possess such qualifications and stature that enable each of them to effectively participate in the deliberations of the Board. Prior to election as a Director, any nominee or candidate passes through the evaluation of the Nominations, Compensation, and Remuneration Committee (NCRC).

The Chairman of the Board provides leadership in the Board of Directors. He ensures effective functioning of the Board, including maintaining a relationship of trust with members of the Board, and steers it toward an effective performance of its bounden duties. Consistent with the Corporate Governance Principles under the Manual of Regulations for Banks (MORB), the Chairman of the Board is a non-executive director who has not served as CEO of the Bank within the past three (3) years. In his absence, the Vice Chairman of the Board is responsible for overall governance of the institution. The Bank's Chief Executive Officer is responsible for day-to-day management of the Bank.

The Bank's Independent Directors, apart from possessing minimal shareholding, are independent of management and free from any business or other relationship with the Bank, other than transactions which are conducted at arm's length, and could not interfere with their exercise of independent judgment when carrying out their responsibilities as directors. Further, they are not retained professional advisers or consultants of the Bank, not a nominee of any director or substantial stockholder, nor member of any advisory board. Independent Directors only serve as such for a maximum cumulative term of nine (9) years reckoned from 2012, after which, they shall be perpetually barred from serving as Independent Directors but may continue to serve as a regular director of the Bank.

The above term limit is consistent with SEC Advisory dated 31 March 2016, where independent directors elected in 2012 may be re-elected until 2017 when the two-year cooling-off period shall commence; that if there are no suitable replacements, said independent

directors may be re-elected in 2017 until 2021, at which time, they may no longer be qualified as independent directors for the same companies. The said re-election in 2017 until 2021 shall be with prior written notice and justification to the SEC.

The Board has also adopted guidelines on the maximum number of directorships in other entities that its members can hold, taking into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities as director of the Bank.

Directors are expected to act in the best interest of the Bank and in a manner characterized by transparency, accountability, and fairness. As a member of the Board upon which the corporate powers of the Bank rest and are exercised, and through which the Bank's strategic objectives, risk appetite / strategy, corporate governance and corporate values are set, a Director should demonstrate leadership, observe prudence, exercise sound and objective judgment, and maintain integrity in directing the Bank toward sustained progress. The Board formulates the Bank's vision, mission, strategic objectives, policies, and procedures that guide its activities, including the means to effectively monitor Management's performance.

To effectively carry out their duties and responsibilities, the members of the Board are required to attend a program on corporate governance conducted by a duly accredited training provider by the BSP. To maintain their professional integrity, enhance their skills and knowledge, understand the activities that the Bank is engaged in or intends to pursue, and keep abreast with the developments in the banking industry and changes in regulatory landscape, members of the Board of Directors participate in seminars, lectures, or symposia as part of their continuing education or training. The Board has likewise adopted a policy on continuing education and training across all segments of the Bank's manpower complement, commensurate with their duties and responsibilities in order to keep up with developments in the banking industry, ensure that skills and knowledge remain relevant, and that requirements of the law, rules, and regulations are understood and complied with.

For the year 2022, the Board held thirteen (13) meetings:

## Board Attendance Summary

### The Board Meeting

Name	Position	Attendance	Percentage
Francis C. Chua	Chairman, Non-Executive Director	13/13	100%
Benedicta A. Du-Baladad	Vice Chairperson, Non-Executive Director	13/13	100%
Michelangelo R. Aguilar	Member, Executive Director	13/13	100%
Roberto C. Benares	Member, Non-Executive Director	11/13	85%
Marito L. Platon	Member, Non-Executive Director	13/13	100%
Melinda Gonzales-Manto	Member, Non-Executive Director	13/13	100%
Fe B. Barin	Member, Non-Executive Director	12/13	92%
Alexander R. Magno	Member, Non-Executive Director	13/13	100%
Mariano T. Katipunan, Jr.	Member, Non-Executive Director	13/13	100%
Jose Carmelo C. Nograles	Independent Director	13/13	100%
Rebecca Maria A. Ynares	Independent Director	13/13	100%
Ricardo D. L. Fernandez	Independent Director	13/13	100%
Winston A. Chan <sup>1</sup>	Independent Director	8/8	100%
Daniel Gabriel M. Montecillo <sup>1</sup>	Independent Director	8/8	100%
Simon R. Paterno <sup>2</sup>	Independent Director	7/7	100%
Jose T. Pardo <sup>3</sup>	Chairman, Non-Executive Director	1/1	100%
Carolina G. Diangco <sup>4</sup>	Member, Non-Executive Director	5/6	83%

<sup>1</sup> Independent Director effective April 29, 2022

<sup>2</sup> Independent Director Effective June 1, 2022

<sup>3</sup> Resigned as Chairman and Member of the Board of Directors effective February 16, 2022

<sup>4</sup> Resigned as Member (Non-Executive Director) of the Board of Directors effective May 31, 2022

## Security Ownership of Directors

Name	Position	Years of Service as of 31 December 2022
<b>Board of Directors</b>		
Francis C. Chua	Chairman, Non-Executive Director	14 yrs. & 7 mos.
Benedicta Du-Baladad	Vice-Chairperson, Non-Executive Director	8 yrs. & 11mos.
Michelangelo R. Aguilar	President and CEO, Executive Director	4 yrs. & 5 mos.
Roberto C. Benares	Former President and CEO, Non-Executive Director	9 yrs. & 8 mos.
Fe B. Barin	Non-Executive Director	8 yrs. & 8 mos.
Marito L. Platon	Non-Executive Director	12 yrs. & 8 mos.
Mariano T. Katipunan, Jr.	Non-Executive Director	4 yrs. & 8 mos. 2nd appointment as Caritas nominee, previously for 2yrs – 1st appointment as Caritas nominee
Alexander R. Magno	Non-Executive Director	8 yrs. & 5 mos.
Melinda S. Gonzales-Manto	Non-Executive Director	9 yrs. as Independent Director; 8 months as Non-Executive Director since elected on April 29, 2022
Jose C. Nograles	Independent Director	7 yrs. & 8 mos.
Rebecca Maria A. Ynares	Independent Director	6 yrs. & 5mos
Ricardo D. Fernandez	Independent Director	2 yrs.
Daniel Gabriel M. Montecillo	Independent Director	8 mos. (elected on April 29, 2022)
Winston A. Chan	Independent Director	8 mos. (elected on April 29, 2022)
Simon R. Paterno	Independent Director	7 mos. (elected on June 1, 2022)
<b>Board Appointees</b>		
Jose T. Pardo	Chairman of the Board of Advisors	18 yrs. & 4 mos. as Director, 10 yrs. as Chairman of the Board, and 10 months as Chairman of the Board of Advisor since February 16, 2022
Aurora T. Calderon	Board Advisor	11 yrs. & 5mos
Ferdinand K. Constantino	Board Advisor	2 yrs. as Director and 12 yrs. and 7 mos. as Advisor
Cecile L. Ang	Board Advisor	7 yrs. & 2 mos.
Antonio M. Cailao	Board Advisor	4 yrs. & 6 mos.
Evita C. Caballa	Corporate Secretary	2 yrs. as Asst. Corporate Secretary; 12 yrs. & 8 mos. as Corporate Secretary and 3 yrs. & 3 mos. as Director



Title of Class	Name of Owner	Position	Citizenship	Nature of Beneficial Ownership		% of Total Outstanding Shares
Common	Francis C. Chua	Chairman	Filipino	Direct	10	NIL
Common	Benedicta A. Du-Baladad	Vice-Chairperson	Filipino	Direct	10	NIL
Common	Michelangelo R. Aguilar	President and CEO / Director	Filipino	Direct	10	NIL
				Indirect	40,100	
Common	Roberto C. Benares	Director	Filipino	Direct	10	NIL
Common	Fe B. Barin	Director	Filipino	Direct	10	NIL
Common	Marito L. Platon	Director	Filipino	Direct	10	NIL
Common	Mariano T. Katipunan, Jr.	Director	Filipino	Direct	10	NIL
Common	Alexander R. Magno	Director	Filipino	Direct	10	NIL
Common	Melinda S. Gonzales-Manto	Director	Filipino	Direct	10	NIL
				Indirect	83,300	
Common	Jose Carmelo C. Nograles	Independent Director	Filipino	Direct	10	NIL
Common	Rebecca Maria A. Ynares	Independent Director	Filipino	Direct	10	NIL
Common	Ricardo D. Fernandez	Independent Director	Filipino	Direct	10	NIL
Common	Daniel Gabriel M. Montecillo	Independent Director	Filipino	Direct	100	NIL
Common	Winston A. Chan	Independent Director	Filipino	Direct	100	NIL
Common	Simon R. Paterno	Independent Director	Filipino	Direct	100	NIL
<b>TOTAL</b>					<b>123,820</b>	<b>NIL</b>

## Board Committees

The Board has constituted the following committees to assist in its supervision over the Bank's activities and guide Management in implementing sound corporate governance: Executive Committee; Audit Committee; Board Risk Oversight Committee; Corporate Governance Committee; Nominations, Compensation, and Remuneration Committee; Trust and Investments Committee; Related Party Transactions Committee; and Information Technology Steering Committee. These committees regularly convene as mandated in their respective Charters.

In the appointment of members of each committee, knowledge, skills, training, experience, and profession, among others, are considered to ensure an optimum combination of knowledge and experience that encourages constructive, objective, and critical discussions, while exposing members to differing views that will allow them to fully understand and objectively evaluate the issues.

## Executive Committee

The Executive Committee (ExCom) is empowered to approve and / or implement all corporate acts within the competence of the Board of Directors (BOD), except those acts expressly reserved by the Revised Corporation Code of the Philippines for the Board of Directors.

The Executive Committee shall be composed of five (5) members, to be appointed by the Board of Directors from among the members of the Board of Directors of the Bank, one (1) of whom will be designated as Chairman, another as Vice-Chairman and three (3) others, as members. It held twenty-five (25) meetings in 2022.

Name	Position	Attendance	Percentage
Francis C. Chua <sup>1</sup>	Chairman <sup>1</sup>	5/8	62.50%
Benedicta A. Du-Baladad	Chairperson <sup>2</sup>	24/25	96.00%
Fe B. Barin	Member	23/25	92.00%
Michelangelo R. Aguilar	Vice Chairperson	24/25	96.00%
Carolina G. Diangco <sup>3</sup>	Member	11/11	100.00%
Marito L. Platon <sup>4</sup>	Member	17/17	100.00%
Winston A. Chan <sup>5</sup>	Member	11/12	91.67%

<sup>1</sup> Ceased to be Chairman and member of the Committee effective April 29, 2022

<sup>2</sup> Chairperson effective February 22, 2022

<sup>3</sup> Resigned as Member of the Board of Directors effective May 31, 2022

<sup>4</sup> Executive Committee Member effective April 29, 2022

<sup>5</sup> Executive Committee Member effective June 28, 2022

## Audit Committee

The Audit Committee oversees the Bank's financial reporting policies, practices and controls, monitoring and evaluation of internal control system's adequacy and effectiveness, the internal audit functions, the appointment, conduct, and reporting of the external auditors, as well as implementation of corrective actions.

The Audit Committee shall be composed of at least three (3) members of the Board of Directors, who shall be non-executive directors, majority of whom shall be Independent Directors, including the Chairperson. It held thirteen (13) meetings in 2022.

Composition	Attendance	Percentage
Simon R. Paterno <sup>1</sup>	6/6	100%
Rebecca Maria A. Ynares	12/13	92%
Daniel Gabriel M. Montecillo <sup>2</sup>	7/8	88%
Melinda Gonzales-Manto <sup>3</sup>	13/13	100%
Winston A. Chan <sup>4</sup>	2/2	100%
Jose C. Nograles <sup>5</sup>	4/5	80%
Benedicta Du-Baladad <sup>6</sup>	5/5	100%
Mariano T. Katipunan Jr.	13/13	100%

<sup>1</sup> Appointed as Chairman of the Audit Committee on June 28, 2022 (replaced Winston A. Chan)

<sup>2</sup> Appointed as Member/Independent Director of the Audit Committee on April 29, 2022 (replaced Jose Carmelo C. Nograles)

<sup>3</sup> Appointed as Chairman up to April 2022; Changed role from Chairman to Member on April 29, 2022

<sup>4</sup> Appointed as Chairman of the Audit Committee on April 29, 2022 (replaced Melinda Gonzales-Manto)

<sup>5</sup> Appointed as Independent Director up to April 2022 (replaced by Daniel Gabriel M. Montecillo)

<sup>6</sup> Appointed as Member up to April 2022 (replaced by Melinda Gonzales-Manto)

### Board Risk Oversight Committee

The Board Risk Oversight Committee (BROC) is responsible for the development and supervision of the risk management program of the Bank and its Trust unit.

The Committee is composed of at least three (3) Directors, majority of whom shall be independent directors, including the Chairperson. The BROC's Chairperson shall not be the chairperson of the Board of Directors, or any other Board-level committee. It held twelve (12) meetings in 2022.

Attendee	Total	Percentage
Jose C. Nograles	12/12	100%
Marito L. Platon, Member	12/12	100%
Roberto C. Benares, Member	10/12	83%
Melinda G. Manto, Member*	4/4	100%
Rebecca Maria A. Ynares, Member*	8/8	100%
Daniel Gabriel M. Montecillo, Member	8/8	100%
Winston A. Chan, Member	7/8	88%

\*replaced by Daniel Gabriel M. Montecillo

### Corporate Governance Committee

The Corporate Governance Committee (CGCom) assists the Board in fulfilling its corporate governance responsibilities. It is responsible for ensuring the Board's effectiveness and due observance of

corporate governance principles and guidelines across all levels of the Bank's personnel.

The Committee is composed of five (5) members, majority of whom, including the committee chairman, are independent directors. It held twelve (12) meetings in 2022.

Composition	Attendance	Percentage
Aniano A. Desierto <sup>2</sup>	4/4	100%
Fe B. Barin	10/12	83.33%
Jose C. Nograles	12/12	100%
Marito L. Platon <sup>2</sup>	4/4	100%
Ricardo D. Fernandez	12/12	100%
Daniel Gabriel M. Montecillo <sup>1</sup>	8/8	100%
Mariano T. Katipunan Jr. <sup>1</sup>	7/8	87.50%

<sup>1</sup> Members effective April 29, 2022

<sup>2</sup> Ceased to be members effective April 29, 2022

### Nominations, Compensation, and Remuneration Committee

The Nominations, Compensation, and Remuneration Committee (NCRC) reviews and evaluates the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board.

The Committee is composed of at least five (5) members of the board of directors, at least three (3) of whom are independent directors. It held eleven (11) meetings in 2022.

Composition	Attendance	Percentage
Aniano A. Desierto <sup>3</sup>	4/4	100%
Rebecca Maria A. Ynares <sup>1</sup>	7/7	100%
Jose T. Pardo <sup>4</sup>	1/1	100%
Francis C. Chua <sup>2</sup>	9/9	100%
Alexander R. Magno	11/11	100%
Jose C. Nograles <sup>3</sup>	4/4	100%
Winston A. Chan <sup>1</sup>	7/7	100%
Ricardo D. L. Fernandez	11/11	100%

<sup>1</sup> Member effective April 29, 2022

<sup>2</sup> Member effective February 22, 2022

<sup>3</sup> Ceased to be members effective April 29, 2022

<sup>4</sup> Resigned as Chairman of the Board of Directors effective February 16, 2022

### Trust and Investments Committee

The Trust and Investments Committee (TIC) is primarily responsible for overseeing the trust and other fiduciary activities of the Bank.

The Committee is composed of five (5) members, three (3) of whom are board directors, the President of the Bank, and the Bank's Chief Trust Officer. It held thirteen (13) meetings in 2022.

Composition	Attendance	Percentage
Francis C. Chua <sup>1</sup>	11/11	100%
Jose T. Pardo <sup>3</sup>	1/1	100%
Aniano A. Desierto	4/4	100%
Benedicta Du-Baladad <sup>2</sup>	9/9	100%
Michelangelo R. Aguilar	12/12	100%
Alexander R. Magno	13/13	100%
Gamalielh Ariel O. Benavides	13/13	100%

<sup>1</sup> Member effective February 16, 2022

<sup>2</sup> Member effective April 29, 2022

<sup>3</sup> Resigned as Chairman of the Board of Directors effective February 16, 2022

<sup>4</sup> Ceased to be a member effective April 29, 2022

## Related Party Transactions Committee

The Related Party Transactions Committee (RPTCom) assists the Board in fulfilling its responsibility of ensuring that transactions with related parties are handled in an efficient and prudent manner, with integrity, and in compliance with relevant laws and regulations to protect the interest of the Bank, its depositors, creditors, and other stakeholders.

For this purpose, the RPTCom evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.

It likewise evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under identical circumstances.

The Committee is composed of five (5) members, three (3) of whom, including the Chairman, are independent directors, and two (2) non-executive directors. It held twelve (12) meetings in 2022.

Composition	Attendance	Percentage
Ricardo D. L. Fernandez	12/12	100%
Jose C. Nograles <sup>1</sup>	8/8	100%
Marito L. Platon <sup>3</sup>	4/4	100%
Simon R. Paterno <sup>2</sup>	7/7	100%
Melinda Gonzales-Manto	12/12	100%
Rebecca Maria A. Ynares	11/12	91.67%
Carolina G. Diangco <sup>4</sup>	5/5	100%

<sup>1</sup> Member effective April 29, 2022

<sup>2</sup> Member effective June 1, 2022

<sup>3</sup> Ceased to be members effective April 29, 2022

<sup>4</sup> Resigned as a member of the Board of Directors effective May 31, 2022

## Information Technology Steering Committee

The Information Technology Steering Committee (ITSC), as tasked by the Board of Directors, is responsible for overseeing the IT functions of the Bank. It cohesively monitors IT performance and formulates appropriate measures to ensure that the Bank's technology strategy and significant technology investments support its business needs, strategies, and objectives.

The ITSC is composed of five (5) members, one (1) Board Director as Chairman, with two (2) Board Directors, the Digital Services Group Head, and the President and CEO as members. It held nineteen (19) meetings in 2022.

Composition	Attendance	Percentage
Roberto C. Benares	18/19	95%
Simon R. Paterno <sup>1</sup>	9/13	69%
Marito L. Platon	19/19	100%
Michelangelo R. Aguilar <sup>2</sup>	18/19	95%
Donald D. Limcaco	16/19	100%
Antonio S. Laquindanum	13/19	81%

<sup>1</sup> Member effective June 28, 2022

<sup>2</sup> Ceased to be a member effective June 28, 2022

## The Underwriting Committee

The Underwriting Committee (UWCom) evaluates, endorses, and approves transactions by the Investment Banking Group (IBG).

The Underwriting Committee is currently composed of three (3) members with extensive experience and/or familiarity with the investment banking industry, appointed by the Board of Directors from among its members. It held seven (7) meetings in 2022.

Composition	Attendance	Percentage
Daniel Gabriel M. Montecillo, Chairman	7/7	100%
Roberto C. Benares	7/7	100%
Michelangelo R. Aguilar <sup>2</sup>	7/7	100%

## The Corporate Secretary

The Corporate Secretary plays a significant role in ensuring that the Board is able to effectively fulfill its responsibilities. The Office of the Corporate Secretary prepares the agenda and sends out the required notices, materials for discussion prior to the meeting, and minutes of the previous meeting. The Office is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Bank.





Loyal to the mission, vision, and objectives of the Bank, the Corporate Secretary works fairly and objectively with the Board, Management, stockholders, and other stakeholders.

With full awareness of the laws, rules, and regulations essential to the Board's performance of its duties and responsibilities, the Corporate Secretary ensures that all the Board procedures, rules, and regulations are strictly followed by the members.

### **The Chief Compliance Officer**

The Board appointed a Chief Compliance Officer (CCO) who directly reports to the Board of Directors through the Corporate Governance Committee (CGCom). The CCO does not perform any revenue-generating or line function and is primarily responsible for coordinating, monitoring, and facilitating the Bank's compliance with existing laws, rules, and regulations.

As such, the CCO has the skills and expertise to provide appropriate guidance and direction to the Bank on the formulation / enhancement, implementation, and maintenance of the Compliance Program.

The CCO is delegated with appropriate authority and provided with necessary support and resources to ensure that compliance with laws, rules, and regulations, and observance of best practices are carried out by the entire Bank. The CCO is free to report any breach or violation of significant regulation to the appropriate Board Committee or to the Board, and provide a recommendation to prevent its recurrence, as well as pursue administrative investigation, when warranted.

The CCO oversees the identification, assessment, and management of the Bank's compliance risk, supervises the functions of the compliance staff, and liaises with the BSP on compliance / regulatory / licensing matters. The CCO is responsible for the timely completion of documentary submissions to the BSP.

### **The Chief Risk Officer**

The Board also appointed a Chief Risk Officer (CRO) who is independent from executive, operations, and revenue-generating functions, and possesses sufficient stature and authority within the Bank. Without compromising his independence, the CRO has the ability to engage in discussions with the Board, Chief Executive Officer, and other Senior Management members on key risk issues and has access to such information as he deems necessary to form his judgment. The CRO has direct access to the Board and reports at least once a month to the Board Risk Oversight Committee. The CRO is responsible for identifying, measuring, and monitoring key risk exposures and for assessing whether decisions to accept particular risks are consistent with the risk appetite approved by the Board.

The CRO oversees the risk management function and supports the Board of Directors in the development of risk appetite of the Bank and in further translating the risk appetite into a risk limits structure. The CRO likewise proposes enhancements to risk management policies, processes, and systems to ensure that the Bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

### **Board and Senior Management**

The Board of Directors annually assesses its performance and effectiveness as a body, as well as the performance of various committees, the individual directors, and the committee members through self, peer, committee, and board evaluation system facilitated by the Corporate Governance Committee. Results of the annual performance evaluation of the Board and board-level committees are presented to and discussed with the Board.

The Senior Executive Team (SET) performance is also assessed annually by the President & CEO, except for the Heads of the independent units (Internal Audit Division, Compliance Division, Risk Management Division, and Trust Services Group) who are evaluated by their respective Board committees.

## Selection Process for the Board and Senior Management

The Nomination, Compensation, and Remuneration Committee (NCRC) conducts a detailed evaluation of the nominees for Directorship prior to their nomination and candidates for Senior Management (with ranks of Assistant Vice Presidents and up) prior to their appointment and approval of the Board. The NCRC determines the fitness of a candidate by his integrity, physical and mental fitness, relevant education, financial literacy / training and competencies relevant to the job.

A nominee's / candidate's integrity is based on his market / industry reputation and observed conduct and behavior. Necessary checks are also conducted to ensure qualification for the position and financial fitness, among others. Positions held in other institutions are also considered by the Committee in determining the capability of the nominee / candidate in fulfilling his role with the Bank.

## Performance Evaluation

The Board holds monthly meetings to ensure that it effectively executes its mandated duties and responsibilities of overseeing and monitoring the implementation of the Bank's strategic objectives, while making it a point that its business is consistently carried out within compliance and corporate governance standards. Special meetings are also held from time to time as the need arises. In addition to the Board meetings, the directors attend the meetings of their respective Board Committees.

## Remuneration and Succession Plan / Program

The Bank has a remuneration policy which outlines the framework for compensations and evaluation of performance of the Bank's Board of Directors, Senior Management, Junior Officers and all levels and categories of employees. It ensures proportionality among the remunerations granted to all levels of employees and that the form and manner of their compensation is aligned with the Bank's growth strategy.

The Bank gives members of its Board of Directors reasonable per diem for every meeting, as well as bonuses. Total remuneration for each member of the board is disclosed in the Bank's Definitive Information Sheet and SEC Form 17-A.

As provided for in the Bank's by-laws, dividends may be declared from the surplus profits arising from

the business of the Bank at such time and in such percentage as the Board of Directors may deem proper. No dividends may be declared that will impair the capital of the Bank and stock dividends shall be declared in accordance with the law.

In 2022 and 2021, the compensation of the Directors, as a group unnamed, is as follows:

	Year	Per Diem	Other Compensation/ bonuses	Total
Total Compensation of Directors	2022	17,567,836.00	-	17,567,836.00
	2021	17,454,094.00	6,374,854.00	23,828,948.00

The Bank has a sustainable succession planning program in place. Each year, incumbents are assessed on their readiness to assume Senior Management positions. On an annual basis, the Human Resource Management and Development Division (HRMDD) sends an evaluation form to the Group / Division Heads of each unit, requesting them to identify and assess their successors. The information gathered from respondents are collated into a succession Table of Organization / Plan of the Bank and is presented to the NCRC and to the Board for notation.

## Process in Determining the Remuneration of the President and Senior Officers of the Bank

The Bank has a salary structure in place that is used in determining the remuneration of all employees. Each rank has a minimum and a maximum pay rate. The hiring of Senior Officers with ranks of Assistant Vice President to President & CEO is presented to the NCRC to assess their qualification and fitness for the position and subsequently endorsed to the BOD.

Remuneration of employees, including the President & CEO and Senior Officers, is determined on the basis of their position, scope of work, and the Bank's salary scale.

In 2021 and 2022, the level of remuneration for the most senior executive officers of the Bank is as follows:

	Year	Salary	Bonus	Other Annual Compensation	Total
Total Compensation of the CEO and Top 4 Executives	2022	68,198,220.00	14,206,139.00	-	82,404,359.00
	2021	52,768,112.00	13,650,338.00	-	66,418,450.00

### **Training Program for Directors and Senior Management**

Directors and members of Senior Management undergo periodic training programs particularly focused on regulatory policy updates and requirements, typically the likes of Anti-Money Laundering (AML) and terrorist financing, risk management practices, governance and ethical standards, and supervisory expectations. Members of the Senior Management team are required to take the AML and Information Security courses annually. Core, functional, soft skills, and leadership programs are also part of the Bank's training program.

### **Retirement Age of Board and Senior Management**

The Directors are elected during the annual meeting of stockholders, or at any special meeting called for that purpose, and hold office for one (1) year and serve until their successors shall have been duly elected. A retirement plan for all employees was established and became effective in March 1990 with amendments thereafter. Based on the Bank's retirement plan with amendments after 1990, the normal retirement age for all employees (including Senior Management) is 60 years old. The plan includes benefits on Early Retirement, Resignation, Death / Total and Permanent Disability, Optional Retirement, and Involuntary Separation. The Bank bears the full cost of providing the benefits in the Plan.

### **Adequate and Timely Information**

Complete, adequate, and timely information on matters to be taken up during Board and committee meetings is important to enable the members of the Board to properly fulfill their duties and responsibilities. The information allows them to

address matters at hand and participate in exchanges and discussions during meetings in order to arrive at informed decisions. Prior to Board and committee meetings, members of the Board are provided with the required information and materials for discussion. They are given independent access to the Management and Corporate Secretary at all times for the proper discharge of their functions.

### **Financial Reporting Controls and Audit**

The Board envisions to protect shareholders' value through adequate internal controls. Thus, the Board encourages a collaborative setting that fosters and encourages a corporate environment of strong internal controls, sound fiscal accountability, high ethical standards, and compliance with laws, rules, and regulations, and codes of conduct.

The Board also has a bounden duty to its shareholders to present a balanced and understandable assessment of the Bank's performance and financial position. Specifically, the Board commits to accurate Financial Reporting, Transparency, robust Internal Control, and adherence to accepted Accounting Standards and Auditor Independence.

### **Stockholders' Rights and Protection of Minority Stockholders' Interest**

The Board respects the rights of the stockholders as provided for in the Corporation Code and ensures that they can freely vote on all matters that require their consent or approval, exercise their preemptive right to all stock issuances of the Bank subject to the limitations under banking laws, rules and regulations, inspect the Bank's books and records, and access information on dividends and appraisal right. The Board likewise promotes transparency, accountability, and fairness to stockholders of the Bank. It remains cognizant of its responsibility to foster the long-term success of the institution and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders.

### **Stakeholders**

Beyond preservation of the financial value of the Bank, the Board recognizes the needs of its other stakeholders such as its customers, creditors, office suppliers / contractors, personnel, and the community at large. The Board has formulated policies that prioritize customer needs, promote consumer protection, rationalize selection and evaluation of suppliers / service providers, and develop employees'



potentials through continuing education, leadership training, and seminars. The Bank has adopted policies that created an open channel of communication for the Bank's various stakeholders, so they can express their concerns and other views to the Bank. It recognizes their rights as mandated by law and encourages their active participation in promoting financially sound and socially responsible endeavors.

### Code of Ethics and Standards

The Bank upholds its Code of Conduct. It regularly reviews this Code, updates it whenever necessary, and communicates it to all the officers and employees of the Bank. To further strengthen compliance with this Code, the same is incorporated in the Bank's performance assessment system.

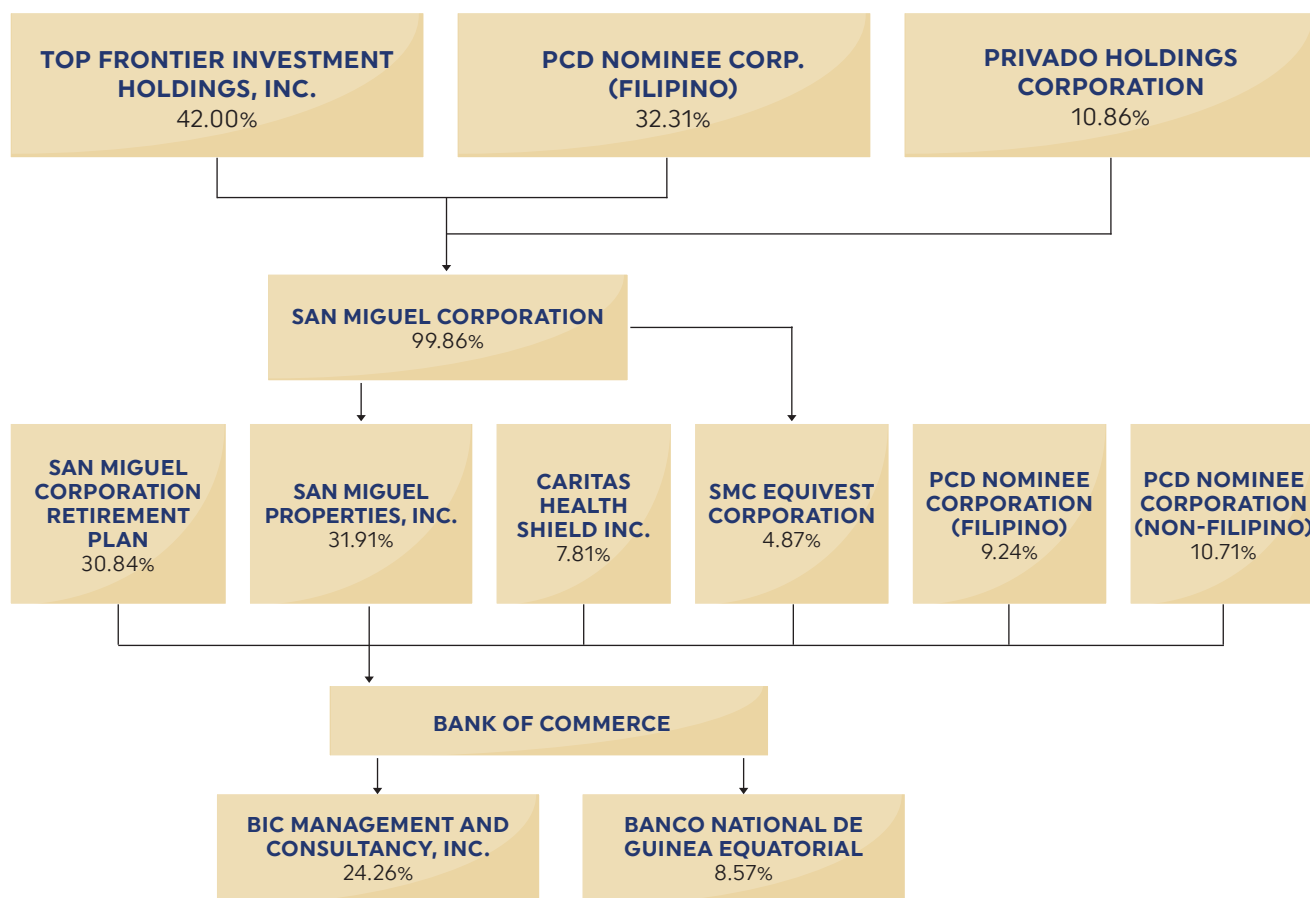


### Disclosure and Transparency

The Board commits to transparency and disclosure such that all essential and material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be adequately and timely disclosed. Aside from information and reports required by the BSP and the

SEC to be published, information like earnings result, acquisition or disposition of assets, off-balance sheet transactions, related party transactions, and other indirect remuneration of members of the Board and Management, among others, shall remain disclosed.

### Ownership Structure



*All corporations listed herein are Filipino, except PCD (Non-Filipino). Shareholders owning at least 6.67% of the outstanding common shares of the Bank are qualified to Board seats and voting status, except for PCD Nominee (both Filipino and Non-Filipino) as they are shared by individual beneficial owners.*



## Related Party Transactions

Cognizant that transactions between and among related parties create business synergy and economic benefits, the Bank has adopted an overarching policy on handling related party transactions which included the creation of a Board-level Related Party Transactions Committee (RPTCom) and the crafting of the Related Party Transaction Policy (RPT Policy). The RPT policy is updated / amended as the need arises to include the requirements under relevant regulatory issuances.

The policy provides guidelines on defining a Related Party Transaction and who are considered Related Parties of the Bank. Following said guidelines, the Bank created and maintained a database of its related parties and a San Miguel Corporation conglomerate structure which concerned business units was used as reference to determine if an account is a Related Party.

The database and conglomerate structure is updated at least annually or as often as necessary to reflect changes in corporate structures. The RPT Policy also provides guidelines for handling related party transactions to ensure that the terms are arm's length, preventing conflicts of interest or potential conflicts of interest in the event that Related Party Transactions are entered into on terms not less favorable to the Bank and are not consistent with its shareholders' interest. Furthermore, it sets the limits and materiality thresholds for Related Party Transactions to be vetted by the RPTCom and approved by the Board. The RPTCom assists the Board of Directors in fulfilling its corporate governance responsibility related to the safety and soundness of the Bank's financial transaction/s with Related Parties and ensures that such are conducted in accordance with sound governance principles and values.

RPTs at or above the materiality threshold set by the Bank's RPT Policy are vetted by the RPTCom and

approved by the Board of Directors. RPTs falling below the set threshold are vetted and approved by the designated approving authority / committee, subject to the notation of the RPTCom and confirmation by the Board of Directors.

All Related Party Transactions are handled in accordance with guidelines prescribed in BSP Circulars 895 and 914 dated December 14, 2015 and June 23, 2016, respectively, and other related issuances and the Corporate Governance Principles and related provisions of the Manual of Regulations for Banks (MORB). Presented in Annex A (page 235) are Material Related Party Transactions as of December 31, 2022.

The loans and other credit accommodations to the Bank's Directors, Officers, Stockholders, and their Related Interests (DOSRI), on the other hand, are granted pursuant to the requirements of Part Three D of the MORB and related BSP issuances.

## Board Oversight on the Effectiveness and Adequacy of Internal Control

The control environment of the Bank consists of: (a) the Board, which ensures that the Bank is properly and effectively managed and supervised; (b) Board committees that oversee the business operations, initiatives, and control functions of the Bank; (c) a Management that actively manages and operates the Bank in a sound and prudent manner; (d) the organizational and procedural controls supported by effective management information and system; and (e) the independent compliance, risk management system, and internal audit mechanism that assess the adequacy and effectiveness of the Bank's governance framework, soundness of operations security of information systems, including the reliability and integrity of financial and operational information / data, the efficiency of operations, the safety of assets, and compliance with laws, rules, regulations in the conduct of business or activities, among others.



## Consumer Protection

**B**ank of Commerce is committed to support the Bangko Sentral ng Pilipinas' (BSP) Financial Inclusion Initiatives through Digital Payments Transformation. BSP's goal is to increase customer preference for digital payments by converting 50% of total retail payments to digital platforms and bringing 70% of Filipino adults into the formal financial system. Part of this goal is the availability of more creative digital financial products and services designed according to users' requirements.

As digitalization has numerous benefits for financial consumers, it also presents new risks. These risks include new forms of online theft or fraud, data breaches, data privacy challenges, and cyber security incidents, making effective financial consumer protection more important than ever.

In accordance with BSP Circular No. 1160, to implement Republic Act No. 11765, or the Financial Products and Services Consumer Protection Act (FCPA), as part of its broader efforts to promote the welfare of financial consumers, the Bank ensures that appropriate mechanisms are in place to protect the interests of consumers.

- The Bank's consumer protection standards now include protection of consumer assets against

fraud and misuse. Said standard encompasses all financial products and services, such as deposits, investments, fund transfers, trust products, loans, payments, remittances, and the broad range of financial products or services accessed and delivered through digital channels that are created, developed, and marketed by the Bank.

- The Bank commits to the standards of disclosure and transparency to ensure that accurate information about its products and services are provided; fair treatment to guard against discriminatory practices; protection of client data in view of RA 10173 or the Data Privacy Act of 2012; and effective recourse for handling clients' complaints.
- The key defense against fraud, identity theft, and security breach is customer education. As an integral part of the bank's customer onboarding process, the Bank ensures that clients have undertaken a pre-requisite consumer education course or program via Electronic Services Consumer Awareness Program (ESCAP) on the safe and secure use of electronic payment and financial services (EPFS), including the associated risks.
- The Bank provides its clients free and active reporting channels that are available 24 hours a day, seven days a week.

## Financial Consumer Protection Framework

The Bank's Financial Consumer Protection (FCP) Framework is embodied in its FCP Manual. The Framework establishes the Bank's own system of governance and oversight on FCP proportionate to its structure, nature of products and services, and complexity of operations.

The FCP Manual discusses the shared responsibility of the Board of Directors and Senior Management for approving and overseeing the effective management of the Bank's Consumer Protection Risk Management System (CPRMS) and Consumer Assistance Mechanism (CAM).

## Roles and responsibilities of the Board of Directors and Senior Management

The Board of Directors and Senior Management are responsible and accountable for the development of the Bank's consumer protection strategy, the establishment of effective oversight over the Bank's consumer protection programs, and the overall compliance with its own financial consumer protection framework. Their roles are delineated as follows:

### Board Of Directors

- Approving the CPRMS and CAM integrated into the overall framework for the Bank's entire product and service life cycle, business model, market, and third-party relationships;
- Overseeing the implementation of the Bank's consumer protection policies, as well as the mechanism to ensure compliance with said policies, including the promotion of a culture of ethical behavior and adherence to fair treatment of consumers;
- Monitoring and overseeing the performance of Senior Management in managing the day-to-day consumer protection activities of the Bank, as well as effective implementation of personnel training and approval of remuneration and compensation packages based on guidelines on responsible business conduct, fair treatment, and avoidance or mitigation of conflicts of interest;
- Ensuring that measurements of risks related to consumer protection, reports from the CAM, and other material consumer-related developments that will impact the Bank, as well as actions taken on them, are regularly reported; and
- Reviewing the implementation and effectiveness of the CPRMS as well as its relevance in case of changes in the Bank's business model and/or operating environment.

## Senior Management

- Implementing CPRMS and CAM policies approved by the Board of Directors, ensuring they are clearly documented, properly understood, and appropriately implemented across all levels and business units;
- Managing the day-to-day consumer protection activities of the Bank, and monitoring and addressing consumer-related issues through a risk governance framework and an effective management information system that is able to:
  - provide adequate information on the performance and quality of the Bank's CAM;
  - determine the level of the consumer protection risk exposure through assessment of its implementation of the FCP Standards of Conduct;
  - identify and monitor, in a timely manner, consumer protection risk exposures approaching risks of loss to financial consumers, legal and reputational risk, and related risks; and
  - identify and assess emerging or increasing consumer risks that affect the Bank, such as through social media monitoring and market monitoring;
- Ensuring that adequate systems and controls are in place to promptly identify issues that affect the consumer across all phases of the relationship with the consumer;
- Ascertaining that weaknesses in the consumer protection practices or consumer protection emerging risks are addressed and corrective actions are taken in a timely manner;
- Ensuring observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit; and
- Endorsing new or enhanced consumer protection policies and compliance mechanisms for approval of the Board of Directors.

Together, the Board of Directors and Senior Management perform the following:

- Periodically reviewing how findings are reported and how existing audit mechanisms enable or provide adequate oversight;
- Ensuring that sufficient resources are provided for the implementation of the Bank's financial consumer protection program;
- Periodically reviewing the effectiveness of the CPRMS; and
- Ensuring that any weakness identified in the CPRMS is addressed and corresponding enhancement or corrective action is taken in a timely manner.

## Consumer Protection Risk Management System

One of the key components of the Bank's FCP Framework is a CPRMS. Through the CPRMS, the Bank demonstrates its commitment to ensuring adherence to consumer protection laws, rules, and regulations, and that all its business activities and that of its officers and staff are conducted with the highest ethical standards and in accordance with consumer protection standards of conduct.

The CPRMS is part of the Bank's corporate-wide risk management system. It is a means by which the Bank identifies, measures, monitors, and controls consumer protection risks inherent in its operations. It consists of the following:

- **Board and Senior Management Oversight.** The Board of Directors and Senior Management provide strategic direction and high-level support for the effective design, implementation, and continual improvement of the Bank's CPRMS. The more detailed roles are provided in the Bank's FCP Manual.
- **Compliance Program.** The Bank's formal, written Compliance Program Manual covers financial consumer protection and follows the Revised Compliance Framework for Banks.
- **Policies and Procedures.** Board-approved consumer protection policies and procedures are in place to ensure that consumer protection practices are embedded in the Bank's business operations, and to serve as reference for employees in complying with consumer protection laws, rules, and regulations.
- **Internal Audit Function.** The Bank's consumer protection audit program enables the Board and its designated committee to make an assessment of the effectiveness of the implementation of the FCP Framework, as well as the adequacy of approved policies and standards, in meeting the established consumer protection objectives.
- **Training.** Bank of Commerce believes in the continuing education of personnel as a means to strengthen and maintain compliance with consumer protection laws, rules, and regulations. All relevant frontline and support personnel, more specifically those whose roles and responsibilities have customer interface, are covered by the Bank's initiatives on consumer protection training. This initiative advocates for specific and comprehensive training to be received by these personnel in a timely manner in order to reinforce and help implement written policies and procedures on consumer protection. For 2022, the Human

Resource Management and Development Division (HRMDD), in cooperation with the Compliance Division, Risk Management Division, Branch Banking Group (BBG), and CPD, ran various electronic learning (e-Learning) training programs, which are computer-based self-service training modules with exam. Topics covered were Anti-Money Laundering and Counter Terrorist Financing, Information Security Awareness, and Financial Consumer Protection. In addition to introducing e-Learning training sessions for Bank employees, Zoom-based FCP presentations for newly hired employees were also conducted, with the support of the Consumer Protection Officer under CCCPD.

## Consumer Assistance Management System

The Bank's enhanced customer complaint handling and redress mechanism conforms to the BSP's requirements for an effective Consumer Assistance Management System (CAMS). Through this mechanism, the Bank aims to address the need for an accessible, affordable, independent, fair, accountable, timely, and efficient means in resolving customers' complaints with their financial transactions.

- **Board and Senior Management Oversight.** The Bank's complaint handling process, as embodied in its Customer Complaint Management Manual, covers the channels and responding units in which complaints may be coursed through. The Customer Care Head (CCH) is the central figure responsible for overseeing customer care and complaint handling performed by units administering the Bank of Commerce Hotline, head office units, and branches. The CCH also closely monitors critical complaints and regularly notifies the Operational Risk Management Department. Periodically, the CCH submits a complaint report for discussion in the meetings of the SET, the Board Risk Oversight Committee (BROC), and the Corporate Governance Committee (CGCOM).
- **Complaints Resolution Turnaround Time.** For efficient resolution of complaints, the Bank categorizes them as follows:
  - i. Simple Complaints are complaints that may be given immediate solution, possibly at the point of receipt of complaint or within five (5) banking days from receipt of complaint.
  - ii. Complex Complaints are complaints that may require (15) banking days to resolve as further investigation / study by the concerned unit/s is needed.

The Bank notifies customers via available means / channels about where they may communicate their



complaints, inquiries, or requests for resolution. These include the Bank's official website, welcome kits, and statements of account, marketing collaterals, or other appropriate channels as determined by a business unit. Below is the list of available consumer assistance channels:

Channel	Consumer Assistance Officers
Branches	Branch Head (BH)/ Branch Operations Officer (BOO) / Branch Marketing Officer (BMO)
HO	Section Head / Department Head
customerservice@bankcom.com.ph	CCH / CCO / Consumer Protection Officer (CPO)
Phone call through the BankCom Hotline	(02) 8632-2265
Media / BSP	Media/ BSP
Official BankCom Facebook Page	CCH / CCO / CPO

The customer complaint handling flow is generally the same for the three channels (Bank of Commerce Hotline, Branch, and Head Office Unit), but with some variation as to the receiver and mode of filing for escalation and reporting purposes.

For each complaint received, the designated Receiver/ Responding Person records details about the client and the nature of complaint. If the resolution is immediately available, the Receiver / Responding Person gives the client the appropriate response.

However, if the client remains dissatisfied, the client is then provided with a tracking number and processing turnaround time (TAT), and the complaint is escalated to the concerned unit or person. The Receiver / Responding Person monitors the unit's progress and upon resolution of the complaint, closes it.

The time frame for the investigation and formulation of an answer to a complaint is as follows:

Action Required	Simple	Complex
Response	Within two (2) banking days from receipt of complaint	Within two (2) banking days upon receipt of complaint
Processing, assessment, investigation and resolution	Within five (5) working days from receipt of complaint	Within fifteen (15) working days upon receipt of complaint

## Financial Education and Awareness

The Bank acknowledges the importance of sustaining financial education and awareness to consumers in order to help them protect their financial health, especially during these economically challenging times. This was achieved through cost-effective information campaigns that were focused on digital literacy.

Throughout the year, the Bank disseminated the following advisories to all clients and employees via electronic channels (email blast, SMS, official Facebook page, and the Bank's website) to increase awareness and combat the spate of cyber threats and scams.

### I. Bank Product and Policy Awareness

- *"Bank without Worries"* – pointers for using BankCom [Persona] through website, mobile application, or both
- *"What are the Trust Products and Services"*
- *"Difference of Saving and Investing"*
- *"Make Your Investment Journey Easy"*
- *"Stay Protected while Doing Your Banking Transactions at the Branch"* – ways on how we can protect ourselves and maximize our visits to the branch
- *"Always Protect Yourself Against Fake Bills"* – method to check authenticity of paper bills and what you need to do if you get a fake paper bill
- *"What should I know before making a Bank Deposit"* – benefits of having a bank account
- *"Build your Emergency Fund"* – what is an emergency fund and how to build it

### II. Awareness On Cyber Security and Detecting Scams

- *"Stay Protected from Identity Theft"* - how to protect one's identity in today's online world
- *"PINs and Passwords DOs and DONTs"* – how to protect one-self from scams.
- *"Don't be a victim of Fraud"* - protect your Debit and Credit Cards
- *"Avoid Credit Card Fraud"* – knowing the modus operandi of fraudsters
- *"Beware of Application Fraud"* – how you can protect yourself
- *"Beware of Text Scam"* – how to outsmart the scammers
- *"8 Ways to Protect Yourself Against Cyber Criminals"*
- *"Let's Secure Your Password"* – key points to follow to secure your password

- *"What is Smishing"* – how to recognize and avoid Smishing Scams
- *"Malware Series"* – malware effects and types of malicious software
- *"Malware Series"* – detect, remove, and delete for safety
- *"How to Protect your Business Account from Corporate Account Takeover"*
- *"Stay Protected from Identity Theft (Corporate Account)"* – ways to fight identity theft
- *"Be Aware of Holiday Scams"* – how to practice safety and awareness when browsing the internet

### III. How To Secure Your Transactions And Personal Information Online

- "Keep your personal information private"
- "Keep records of online transactions"
- "Check for the right and secure website"
- "Secure your devices"
- "Check the privacy policy & other internet security measures"
- "Safely use the ATM and Debit Card"
- "Prevent Credit Card Scams"
- "Safely Transact through your Mobile Devices"

### IV. BSP-Related Advisories

- **Financial Consumer Protection**
  - FCP Act to Strengthen Public Trust and Confidence in Financial System
  - BSP Supports EO on Use of National ID for Public and Private Transactions
- **Inclusion and Education**
  - BSP Explores Alternative Data Use to Promote Financial Inclusion
  - BSP and AFI Launch Cash Agent Registry to Advance Financial Inclusion and Digital Payments
  - BSP Urges Public to Keep Savings in Formal Accounts
  - Malacañang Approves Memo Circular on the Whole-of-Government Support for the NSFI 2022-2028
  - BSP Cites Importance of Reaching Out to Filipino People
- **Digitalization**
  - BSP and PPMI Launch PESONet Multi- Batch Settlement
  - Use Security Features for Online Transactions
  - Open Finance to Promote Digital Transformation and Financial Inclusion via Digital Marketplace Model



- BSP Lauds Issuance of EO on E-Payments for Government Transactions
- Project CBDCPh to Further Strengthen PH Payment System
- BSP, PPMI to Launch Three E-Payment Streams
- BSP Urges Supervised Institutions to Adopt Measures Against Cyber Attacks

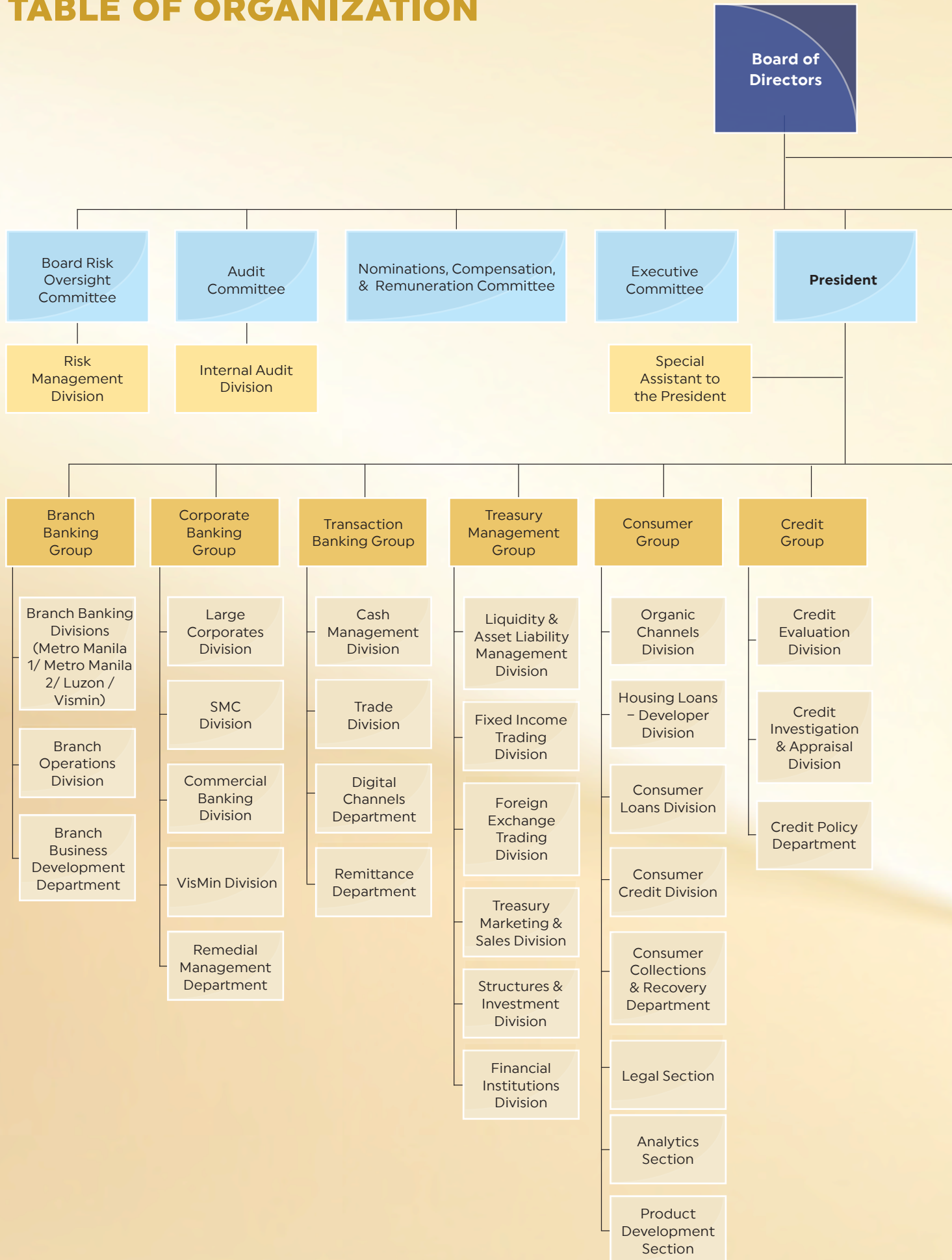
#### • Banknotes

- Polymer Banknotes Are Not for Sale
- BSP Reminds Public to Handle Coins Properly
- Robust Measures in Place vs Counterfeit Banknotes
- Printing of Images of Philippine Banknotes Prohibited

Furthermore, the Bank conducted a series of Financial Literacy Programs for the following participants to educate them on aspects of basic financial management (financial planning and saving), digital literacy, and cyber security threats.

- San Miguel Brewery Employees
- Relocateses of Bulacan (CSR of San Miguel Aerocity Inc.) Part 1
- Relocateses of Bulacan (CSR of San Miguel Aerocity Inc.) Part 2
- Relocateses of Bulacan (CSR of San Miguel Aerocity Inc.) Part 3
- Angelicum School Students in Iloilo
- Ateneo de Iloilo Teachers
- University of the Philippines- Visayas Students

# TABLE OF ORGANIZATION



Corporate Secretary

Related Party Transactions Committee

Corporate Governance Committee

Trust & Investment Committee

Information Technology Steering Committee

Underwriting Committee

Compliance Division

Trust Services Group

Operations Group

Finance & Controllingship Group

Digital Services Group

Credit Card Group

Investment Banking Group

Corporate Communications & Consumer Protection Division

International Operations Division

Loan Operations Division

Electronic Banking & Card Support Division

Treasury Operations Division

Centralized Operations Support Division

General Services Division

Procurement Management Department

Method and Standards Department

General Accounting & Financial Control Division

PFRS and Tax Reporting Division

ICAAP & Regulatory Reporting Department

Corporate Planning Division

Acquired Assets Division

Program Office Division

Special Projects Division

Business Insights Division

Technology Management Office Division

Infrastructure & Operations Division

Credit Card Sales and Marketing Department

Credit Card Operations Department

Credit Card Credit & Collection Department

Customer Service Department

Enterprise Fraud Risk Management Department

Cards Business System Administration Department

Origination Division

Distribution Division

Legal Services Division

Human Resource Management & Development Division

Security Department



## Board Of Directors



**Francis C. Chua**  
Chairman,  
Independent Director  
Filipino, 82 years old

Amb. Francis C. Chua has been a member of the Board of Directors of the Bank since 20 May 2008, sat as Vice Chairman from 2013 to 2022, and became Chairman effective on 16 February 2022. Mr. Chua used to chair the Executive Committee (ExCom) of the Bank when he was Vice Chairman of the Board. With his constant feedback and insights on best banking practices, he has been instrumental in promoting the Bank in the business community and in marketing its products and services. Amb. Chua continuously serves as Chairman Emeritus in the Philippine Chamber of Commerce and Industry, Inc. (PCCI), and as Consul General conferred by the Honorary Consulate General of the Republic of Peru in Manila since 2006. He was also a Board Adviser of

the Office of Alternative Dispute Resolution under the Department of Justice. He was the Special Adviser on Economic Affairs under the Office of the Speaker of the House of Representatives, Congress of the Philippines in 1997. He was Honorary Trade and Investment Representative of the Department of Trade and Industry from 2002 to 2009, appointed Commissioner in the Constitutional Commission from 2005 to 2006, Board of Trustee of Technical Education and Skills Development Authority (TESDA), and Special Envoy on Trade and Investment (China) of the Office of the President from 2007 to 2010. He was also Governor (2002) and a member of the Board of Directors of the Philippine Stock Exchange (PSE) from 2010 to 2020 where he served as the Chairman of the Committee of Demutualization. He demutualized the PSE with the unanimous support of its members.

He currently serves as Chairman of BA Securities Inc., and a member of the Board of Directors of DITO Telecommunity Corporation, National Grid Corporation of the Philippines (NGCP), Global Ferronickel, Inc., and Platinum Group Metals Corp. He holds the Chairmanship of CLMC Group of Companies and serves as Vice Chairman of Negros Navigation/2Go. He was the Vice Chairman of Basic Energy and Mabuhay Satellite Corp., and President of the Philippine Satellite Corp. He obtained his degree in B.S. Industrial Engineering (Cum Laude) from the University of the Philippines and was conferred Doctor in Humanities from Central Luzon State University.

Ms. Benedicta A. Du-Baladad has been a member of the Board of Directors of the Bank since 31 January 2014. She is the Vice Chairperson of the Board of Directors, Chairperson of the Executive Committee and a member of the Audit Committee. She was previously a member of the Bank's Board Risk Oversight Committee (BROC) from 2014-2017. She is the Founding Partner and CEO of Du-Baladad and Associates (BDB Law), a law firm specializing in taxation and related corporate services. Ms. Du-Baladad has over 30 years of practice in the field of taxation, 17 years of which were spent with the Bureau of Internal Revenue (BIR) working on tax administration policy development and in operations. In 2001, she joined the private sector and is now in her 16th year of private practice. She has authored three books on the taxation of the financial sector.

She was the lead tax and legal consultant of the Philippine Government's Department of Finance (DOF) on its program to reform the taxation of capital income and financial intermediation services. She has been the Co-Chair of the Capital Markets Development Council (CMDC) in the Philippines from 2017 up to the present. Ms. Du-Baladad holds a leadership role in major professional and business organizations in the country such as the Management Association of the Philippines (MAP) as Governor, the Financial Executives of the Philippines (FINEX) as past President, the Philippine Chamber of Commerce and Industry as Chair of the Tax Committee, the Tax Management Association of the Philippines (TMAP) as past President, and the Women Business Council of the Philippines (Womenbiz) as Vice President. She is currently a Professorial lecturer in taxation at the

**Benedicta A. Du-Baladad**  
Vice-Chairperson,  
Non-Executive Director  
Filipino, 61 years old



University of Santo Tomas (UST) and the University of the Philippines (UP). She was also a Partner and Head of Tax Compliance and Advisory of Punongbayan & Araullo from 2001 to 2009. Prior to that, she was an officer of the BIR where she worked from 1984 to 2001. Ms. Du-Baladad is a Certified Public Accountant, graduated Magna Cum Laude with a Bachelor's Degree in Accountancy from Saint Louis University, Baguio, Philippines (1982), and holds a Bachelor of Laws degree from the University of Santo Tomas, Manila, Philippines (1989). Her educational background includes the Advanced Management Program at Wharton School of the University of Pennsylvania, Pennsylvania, USA (2007) and Master of Laws and International Tax Program at Harvard University, Cambridge, MA, USA. She is a fellow at the Institute of Corporate Directors. She is a regular columnist of the Business Mirror's "Tax Law for Business".



**Michelangelo R. Aguilar**

President and CEO,  
Executive Director  
Filipino, 66 years old

Mr. Michelangelo R. Aguilar was elected member of the Board of Directors and appointed President and Chief Executive Officer (CEO) of the Bank on 16 July 2018. He is a member of the Bank's Executive Committee (ExCom), Trust and Investment Committee (TIC), and Underwriting Committee (UW), and used to be a member of the Information Technology Steering Committee (ITSC).

Mr. Aguilar has over 39 years of banking experience in the areas of Corporate and Investment Banking, Global Markets and Treasury. He has 22 years of experience with international banks starting his career as an Executive Trainee at Citibank Philippines and rising through the ranks in the areas of Banking Operations, Treasury and Sovereign Risk as Assistant Manager, Manager, and Assistant Vice President. He held senior positions as Country Treasurer and then as Managing Director and Head of Wholesale Bank at Standard Chartered Philippines. For 13 years prior to joining the Bank, he was Treasurer and Head of Corporate Banking in Solid Bank Corporation and Rizal Commercial Banking Corporation, respectively. He was also a Director of RCBC Rental Corporation and RCBC Leasing and Finance Corporation. He graduated with a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and later acquired a Master's Degree in Business Management from the Asian Institute of Management. He is a licensed Mechanical Engineer and a Certified Treasury Professional by the Bankers Association of the Philippines (BAP).

Mr. Roberto C. Benares has been elected as a member of the Board of Directors of the Bank since 30 April 2013. He assumed his position as President and CEO of Bank of Commerce on 1 August 2013 and was succeeded by Mr. Michelangelo R. Aguilar on 16 July 2018. He currently sits as Director and chairs the Information Technology Steering Committee (ITSC). He is also a member of the Board Risk Oversight Committee (BROC) and the recently created Underwriting Committee (UW). During his tenure as President and CEO, he took the lead in strengthening the Bank by framing its superior service culture to achieve its recent milestones.

Previously, Mr. Benares was the Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He started his banking career at Bancom Development Corp. as Assistant Treasurer prior to holding the position of Vice President of Account Management at United Coconut

**Roberto C. Benares**

Former President and CEO,  
Non-Executive Director  
Filipino, 70 years old



Planters Bank. He also served as Managing Director at Asian Alliance and Executive Vice President at Insular Investment & Trust Corporation, and Vice President at Philamlife. He holds a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and has a Master's Degree in Business Management at the Asian Institute of Management.



**Fe B. Barin**  
Non-Executive Director  
Filipino, 88 years old

Mrs. Fe B. Barin has been a member of the Board of Directors since April 24, 2014. Mrs. Barin's career in the government service has been in the regulatory and supervisory agencies. She spent a total of 53 years of service in the government, 44 of which were in the then Central Bank of the Philippines and the Bangko Sentral ng Pilipinas where she served as Member of the Monetary Board from 2002 to 2004. She was the first Chairperson of the Energy Regulatory Commission created under the EPIRA in 2001, a position which she

occupied from August 2001 to September 2002 prior to her appointment as Monetary Board member. In September 2004, she was appointed Chairperson of the Securities and Exchange Commission (SEC) for a seven-year term ending 2011. As Chairperson of the SEC, she was ex Officio member of the Anti-Money Laundering Council and Chairperson of the Credit Information Corporation. She also served as Assistant Legal Counsel in the Philippine Deposit Insurance Corporation on secondment from the then Central Bank.

Mrs. Barin graduated from the College of Law, University of the Philippines, passed the Bar examinations given the same year and was admitted to the Philippine Bar in 1957.

She is a Lifetime Fellow of the Institute of Corporate Directors and one of the Institute's Teaching Fellows, a Fellow of the Institute for Solidarity in Asia, and a founding member of the Judicial Reform Initiative, all non-stock nonprofit associations. She is also a member of the Board of Directors of the General Milling Corporation and Chairman of the Board of Directors of Barbor Equity, Inc., a family-owned corporation engaged in Agri business.

Mr. Marito L. Platon was elected on 30 April 2010 as a member of the Board of Directors of the Bank. He is currently a member of the Executive Committee (ExCom), Information Technology Steering Committee (ITSC), and Board Risk Oversight Committee (BROC) (former Chairman), and previously, of the Audit Committee, Corporate Governance Committee (CGCom), and the Related Party Transactions Committee (RPTCom). Mr. Platon has been the driving force behind the consistent growth of the Bank's business in partnership with clients.

Mr. Platon has 27 years of treasury and corporate finance experience at San Miguel Corporation and Coca-Cola Bottlers Philippines, Inc. (CCBPI) as Vice-President and Treasurer supervising various departments/functions in the areas of Treasury management and operations, funds planning and loans management, banking relationship, working capital management, capital budgeting and project coordination, tax administration and management, insurance and risk management, credit and collection, systems design and development, and provident fund operations as he was also the former Managing Trustee of the CCBPI Retirement Plan. Aside from formerly holding directorship and/or management positions in various companies or undertakings involved in investment banking, corporate leasing, internal auditing, security

services, aquaculture operations, food retailing, among others, including education as former Chairman at non-sectarian Institute for Esoteric Studies, he was also formerly director and CFO of CCBPI's real estate companies Marangal Properties, Inc. and Luzviminda Landholdings, Inc., Mr. Platon likewise has over 30 years of rural banking experience being former Chairman and President of Rural Bank of Talisay (Batangas), Inc. Currently, he serves as Chairman and President of Villa Maria Resorts and Development Corporation, a tourism and property development family-owned corporation. A Fellow at the Institute of Corporate Directors, Mr. Platon graduated in 1973 at De La Salle University with a degree in Bachelor of Science, Major in Accounting.

**Marito L. Platon**  
Non-Executive Director  
Filipino, 70 years old







**Mariano T. Katipunan, Jr.**  
Non-Executive Director  
Filipino, 71 years old

Mr. Mariano T. Katipunan, Jr. was first elected into the Board of Directors of the Bank in May 2015 as nominee of Caritas Health Shield, Inc. He also served as a member of the Bank's Audit and Corporate Governance committees. He was replaced by Mr. Ronnie U. Collado in June 2017. He was elected again as Director in April 2018. He is currently a member of the Bank's Audit Committee.

Mr. Katipunan brings with him extensive experience in finance and controllership, having been Treasurer and Chief Finance Officer of Caritas Health Shield since its inception in

1995. He oversaw the company's financial position, including its trust fund/reserves and overseas investments. He was elected President and Chief Executive Officer in April 2018. Mr. Katipunan has likewise been Managing Director of Megacenter Diagnostics Corp. since its establishment in 1994. He was an Investment Account Officer of Equitable Financial Services in Edison, New Jersey from 1984 to 1986. He was Vice President and Division Head for the Account Management Group at the International Corporate Bank in Makati from 1977 to 1983. He also previously handled account management at Citytrust Banking Corporation and market research at Far East Bank and Trust Company. Mr. Katipunan was an instructor in Business Management and Finance at the Ateneo de Manila University and in Economics and Mathematics at St. Theresa's College in Quezon City. He holds a degree in Bachelor of Arts in Economics (Honors Course) and graduated with Honors in 1972 from the Ateneo de Manila University. In addition, he has a Master's Degree in Business Management from the Asian Institute of Management (1975). He underwent training at the Foreign Exchange/Bullion Trading & Money Market departments of the Swiss Bank Corporation in New York City from 1983 to 1984 and at Citibank, N.A. in Binondo, Manila under its Executive Development Program in 1975.

Mr. Alexander R. Magno became a member of the Board of Directors of the Bank on 1 August 2014 and currently sits as a member of the Trust and Investment Committee (TIC); and Nominations, Compensation, and Remuneration Committee (NCRC). He is a columnist of the Philippine Star and consults for both the Department of Finance and the Steel Asia Manufacturing Corporation. Mr. Magno's career best describes him as a policy advocate, public intellectual, and an activist. He served as a member of the Board of the Development Bank of the Philippines, helping supervise such programs as the Nautical Highway System from 2001 to 2010. He was a Director of Steel Asia Manufacturing from 1995 to 1999 and a professor at the University of the Philippines from 1976 to 2018. After the EDSA Revolution, he served as interim director of the President's Center for Special Studies, a think tank put together during the Marcos period which supplied regular briefing papers for President Corazon C. Aquino. He helped establish the Foundation for Economic Freedom (FEF), a research and advocacy institution proposing market-driven economic policies providing research for key liberalization policies including the Liberalization of the Retail Trade, the Electricity Power Industry Reform Act and the Procurement Law. He consulted for the privatization program of the Metropolitan Waterworks and Sewerage System (MWSS) and the liberalization of the telecommunications sector. In 2005, he was appointed Commissioner of the

**Alexander R. Magno**  
Non-Executive Director  
Filipino, 68 years old



Consultative Commission on Charter Change and served as a commissioner of the EDSA People Power Commission.

His social activism during martial law led to his career as an instructor of political science at University of the Philippines (UP) Diliman. Mr. Magno supported student representation in 1975, winning a seat at the UP Student Conference and served as Vice Chairman of the organization. Mr. Magno had regular editorial columns at the Manila Times, the Manila Chronicle, and the Manila Standard. He remains an important columnist at the Philippine Star since 2003 and his columns are considered main reference points for building democratic and reformist public opinion.





**Melinda S. Gonzales-Manto**  
Non-Executive Director  
Filipino, 70 years old

Ms. Melinda S. Gonzales-Manto (Linda) has been a member of the Board of Directors of the Bank since January 2014. She currently serves as a member of the Related Party Transactions Committee (RPTCom) and Audit Committee. She is a former chair of the Audit Committee and was a member of the Board Risk Oversight Committee (BROC).

Ms. Manto likewise sits on the board of Eagle Cement Corporation (Eagle Cement), Petrogen Insurance Corporation (Petrogen), and RSA Foundation, Inc. She functions as Chairman of the Audit Committee and member of the Corporate Governance Committee of Eagle Cement. She chairs the Audit and Risk Oversight Committee and sits as member of the Corporate Governance Committee and Related Party Transactions Committee of Petrogen. She has been appointed as the Lead Independent Director of Eagle Cement and Petrogen.

Mr. Jose C. Nograles has been an elected member of the Board of Directors of the Bank since 20 April 2015. He chairs the Bank's Board Risk Oversight Committee (BROC) and serves as a member of the following Committees: Audit Committee, Corporate Governance Committee (CGCom) and Nomination, Compensation and Remuneration Committee (NCRC). He continues to be a strict advocate of the Bank's conscientious and efficient use of resources towards sustainable care for the environment. A seasoned investment banker and economist, Mr. Nograles was President of the Philippine Deposit Insurance Corporation (PDIC) from January 2008 to May 2011 where he led PDIC's transformation to a more responsive and innovative institution. Previously, he was the Senior Executive Vice President of the Land Bank of the Philippines (LBP). In 2005, he headed LBP's Operations and Corporate Services Sector. Five years earlier, as Senior Vice President and Treasurer, he organized LBP's combined Treasury and Investment Banking. He was also concurrently Board Vice-Chairman and President of Land Bank Insurance Brokerage Inc., LBP's subsidiary engaged in insurance brokerage and foreign exchange trading.

Mr. Nograles started his career in 1969 as part of the management services staff of SGV and Company. By 1973, he worked in government as a Senior Consultant to former Secretary Arturo R. Tanco, Jr. of the Department of Agriculture and Natural Resources. After three years, he rejoined the private sector as General Manager of Sarmiento Management Corporation. He moved to Anflo

Ms. Manto is presently a stockholder, director, and the Vice-President of Linferd & Company, Inc. and ACB Corabern Holdings Corporation. She is also the Resident Agent of some multinational companies in the country and the Treasurer of a foreign company doing business in the Philippines. She is also a member of the NextGen Organization of Women Corporate Directors Phils., Inc. She was formerly a board member of the GSIS Family Bank.

Ms. Manto started her career in SyCip, Gorres, Velayo & Co. (SGV). She is a celebrated accountant and is looked up to as an expert in assurance and business advisory. Her areas of specialization include retail, manufacturing, food processing and distribution, real estate, radio and television broadcasting, technology, steam power generation, agribusiness, semiconductors, and electronics. She is highly respected as well in initial public offerings, due diligence engagements, and mergers and acquisitions. Her stint in the audit corporate world lasted for more than three decades. She retired as a Partner in the Assurance and Advisory Business Services Division of SGV. While in SGV, she served as the Head of the Consumer Products Industry for Asia and the Pacific of SGV/Ernst & Young Philippines and SGV/Arthur Andersen. Wanting to expand her horizon, she also functioned as a board member and auditor of the Philippine Retailers Association for almost a decade. She was previously assigned to the Cincinnati Office of Arthur Andersen in Ohio where she spearheaded the audit engagements of manufacturing and retail clients.

Ms. Manto finished elementary and high school as valedictorian and graduated cum laude with a degree of Bachelor of Science in Business Administration, major in Accounting at the Philippine School of Business Administration. She is a Certified Public Accountant and a lifetime member of the Philippine Institute of Certified Public Accountants. She completed the Management Development Program at the Asian Institute of Management and had computer training at the Institute of Advanced Computer Technology.

**Jose C. Nograles**  
Independent Director  
Filipino, 73 years old



Management & Investment Corporation as Vice President in 1977 to head its Automotive Group of car dealerships and the Corporate Planning Department. He later founded his family's realty company engaged in commercial building and hotel operations in Davao City in 1980. In 1984, he was appointed Assistant Minister for Planning and Project Management of the Ministry of Natural Resources. In 1991, he joined Columbian Autocar Corporation as Vice President and General Manager that introduced the Kia brand in the Philippines. He obtained his BA in Economics with honors (Cum Laude) from the Ateneo de Manila University in 1969 and his Master's Degree in Business Administration from the Asian Institute of Management in 1973. He is a fellow of the Institute of Corporate Directors.



**Rebecca Maria A. Ynares**  
Independent Director  
Filipino, 46 years old

Ms. Rebecca Maria A. Ynares has been a member of the Board of Directors of the Bank since July 2016. She currently serves as a member of its Related Party Transactions Committee (RPTCom), Board Risk Oversight Committee (BROC), and Audit Committee. Ms. Ynares manages the following family-owned endeavors TJCMB Enterprises, a warehousing and logistics company; Tutoring Club Franchise Philippines; and Octagon Realty and Development Corporation, where she is also the Corporate Secretary and account management lead. Ms. Ynares spearheads various sustainability and environment restoration initiatives in the

Province of Rizal, including the Save Hinulugang Taktak and Ynares Eco System (YES) Programs. With the ongoing YES program, she continues to lead on projects such as installation of waste water clean-up systems, tree-planting activities, medical missions with the Provincial Health Office, feeding programs with the Department of Social Welfare and Development (DSWD), and Youth Program. She lends support to other projects devoted to finding the right balance between the diligent care of the ecosystem and economic viability of affected businesses in Rizal. On top of her advocacies as a dedicated socio-economic philanthropist, Ms. Ynares is a member of the Philippine Red Cross-Rizal Chapter and is an avid resource speaker in various trainings and seminars in the province.

Previously, she served as a financial analyst for the Bahay Co. Real Estate Agents in Burlingame, California, USA from 2005 until 2007. She started her investment, banking, and finance career at the Asia United Bank (AUB) in the areas of branch operations, marketing, and investment portfolio management. Ms. Ynares holds a degree in Bachelor of Science in Business Administration and Computer Applications from De La Salle University (1999) and Associate for Arts for Professional Designation Fashion & Merchandising in San Francisco, California (2002).

Mr. Ricardo D. Fernandez was elected as an Independent Director of the Bank effective 1 January 2021. He is currently the Chairman of the Related Party Transactions Committee (RPTCom), and a member of the Corporate Governance Committee (CGCom) and the Nomination, Compensation and Remuneration Committee (NCRC). He has worked in the investment banking industry for 40 years. Mr. Fernandez was employed at Unicapital Incorporated (UI) from 1995 to 2019, where he was appointed as President from 1997 to March 2019, became a Consultant until December 2019, and Director until March 2020. From 1980 to 1995, he was employed at Multinational Investment Bancorporation (MIB). He graduated from the De La Salle University with degrees in Behavioral Science and Business Management. He also holds a Master's degree in Business Administration from the University of the Philippines.

**Ricardo D. Fernandez**  
Independent Director  
Filipino, 69 years old





**Daniel Gabriel M. Montecillo**  
Independent Director  
Filipino, 66 years old

Mr. Montecillo is a consultant, leadership speaker and facilitator, independent board director and executive coach. He currently chairs the Bank's Corporate Governance Committee and the recently created Underwriting Committee. He is also a member of the Audit Committee and Board Risk Oversight Committee (BROC).

Mr. Montecillo is currently a senior consultant to the International Finance Corporation. He is a CXO facilitator of Deloitte University Asia Pacific in Singapore and a facilitator in the Leadership Acceleration Program of Ayala University. He has been a guest lecturer at the Asian Institute of Management. He received his certification as an Associate Certified Coach (ACC) from the International Coaching Federation (ICF) and ESG Certification from Competent Boards in Denmark.

He retired as Executive Vice President and Group Head of the Corporate Client Segment of the Bank of the Philippine Islands in 2018, where he was responsible for nationwide banking coverage of the firm's corporate clients and member of its Management, Credit, Asset & Liability, and Investment Management Committees. Immediately prior to this role, he was President of BPI Capital Corporation and Chairman of BPI Securities Corporation, the Bank's investment banking and securities subsidiaries. He served for 4 ½ years.

During his time at BPI, he was responsible for the reorganization of the corporate bank into two significant business initiatives: the Corporate Bank for large multinationals and domestic corporates, and the Business Bank, which services the small and medium-sized corporates in the country.

While at BPI Capital, he recast the investment bank into the leading domestic firm in the industry and

competed successfully for business with the country's top corporates against the established international investment banking firms in the country. During his tenure, the firm won several international awards for excellence. During his tenure, among the more notable Philippine corporates that the firm took to the public equity capital markets were Max's Group, Store Specialists, and Metro Retail Stores Group.

Prior to returning to the Philippines, he spent 17 years in Hong Kong where he was CEO and founding equity partner of Diamond Dragon Advisors for three years, Asia's first private equity fundraising firm and before that, CEO of Fidelis Holdings for three years. Fidelis was the international real estate investment company of the Ayala Group of Companies.

He has 21 years of international investment banking experience, having worked in New York and Hong Kong at Bankers Trust, Credit Suisse, and Morgan Stanley. During this time, he was part of and managed business development and transaction teams in corporate, real estate and leveraged finance, derivatives, private equity, mergers and acquisitions, and equity and debt capital markets.

Mr. Montecillo is a fellow of the Institute of Corporate Directors (Philippines); a board trustee of the United Nations Global Compact Network (Philippine chapter); a member of the International Coaching Federation (ICF); and an associate member of the Singapore Institute of Directors (SID).

He is an independent director of Metro Pacific Health (MPH), a holding company with interests in 21 hospitals nationwide whose principal shareholders are KKR, GIC and Metro Pacific Investments Corporation; Maybank Investment Banking Group (Philippines), Inc., a subsidiary of Maybank of Malaysia; and RASLAG Corporation, a private renewable energy company. He is chairman of the audit committees of both Maybank Investment Banking Group (Philippines) and RASLAG. He is also a director of the global board of International Care Ministries, an NGO devoted to the rural ultrapoor in the Philippines.

He has an MBA and MA from Stanford University in California, USA and bachelor's degrees in Management of Financial Institutions and Behavioral Sciences (magna cum laude) from De La Salle University in the Philippines.





**Winston A. Chan**  
Independent Director  
Filipino, 67 years old

Mr. Winston Chan is currently serving as an Independent Director of a large listed Food and Beverage Company, an Independent Director of a listed Gaming and Leisure Company, an Independent Director of a listed Indonesian Beer Company, an Independent Director of a large Packaging Company, a Regular Director at a privately held Information Technology Services Company, and a privately held Business Process Outsourcing (BPO) Company. He has also served as an IT advisor to the Board of Directors of a listed Logistics Company and a privately held Logistics Company.

He is currently a member of Bank of Commerce's Executive Committee, Board Risk Oversight Committee (BROC), and Nomination Compensation and Remuneration Committee (NCRC).

Mr. Chan is a retired partner of SGV/EY and the former managing partner of SGV/EY Advisory Service Line. He has more than 34 years of Audit and IT Audit, and Strategic IT and Business Consulting experience.

He led the transformation of what was mainly risk consulting practice in SGV to a broader portfolio of business consulting services with capabilities in customer, finance, supply chain, and IT advisory. The Philippine Advisory practice became the biggest in head count and highest margin in EY ASEAN when he transitioned out his advisory leadership role. He was part of the broader management of the firm as a member of SGV's Management Committee and the EY ASEAN Advisory Leadership Team.

Mr. Chan led the reshaping of the Philippine Advisory Services client portfolio to have more of the large global and local key accounts with multi-year engagements in the revenue mix. He has leveraged on the attractiveness of the Philippines as a BPO and shared services location to help EY teams win global engagements by using Manila as the talent hub for a cost-effective service delivery center for finance, supply chain advisory, and internal audit transformation work. He was part of the global account leadership team for several large accounts of EY Global.

He has served the firm in various leadership roles: Asia Pacific lead partner for Global Business Consulting Methodology Development and Deployment, Far East Area lead partner for IT Effectiveness Practice, ASEAN lead partner for Performance Management and Measurement practice, and ASEAN lead partner for Finance Advisory practice.

Mr. Chan completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, The Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM).

He obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran. Mr. Chan is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA).

Mr. Chan is a member of the Management Association of the Philippines (MAP). He is a member of the Board of Directors of the Harvard Club of the Philippines. He has also served as the Co-president of the Harvard Club of the Philippines from 2014 to 2016, and as Co-president of the Harvard Business School Club of the Philippines from 2012 to 2014. He has also served for two terms as a member of the Board of Directors of the Information Technology Association of the Philippines (ITAP).





**Simon R. Paterno**  
Independent Director  
Filipino, 64 years old

Mr. Simon Paterno is Founder and CEO of ZQR Corporation, a start-up platform that improves the experience of document exchanges between enterprises and their customers.

Mr. Paterno's immediate previous engagement was Executive Vice President and Head of Products and Alternative Channels at Bank of the Philippine Islands from 2014 to 2019. In that position, he managed all of the Bank's profit centers outside of Treasury, including the Bank's digital channels. This included supervision of insurance (BPI-MS), merchant acquiring (Chairman of BPI Global Payments), leasing, investment banking, and microfinance (Chairman of BPI BanKo).

Mr. Paterno represented CIMB in the Philippines in its search for a bank investment and in originating investment banking deals. He joined the group in late 2012 as the CEO-designate of Bank of Commerce, which was targeted for acquisition by CIMB. The deal was canceled in 2013.

Mr. Paterno was Managing Director and Country Manager of Credit Suisse from 2004 to 2012. He also founded and served as Chairman of Credit Suisse Securities Philippines, Inc., the firm's securities broker/dealer subsidiary.

Mr. Paterno served as President/CEO of the Development Bank of the Philippines, the government-owned commercial bank, from 2002 to 2004. At the DBP, he pioneered work on the maritime Ro-Ro network that links the archipelago. He was concurrently Chairman of the LGU Guarantee Corporation and other DBP subsidiaries. In 2003, DBP was named 6th Best Employer by Hewitt Associates and Strongest Bank in the Philippines (based on financial and operational measures, asset quality, and year-on-year improvements in profits and assets) by Asian Banker.

Mr. Paterno spent 18 years with J.P. Morgan & Co., with stints in New York and Hong Kong. In 1997, he was named a Managing Director, with responsibility for coverage of Asian sovereign clients during the Asian financial crisis. He led the project teams that advised the Indonesian Bank Restructuring Agency (IBRA) and its Malaysian counterpart, Danaharta. In mid-1998, he returned to Manila to head J.P. Morgan's Philippine business, and following the merger with Chase Manhattan Bank, worked as Head of Philippine Investment Banking until 2002.

At J.P. Morgan, he worked on some of the most significant sovereign financing transactions including the country's restructuring of its foreign debt in 1991, the return to capital markets in 1992, the Brady exchanges in 1994, and while at Credit Suisse, the Domestic Bond Exchanges and the Debt Exchange Warrants transactions that won Best Liability Management awards for 2006 and 2008. His M&A transaction experience includes mergers that formed the three latest Philippine banks, the largest cement company mergers, and the restructuring of San Miguel Corporation's ownership. Under his leadership, J.P. Morgan was named Best Investment Bank in the Philippines by The Asset in 2001 and Credit Suisse was named Best Investment Bank in the Philippines by FinanceAsia in 2009.

In 1999, he received the The Outstanding Young Men (TOYM) Award for his work in Investment Banking. In 2005, he served as President of the Management Association of the Philippines, an organization of the country's top CEO's. He has served on the Board of Directors of the Bankers Association of the Philippines. He serves as Vice Chairman of the Foundation for Economic Freedom, a reform-oriented advocacy group of the country's top economists; as Vice President and Board member of the Ateneo Alumni Association; and as Chairman of the Ateneo Scholarship Foundation. He is currently President of the ALFM Family of Mutual Funds. He is also a consultant and adviser to the Board of Directors of Atlantic Gulf and Pacific Company.

He chairs Bank of Commerce's Audit Committee and is a member of the Related Party Transactions Committee (RPTCom) and Information Technology Steering Committee (ITSC).

Mr. Paterno received his MBA from Stanford University in 1984 and his AB Honors Program in Economics, cum laude, from the Ateneo de Manila University in 1980.



**Aurora T. Calderon**  
Adviser



**Ferdinand K. Constantino**  
Adviser



**Cecile L. Ang**  
Adviser



**Antonio M. Cailao**  
Adviser



**Evita C. Caballa**  
Corporate Secretary

## Senior Executive Team



**Michelangelo R. Aguilar**

66, Filipino  
*President & CEO*

Mr. Aguilar is the President & CEO of Bank of Commerce. He has over thirty-five (35) years of banking experience in the areas of Corporate & Wholesale Banking, Global Markets and Treasury. Prior to joining the Bank in 2018, he was the Executive Vice President & Corporate Banking Group Head of Rizal Commercial Banking Corporation and Director of RCBC Leasing & Finance Corporation and RCBC Rental Corporation. At Standard Chartered Bank, he last held the position of Managing Director and Head of Origination & Client Coverage and Co-Head of Wholesale Banking Group. Prior to that, Mr. Aguilar was a Senior Vice President and Treasurer of Solidbank Corporation and held various positions in Citibank N.A.

Mr. Carranto is the Senior Vice President & Branch Banking Group Head of the Bank. He has thirty (30) years of banking experience covering various disciplines in Retail Banking, Customer Experience, Consumer Banking, Corporate Banking, Branch Operations, Investments, Insurance, Sales Management and Training. Prior to joining Bank of Commerce, he was employed at Maybank Philippines, Inc. as Community Distribution Head (Senior Vice President) under its Community Financial Services.

**Joel T. Carranto**

52, Filipino,  
*Senior Vice President  
Branch Banking Group Head*



**Mary Assumpta Gail C. Bautista**

48, Filipino,  
*Senior Vice President  
Transaction Banking Group Head*

Ms. Bautista is the Senior Vice President & Transaction Banking Group Head of the Bank. She has over twenty (20) years of banking experience in trade finance and cash management. Prior to joining Bank of Commerce, she was employed at Deutsche Bank AG Manila as Senior Relationship Manager and Head of Corporate Cash Management, Working Capital & Trade Finance.





**Gamalielh Ariel O. Benavides**

56, Filipino  
*Senior Vice President  
Chief Trust Officer*

Mr. Benavides is the Senior Vice President & Chief Trust Officer of the Trust Services Group of the Bank. He has thirty (30) years of experience in the banking industry with expertise in Trust. Prior to joining Bank of Commerce, he was a Senior Vice President & Business Development & Strategy Head and former Trust Officer of BDO Private Bank. Mr. Benavides is a Director & Treasurer in Bacolod Cupcake Café, Inc., a family owned business and a President & Director at International Association of Registered Financial Consultants (IARFC)

Mr. Castañeda is the Executive Vice President & Corporate Banking Group Head of the Bank. He has thirty (30) years of banking experience in the areas of client coverage, corporate banking, commercial banking, transaction banking, remedial management, and consumer banking. Prior to joining the Bank in 2017, he was the President & COO of Producers Savings Bank.

**Manuel A. Castañeda III**

52, Filipino  
*Executive Vice President  
Corporate Banking  
Group Head*



**Maria Ana P. Dela Paz**

48, Filipino  
*First Vice President  
Credit Group Head*

Ms. Dela Paz is the First Vice President & Credit Group Head of the Bank. She has over twenty (20) years of banking experience with expertise in Credit Evaluation. Prior to joining the Bank in 2011, she was an Assistant Vice President & Credit Evaluation Department Head of Planters Development Bank.





**Ma. Katrina Alba Felix**  
54, Filipino,  
Senior Vice President  
Credit Card Group Head

Ms. Felix is the Senior Vice President & Credit Card Group Head of the Bank. She has over twenty-three (23) years of experience in the financial services industry including financial technologies. Prior to joining Bank of Commerce, she was the former President of Finscore Inc., former Country Manager of Cash Credit/CC Mobile Financial Services PH, former President & Managing Director of Prudentiallife Financial Services Inc., former Vice President (Personnel Department) of Prudential Life Plan Inc., and former Operations Manager (MIS Department) of Bank of America NT & SA.

Ms. Ira is the First Vice President & Legal Services Division Head of the Bank. She has over twenty-two (22) years of banking experience in Legal Services. Prior to joining the Bank in 2011, she was an Assistant Vice President & Legal Officer of Metropolitan Bank & Trust Co.

**Louella P. Ira**  
51, Filipino  
*First Vice President*  
*Legal Services Division Head*



**Antonio S. Laquindanum**  
45, Filipino,  
*Executive Vice President*  
*Chief Financial Officer*

Mr. Laquindanum is the Executive Vice President & Chief Financial Officer of the Bank. He has over twenty (20) years of experience, eight (8) of which was in Australia New Zealand Banking Group where he last held the position of Chief Financial Officer and Acting Chief Operating Officer. Mr. Laquindanum is a Director/Trustee of Lake Champlain Holding Corp.



**Marie Kristin G. Mayo**  
54, Filipino,  
*First Vice President  
Human Resource Mgt and  
Dev't Division Head*

Ms. Mayo is the First Vice President & Human Resource Management & Development Division Head of the Bank. She has about twenty-eight (28) years of HR experience in the banking and consumer industries. Prior to joining Bank of Commerce in 2010, she was the Head of HR of Royal Bank of Scotland (formerly ABN AMRO Bank, Inc.)

Mr. Nery is the Senior Vice President & Chief Audit Executive of the Bank. He has over thirty-five (35) years of relevant experience and expertise in external and internal Audit, IT audit, and corporate governance. Prior to joining the Bank in 2014, he served as Partner and Head (Technology Performance and Governance) at Diaz Murillo Dalupan and Company, CPAs. He also served as a former Risk Advisory Service partner, Chief Information Officer and National IT Security of KPMG Philippines.

**Reginald C. Nery**  
65, Filipino,  
*Senior Vice President  
Chief Audit Executive*



**Jeremy H. Reyes**  
44, Filipino,  
*First Vice President  
Chief Risk Officer*



Mr. Reyes is the First Vice President & Chief Risk Officer of the Bank. He has over twenty (20) years of banking experience and expertise in Internal Audit and Risk Management. Prior to joining the Bank in 2014, he was the Vice President & Commercial Banking Business Risk & Control Management Head of HSBC.



**Felipe Martin F. Timbol**  
53, Filipino  
*Executive Vice President  
Treasurer / Treasury  
Management Group Head*

Mr. Timbol is the Executive Vice President & Treasurer/Treasury Management Group Head of the Bank. He has over twenty-eight (28) years of relevant banking experience and expertise in Treasury Management. Prior to joining the Bank in 2009, he was the Vice President & Fund Management Group Head of Rizal Commercial Banking Corp. (RCBC).

Mr. Velasco is the Senior Vice President & Operations Group Head of the Bank. He has over twenty-six (26) years of relevant experience and expertise in Bank Operations. Prior to joining the Bank in 2009, he was the Executive Vice President & Chief Operations Officer of Tiaong Rural Bank, Inc.

**Jay S. Velasco**  
50, Filipino  
*Senior Vice President  
Operations Group Head*



Mr. Zerna is the First Vice President & Consumer Banking Group Head of the Bank. He has over twenty-six (26) years of banking experience in Risk Management & Consumer Banking. Prior to joining Bank of Commerce in 2010, he worked at Thomson Reuters as Implementation Specialist of Risk Management Group.

**Jose Mari M. Zerna**  
47, Filipino  
*First Vice President  
Consumer Banking Group Head*







**Donald Benjamin G. Limcaco**  
55, Filipino  
*Senior Vice President*  
*Chief Technology Officer/Digital*  
*Services Group Head*

Mr. Limcaco is the Senior Vice President & Chief Technology Officer/Digital Services Group Head of the Bank. He has over twenty (20) years of experience in management consulting centering on digital transformation, mergers & acquisitions, and program & portfolio management for Fortune 500 organizations across North America, Europe and Asia. Prior to joining Bank of Commerce in 2020, he was employed at Banco de Oro Unibank as Senior Vice President, Head for Business Strategy & Design.

Mr. Gonzales is the Assistant Vice President & Corporate Communications & Consumer Protection Division Head of the Bank. He has over twenty-eight (28) years of banking experience and expertise in Product Management. Prior to joining Bank of Commerce in 2014, he was the Product Manager under Cash Management Services Division at China Bank Corporation.

**Francisco Raymund P. Gonzales**  
51, Filipino  
*Assistant Vice President*  
*Corporate Communications &*  
*Consumer Protection Division Head*



**Gregorio M. Yaranon, Jr.**  
52, Filipino  
*Senior Vice President*  
*Chief Compliance Officer*

Mr. Yaranon is the Senior Vice President & Chief Compliance Officer of the Bank. He has over twenty-five (25) years of banking experience in the areas of Security, Human Resources, Legal and Compliance. Prior to joining Bank of Commerce in 2022, he was the Chief Compliance Officer of City Savings Bank.

Mr. Villalon is a First Vice President & Investment Banking Group Head of the Bank. He has over twenty (20) years of banking experience, with expertise in Investment Banking. Prior to joining Bank of Commerce in 2022, he was an Investment Banking Group Team Head and was also a Deputy Head of Equity Capital Markets at First Metro Investment Corporation.

**Luis Martin E. Villalon**  
50, Filipino  
*First Vice President*  
*Investment Banking Group*







## Risk Management

### Risk Philosophy and Guiding Principles

The Bank's goal is to generate steady returns to shareholders' capital. With this objective in mind, the Bank's business principles, strategies, and operations are designed to achieve cash flows in excess of its obligations to its fund providers and stakeholders. To realize this, the Bank takes risks that are inherent in the conduct of its commercial banking franchise. Risk taking presents opportunities to earn more than expected returns, provided that the risk-taking process is intentional, investigated, and controlled. The Bank's risk-taking activities are guided by the following principles:

- The Bank is in the business of taking risks.
- The Bank takes risks after a deliberate process to identify the risks, to dimension them, and to decide whether to reduce, avoid, accept, or transfer the risk.
- The Bank adopts risk-management practices suited to the scope and sophistication of its business and in line with global best practices.
- The Bank's risk management is the concern of everyone.
- The Bank recognizes the independence of risk managers and risk takers from each other.

### Risk Appetite and Strategy

The capital of the Bank, once invested, is already exposed to risks. The risk appetite of the Bank is the type and threshold of risk that it is willing to seek, accept, or tolerate in the pursuit of its business objectives. This is based on the Bank's capacity to absorb risks, given its capital, liquidity, borrowing capabilities, or statutory restrictions.

The Risk Appetite Statements of the Bank are either quantitative or qualitative. Risk Appetite Statements are developed by the Bank to provide guidance on the various types of its risk exposures such as credit, market, liquidity, and operational risk.

The Bank's strategy to manage risk may be to reduce, avoid, accept, or transfer the risk. Management is under obligation to exercise reasonable care, skill, and caution when engaging in business to ensure the appetite is not exceeded, to maximize the value of capital, and to preserve it when an adverse event occurs. Each and every employee is responsible to implement and adhere to the Bank's risk appetite while making business decisions daily.

A summary of the types of risks included in the risk appetite and the corresponding quantitative measures are as follows:

### Credit Risk

Credit Assessment	The Bank shall take credit exposure on borrowers/issuers with a favorable credit rating based on internal standards or on assessment of external rating agencies.
Asset Quality	The Adjusted NPL ratio should be at par with industry or better.
Expected Credit Loss	ECL should be within specified targets. Justifications should be provided for calculated ECLs over the target.
Portfolio Segmentation	The Bank shall manage normal exposure to product concentration but will not permit most of its revenues to emanate from a single service offering and will target a sustainable product / revenue mix.

### Market Risk, Interest Rate Risk in the Banking Book, and Liquidity Risk

Duration	Held for Trading and Held to Collect and Sell portfolios should not exceed maximum tenor and duration limits.
Stop Loss Limits	The aggregate realized and unrealized losses for the month and for the year should not exceed the approved levels, which are based on the target trading gains for the year.
Value at Risk	The maximum one day loss based on the Value-at-Risk model should remain below the approved amount.
Held to Collect and Sell (HTCS) Management Action Trigger	Soft-limit trigger for the full-year aggregate realized and unrealized losses.
Earnings at Risk / Net Interest Income Contraction	The worst-case net interest income contraction in the next 12 months, as quantified by Earnings at Risk, should not exceed the approved amount, which is based on target net interest income for the year.
Repricing Gaps	The timing mismatch between the repricing dates of rate-sensitive assets and rate-sensitive liabilities should not exceed the approved amounts.
Gap Limits (MCO)	Forecasted net outflows from asset maturities minus obligations such as deposit withdrawals should not exceed the approved amounts for each time period. These amounts are based on the Bank's portfolio of High-Quality Liquid Assets and interbank sources.
Deposit Concentration Management Action Trigger	The total deposits held by a deposit client divided by the total deposits should not exceed the approved ratio.

### Operational Risk (including Information Technology)

Operational Losses	Total operational loss should not exceed a certain percentage of the average operating income before income tax for the past three years.
Key Personnel Turnover	Attrition rate not over a certain percentage and ensure that a proper succession plan is in place.
Fraud	The Bank is unwilling to take exposures to both internal and external fraud.
Regulatory Risk	The Bank shall be willing to accept only regulatory risk determined to be low in matters relating to banking and laws and regulations and in the enforcement of contracts.
Confidentiality of Information Access Risk	The Bank is unwilling to take exposures arising from unauthorized access and subsequent disclosure of customer information, user passwords, and other confidential information.
Unplanned IT System Downtime	The Bank is willing to manage normal exposure to unplanned IT System downtime and shall follow an IT incident management process to ensure swift resolutions.

## Risk Management Oversight

The Bank's Board of Directors (BOD), Board Risk Oversight Committee (BROC), and Risk Management Division (RSK) are responsible for setting the overall risk-management framework and risk appetite of the Bank. The BOD is the sole arbiter of the risks taken by the organization, with the sole discretion of determining what manner (strategic direction) and magnitude (risk appetite) of risk are suitable for the organization. The BOD develops both the strategic direction and the risk appetite with inputs provided by Management.

The Board established the BROC to oversee the promotion of a risk-management culture within the Bank. The BROC is responsible for establishing and maintaining a sound risk-management system. It assists the Board in its risk oversight function by:

- Identifying and evaluating risk exposures;
- Developing risk-management strategies;
- Implementing and periodically reviewing the risk management framework; and
- Promoting a culture that is conscious of the importance of risk management and capital adequacy.

The Bank considers the understanding and the management of risk as a key part of its business strategy. The RSK is mandated to strengthen the Bank's risk management infrastructure to meet the requirements of its business. The RSK implements the risk-management directives of the Board and the BROC by:

- Formulating and recommending policies to manage market, liquidity, credit, operational, information technology, and trust risks arising from the business of the Bank;
- Implementing the risk-management framework approved by the BOD;
- Actively promoting a culture of risk awareness and risk management; and
- Coordinating with Finance and Controllership Group on the adequacy of the Bank's capital in absorbing the risks present in the Bank's business.

The RSK reports to the Board through the BROC and is independent from the risk-taking business units of the Bank. Headed by the Chief Risk Officer, it comprises the following departments:



## Credit Risk Management

The Credit Risk Management Department (CRM) has three sections, with each focusing on a major segment of the credit risk management process. The CRM is responsible for developing and recommending policies that will aid in the management of credit risk present in the Bank's asset portfolios. The CRM is also in charge of developing, maintaining, and updating the Bank's

credit risk models, including the risk rating systems and scorecards. It is the department's duty to monitor credit risk exposures against established limits and report portfolio performance, including significant movements, asset quality, and levels of concentration to the BROC on a timely basis. It is CRM's responsibility to make sure that the Bank is always in compliance with the continuously evolving landscape of credit risk within the banking industry.



The CRM monitors credit exposures on a counterparty and portfolio level to ensure asset quality and concentration risks are within the Bank's risk appetite. Credit risk thresholds consist of regulatory commitments, internal limits, as well as industry benchmarks. Asset quality is measured through the Bank's Internal Credit Risk Rating System (ICRRS) for corporate accounts and scoring models, based on Fair Isaac Corporation (FICO), for consumer loans, including credit cards. These rating systems are monitored and validated on a regular basis.

Concentration risks and large exposures are monitored and reported to the BROC and the Management on a regular basis. Concentrations are identified on a counterparty, industry, product, and country level. Regulatory and internally developed stress tests are also performed to evaluate the Bank's ability to absorb credit losses.

With the advent of PFRS 9, the Bank adopted the Expected Credit Loss (ECL) estimation methodology for impairment. CRM is in charge of developing, maintaining, and updating the ECL models of the Bank. Furthermore, the department estimates the quarterly ECL figures for the Bank.

Credit reviews are also performed and acts as an independent and objective assessment of corporate and commercial loan exposures of the Bank. Borrowing accounts are reviewed if loans were granted in accordance with the Bank's credit policy. Loans are assessed on a post-approval basis to check if credit classifications are consistent with internal and regulatory standards and provisions are adequate following the ECL methodology of the Bank. Credit reviews provide assurance that lending portfolio quality is maintained and accounts are properly managed.

## Market and Asset-Liability Risk Management

### MARKET RISK IN THE TRADING BOOK

The Bank employs an internally developed Value-at-Risk (VAR) model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Market and Asset-Liability Risk Management Department (MRM) simulates the trading book's VAR on a daily basis, and the results are compared against Board-approved limits. In addition to the risk appetite on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, daily, monthly, and full-year losses, and stress testing. These controls provide

insight into possible strategies to hedge or mitigate the market risk arising from the trading book.

### INTEREST RATE RISK IN THE BANKING BOOK

The MRM also regularly monitors the mismatches in the repricing of the Bank's assets and liabilities through the interest rate gap reports to the Asset Liability Management Committee (ALCO) and the BROC. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements. The Bank also has an internally developed Earnings-at-Risk (EAR) metric for monitoring IRRBB. EAR measures the contraction in the projected NII over the next 12 months, excluding pipeline deals through historical simulation of interest rate benchmarks. Non-maturing fixed-rate deposits or current-savings accounts (CASA) are split into three classifications: 1) stable and core deposits; 2) stable-but-non-core deposits and; 3) non-stable deposits. The volatile or non-stable portion of the NMD/CASA is slotted in the shortest time-bucket (i.e., less than one month). Stable-but-non-core portion is slotted based on an assumed repricing approximation. Stable-and-core portion is slotted in the 3 to 5-year bucket. The IRRBB model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario of the model simulates the impact of interest rate movements on existing loans and deposits. More (less) prepayment is expected if interest rates decline (increase), while more (less) pre-termination is expected if interest rates increase (less). The IRRBB model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments.

EAR is simulated on a monthly basis and subject to a limit approved by the Board. The report is also accompanied by stress testing with scenarios such as: 1) standard parallel yield curve shifts; 2) BSP-prescribed yield curve shifts; 3) steepening and inversion of the curves; and 4) timing mismatch in assets and liabilities repricing. Internal Audit conducts a regular validation of the IRRBB models and parameters in addition to the risk-based full scope audit of RSK, which includes a review and evaluation of the processes and controls, including governance and risk management activities.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g. term loans, housing loans) and to compensate the units that generate funding (e.g.

branch deposits). While the Bank is not and does not have intentions to hedge IRRBB via interest rate swaps in the short term, it actively manages the interest rate mismatch by sourcing stable funds to match long-term assets. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

### **LIQUIDITY RISK**

The MRM prepares a Maximum Cumulative Outflow (MCO) report, which estimates projected funding requirements that the Bank will need at specific time horizons, to measure and monitor liquidity risk. The Bank has a set of internal limits on its MCO gaps to ensure sufficient liquidity, and any breach is reported to ALCO and the Board. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product or counterparty. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors unique to the Bank, market-wide liquidity stress events, and combination of bank-specific and market-wide stress events. A contingency funding plan which covers quantitative and procedural measures is in place and may be applied under different stress scenarios.

### **Operational Risk Management**

The Operational Risk Management Department (ORMD) monitors the comprehensiveness and effectiveness of internal control systems employed by the Bank. The ORMD oversees the performance of these systems to minimize operational risks and detect vulnerabilities while the consequences are still manageable or avoidable. The ORMD provides timely assessments of inherent general and functional risks to ensure the operational soundness of the organization as an ongoing concern. Operational losses result from inadequate or failed internal processes, people, and systems, or from external events. The ORMD monitors actual and probable operational losses in relation to the Bank's risk appetite. The ORMD facilitates the completion of Risk and Control Self Assessments (RCSA) for all the units of the Bank. The RCSA serves as a tool for acquiring information about operational and information technology risks, and determines the adequacy and effectiveness of control mechanisms employed to ensure that operational risks are within the acceptable levels of the Bank. Key risk indicators are also developed and maintained as part of the RCSA for continuous monitoring purposes.

Operational loss incidents are also monitored by the ORMD for proper evaluation of the incident, with the intention of preventing recurrence and further financial losses. RCSAs and incidents are escalated to the appropriate level of management, and reported to the BROC.

The ORMD also assists the operating units in improving the operational and system risk management capabilities through policy formulation. New or revised products and services undergo a risk assessment to ensure that adequate procedures and controls are embedded prior to implementation.

### **Information Technology Risk Management**

The Information Technology Risk Management Department (ITRM) focuses on the assessment, identification, and evaluation of potential and actual risks associated with the use of information technology in the Bank. This practice involves assessing the IT infrastructure, networks, applications, and other aspects of the IT system to identify, evaluate, and mitigate risks. The goal is to reduce the likelihood of a security breach or other loss of information and to minimize the impact of such breach if it does occur.

The ITRM strategies include implementing IT security policies and procedures, conducting risk assessments, vulnerability assessments, monitoring, and logging IT activities, and developing and implementing disaster recovery plans.

Information Technology risk falls under the broad category of operational risk. As such, objectives, strategies, and processes are similar to ORMD, with a specific focus on risk and control evaluations and incident management related to hardware, software, IT operations, and information security.

Key risk indicators include system failures, data corruption, system security, system downtime, disaster recovery, among others. Vulnerability Assessment and Penetration testing is also managed by the ITRM.

### **Trust Risk Management**

Trust Risk Management (TRM) ensures the management of risks in the business operations of the Trust Services Group and reports to the Trust and Investment Committee (TIC) and the BROC. The TRM develops and enhances the policies and procedures in operational, credit, liquidity, and market risks, in accordance with the risk management framework of the Bank, to ensure that risk-management practices

continue to be effective and relevant to the ever evolving trust business. It is responsible for overseeing the implementation of approved strategies and for ensuring that controls are in place relative to its business activities that will limit fiduciary risks and reinforce compliance with laws and regulations.

### **Business Continuity Management**

The Business Continuity Management (BCM) Department is responsible for facilitating the regular testing, updating, and execution of the Bank's Business Continuity Plan. Its activity follows the BCM life cycle recommended by regulators, which helps ensure that the Bank's critical processes and applications are identified and adequate preparations for various threats or disruptions are addressed. BCM works closely with each business unit for the assessment and development of their unit's Business Continuity Plan. Further, BCM maintains constant coordination and communication with each unit for awareness and updates on developing events.

### **Anti-Money Laundering Governance and Culture**

The Bank is committed to complying with the requirements of the Anti-Money Laundering (AML) Law, rules, and regulations as embodied in its Money Laundering and Terrorist Financing Prevention Program (MTPP). The MTPP which is regularly updated or as need arises to reflect the constantly evolving regulations, the emerging money laundering/terrorist financing risks, and global best practices.

While the Compliance Division monitors its implementation, the Bank's oversight board and management level committees, the Corporate Governance Committee, and AML Committee, respectively, are tasked to oversee the effective implementation of the Bank's compliance with money laundering, proliferation financing and terrorist financing prevention program and policies. This supports the Bank's mission of maintaining high ethical standards in the conduct of its business and ensures that it does not become a conduit for dirty money or a victim of money laundering crime.

Identification of compliance risks enables the Bank to establish measures to mitigate such risks. Through the conduct of independent testing of branches and head office units, the Bank is able to identify the segment in the operational process where money laundering, proliferation financing and terrorist financing risks are higher. Based on the testing results, the Bank implements improvements in the processes



and segregate responsibilities among the units/ personnel involved. Testing results are monitored until corrected and reported to the oversight committees to enable them to have an accurate assessment of the effectiveness and efficiency of the Bank's money laundering, proliferation financing and terrorist financing prevention program.

The Bank seeks to instill a culture of compliance, with Compliance Division as the main driver of the Bank's initiatives to foster AML awareness and discipline. Compliance Division, in partnership with HRMDD, constantly enhances the Bank's training program to equip bank personnel with appropriate knowledge to achieve the Bank's goal of promoting effective implementation of the Anti-Money Laundering, Combating Financing of Terrorism (CFT) and Combating Proliferation Financing (CPF) policies and procedures in the entire organization. The Bank provides training programs that are designed based on the degree of experiences to transactions that pose risks to money laundering/terrorist financing exposure, with varying focus for new employees, frontline staff and officers, internal audit, senior management, and directors. All employees are also required to undergo annual refresher training which highlights their responsibilities under the MTPP.

The Bank endeavors to create a robust compliance culture where the programs and systems in place are adequate and effective to ensure that any risk associated with money laundering, terrorist financing and proliferation financing is mitigated and thus, ensures that the interest of the Bank, its clients, and other stakeholders is protected.



## Risk Measurement and Reporting Systems

The Bank's capital adequacy is determined by measuring credit, market, and operational risk exposures using standardized or basic approaches as allowed by the BSP. Risk exposures are measured both individually and in aggregate amounts. Risk measurements are done by respective risk taking personnel and groups but are independently validated, analyzed, and reported by the RSK. In cases where the risk measurement is performed by the RSK, another independent party, in-house or external, conducts a validation exercise.

Market risks are measured by mark-to-market and Value at Risk analyses on the overall exposure, on a portfolio level, and on each individual financial instrument. These exposures are also subjected to stress testing using a variety of historical and hypothetical scenarios.

Quality of credit is measured via risk classifications of accounts using an Internal Credit Risk Rating System that incorporates the BSP risk classifications of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowances for losses,

including changes thereon, when necessary. All risk information is processed, analyzed, and consolidated for proper reporting to the BOD through the BROCC, TIC, AuditCom, Senior Executive Team, and various management committees of the Bank.

Actual and estimated risk exposures and losses at Treasury, Corporate and Consumer Banking, Operations, and Branches are consolidated for regular reporting. Reports include, among others, portfolio mix, liquidity and maturity matching, interest rate matching, trading gains and losses, sensitivity and backtesting results, top borrowers, non-performing assets and loans, industry exposures, large exposures, fines and penalties, employee fraud cases, status of legal cases, service level of major information technology systems, and ATMs.

The RSK streamlined the reporting of the enterprise-wide risk profile of the Bank through the periodic presentation and publication of the Risk Dashboard. This provides a readily available snapshot that highlights risk concerns encompassing the major business risk areas: Market, Asset and Liability, Credit, Corporate, Commercial and Consumer Lending, Operations, Information Technology, and Trust.

## Risk Exposures and Assessments

(as reported to the Bangko Sentral ng Pilipinas)

### RISK-WEIGHTED ASSETS

Bank of Commerce's risk-weighted assets at the end of 2022 totaled PHP143.13 billion.

<b>Risk-Weighted Assets</b>	<b>2022</b>	<b>2021</b>
<b>Credit Risk</b>	<b>132,556</b>	<b>92,874</b>
On Balance Sheet	112,725	81,928
Commitments	19,816	11,037
Counterparty Risk-Weighted Assets in the Trading Book	15	13
Contingencies	-	-
Deduction: GLLP (in excess to 1% of credit Risk-Weighted Assets)	-	(104)
<b>Market Risk</b>	<b>121</b>	<b>333</b>
Interest Rate Risk	3	264
Foreign Exchange Risk	118	69
<b>Operational Risk</b>	<b>10,451</b>	<b>9,404</b>
<b>TOTAL RISK-WEIGHTED ASSETS</b>	<b>143,128</b>	<b>102,611</b>

\*Amounts in Millions

## Credit Risk

The Bank considers credit risk as the possibility of loss arising from the customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted. The Bank uses the standardized approach in calculating its credit risk-weighted exposure. The straightforward nature of this approach enables the Bank to utilize a wider differentiation of risk weights and a wider recognition of risk mitigation techniques without taking in excessive complexity in the process.

Below is the summary of risk weights and selected exposure types:

### STANDARDIZED CREDIT RISK WEIGHTS

Credit Assessment	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	Below B-	Unrated
Sovereigns	0%	0%	20%	50%	100%	100%	150%	100%
Multilateral Development Banks	0%	20%	50%	50%	100%	100%	150%	100%
Banks other than MDBs	20%	20%	50%	50%	100%	100%	150%	100%
Interbank Call Loans				20%				
Local Government Units	20%	20%	50%	50%	100%	100%	150%	100%
Government Corporations	20%	20%	50%	100%	100%	150%	150%	100%
Corporations other than GCs	20%	20%	50%	100%	100%	150%	150%	100%
Housing Loans				50%	100%	150%	150%	100%
Micro, Small and Medium Enterprise qualified portfolio				75%				
Defaulted Exposures								
Housing Loans				100%				
Others				150%				
Real and Other Properties Acquired				150%				
All other assets				100%				

Credit risk-weighted assets as of December 31, 2022 and 2021 as reported to BSP follows (amount in thousands):

	2022	2021
Risk Weighted On Balance Sheet	112,724,767	81,927,847
Risk Weighted On Balance Sheet	19,816,255	11,036,737
Counterparty Risk-Weighted Assets in the Trading Book	15,233	12,813
Deduction: GLLP (in excess to 1% of credit Risk-Weighted Assets)	-	(103,661)
<b>Credit Risk</b>	<b>132,556,255</b>	<b>92,873,736</b>

The Bank's credit risk-weighted exposures arising from on-balance sheet assets amounting to PHP112.7 billion contribute 85.04% of the credit exposures of the Bank. Credit risk-weighted off-balance sheet assets and counterparty risk-weighted assets in the trading book make up the remainder. The off-balance sheet assets, consisting of direct credit substitutes (e.g., guarantees and financial standby letter of credit, and transaction and trade-related contingencies) are weighted at 100%, 50%, and 20%, respectively.

The Bank's credit exposures are risk weighted based on third-party credit assessment of the individual exposure as obtained from third-party credit assessment institutions recognized by BSP. In the calculation of risk-weighted assets in both the banking and trading books, the Bank utilizes the disclosed ratings from Standard & Poor's, Moody's, Fitch Ratings, and Philratings, whenever available. In cases where there are two or more ratings which correspond to different risk weights, the higher of the two lowest risk weights is used. For peso-denominated exposures to the Philippine National Government.

The breakdown of risk-weighted on-balance sheet assets follows (amounts in millions):

December 31, 2022											
	Exposures, Net of Specific Provisions	Exposures Covered by Credit Risk Mitigation (CRM), Gross of Materiality	Exposures not Covered by CRM	Risk Weights						TOTAL	
				0%	20%	50%	75%	100%	150%		
Cash on Hand	2,735.048	-	2,735.048	2,735.048	-	-	-	-	-	2,735.048	
Due from Bangko Sentral ng Pilipinas (BSP)	23,677.663	-	23,677.663	23,677.663	-	-	-	-	-	23,677.663	
Due from Other Banks	4,761.497	-	4,761.497	-	1,394.995	3,366.421	-	0.081	-	4,761.497	
Financial Assets at FVOCI	5,728.350	-	5,728.350	5,080,734	-	610.223	-	37.393	-	5,728.350	
Investment Securities at Amortized Cost	52,724.488	-	52,724.488	40,281.977	6,720.257	4,076.441	-	1,645.813	-	52,724.488	
Loans and Receivables	104,010.494	5,055.455	98,955.039	-	124.992	3,880.282	-	94,579.424	370.341	98,955.039	
Loans and Receivables Arising from Repurchase Agreements	14,542.226	-	14,542.226	14,542.226	-	-	-	-	-	14,542.226	
Sales Contract Receivables	331.337	-	331.337	-	-	-	-	254.711	76.626	331.337	
Real and Other Properties Acquired (ROPA)	2,217.820	-	2,217.820	-	-	-	-	-	2,217.820	2,217.820	
Total Exposures Excluding	210,728.923	5,055.455	205,673.467	86,317.648	8,240.244	11,933.367	-	96,517.422	2,664.787	205,673.467	
Other Assets	4,595.408	-	4,595.408	-	-	-	-	4,595.408	-	4,595.408	
Total Exposures, Including Other Assets	215,324.330	5,055.455	210,268.875	86,317.648	8,240.244	11,933.367	-	101,112.829	2,664.787	210,268.875	
Total Risk-weighted On-Balance Sheet Assets not covered by CRM				-	-	1,648.049	5,966.683	-	101,112.829	3,997.181	112,724.742
Total Risk-weighted On-Balance Sheet Assets covered by CRM				-	-	-	-	-	-	-	
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>				-	1,648.049	5,966.683	-	101,112.829	3,997.181	112,724.742	

\*Amounts in Millions



December 31, 2021

	Exposures, Net of Specific Provisions	Exposures Covered by Credit Risk Mitigation (CRM), Gross of Materiality	Exposures not Covered by CRM	Risk Weights						TOTAL	
				0%	20%	50%	75%	100%	150%		
Cash on Hand	2,747.242	-	2,747.242	2,747.242	-	-	-	-	-	2,747.242	
Due from Bangko Sentral ng Pilipinas (BSP)	45,368.572	-	45,368.572	45,368.572	-	-	-	-	-	45,368.572	
Due from Other Banks	4,175.818	-	4,175.818	-	1,238.420	2,936.477	-	0.921	-	4,175.818	
Financial Assets at FVOCI	4,959.977	-	4,959.977	3,877.325	307.438	738.412	-	36.802	-	4,959.977	
Investment Securities at Amortized Cost	43,426.587	-	43,426.587	37,036.878	1,087.447	3,779.615	-	1,522.648	-	43,426.587	
Loans and Receivables	73,640.153	4,937.402	68,702.751	-	113.129	3,429.553	-	64,624.934	535.134	68,702.751	
Loans and Receivables Arising from Repurchase Agreements	15,798.886	-	15,798.886	15,798.886	-	-	-	-	-	15,798.886	
Sales Contract Receivables	357.972	-	357.972	-	-	-	-	257.600	100.372	357.972	
Real and Other Properties Acquired (ROPA)	2,317.096	-	2,317.096	-	-	-	-	-	2,317.096	2,317.096	
Total Exposures Excluding Other Assets	192,792.334	4,937.402	187,854.932	104,828.933	2,746.434	10,884.057	-	66,442.906	2,952.602	187,854.932	
Other Assets	5,064.620	-	5,064.620	-	-	-	-	5,064.620	-	5,064.620	
Total Exposures, Including Other Assets	197,856.955	4,937.402	192,919.552	104,828.933	2,746.434	10,884.057	-	71,507.526	2,952.602	192,919.552	
Total Risk-weighted On-Balance Sheet			-	-	549.287	5,442.029	-	71,507.526	4,428.904	81,927.745	
Total Risk-weighted On-Balance Sheet Assets covered by CRM			-	-	-	-	-	-	-	-	
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>					-	549.287	5,442.029	-	71,507.526	4,428.904	81,927.745

\*Amounts in Millions

Under this approach, the Bank assigns a specific risk weight to each asset and multiplies it by the credit risk exposure. The risk weights are based on the ratings provided by an External Credit Assessment Institution recognized by the BSP. For the end of 2022, the credit risk exposures of the Bank include PHP210.27 billion in balance sheet exposure.

All exposures arising from balance sheet items are net of provisions set aside to absorb credit losses:

<b>On-Balance Sheet Items Assessed Weight for Credit Risk</b>	<b>2022</b>	<b>2021</b>
Cash on Hand	2,735	2,747
Due from Bangko Sentral ng Pilipinas (BSP)	23,678	45,369
Due from Other Banks	4,761	4,176
Financial Assets at FVOCI	5,728	4,960
Investment Securities at Amortized Cost	52,724	43,427
Loans and Receivables	98,955	68,703
Loans and Receivables Arising from Repurchase Agreements	14,542	15,799
Sales Contract Receivables	331	358
Real and Other Properties Acquired (ROPA)	2,218	2,317
Total Exposures Excluding Other Assets	205,673	187,855
Other Assets	4,595	5,065
<b>TOTAL ON-BALANCE SHEET ITEMS ASSESSED WEIGHT FOR CREDIT RISK</b>	<b>210,269</b>	<b>192,920</b>

\*Amounts in Millions

	2022	2021
Total Assets	216,443	199,285
General Loan Loss Provisions	301	782
Deduction		
Total Exposures Excluding other Assets	210,729	192,793
Financial Assets held for Trading	381	995
Deferred Tax Assets	675	876
Other Intangible Assets	296	268
Other Equity Investments in Non-Financial Allied Undertakings and Non-Allied Undertakings	40	40
Significant Minority Instruments	-	-
Reciprocal Equity Investments	28	30
Accumulated Market gains/(losses) on AFS	-	-
Total Carrying Amount of Securitization Exposures	-	-
<b>TOTAL OTHER ASSETS</b>	<b>4,595</b>	<b>5,065</b>

\*Amounts in Millions

The Bank considers credit risk mitigation as a means to lower its exposure to credit risk. The Bank may use a number of techniques to mitigate the credit risk to which they are exposed. Exposures may be covered by eligible mitigants such as: Cash on deposit with the Bank, Gold, Debt obligations issued by the Philippine National Government or the BSP, Debt Securities issued by central governments and central banks of foreign countries as well as Multilateral Development Banks with at least investment grade external credit ratings, other debt securities with external credit ratings of at least BBB- or its equivalent, unrated senior debt securities issued by Banks with an issuer rating of at least BBB- or its equivalent, or with other debt issues of the same seniority with a rating of at least BBB- or its equivalent, equities included in the main index of an organized exchange, and investments in Unit Investment Trust Funds and the Asian Bond Fund duly approved by the BSP.

With regard to the Bank's on-balance sheet assets, the Bank uses loans collateralized by hold-out deposit agreement as eligible credit risk mitigant (CRM). Credit derivatives are currently not used as credit protection. The documentation used in collateralized transactions has been reviewed to be legally enforceable in all relevant jurisdictions. At the end of 2022, PHP5.06 billion in credit risk exposures carried mitigation in the form of qualified collateral from third parties.

	December 31, 2022					Total Exposures covered by CRM, Gross of Materiality Threshold
	Guaranteed Portion	Total Exposures Covered by CRM	0%	20%	Total	
Loan and Receivables						
Private Corporations	4,774.342	4,774.342	4,774.342		4,774.342	4,774.342
Loans to individuals for consumption and other purposes	281.113	281.113	281.113		281.113	281.113
Total Exposures covered by CRM	5,055.455	5,055.455	5,055.455		5,055.455	5,055.455
Risk-Weighted On-Balance Sheet Assets Covered by CRM						

The Bank uses a credit conversion factor as prescribed by banking regulations to account for the potential credit exposure arising from having committed to extend credit to a customer. The total loan equivalent exposure of the Bank to such commitments at the end of 2022 was PHP19.82 billion.

<b>Commitments to Lend (Loan Equivalent Exposure)</b>	<b>2022</b>	<b>2021</b>
Direct Client Substitutes	13,473	5,021
Transaction Related Contingencies	6,214	5,860
Trade Related Contingencies	129	155
Other Commitments	-	-
<b>TOTAL COMMITMENTS TO LEND (LOAN EQUIVALENT EXPOSURE)</b>	<b>19,816</b>	<b>11,037</b>

*\*Amounts in Millions*

### Market Risk

The Bank measures its exposure to market risk using the standardized approach under the Philippine Banking Regulation. Under this approach, the Bank applied risk weights defined by regulation to outstanding exposures to interest rates and to foreign exchange rates. Total of market risk-weighted assets at the end of 2022 was PHP121 million.

<b>Market Risk Weighted Assets</b>	<b>2022</b>	<b>2021</b>
Interest Rate Specific to the Issuer of the Debt Instruments	1	44
Interest Rate Risk Attributable to Market Conditions	2	219
Foreign Exchange Risk	118	69
<b>TOTAL MARKET RISK-WEIGHTED ASSETS</b>	<b>121</b>	<b>333</b>

*\*Amounts in Millions*

### Interest Rate Risk in Banking Books

The Bank measures IRRBB Pillar 2 capital charge using an internally developed Earnings-at-Risk (EAR). EAR simulates the contraction of the projected NII over the next 12 months based on the mismatches in the repricing of rate sensitive assets and liabilities. The EAR figure is directly deducted from the qualifying capital instead of being incremental to RWA.

<b>Interest Rate Risk In Banking Book</b>	<b>2022</b>	<b>2021</b>
Earning-At-Risk	(228)	(64)

*\*Amounts in Millions*

### Operational Risk

The Bank measures its exposure to operational risk using the basic indicator approach under the Philippine Banking Regulation. The approach utilizes the historical total annual gross income as the measure of risk exposure. Total of operational risk-weighted assets at the end of 2022 was PHP10.45 billion.

<b>Operational Risk-Weighted Assets</b>	<b>2022</b>	<b>2021</b>
Average Income of the Previous Three Years	5,574	5,016
Capital Charge (15 pct of Average Income)	836	752
Calibration (Capital Charge times 1.25)	1,045	940
<b>TOTAL OPERATIONAL RISK-WEIGHTED ASSETS (Calibrated Capital Charge times 10)</b>	<b>10,451</b>	<b>9,404</b>

*\*Amounts in Millions*

### Securitization Structures

The Bank's MRT Tranche 3 Note holding is booked as part of Financial Assets at Fair Value Through Profit or Loss (FVPL) upon initial application of PFRS 9 and is measured at fair value. The Note regularly redeems part of its principal every month and is expected to be fully paid on February 7, 2025. The Note's fair value as of December 31, 2022 was USD6.18 million (PHP344.81 million) with a mark-to-market gain of USD0.003 million (PHP0.15 million).

<b>Securitization Exposure</b>	<b>2022</b>	<b>2021</b>
MRT Tranche 3	345	491

*\*Amounts in Millions*

## Other Risk Disclosures

### COMPLIANCE RISK

A strong compliance culture is the Bank's key to better manage compliance risk. This culture thrives upon a common understanding by all persons within the organization that it is a basic responsibility to know and have a working knowledge of the laws, rules, and regulations attendant to his functions. To reinforce this responsibility, units in charge of ensuring compliance with laws and regulations (legal, regulatory, tax) regularly disseminate any new issuances for the understanding of concerned units/personnel.

Compliance Division provides Business Operating Unit (BOU) guidance on the interpretation and application of BSP rules and regulations and other regulatory issuances with respect to the activities of the Bank. Breaches/deviations from these regulations are appropriately reported to the Senior Management, Corporate Governance Committee, and the Board for immediate/appropriate resolution.

In order to validate that compliance culture is observed on all aspects of the Bank's business, activities and processes, regular monitoring and assessment of adherence to laws, rules, and regulations are performed. For this purpose, the Bank implements the three-pronged approach in Compliance Testing: the Compliance Self-Assessment performed by the units themselves; the Independent Compliance Testing, a validation exercise performed by the Compliance Division on branches, head office units, and selected products/services; and finally supplemented by validation performed by Internal Audit on all units and branches included in the Annual Audit Plan.

Based on the Bank's Compliance Program where self-assessment is one of the pillars, Deputy Compliance Officers (DCO) are appointed within each of the operating and business units of the Bank to perform periodic self-testing. Using the Compliance Self-Assessment Checklist (CSAC) prepared by Compliance Division, Compliance Self-Assessment is done by the DCOs to check the level of compliance of their respective units with identified laws, rules, and regulations. The result of Compliance Self-Assessment is validated through the Independent Compliance Testing. Results of Compliance Self-Assessment and Independent Compliance Testing are reported to the Corporate Governance Committee and appropriate levels of Management. Follow-through is being done until findings/exceptions are fully corrected.

### REPUTATIONAL RISK

Reputational risk proceeds from negative public opinion and has the potential to erode the perception

of the Bank as a worthy counterparty or investment target. Negative perception on the part of customers, providers of funding, or regulators can adversely affect a bank's ability to maintain existing, or establish new, business relationships, or to continue accessing sources of funding.

The impact on reputation of events that may occur in the regular course of business remains a top priority of Senior Management and the Board.

### LEGAL RISK

Legal risk arises from failure in the implementation of necessary control measures as well as imperfect documentation of transactions. The primary functions of the Bank's Legal Services Division (LSD) comprise rendering legal advice and document review to ensure that relevant laws are complied with, Bank interest is duly protected, and identified risks are imparted to responsible units of the Bank. The LSD handles cases filed for and against the Bank and provides Senior Management, the Corporate Governance Committee, and the BROC regular updates on any lawsuits involving the Bank.

### PENSION RISK

The Bank enlists the assistance of third-party consultants to conduct actuarial evaluation on the condition of the retirement plan once a year in order to address any erosion in the explanatory power or significance of the actuarial models used to project benefit obligations.

Valuation of both the projected benefit obligation and the present value of the plan assets assumes rates of discount, asset return, and compensation growth. These parameters may properly reflect market conditions at the time of measurement but later be non-reflective as market conditions change.

The annual third-party actuarial evaluation of the condition of the retirement plan considers the relevance of the assumption used in valuation and recommends the necessary adjustments to properly reflect the value of plan assets and liabilities. The valuation assumptions last underwent review and adjustment during the actuarial report of 2020.

### MODEL RISK

The Bank contracts external entities to validate internal models used to measure market, asset and liability risks, as well as rating models, for the classification of borrowers' credit risk. Results of these validation exercises are reported to Management, the BROC, and the Audit Committee.





## Capital Management

The Board recognizes that capital adequacy is the foundation of institutional strength and therefore ensures that Bank of Commerce (the Bank) maintains an adequate level of capital to support business growth and maintain depositor and creditor confidence.

The Bank's capital management framework is designed to ensure that regulatory requirements are met at all times and are cognizant of its own risk profile and target ratios as approved by the Board. In addition, the Bank has an Internal Capital Adequacy Assessment Process (ICAAP) in place, which allows it to assess the capital impact of other risks apart from credit, market, and operational risks.

### Regulatory Capital Oversight

The Board oversees the deployment of capital funds bankwide, ensuring that the Capital-to-Risk Weighted Assets Ratio (CAR) of the Bank meets or exceeds the minimum regulatory requirements. The following tables exhibit the Bank's capital condition as of December 31, 2022 and 2021:

Amounts in millions	2022	2021
Gross Qualifying Capital	27,105	23,835
Less: Regulatory Deductions	1,384	1,705
<b>Total Qualifying Capital</b>	<b>25,721</b>	<b>22,129</b>
Credit Risk-Weighted Assets	132,556	92,874
Market Risk-Weighted Assets	121	333
Operational Risk-Weighted Assets	10,451	9,404
<b>Total Risk Weighted Assets</b>	<b>143,128</b>	<b>102,611</b>
<b>Capital Adequacy Ratio</b>		
Regulatory Minimum is 10%	18%	22%
<b>Tier 1 Capital Ratio</b>		
Regulatory Minimum is 7.5%	17%	21%
<b>Common Equity Tier 1 Ratio</b>	<b>13%</b>	<b>15%</b>

The above ratios represent a measure of capital supply relative to the total risk-weighted assets and are measured against regulatory minimum requirements. The year on year increase was primarily due to SMC Equivest Corporation infusing additional capital amounting PHP5.5 billion in the form of paid-up preferred stock on August 5, 2021. This additional capital meets the Tier 1 definition of the BSP.

As of December 31, 2022 and 2021, the Bank has complied with the minimum regulatory required capital.

Tier 1 Capital comprised common stock, additional paid-in capital, and retained earnings (deficit). Common equity tier 1 represents ordinary share capital, share premium, and retained earnings (deficit), including cumulative translation adjustment.

Risk-weighted assets are determined based on standardized regulatory approach for credit risk (both on-and-off balance sheet exposures) and market risk, while operational risks are based on Basic Indicator Approach (BIA).

Amounts in Millions	December 31, 2022		December 31, 2021	
	Risk-Weighted Assets	Capital Requirements	Risk-Weighted Assets	Capital Requirements
Credit Risk	132,556	13,256	92,874	9,287
Market Risk	121	12	333	33
Operational Risk	10,451	1,045	9,404	940
<b>Total</b>	<b>143,128</b>	<b>14,313</b>	<b>102,611</b>	<b>10,261</b>

The following tables exhibit the elements of the Bank's Total Qualifying Capital as of December 31, 2022 and 2021:

Amounts in millions	December 31, 2022	December 31, 2021
Paid-up Common Stock	14,030	11,224
Paid-up Preferred Stock	4,167	-
Additional Paid-in Capital	7,229	10,995
Retained Earnings/(Deficit)	1,436	1,121
Other Comprehensive Income	(833)	(436)
<b>Gross Common Equity Tier 1 (CET1) Capital</b>	<b>26,029</b>	<b>22,905</b>
Appraisal Increment Reserve – Bank Premises	-	-
General Loan Loss Provision	1,076	930
<b>Gross Tier 2 Capital</b>	<b>1,076</b>	<b>930</b>
Less: Regulatory Deductible Adjustments To Qualifying Capital		
Deferred Tax Assets	675	876
Other Intangible Assets	296	268
Other Equity Investments In Non-Financial Allied Undertakings And Non-Allied Undertakings	40	40
Reciprocal Equity Investments	28	30
Securitization Tranches And Structured Products Which Are Rated Below Investment Grade or Are Unrated	345	491
<b>Total Regulatory Deductible Adjustments To Qualifying Capital</b>	<b>1,384</b>	<b>1,705</b>
<b>Adjusted CET1 Capital</b>	<b>24,646</b>	<b>21,200</b>
<b>Adjusted Tier 2 Capital, mainly adding back the General Loan Loss Provisions</b>	<b>1,076</b>	<b>930</b>

Components of the regulatory qualifying capital are determined based on the Bangko Sentral ng Pilipinas' (BSP) regulatory accounting policy (RAP), which differs from the capital based on the Philippine Financial Reporting Standards (PFRS) in some respects.

Full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements follows:

	December 31, 2022			December 31, 2021		
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
	<i>(in millions)</i>					
Tier 1 capital/Total equity						
Capital stock	18,197	-	18,197	11,224	4,167	15,391
Paid-in surplus	7,229	-	7,229	10,995	(4,219)	6,777
Surplus reserves	451	533	983	451	305	756
Retained earnings (deficit)	985	1,440	2,425	670	182	852
Net unrealized losses on financial assets at FVOCI		(731)	(731)		(156)	(156)
Net unrealized losses on AFS securities	(783)	783	-	(191)	191	-
Remeasurement losses on retirement liability	(55)	(23)	(78)	(250)	(13)	(263)
Share in other comprehensive loss of associate	(1)	(0)	(1)	(1)	(0)	(1)
Cumulative translation adjustment	6	(0)	6	7	(0)	7
Deductions	(1,384)	1,384	-	(1,705)	1,705	-
	<b>24,646</b>	<b>3,385</b>	<b>28,031</b>	<b>21,200</b>	<b>2,163</b>	<b>23,363</b>
Tier 2 capital						
Reevaluation increment on PPE and investment properties	-	-	-	-	-	-
General loan loss provision	1,076	(1,076)	-	930	(930)	-
	1,076	(1,076)	-	984	(984)	-
<b>Total Qualifying Capital/Total Equity</b>	<b>25,722</b>	<b>2,309</b>	<b>28,031</b>	<b>22,184</b>	<b>1,179</b>	<b>23,363</b>

Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP for prudential reporting and vice versa.

### Internal Capital Adequacy Assessment Process (ICAAP) Oversight

The Board oversees the ICAAP of the Bank and recognizes the applicability of regulatory changes, such as Basel III, in its ICAAP. The ICAAP enables the Bank to properly understand the risks in its strategic plans and allows it to assess how much capital is required to withstand these risks. Integrating ICAAP into the organization creates a culture of collective responsibility and accountability to preserve and maximize the value of invested capital.

The Bank's management constantly monitors compliance with the minimum regulatory capital requirements, as well as with internal capital requirements, as determined under its ICAAP. Management regularly reports the state of capital adequacy compliance to the Board to enable it to make proper decisions regarding risk and capital.

### ICAAP Steering Committee

The ICAAP Steering Committee is a management body responsible for overseeing the development of the assessment process and for monitoring the implementation and integration of the ICAAP. The Committee:

- Evaluates the Bank's compliance with mandated minimum capital requirements;
- Oversees the ICAAP to ensure it effectively approximates the Bank's ability to absorb losses;
- Formulates and recommends guidelines, policies, and procedures which enable the Bank to maintain a level of qualified capital appropriate to its risk profile; and
- Evaluates the Regulator's findings and recommendations regarding the ICAAP of the Bank and oversees its plans to address the Regulator's findings on ICAAP.

The ICAAP Report is issued by the ICAAP Committee to the Board annually, conveying the results of the evaluation of the Bank's ICAAP. The 2023 ICAAP Report highlighted the sufficiency of the Bank's compliance with regulatory and internal capital





requirements considering the strategic plans from 2023 through 2025, and the sufficiency of Management's Capital Contingency Plan as well as Capital Build-up Program. The Bank's intended primary source of emergency capital would be through issuance of additional Tier 1 capital (common stock), as discussed and approved at the ICAAP Steering Committee and Board levels.

### Recent Capital Related Events

On January 26, 2021, the BOD approved the issuance of up to PHP5.5 billion in preferred shares. On August 5, 2021, the Bank issued 41,666,667 Series 1 Preferred Shares to SMC Equivest Corporation at P132.0 per share based on the January 2021 approval. Transaction costs on the issuance of preferred shares amounting to PHP99.6 million were charged against "Paid-in surplus".

On May 25, 2021 and July 8, 2021, the BOD and the Stockholders, respectively, approved the amendment of the Bank's Articles of Incorporation to the par value of common and preferred shares from One Hundred Pesos (PHP100.0) to Ten Pesos (PHP10.0). The amendment resulted in an increase in common shares from 170,251,147 to 1,702,511,470 and increase in preferred shares from 45,500,000

to 455,000,000. This amendment was approved by the BSP on October 4, 2021 and by the SEC on November 2, 2021.

On October 28, 2021 and November 9, 2021, the BOD and Stockholders, respectively, approved the primary public offer and sale of up to 280,700,000 common shares from unissued capital stock. On February 15 and February 16, 2022, the SEC and the PSE, respectively, approved the application for the Initial Public Offer of the Bank. On March 31, 2022, the Bank listed its common shares with the PSE. The Bank offered and issued new common shares to the public up to 280,602,800 at PHP12.0 per share. Transaction costs on the issuance of common shares amounting to PHP108.6 million were charged against "Paid-in surplus".

Even with these recent increases in capital, the Bank continues to evaluate forward-looking capital requirements to support future business expansion and risk-taking strategies. The Board has directed Management to escalate any proposed capital-raising exercise for deliberation and its approval and, accordingly, to pursue the necessary regulatory approvals.



# Internal Audit Division Report

The Internal Audit Division (IAD) is an independent unit of the Bank that conducts objective assurance and consulting activities designed to add value and help improve the operations of the Bank. The IAD evaluates the effectiveness of the Bank's risk management and governance processes and provides reasonable assurance that the Bank's key organizational and procedural controls are effective, appropriate, and complied with. The IAD periodically audits all branches, area offices, branch operations control centers, and head office units, as well as systems, applications, and mission-critical projects of the Bank using a risk-based approach and in accordance with The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (ISPPA).

The IAD has full, free, and unrestricted access to any and all of the Bank's records, systems, physical properties, and personnel pertinent in carrying out any engagement. The IAD also has open and unrestricted access to the Board of Directors through the Audit Committee.

The IAD, through the Chief Audit Executive (CAE), reports functionally to the Audit Committee and administratively to the President / Chief Executive Officer. The CAE regularly reports to senior management and the Audit Committee IAD's purpose, authority, responsibility, plans and activities, as well as performance relative to its plans. Reporting also includes significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.

Major adjustments to the IAD's approach in conducting audits, brought about by the COVID-19 pandemic, have been documented in preparation for possible use in future similarly-situated scenarios. These adjustments to audit strategies include implementing offsite (remote) audit, reviewing selected Closed-Circuit Television (CCTV) footage and conducting spot audits. Although the restrictions brought about by COVID-19 pandemic have been

relaxed, allowing auditors to resume physical visitation of branches, IAD has noted the benefits of CCTV viewing as to validation of branch compliance with policies and procedures. Consequently, the use of this audit procedure has been continued for all branch audit engagements.

Service Level Agreements (SLAs) have also been entered into by IAD with Branch Banking Group (BBG), Compliance Division and Security Department.

The SLA with BBG was done to clearly define the roles and responsibilities of the parties in a pandemic or similar situation where IAD's onsite audit examination is not possible due to the limitations brought about by such event. The situation requires that alternate verification and validation procedures be performed by an independent BBG representative.

The SLA with Compliance Division was executed as a guide on the sharing of information and resources of both parties, especially the role of IAD in the conduct of Independent Compliance Testing and validation of Compliance Self-Assessment Checklists.

The SLA with Security Department (SD) was to document the agreed collaboration on sharing of security-related issues noted in the audit of branches and the expected deliverables from SD for IAD's requests for extraction and viewing of selected CCTV footages of a branch being audited.

Encrypted file transfer solution was utilized in sharing documents among different units to protect the confidentiality of the Bank's data. Necessary revisions have also been made to the audit plan and the audit programs to realistically reflect what can be feasibly accomplished given the many restrictions / challenges in the conduct of the usual onsite audit.

Based on the results of the audit and other assurance activities performed in 2022, the CAE declared that the Bank's system of internal audit, internal controls, compliance and risk management, and governance is reasonably sound and adequate to

address strategic, financial, regulatory, compliance (including AMLA), operational, and fraud-related risks. The established system of internal controls, governance and risk management processes have been assessed to promote financial and management reporting reliability, operational efficiency, system reliability, data integrity, asset protection, business resiliency, and prompt detection and / or prevention of material errors and / or irregularities in processing and reporting the Bank's transactions and accounts. Out of the 185 units / processes audited in 2022, majority have either retained (49%) or improved (29%) their audit rating. Most of these units / processes have obtained an Upper Satisfactory (38%) or Good or above (34%) audit rating.

The Bank has also been consistently improving its internal controls, governance, and risk management processes to address emerging risks faced by the institution, to attune itself with new laws and regulations, and to respond to technology changes, competition, and industry movements. Generally, Information technology (IT)-related risks have also been adequately managed and controlled, thereby providing uninterrupted operability of the Bank's systems and services, especially during the imposed quarantine. Specifically, the Bank has established strategic initiatives, online digital facilities, and alternate and remote access to ensure the continuity of internal processes and availability of business functions to serve its clients while ensuring the health and safety of its employees.

Over the years, the IAD has also significantly enhanced the use of computer-assisted audit techniques (CAATs). Tools such as ACL (a data extraction and analysis software) and the advanced use of MS Excel allowed IAD to apply a more efficient, effective, and comprehensive approach in reviewing and analyzing data for selected audits and validations, as well as in randomly generating and sending confirmation letters regarding deposits, loan accounts balances, and sales contract receivables from selected clients. Initiatives have also been recently undertaken to improve the visibility, efficiency, and documentation of internal audits, as well as enhance sampling methodologies, through the acquisition of an audit management software and data analytics. An audit

management software was utilized by IAD to improve the quality and effectiveness of the audit processes, enhance compliance and risk management, and drive continuous improvement. The system went live in March 2022 and was assessed as generally successful based on benefit realization review in February 2023. Benefits realized include savings on printing, supplies, and storage expenses; improvement on record management and file retrieval; enhanced supervisory control and monitoring; improvement on the execution of audit planning; and centralized monitoring of audit universe.

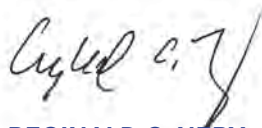
A structured program for continuing professional development is in place to help the Bank's internal auditors further enhance their knowledge, skills, and other competencies with regard to auditing. The program is also aimed at ensuring that the internal auditors are kept informed about current developments in governance, risk, IT, regulations, and control processes relevant to the Bank. Furthermore, the internal auditors are strongly encouraged to demonstrate their proficiency by obtaining appropriate professional certification related to internal auditing, internal control, risk management, IT security, and governance.

The IAD maintains a quality assurance and improvement program that covers all aspects of the internal audit activities. The program includes, but is not limited to, an evaluation of the internal audit activity's conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (the Standards) and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. An internal assessment is conducted annually while external assessment is conducted by a qualified external quality assessment provider (or third-party validator) at least once every five years. The most recent external and internal Quality Assurance Reviews assessed that IAD 'Generally Conforms' (highest rating) with the Standards. The Bank is undertaking these assessments to confirm and demonstrate IAD's continuing compliance with the Standards.

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# Joint Declaration of PCEO and CAE on the Adequacy and Soundness of Internal Controls and Compliance System

In accordance with the SEC Integrated Annual Corporate Governance Report (Additional Recommendation to Principle 12: Internal Control System and Risk Management Framework), the President/Chief Executive Officer and Chief Audit Executive jointly attest that a sound internal audit, control and compliance system is in place and working effectively.



**REGINALD C. NERY**  
*Chief Audit Executive*



**MICHELANGELO R. AGUILAR**  
*President and CEO*

# Statement Of Management's Responsibility For Financial Statements

The management of Bank of Commerce (the "Bank") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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 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.

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standard Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**FRANCIS C. CHUA**  
 Chairman of the Board

  
**ANTONIO S. LAQUINDANUM**  
 Executive Vice President and Chief Financial Officer

  
**MICHELANGELO R. AGUILAR**  
 President and Chief Executive Officer

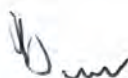
Signed this 15<sup>th</sup> day of March 2023

MAR 20 2023 at MANDALUYONG CITY

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_, affiants exhibiting their Passport ID as follows:

Names	Identification No.	Place of Issue	Valid Until
Francis C. Chua			
Michelangelo R. Aguilar			
Antonio S. Laquindanum			

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 Page No. 20  
 Book No. VI  
 Series of 2023

  
**FULGENCIO A. ESTILLORE**  
 NOTARY PUBLIC FOR MANDALUYONG CITY  
 APPOINTMENT NO. 0440-22  
 UNTIL DECEMBER 31, 2023  
 SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY  
 PTR No. 5109325/01-03-2023/MANDALUYONG CITY  
 IBP LIFETIME NO. 08943  
 ROLL OF ATTORNEYS NO. 46466





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## Audited Financial Statements



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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and the Stockholders

### **Bank of Commerce**

San Miguel Properties Centre  
No. 7, St. Francis Street  
Mandaluyong City

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Bank of Commerce (the "Bank"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRSs).

#### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee



### *Key Audit Matter*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Allowance for Expected Credit Losses (ECL) for Loans and Receivables*

##### *The risk*

The Bank's recognition of allowance for ECL for its loans and receivables is significant to our audit as it involves the exercise of significant management judgment. In calculating ECL, key areas of judgment include: determining the method to estimate ECL; defining default; identifying exposures with significant increase in credit risk; determining assumptions to be used in the ECL model such as expected recoveries from defaulted accounts and amount and timing of future cash flows; and incorporating forward-looking information, including the impact of the coronavirus pandemic, rising interest rates, and inflation, among others.

Loans and receivables and the corresponding allowance for credit losses as at December 31, 2022 amounted to P108.55 billion and P3.46 billion, respectively. Provision for credit losses in 2022 amounted to P199.48 million. The disclosures in relation to the allowance for credit losses are included in Notes 12 and 17 of the financial statements.

##### *Our response*

We obtained an understanding of the Bank's ECL methodologies and models for loans and receivables, as approved by the Credit Committee and the Board of Directors, and evaluated whether those are (a) established and implemented consistently in accordance with the underlying principles of PFRS 9, *Financial Instruments*; (b) appropriate in the context of the Bank's lending activities and asset portfolio; and (c) supported with processes and controls including documentations that capture in sufficient detail the judgment and estimation applied in the development of the ECL model.

We have performed the following procedures to address the risk of material misstatement relating to the adequacy of allowance for impairment of loans and other receivables:

- We evaluated the governance over the development, validation and approval of the ECL model including continuous reassessment performed by the Bank;
- We tested the design, implementation and operating effectiveness of key controls in the ECL process. This includes appropriate classification of loan to stages and assignment of loan risk rating, approval of restructured loans, review of underlying collateral valuation, and the calculation and recognition of the ECL allowance;
- We assessed whether the loans are classified to the appropriate stage, and challenged the criteria used to categorize the loan to respective stages;





- On a sample basis, we performed an independent credit review in order to evaluate the appropriateness and adequacy of the risk rating review and credit review processes done by the Bank including its documentation. Accounts selected for review were based on a set of criteria designed to capture the items with a high risk of material misstatement in the Bank's loan portfolios;
- We assessed the appropriateness and adequacy of the inputs and assumptions as well as the formulas used in the development of the ECL models, including the determination of the probability of default, loss given default and exposure at default;
- We performed model re-assessment through a series of statistical tests on the time series regression analysis and interpreted the results with the aim to verify, primarily, statistical significance;
- For forward-looking information used, we evaluated whether the historical and projected macro-economic factors (i.e. Wholesale Price Index, Interest Rate, Philippine Stock Index, Exchange Rate, Consumer Price Index and Cash Remittances), were appropriate and sufficient. This included assessing the level of significance of the correlation of the forward-looking information to the default rates, as well as the impact of these variables in the ECL. We also reviewed management's use of expert credit judgment on the assessment of other macroeconomic factors as inputs in the ECL models;
- On selected non-performing accounts, we evaluated management's forecast of recoverable cash flows based on agreed restructuring plan, collateral valuation and estimates of recovery from other sources;
- We have tested the integrity of the data inputs by comparing data from source systems to the detailed ECL calculations;
- We have assessed the completeness and appropriateness of the disclosures made in the financial statements; and
- We involved our Information Technology specialists to assist in testing the relevant automated control environments and application controls and, Financial Risk Management specialists to assess the Bank's ECL models and assumptions.

#### *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 financial statements and our auditors' 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 auditors' report.

Our opinion on the 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 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 financial statements 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 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 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.







- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074**

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 38 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.





The engagement partner on the audit resulting in this independent auditors' report is Vanessa P. Macamos.

**R.G. MANABAT & CO.**

*Vanessa P. Macamos*

VANESSA P. MACAMOS

Partner

CPA License No. 0102309

BSP Accreditation No. 102309-BSP, Group A, valid for five (5) years  
covering the audit of 2019 to 2023 financial statements

SEC Accreditation No. 102309-SEC, Group A, valid for five (5) years  
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 920-961-311

BIR Accreditation No. 08-001987-038-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 9563832

Issued January 3, 2023 at Makati City

March 15, 2023

Makati City, Metro Manila





# Statements of Financial Position

		December 31	
	Note	2022	2021
<b>ASSETS</b>			
Cash and Other Cash Items		P2,735,170,691	P2,747,780,890
Due from Bangko Sentral ng Pilipinas	17, 18	23,675,469,821	45,367,142,605
Due from Other Banks	17	1,044,255,360	1,039,456,479
Interbank Loans Receivable and Securities Purchased under Resale Agreements	8, 17	18,378,744,387	19,133,505,219
Financial Assets at Fair Value through Profit or Loss	9	381,001,468	994,612,772
Financial Assets at Fair Value through Other Comprehensive Income	10, 17	5,805,050,520	5,055,116,576
Investment Securities at Amortized Cost	11, 17	52,208,769,061	42,909,057,404
Loans and Receivables	12, 17	105,091,228,764	74,374,125,167
Investment in an Associate	13, 17	39,522,627	39,661,589
Property, Equipment and Right-of-Use Assets	14, 17	1,425,418,610	1,472,398,367
Investment Properties	15, 17	3,399,986,749	3,448,314,535
Deferred Tax Assets	32	612,090,088	743,505,416
Other Assets	16, 17	2,721,190,526	2,387,937,153
		P217,517,898,672	P199,712,614,172
<b>LIABILITIES AND EQUITY</b>			
Deposit Liabilities	18		
Demand		P51,792,969,578	P48,702,339,755
Savings		101,651,552,858	108,874,919,612
Time		17,793,297,530	9,107,143,873
Long-term negotiable certificates		5,029,420,000	5,029,420,000
		176,267,239,966	171,713,823,240
Financial Liabilities at Fair Value through Profit or Loss	9	283,329	-
Bonds Payable	20	7,442,251,269	-
Manager's Checks		661,453,914	951,460,497
Accrued Interest, Taxes and Other Expenses	21	1,165,765,820	1,021,625,802
Other Liabilities	22	3,950,329,366	2,662,971,101
<b>Total Liabilities</b>		<b>189,487,323,664</b>	<b>176,349,880,640</b>
<b>Equity</b>			
Capital stock	24	18,196,805,900	15,390,777,900
Paid-in surplus	24	7,229,275,360	6,776,694,869
Surplus reserves	25	983,407,496	755,806,267
Retained earnings	24	2,425,229,109	852,471,738
Net unrealized losses on financial assets at fair value through other comprehensive income	10	(730,966,925)	(156,154,761)
Remeasurement losses on retirement liability	29	(77,723,200)	(262,547,387)
Cumulative translation adjustment		5,878,953	7,010,814
Share in other comprehensive loss of an associate		(1,331,685)	(1,325,908)
<b>Total Equity</b>		<b>28,030,575,008</b>	<b>23,362,733,532</b>
		P217,517,898,672	P199,712,614,172

See Notes to the Financial Statements.





# Statements of Income

		Years Ended December 31		
	Note	2022	2021	2020
<b>INTEREST INCOME</b>				
Interest income calculated using the effective interest method:				
Loans and receivables	12	P5,465,228,886	P4,284,455,772	P4,840,143,949
Investment securities at fair value through other comprehensive income and at amortized cost	26	1,681,784,534	1,251,563,739	919,374,469
Interbank loans receivable and securities purchased under resale agreements	8	539,158,895	316,281,375	238,044,191
Due from Bangko Sentral ng Pilipinas and other banks	18	274,855,345	228,434,625	265,527,722
Other interest income:				
Financial assets at fair value through profit or loss	26	4,603,469	14,420,446	16,991,151
		<b>7,965,631,129</b>	<b>6,095,155,957</b>	<b>6,280,081,482</b>
<b>INTEREST EXPENSE</b>				
Deposit liabilities	18	1,034,350,259	645,260,590	1,127,728,480
Bonds payable	20	173,783,546	-	-
Lease liabilities	30	28,177,821	35,033,242	42,921,243
Bills payable and others	19	47,041,557	16,691,365	1,105,699
		<b>1,283,353,183</b>	<b>696,985,197</b>	<b>1,171,755,422</b>
<b>NET INTEREST INCOME</b>		<b>6,682,277,946</b>	<b>5,398,170,760</b>	<b>5,108,326,060</b>
Service charges, fees and commissions	27	857,631,877	531,127,752	444,637,070
Gains on foreclosure and sale of property and equipment and foreclosed assets - net	14, 15, 16	340,449,070	274,985,810	58,764,927
Foreign exchange gains - net		150,319,774	48,367,204	48,875,995
Trading and investment securities gains (losses) - net	28	(29,216,561)	(78,709,145)	1,147,573,753
Miscellaneous	31	115,179,381	50,565,323	65,417,725
<b>TOTAL OPERATING INCOME</b>		<b>8,116,641,487</b>	<b>6,224,507,704</b>	<b>6,873,595,530</b>
Compensation and fringe benefits	29	1,904,811,525	1,820,969,091	1,819,392,253
Taxes and licenses	32	947,182,470	802,193,452	830,158,438
Rent and utilities	30	631,549,967	532,283,906	476,343,471
Depreciation and amortization	14, 15, 16	431,663,464	462,532,885	567,850,860
Insurance	18	348,354,755	334,825,533	280,637,960
Service fees and commissions	27	293,329,555	229,706,473	183,373,509
Provision for (reversal of) credit and impairment losses	17	166,210,318	(634,819,513)	962,509,599
Subscription fees		122,534,992	107,646,170	96,595,420
Management and professional fees		108,572,826	85,022,359	79,453,000
Entertainment and recreation		76,226,795	97,393,528	107,304,726
Amortization of software costs	16	73,068,105	53,595,136	45,907,917
Miscellaneous	31	546,579,681	501,811,576	381,759,150
<b>TOTAL OPERATING EXPENSES</b>		<b>5,650,084,453</b>	<b>4,393,160,596</b>	<b>5,831,286,303</b>

Forward



		Years Ended December 31		
	Note	2022	2021	2020
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		P2,466,557,034	P1,831,347,108	P1,042,309,227
SHARE IN NET LOSS OF AN ASSOCIATE	13	133,185	1,039,285	753,029
INCOME BEFORE INCOME TAX EXPENSE		2,466,423,849	1,830,307,823	1,041,556,198
INCOME TAX EXPENSE	32	666,355,249	623,688,658	257,122,410
NET INCOME		P1,800,068,600	P1,206,619,165	P784,433,788
Earnings Per Share Attributable to Equity Holders of the Bank	36			
Basic		P1.24	P1.02	P0.70
Diluted		1.03	0.93	0.70

See Notes to the Financial Statements.



# Statements of Comprehensive Income

	Note	Years Ended December 31		
		2022	2021	2020
<b>NET INCOME</b>		<b>P1,800,068,600</b>	<b>P1,206,619,165</b>	<b>P784,433,788</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that may not be reclassified to profit or loss</b>				
Net change in remeasurement losses on retirement liability	29	184,824,187	186,540,613	(129,089,549)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	10	4,413,992	31,555,000	(412,381)
		<b>189,238,179</b>	<b>218,095,613</b>	<b>(129,501,930)</b>
<b>Items that may be reclassified to profit or loss</b>				
Net change in fair value of debt securities at FVOCI	10	(578,936,156)	(320,194,577)	314,704,714
Net change in fair value of debt securities at FVOCI taken to profit or loss	10	-	68,883,753	(280,743,443)
Net movement in cumulative translation adjustment		(1,131,861)	22,414,831	(17,418,897)
Share in other comprehensive income (loss) of an associate	13	(5,777)	13,468	(3,073)
		<b>(580,073,794)</b>	<b>(228,882,525)</b>	<b>16,539,301</b>
		<b>(390,835,615)</b>	<b>(10,786,912)</b>	<b>(112,962,629)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P1,409,232,985</b>	<b>P1,195,832,253</b>	<b>P671,471,159</b>

See Notes to the Financial Statements.





# Statements of Changes in Equity

	Years Ended December 31									
	Note	Capital Stock (Note 24)	Paid-in Surplus (Note 24)	Surplus Reserves (Note 25)	Retained Earnings (Note 24)	Remeasurement Losses on Retirement Liability (Note 29)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2021		P15,390,777,900	P6,776,694,869	P755,806,267	P852,474,738	(P262,547,387)	(P156,154,761)	P7,010,814	(P1,325,908)	P23,362,733,532
Net income for the year		-	-	-	1,800,068,600	-	-	-	-	1,800,068,600
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	184,824,187	-	-	-	184,824,187
Net change in fair value of equity securities at FVOCI		-	-	-	-	-	4,413,992	-	-	4,413,992
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	(578,936,156)	-	-	(578,936,156)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	-	-	-	-
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(1,131,861)	-	(1,131,861)
Share in other comprehensive loss of an associate		-	-	-	-	-	-	-	(5,777)	(5,777)
Total comprehensive income for the year		-	-	-	1,800,068,600	184,824,187	(574,522,164)	(1,131,861)	(5,777)	1,409,232,985
Issuance of common stock	24	2,806,028,000	452,580,491	-	-	-	-	-	-	3,258,608,491
Transactions within equity:										
Transfer from surplus reserves	25	-	-	227,601,229	(227,601,229)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	-	290,000	-	(290,000)	-	-	-
Balance as at December 31, 2022		P18,196,805,900	P7,229,275,360	P983,407,496	P2,425,229,109	(P77,723,200)	(P730,966,925)	P5,878,953	(P1,331,685)	P28,030,575,008

Forward



Years Ended December 31

	Note	Capital Stock (Note 24)	Paid-in Surplus (Note 24)	Surplus Reserves (Note 25)	Retained Earnings (Note 24)	Remeasurement Losses on Retirement Liability (Note 29)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2020		P11,224,111,200	P5,594,079,646	P395,602,340	(P51,156,715)	(P449,088,000)	P69,657,563	(P15,404,017)	(P1,339,376)	P16,766,462,641
Net income for the year		-	-	-	1,206,619,165	-	-	-	-	1,206,619,165
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	186,540,613	-	-	-	186,540,613
Net change in fair value of equity securities at FVOCI		-	-	-	-	-	31,555,000	-	-	31,555,000
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	(320,194,577)	-	-	(320,194,577)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	68,883,753	-	-	68,883,753
Net movement in cumulative translation adjustment		-	-	-	-	-	-	22,414,831	-	22,414,831
Share in other comprehensive loss of an associate		-	-	-	-	-	-	-	13,468	13,468
Total comprehensive income for the year		-	-	-	1,206,619,165	186,540,613	(219,755,824)	22,414,831	13,468	1,195,832,253
Issuance of preferred stock	24	4,166,666,700	1,233,771,938	-	-	-	-	-	-	5,400,438,638
Transactions within equity:										
Transfer from surplus reserves	25	-	-	360,203,927	(360,203,927)	-	-	-	-	-
Application of paid-in surplus against deficit	24	-	(51,156,715)	-	51,156,715	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	-	6,056,500	-	(6,056,500)	-	-	-
Balance as at December 31, 2021		P15,390,777,900	P6,776,694,869	P755,806,267	P852,471,738	(P262,547,387)	(P156,154,761)	P7,010,814	(P1,325,908)	P23,362,733,532

Forward



Years Ended December 31

Note	Capital Stock (Note 24)	Paid-in Surplus (Note 24)	Surplus Reserves (Note 25)	Retained Earnings (Deficit) (Note 24)	Remeasurement Losses on Retirement Liability (Note 29)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2019	P11,224,111,200	P5,594,079,646	P399,262,743	(P839,250,906) 784,433,788	(P319,998,451)	P36,108,673	P2,014,880	(P1,336,303)	P16,094,991,482 784,433,788
Net income for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year:									
Items that may not be reclassified to profit or loss:									
Net change in remeasurement losses on retirement liability	-	-	-	-	(129,089,549)	-	-	-	(129,089,549)
Net change in fair value of equity securities at FVOCI	-	-	-	-	-	(412,381)	-	-	(412,381)
Items that may be reclassified to profit or loss:									
Net change in fair value of debt securities at FVOCI	-	-	-	-	-	314,704,714	-	-	314,704,714
Net change in fair value of debt securities at FVOCI taken to profit or loss	-	-	-	-	-	(280,743,443)	-	-	(280,743,443)
Net movement in cumulative translation adjustment	-	-	-	-	-	-	(17,418,897)	-	(17,418,897)
Share in other comprehensive loss of an associate	-	-	-	-	-	-	-	(3,073)	(3,073)
Total comprehensive income for the year	-	-	-	784,433,788	(129,089,549)	33,548,890	(17,418,897)	(3,073)	671,471,159
Transactions within equity:									
Transfer from surplus reserves	-	-	(3,660,403)	3,660,403	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	P11,224,111,200	P5,594,079,646	P395,602,340	(P51,156,715) 3,660,403	(P449,088,000)	P69,657,563	(P15,404,017)	(P1,339,376)	P16,766,462,641

See Notes to the Financial Statements.





# Statements of Cash Flows

		Years Ended December 31		
	Note	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax expense		P2,466,423,849	P1,830,307,823	P1,041,556,198
Adjustments for:				
Depreciation and amortization	14, 15, 16	431,663,464	462,532,885	567,850,860
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	14, 15, 16	(340,449,070)	(274,985,810)	(58,764,927)
Interest expense on bonds payable	20	173,783,546	-	-
Provision for (reversal of) credit and impairment losses	17	166,210,318	(634,819,513)	962,509,599
Amortization of software costs	16	73,068,105	53,595,136	45,907,917
Interest expense on lease liabilities	30	28,177,821	35,033,242	42,921,243
Unrealized loss (gain) on financial assets at fair value through profit or loss (FVPL)	28	(3,032,696)	4,189,634	(69,731,751)
Share in net loss of an associate	13	133,185	1,039,285	753,029
Gain on sale of investment securities at amortized cost	28	-	-	(767,033,010)
Loss (gain) on sale of financial assets at fair value through other comprehensive income (FVOCI)	28	-	68,883,753	(280,743,443)
Miscellaneous income	31	-	-	(6,595,120)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Interbank loans receivables	8	-	106,515,133	4,382,274
Financial assets at FVPL		616,927,329	266,617,062	(141,927,841)
Loans and receivables		(31,013,170,773)	(2,049,407,264)	1,142,980,036
Other assets		(147,949,840)	(254,234,814)	(184,442,772)
Increase (decrease) in:				
Deposit liabilities		4,553,416,726	22,608,212,154	25,249,423,016
Manager's checks		(290,006,583)	81,380,889	(53,380,133)
Accrued interest, taxes and other expenses		130,239,910	90,609,895	97,234,086
Other liabilities		1,483,681,802	(386,245,709)	(207,066,635)
Net cash generated from (absorbed by) operations		(21,670,882,907)	22,009,223,781	27,385,832,626
Income taxes paid		(573,609,991)	(366,872,337)	(355,090,693)
Net cash provided by (used in) operating activities		(22,244,492,898)	21,642,351,444	27,030,741,933

Forward



		Years Ended December 31		
	Note	2022	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale or redemption of:				
Investment securities at amortized cost		P59,895,050,000	P15,166,197,000	P20,043,309,156
Financial assets at FVOCI		578,775,000	17,433,761,770	16,022,194,922
Investment properties		299,555,213	308,006,196	50,090,800
Property and equipment		52,892,081	45,240,223	45,448,780
Additions to:				
Investment securities at amortized cost		(69,194,981,330)	(48,933,469,733)	(5,873,014,288)
Financial assets at FVOCI		(1,903,195,601)	(7,358,521,216)	(29,740,895,892)
Property and equipment	14	(182,356,128)	(156,995,689)	(98,228,754)
Software costs	16	(100,896,635)	(48,972,849)	(16,158,782)
Investment properties		(4,932,730)	(1,098,889)	(2,095,772)
Net cash provided by (used in) investing activities		(10,560,090,130)	(23,545,853,187)	430,650,170
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of bonds payable	35	7,427,633,892	-	-
Issuance of common stock		3,258,608,491	-	-
Payment of lease liability	35	(231,255,989)	(223,485,330)	(220,727,602)
Payment of Interest on bonds	20	(106,595,991)	-	-
Issuance of preferred stock		-	5,452,543,902	-
Settlement of bills payable	35	-	(18,675)	(86,420)
Net cash provided by (used in) financing activities		10,348,390,403	5,229,039,897	(220,814,022)
<b>EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>				
		(1,082,325)	22,456,631	(17,460,891)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		(22,457,274,950)	3,347,994,785	27,223,117,190
<b>CASH AND CASH EQUIVALENTS - GROSS AT BEGINNING OF YEAR</b>				
Cash and other cash items		2,747,780,890	2,420,504,742	1,776,398,932
Due from Bangko Sentral ng Pilipinas		45,373,267,996	39,552,550,316	21,958,460,423
Due from other banks		1,039,596,824	1,023,393,720	670,568,456
Interbank loans receivable and securities purchased under resale agreements		19,136,088,591	21,952,290,738	13,320,194,515
		68,296,734,301	64,948,739,516	37,725,622,326
<b>CASH AND CASH EQUIVALENTS - GROSS AT END OF YEAR</b>				
Cash and other cash items		2,735,170,691	2,747,780,890	2,420,504,742
Due from Bangko Sentral ng Pilipinas		23,678,666,441	45,373,267,996	39,552,550,316
Due from other banks		1,044,396,366	1,039,596,824	1,023,393,720
Interbank loans receivable and securities purchased under resale agreements	35	18,381,225,853	19,136,088,591	21,952,290,738
		P45,839,459,351	P68,296,734,301	P64,948,739,516

Forward





	Years Ended December 31		
	2022	2021	2020
<b>CASH FLOWS FROM INTEREST AND DIVIDENDS</b>			
<b>Operating Activities</b>			
Interest received	P6,152,214,757	P5,013,594,767	P5,183,736,446
Interest paid	978,496,764	659,753,395	1,226,602,056
<b>Investing Activities</b>			
Interest received	P1,614,378,153	P988,560,088	P1,049,252,946
Dividends received	1,612,352	5,709,161	12,228,425
<b>Financing Activities</b>			
Interest paid	P135,099,012	P35,396,571	P44,027,424

See Notes to the Financial Statements.





# Notes to the Financial Statements

## 1. Reporting Entity

Bank of Commerce (the "Bank") is a domestic corporation registered with the Securities and Exchange Commission (SEC) on December 16, 1963. The Bank's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on March 31, 2022, as approved by the SEC on February 15, 2022. The Bangko Sentral ng Pilipinas (BSP) approved the upgrade of the Bank's banking license from commercial bank to universal bank on December 23, 2021. On August 11, 2022, the SEC approved the application of the Bank to act as underwriter of securities engaged in dealing government securities. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. On November 2, 2022, the Bank officially started operations as a universal bank.

The Bank provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services. The Bank's principal place of business is at San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City. The Bank has a total of 140 branches nationwide as at December 31, 2022, 2021 and 2020.

San Miguel Properties, Inc. (SMPI) holds 31.91% and 39.89% ownership of the Bank's issued common shares as at December 31, 2022 and 2021, respectively. San Miguel Corporation Retirement Plan (SMCRP) holds 30.84% and 38.54% ownership of the Bank's issued common shares as at December 31, 2022 and 2021, respectively. Each of these shareholders has significant influence over the Bank. SMC Equivest Corporation holds 100% ownership of the Bank's issued non-voting preferred shares as at December 31, 2022 and 2021.

The Bank's original authority for its banking license was approved under Monetary Board (MB) Resolution No. 1045 dated October 4, 1963 as *The Overseas Bank of Manila*. The Bank received its Foreign Currency Deposit Unit (the "FCDU") license and launched its FCDU operations on September 23, 1983. The Bank received its Expanded FCDU license on March 10, 2010. The Bank was renamed Commercial Bank of Manila, Inc. on October 20, 1980, further renamed Boston Bank of the Philippines on July 27, 1988, and finally, Bank of Commerce on November 28, 1991.

Under Section 11, Corporate Term of the Revised Corporation Code issued on February 23, 2019, a corporation shall have perpetual existence unless its articles of incorporation provides otherwise. On January 30, 2020, the Board of Directors (BOD) approved the Amended Articles of Incorporation to reflect that the Bank's term of existence shall be perpetual. The said amendment was approved by the SEC on June 9, 2020.

The financial statements of the Bank were approved and authorized for issue by the BOD on March 15, 2023.



## 2. Basis of Preparation

### Statement of Compliance

The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRSs, which are adopted and issued by the Philippine Financial Reporting Standards Council, consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

### Basis of Measurement

The financial statements of the Bank have been prepared on a historical cost basis, except for the following items:

<u>Items</u>	<u>Measurement Bases</u>
Financial assets and liabilities at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Lease liability	Present value of remaining lease payments, discounted using the Bank's incremental borrowing rate
Net retirement liability	Present value of the defined benefit obligation less fair value of plan assets

### Functional and Presentation Currency

The financial statements include accounts maintained in the Regular Banking Unit (the "RBU") and the FCDU. The functional currency of the RBU and the FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated to their equivalents in PHP. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

All values are rounded to the nearest peso unless otherwise stated.

### Presentation of Financial Statements

The Bank presents its statements of financial position broadly in the order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.





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### 3. Summary of Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the adoption of the following amended standards and framework, which became effective beginning January 1, 2022. Unless otherwise indicated, the adoption of these amended standards and framework did not have an impact on the financial statements of the Bank. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statements of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statements of comprehensive income.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs.
- *Annual Improvements to PFRS Standards 2018-2020*.
  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
  - *Lease Incentives (Amendment to Illustrative Examples Accompanying PFRS 16 Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations)*. The amendments:
  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;



- added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

#### Foreign Currency Transactions and Translation

Foreign exchange differences arising from foreign currency transactions and revaluation and translation of foreign currency-denominated assets and liabilities to functional currency are credited to or charged as part of “Foreign exchange gains - net” account in the statements of income, except for differences arising from the re-translations of equity securities at FVOCI which are recognized directly in “Net change in fair value on equity securities at FVOCI” in other comprehensive income (OCI).

The books of accounts of the FCDU of the Bank are maintained in USD with various transactions in foreign currencies. The foreign currency-denominated income and expenses in the books of accounts are translated into their USD equivalent based on the exchange rates prevailing at the time of transaction. The foreign currency-denominated assets and liabilities at the reporting dates are translated into USD using the Banking Association of the Philippines (BAP) closing rate prevailing at the reporting date.

The foreign currency-denominated monetary assets and liabilities in the RBU are translated to PHP based on the BAP closing rate prevailing at the end of the year. Foreign currency-denominated income and expenses are translated to PHP at the exchange rates prevailing at transaction dates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

For reporting purposes, the FCDU income and expenses are translated to their equivalent in PHP based on the BAP weighted average rate (WAR) for the year. The assets and liabilities of the FCDU at the reporting date are translated into PHP using BAP closing rate at the reporting date. The exchange differences arising from translation (i.e., BAP WAR and BAP closing rate) of FCDU accounts to PHP as presentation currency are taken directly to OCI under “Net movement in cumulative translation adjustment” in the statements of comprehensive income. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statements of income.

#### Financial Instruments - Initial Recognition

- *Date of Recognition*  
Regular way purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Settlement date accounting refers to: (a) the recognition of an asset on the day it is received by the Bank, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Bank. Deposit liabilities, bills payable, and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.

Derivatives are recognized on trade date basis. Trade date is the date when an entity commits itself to purchase or sell an asset. Trade date accounting refers to: (a) the recognition of an asset to be received or the liability to be paid on the trade date, and (b) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on trade date.

▪ *Initial Recognition of Financial Instruments*

All financial instruments, whether financial assets or liabilities, are initially measured at fair value. Except for financial assets and liabilities valued at FVPL, initial measurement includes transaction costs.

Financial Instruments - Classification and Subsequent Measurement

*Financial Assets*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them.

The Bank's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are for sole payment of principal and interest (SPPI). This assessment is referred to as the SPPI test and is performed at an instrument level.

*Business Model Assessment*

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level, not on an instrument-by-instrument basis, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If the cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial asset held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *SPPI Test*

As part of the Bank's classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a "more than de minimis" exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

The Bank's measurement categories for financial assets are described below:

#### *(i) Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading purposes, financial assets designated upon initial recognition at FVPL or financial assets mandatorily required to be measured at fair value. Equity securities are classified as financial assets at FVPL, unless the Bank designates an equity security that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.



Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt securities to be classified at amortized cost or at FVOCI, as described in succeeding sections, debt securities may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are initially recognized and subsequently measured at fair value in the statements of financial position, with transaction costs recognized in the statements of income. Gains and losses arising from changes in the fair value of financial assets at FVPL and gains and losses arising from disposals of these securities are recognized under "Trading and investment securities gains (losses) - net" account in the statements of income. Interest earned or incurred is recorded as interest income or interest expense, respectively, while dividend income is recorded under "Miscellaneous income" account in the statements of income when the right to receive payment has been established.

Financial assets at FVPL include government and private debt securities held for trading, derivative instruments and debt securities that do not meet the SPPI test. Most of the Bank's derivative trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also take positions with the expectation of profiting from favorable movements in prices, rates or indices. The Bank is a counterparty to derivative contracts, such as currency forwards and warrants.

(ii) *Financial Assets at Amortized Cost*

The Bank measures debt financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included under "Interest income" in the statements of income. Gains and losses are recognized in the statements of income when the financial asset is derecognized, modified or impaired, as well as through the amortization process. The losses arising from expected credit losses (ECL) is recognized under "Provision for credit and impairment losses" account, while reversals of ECL are recognized under "Reversal of credit and impairment losses" account. The two accounts are netted off in the statements of income. The effects of revaluation on foreign-currency denominated financial assets are recognized under "Foreign exchange gains - net" account in the statements of income.

The Bank's financial assets at amortized cost include cash and other cash items (COCI), exclusive of cash on hand, amounts due from Bangko Sentral ng Pilipinas (BSP) and other banks, interbank loans receivable and securities purchased under resale agreements (SPURA), investment securities at amortized cost, loans and receivables from customers, sales contract receivables, unquoted debt securities, accrued interest receivable, accounts receivable and other receivables.

The Bank may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As at December 31, 2022 and 2021, the Bank has not made such designation.

*(iii) Financial Assets at FVOCI*

▪ *Debt Securities*

The Bank measures debt securities at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt securities at FVOCI are subsequently measured at fair value with unrealized gains and losses arising from fair valuation recognized in OCI under the 'Net unrealized losses on financial assets at FVOCI' account in the equity section of the statements of financial position. Interest income and foreign exchange gains and losses are recognized in the statements of income in the same manner as for financial assets measured at amortized cost. The ECL arising from impairment of such investments are recognized in the statements of income with a corresponding charge to "Provision for credit and impairment losses" account if the resulting ECL is impairment losses and to "Reversal of credit and impairment losses" if the resulting ECL is reversal of impairment. Other fair value changes to measure the instrument at fair value is recognized in OCI.

Upon derecognition, the cumulative gains or losses previously recognized in OCI are recognized under "Trading and investment securities gains (losses) - net" account in the statements of income.

▪ *Equity Securities*

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity securities as at FVOCI. Designation as at FVOCI is not permitted if the equity security is held for trading.

Equity securities designated at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in OCI under “Net unrealized losses on financial assets at FVOCI” account in the equity section of the statements of financial position. Dividends earned on holding equity securities designated at FVOCI are recognized in the statements of income as “Miscellaneous income” when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in OCI is reclassified to “Retained earnings” account in the equity section of the statements of financial position. Equity securities designated at FVOCI are not subject to impairment assessment.

The Bank designated all equity securities that are not held for trading as at FVOCI on initial application of PFRS 9, Financial Instruments.

#### *Financial Liabilities*

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or at FVPL.

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVPL. Financial liabilities measured at FVPL consists of: (a) financial liabilities held-for-trading, including derivative liabilities that are not accounted for as hedging instruments; and (b) financial liabilities designated at fair value through profit or loss.

The Bank may, at initial recognition, irrevocably designate financial liabilities as measured at FVPL.

The Bank’s financial liabilities at amortized cost include deposit liabilities, bills payable, bonds payable, manager’s checks, lease liabilities, accrued interest and other expenses (except accrued employee and other benefits and accrued taxes payable) and other liabilities (except withholding tax payable, retirement liability and ECL on off-balance sheet exposures).

Financial liabilities at FVPL include derivative liabilities held-for-trading arising from cross-currency swap and forward contracts. Similar to derivative assets, any gains or losses arising from changes in fair values of derivative liabilities are taken directly to “Foreign exchange gains - net” in the statements of income. Derivatives are carried as liabilities when the fair value is negative.

#### *Reclassification of Financial Assets and Liabilities*

The Bank can reclassify financial assets if the objective of its business model for managing the financial asset changes. Reclassification of financial assets designated at FVPL or equity securities at FVOCI at initial recognition is not permitted.

A change in the objective of the Bank’s business model will be effected only at the beginning of the next reporting period following the change in the business model.

Financial liabilities are not reclassified.



## Modifications of Financial Assets and Financial Liabilities

### *Financial Assets*

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in the statements of income and expenses as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

To determine whether a modification of a financial asset is substantial or non-substantial, the guidance set out in this policy should be applied. Where it is not clear whether a “substantial modification” has occurred based on the application of this guidance, a 10.0% net present value change (equivalent to the PFRS 9 - test for financial liabilities) should be applied as a backstop.

In some cases, whether or not a modification is substantial will be clear with little or no analysis while in others a high degree of judgment may be required.

The modification of a financial asset could involve one or both of the following:

- (a) Changes in contractual terms that have a direct impact on the contractual cash flows. For example: changes to limit, tenor (maturity), interest rate, currency, or introduction or removal of features that give rise to cash flows other than payments of principal and interest on the principal amount outstanding;
- (b) Changes in contractual terms that do not have a direct impact on the contractual cash flows. For example: changes in security, collateral or other credit enhancements that change the credit risk associated with the loan.

Based on the Bank’s policy, the delineation between substantial and non-substantial modifications should focus on category (a) modifications, specifically changes in credit limit, tenor, currency or SPPI characteristics.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original EIR of the asset and recognizes the resulting adjustment as a modification gain or loss in the statements of income.

For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out because of the financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

#### *Financial Liabilities*

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in the statements of income. Consideration paid included non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognized in the statements of income. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining terms of the modified financial liability by re-computing the EIR on the instrument.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Bank has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of ownership of the asset; or (b) has neither transferred nor retained the risks and rewards of ownership of the asset but has transferred the control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of income.

### Impairment of Financial Assets

The Bank recognizes ECL for loan and other debt financial assets at amortized cost and at FVOCI, together with loans commitments and financial guarantee contracts. No impairment loss is recognized on equity securities.

### *Expected Credit Loss Methodology*

The Bank measures ECL in a way that 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 about past events, current conditions and forecasts of future economic conditions. PFRS 9 requires a loss allowance to be recognized at an amount equal to either the 12-month ECL or lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date.

### *Staging Assessment*

For non-impaired financial instruments:

- Stage 1: Comprised of performing financial instruments which have not experienced SICR since initial recognition or have low credit risk as of reporting date. This stage recognizes a 12-month ECL for the financial instruments categorized under this group.
- Stage 2: Comprised of under-performing financial instruments which have experienced a SICR since initial recognition, but do not have objective evidence of impairment. This stage recognizes a lifetime ECL for the financial instruments categorized under this group.

For credit-impaired financial instruments:

- Stage 3: Comprised of non-performing financial instruments with one or more loss events occurring since the original recognition or assets with objective evidence of impairment at reporting date. Financial instruments falling within this stage have objective evidence of impairment thus requiring the recognition of lifetime ECL.



### *Definition of “Default” and “Cure”*

The Bank generally classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days, considered non-performing, under litigation or is classified as doubtful or loss. In assessing whether a borrower is in default, the Bank considers indicators that are qualitative (i.e., breach of covenant) and quantitative (i.e., overdue status and non-payment on another obligation of the same borrower/issuer to the Bank). An instrument is considered to be no longer in default (i.e., to have cured) when there is sufficient evidence to support that full collection of principal and interests is probable and payments are received for at least six (6) months. This definition is consistent with the definition of non-performing loans (NPL) under Section 304 of the Manual of Regulations for Banks (MORB), *Past Due Accounts and Non-Performing Loans*.

### *Credit Risk at Initial Recognition*

The Bank makes full use of its Internal Credit Risk Rating System (ICRRS) for corporate loans and credit scorecards for consumer loans to determine the credit risk of exposures at initial recognition. The ICRRS is devised to assess the level of risk associated with each borrower using a combination of both quantitative and qualitative factors. Subsequent credit assessments and approvals are also considered in determining the credit risk. On the other hand, credit scorecard is a tool used to evaluate the credit risk associated to individual customers. Customer-specific factors and internal data are taken into consideration to calculate a credit score. The credit decision is based on the output of the credit score and policy rules.

### *Significant Increase in Credit Risk*

The definition of a SICR varies by portfolio where the determination of the change in credit risk includes both the quantitative and qualitative factors.

The Bank applies the movement in its Corporate Loan account's credit risk rating and assessment of breach in watchlist triggers to indicate a possible significant credit downgrade or upgrade through a risk rating matrix. For the remaining portfolios, the Bank considers that a SICR occurs no later than when an asset is more than 30 days past due. The total number of days past due is determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Furthermore, the Bank's internal credit assessment may consider a counterparty to have a SICR since initial recognition if it is identified to have well-defined credit weaknesses. These may include adverse changes in the financial, managerial, economic and/or political nature of a business. Credit weakness can be established by an unsatisfactory track record that merits close monitoring and attention from management.

If there is evidence that there is no longer a SICR relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. For unrated financial instruments, the SICR is measured using the number of days past due which is also consistent with the staging criteria presented above.

### *ECL Parameters and Methodologies*

ECL is a function of the following credit risk parameters:

#### (a) Probability of Default (PD)

The PD is the measure of likelihood that a borrower will be unable to settle his obligation/s on time and in full over a given time period, either over the next 12 months (12-month PD) or over the remaining life (Lifetime PD) of the loan obligation. The Bank currently uses its ICRRS, credit scorecards and other relevant drivers of default to segment exposures with homogenous risk characteristics.

Point-in-Time (PiT) PD calibration is done to reflect the current trends in business and credit cycle. Macroeconomic forecasts are incorporated to come up with PiT PDs that are unbiased and forward-looking projections of future default risk.

(b) Loss Given Default (LGD)

LGD measures the percentage amount of credit losses incurred and not recovered at the time of default. LGD estimation is based on historical cash flow recoveries. Calculation of the LGD is adjusted for some assets to consider cashflow recoveries on collateral. For some financial assets, the Bank supplemented internal assessments with regulatory thresholds to arrive at the LGD assumption.

LGD estimation also considers the present value calculation and cost adjustment in determining the recoveries.

(c) Exposure at Default (EAD).

EAD is defined as the outstanding amount of credit exposure at the time of default. EAD is estimated by modelling the historical data on both the actual drawn and undrawn amounts for each credit facility. When estimating EAD, several factors are taken into account, including the length of time for which the estimation is being made, the predicted cash flows until the point of default, and the remaining duration of the loan. This provides a more robust estimate of the total amount the Bank is exposed to.

*Forward-looking Information*

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL.

The Bank enhanced its ECL methodology by incorporating multiple future macroeconomic expectations in order to estimate credit losses on the basis of probability-weighted outcomes. The Bank has performed statistical analysis of historical data to determine which macroeconomic variables (MEVs) are correlated with the performance of specific loan portfolios. The MEVs considered were obtained using publicly available sources such as BSP and Philippine Statistical Association. A broad range of forward looking information are assessed as economic inputs. Based on historical data analysis, the Bank found significant relationships between MEVs and credit risk which vary by product type. Forward looking MEVs used include Wholesale Price Index, Interest Rate, Philippine Stock Index, Exchange Rate, Consumer Price Index, and Cash Remittances. The selected MEVs were confirmed using experienced credit judgment.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### *Restructured Loans*

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and the future payments are likely to occur. When the loan has been restructured but not derecognized, the Bank also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

### *Write-offs*

Financial assets are written off either partially or in full when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included under "Miscellaneous income" in the statements of income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

### 'Day 1' Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) as part of current operations in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized as part of current operations in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

### Offsetting

Financial assets and liabilities are offset with the net amount reported in the statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, as the related assets and liabilities are presented gross in the statements of financial position.

As at December 31, 2022 and 2021, the Bank did not have any financial instrument that qualified for offsetting.

Income and expenses are presented on a net basis only when permitted by the accounting standards.



### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include COCI, amounts due from BSP and other banks and interbank loans receivable and SPURA with original maturities of three months or less from dates of placement and that are subject to insignificant risk of changes in value.

COCI consist of cash on hand and checks and other cash items. Cash on hand refers to the total amount of cash in the Bank's vault in the form of notes and coins under the custody of the cashier/cash custodian or treasurer, including notes in the possession of tellers and those kept in automated teller machines (ATMs).

### Repurchase and Reverse Repurchase Agreements

Securities sold under repurchase agreements (SSURA) at a specified future date ("repos") are not derecognized from the statements of financial position. The corresponding cash received, including accrued interest, is recognized in the statements of financial position as liability of the Bank, reflecting the economic substance of such transaction.

Conversely, SPURA to resell at a specified future date ("reverse repos") are not recognized in the statements of financial position. The corresponding cash paid, including accrued interest, is recognized in the statements of financial position as securities purchased under resale agreement, and is considered as a loan to the counterparty. The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. The difference between the purchase price and resale price is treated as interest income in the statements of income and is amortized over the life of the agreement using the effective interest method.

### Financial Guarantees and Undrawn Loan Commitments

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual values of undrawn loan commitments, where the loans agreed to be provided are on market terms, are not recorded in the statements of financial position. These contracts are in the scope of the ECL requirements where the Bank estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to loan commitments is recognized under "Other liabilities" in the statements of financial position.

In the ordinary course of business, the Bank issues financial guarantees in favor of other parties. Financial guarantees are initially recognized in the financial statements at fair value, and the initial fair value is amortized over the life of the financial guarantee in accordance with PFRS 15. The financial guarantee is subsequently carried at the higher of the amount of loss allowance determined in accordance with the ECL model and the amount initially recognized, less when appropriate, the cumulative amount of income recognized in accordance with PFRS 15.

### Investment in an Associate

An associate is an entity over which the Bank has significant influence but no control. This is a rebuttable presumption in case the equity interest of the Bank in an entity is between 20.0% and 50.0%. The Bank's equity investment in BIC Management and Consultancy, Inc. (formerly Bancommerce Investment Corporation) (BIC) represents 24.26% of BIC's capital stock. Accordingly, the Bank's equity investment in BIC is treated as an investment in an associate accounted for under the equity method of accounting since there is no indication of control.

Under the equity method, an investment in an associate is carried in the statements of financial position at cost plus post-acquisition changes in the Bank's share in the net assets of the associate. The Bank's share in an associate's post-acquisition profits or losses is recognized in the statements of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in equity.

When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Bank and an associate are eliminated to the extent of the Bank's interest in the associate.

The reporting period of BIC is on a calendar year basis. BIC's accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

#### Property and Equipment

Land is stated at cost less any impairment in value. Depreciable properties including buildings, furniture, fixtures and equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, and any costs that are directly attributable to bringing the property and equipment to its location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put to operation, such as repairs and maintenance, are normally charged against operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in the increase in the future economic benefits to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the terms of the related lease, whichever is shorter.

Estimated useful lives of property and equipment are as follows:

	Years
Building	50
Furniture, fixtures and equipment	3 - 7
Leasehold improvements	5 - 15

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of income in the period the asset is derecognized.

The asset's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each reporting date.

### Investment Properties

Investment properties are composed of assets acquired from foreclosure or *dacion en pago* and land and building that are vacant and no longer used for administrative purposes (previously owner-occupied property), and are initially measured at cost including transaction costs. An investment property acquired through an exchange transaction is initially recognized at the fair value of the asset acquired unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as "Gain on foreclosure" under "Gain on foreclosure and sale of property and equipment and foreclosed assets - net" in the statements of income. Foreclosed properties are classified under "Investment properties" upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure;  
or
- notarization of the Deed of Dacion in case of payment in kind (*dacion en pago*).

The Bank applies the cost model in subsequently measuring its investment properties. Land is carried at cost less any impairment in value and depreciable properties acquired are carried at cost. Cost is the fair value of the asset at acquisition date, less any accumulated depreciation and any impairment in value. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of cost of the investment properties.

Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or 10 years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the start of owner-occupation or of development with a view to sell.

Repairs and maintenance costs relating to investment properties are normally charged to statements of income in the period in which the costs are incurred.

An investment property is derecognized when it has either been disposed of or when it is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

### Other Properties Acquired

Other properties acquired, included under "Other assets" account in the statements of financial position, include chattel mortgage properties foreclosed in settlement of loan receivables. The Bank applies the cost model of accounting for these assets. Under the cost model, these assets are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value.



Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or three years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of other properties acquired.

The carrying values of the other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

An item of other properties acquired is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

#### Intangible Assets

Intangible assets consist of software costs and branch licenses. Intangible assets acquired separately, included under "Other assets" account in the statements of financial position, are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. Internally generated intangible assets are not capitalized but recognized in the statements of income in the period when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statements of income under the expense category consistent with the function of the intangible asset. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income in the period when the asset is derecognized.

#### *Branch Licenses*

Branch licenses are granted by the BSP and capitalized on the basis of the costs incurred to acquire and bring to use in operation. Branch licenses are determined to have indefinite useful lives and are tested for impairment annually.

#### *Software Costs*

Software costs include costs incurred relative to the purchase of the Bank's software and are amortized on a straight-line basis over 5 years. Software costs are carried at cost less accumulated amortization and any impairment in value.

### Impairment of Investment in an Associate and Non-financial Assets

#### *Investment in an Associate, Property, Equipment and Right-of-Use Assets, Investment Properties, Other Properties Acquired and Intangible Assets under "Other Assets"*

At each reporting date, the Bank assesses whether there is any indication of impairment on investment in an associate, property, equipment and right-of-use assets, investment properties, other properties acquired and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the net recoverable amount.

The net recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the net recoverable amount is assessed as part of the cash-generating unit to which it belongs. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit while fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties less any costs of disposal. Where the carrying amount of an asset (or cash-generating unit) exceeds its net recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged against operations in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that the previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the net recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's net recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its net recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Fair Value Measurement

The Bank measures financial instruments, such as, financial assets and liabilities at FVPL, financial assets at FVOCI and net retirement liability which is measured at present value of the defined benefit obligation less fair value of plan assets, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 6.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### Fair Value Hierarchy

The majority of valuation models deploys only observable market data as inputs. This has not changed as a result of COVID-19, however the Bank has considered the impact of related economic and market disruptions on fair value measurement assumptions and the appropriateness of valuation inputs, notably valuation adjustments, as well as the impact of COVID-19 on the classification of exposures in the fair value hierarchy.

The Bank evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

For certain financial instruments, the Bank may use data that is not readily observable in current markets. If the Bank uses unobservable market data, then the Bank needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Bank derives unobservable inputs from other relevant market data and compares them to observed transaction prices where available.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).



- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External appraisers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. In particular, the external appraisers must hold a recognized and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

Valuation from external appraisers are subject to quality assurance by the Bank to ensure that the minimum requirements and standards for appraisals are met. The minimum requirements and standards entail consistency and accuracy of the information in the appraisal reports. The appraisal undertaking must comply with the provisions of the Philippine Valuation Standards (PVS). Market value is defined by PVS as the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 6.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the income can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable.

#### *Determining whether the Bank is acting as a Principal or an Agent*

The Bank assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

- whether the Bank has primary responsibility for providing the services;
- whether the Bank has discretion in establishing prices; and
- whether the Bank has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.

The Bank has determined that it is acting as a principal in its revenue arrangements except for activities where the Bank acts in a fiduciary or custodian capacity such as nominee, trustee, or agent. Income from fiduciary and custodianship activities are included under "Service charges, fees and commission" account in the statements of income.

The following specific recognition criteria must also be met before revenue is recognized:

#### *Revenues Within the Scope of PFRS 15*

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

#### *Service Charges and Penalties*

Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability. This arises from deposit-related processing transactions and charges from late payments on loans and drawing against insufficient funds of depositors.

#### *Fees and Commissions*

##### *(i) Fee Income Earned from Services that are Provided over a Certain Period of Time*

Fees earned for the provision of services over a period of time are accrued over that period. These include guarantee fees, credit related fees, investment fund fees, custodian fees, fiduciary fees, portfolio and other management fees. Commitment fees for facilities where a drawdown is not generally expected must be recognized over the facility period. If a drawdown is expected and the commitment expires without the Bank making the loan, the commitment fees are recognized as fee income on expiry of the scheduled drawdown.

##### *(ii) Fee Income Earned from Providing Transaction Services*

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as underwriting fees and brokerage fees for the arrangement of the acquisition of shares or other securities are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance obligation are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statements of income when the syndication has been completed and the Bank retains no part of the loans for itself or retains a part of the loan at the same EIR as the other participants.

#### *Discounts Earned and Awards Revenue on Credit Cards*

Discounts received are taken up as income upon receipt from member establishments of charges arising from credit availments by the Bank's cardholders. These discounts are computed based on certain agreed rates and are deducted from the amounts remitted to the member establishments. These also include interchange income from transactions processed by Mastercard, a card network, and fees from cash advance transactions of cardholders.

The amount allocated to the loyalty program is deferred and recognized as revenue when the award credits expire or the likelihood of the customer redeeming the loyalty points becomes remote. Award credits under customer loyalty program are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated based on the estimated stand-alone selling prices. Income generated from customer loyalty program is included under 'Service charges, fees and commissions' in the statements of income.

#### *Other Income*

Income from the sale of services is recognized upon completion of the service. Income from sale of properties is recognized when control over properties transfers to the recipients, measured as the difference between the transaction price and the properties' carrying amounts and presented under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" in the statements of income.

#### *Revenues Outside the Scope of PFRS 15*

##### *Interest Income*

Interest income is recognized in the statements of income for all financial assets measured at amortized cost and debt securities at FVOCI as they accrue, using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all the contractual terms of the financial instruments including any fees or incremental costs that are directly attributable to the instrument and are integral part of the EIR, but not future credit losses. The EIR is established on initial recognition of the financial asset and liability and is not revised subsequently, except for repricing loans. The carrying amount of the financial asset or liability is adjusted if the Bank revises its estimates of payments or receipts. The change in carrying amount is recognized in the statements of income as interest income or expense.

Interest on interest-bearing financial assets at FVPL is recognized based on the contractual rate.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a certain percentage of cost. The excess over cost is credited to 'Unearned discount' and is shown as a deduction from 'Loans and receivables' in the statements of financial position. The unearned discount is taken up to interest income over the installment term and is computed using the effective interest method.

##### *Trading and Investment Securities Gains or Losses*

Trading and investment securities gains or losses represent results arising from disposal of debt securities at FVOCI and trading activities (realized gains and losses) and from the changes in fair value of financial assets and liabilities at FVPL (unrealized gains or losses).

##### *Dividends*

Dividends are recognized when received or when the Bank's right to receive the dividends is established.

##### *Rental Income*

Payments received under operating lease arrangements are recognized in the statements of income on a straight-line basis over the term of the lease.

### *Recovery on Charged-off Assets*

Income arising from collections on accounts or recoveries from impairment of items previously written off is recognized in the statement of income in the year of recovery.

### Expense Recognition

Expense is recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen to the Bank and can be measured reliably.

### *Interest Expense*

Interest expense for all interest-bearing financial liabilities is recognized in "Interest expense" in the statements of income using the EIR of the financial liabilities to which they relate.

### *Other Expenses*

Other expenses include losses and expenses that arise in the ordinary course of business of the Bank and are recognized when incurred.

### Employee Benefits

#### *Short-term Employee Benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has presented legal or constructive obligation to pay this amount as a result of past service provided by the employer and the obligation can be estimated reliably.

#### *Retirement Benefits*

The Bank has a funded, noncontributory defined benefit plan administered by a trustee. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The retirement cost is generally funded through payments to a trustee-administered fund, determined by annual actuarial calculations.

The retirement benefits liability recognized in the statements of financial position in respect of the defined benefits retirement plan is the present value of the defined benefits obligation at the valuation date less the fair value of plan assets. The defined benefits obligation is calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rate on high quality 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 retirement liability.



Remeasurements of the defined benefit liability, which include actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Bank determines the net interest expense (income) on the retirement 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 retirement benefit liability (asset), taking into account any changes in the retirement liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statements of income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statements of income. The Bank recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Equity

“*Capital Stock*” is recorded at par for all shares issued and outstanding.

“*Paid-in Surplus*” represents the proceeds in excess of par value. Incremental costs incurred which are directly attributable to the issuance of new shares are charged to “*Paid-in surplus*”.

“*Retained Earnings (Deficit)*” represents the accumulated earnings (losses) of the Bank.

“*Surplus Reserves*” represent the appropriation of retained earnings in relation to allowance for credit losses which are less than the 1.0% general provision prescribed by the BSP for regulatory purposes, 10.0% of the Bank’s profit from trust business, and self-insurance of the Bank.

### Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Bank as Lessee*

At the commencement or upon modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises, the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove any improvements made. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Bank’s incremental borrowing rate.

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase, extension or termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents the right-of-use assets in “Property, Equipment and Right-of-Use Assets” while lease liabilities are included under “Other liabilities” in the statements of financial position.

#### *Short-term Leases and Leases of Low-value Assets*

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as a rent expense on a straight-line basis over the lease term.

#### *Bank as a Lessor*

At the inception or upon modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank is a party to operating leases as a lessor. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rentals are recognized as income in the period in which they are earned.

## Income Tax Expense

### *Current Tax*

Current income tax is the expected tax payable on the taxable income for the year using the tax rates enacted at the reporting date. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

### *Deferred Tax*

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. These reflect uncertainty related to income taxes, if there is any.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

## Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to current operations, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

## Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

### Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

### Events After the Reporting Date

Post year-end events that provide additional information about the Bank's 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 the financial statements when material.

### Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

### Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Bank has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have significant impact on the Bank's financial statements.

#### *Effective January 1, 2023*

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;



- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

#### *Effective January 1, 2024*

- *Classification of Liabilities as Current or Non-current - 2020 Amendments and Non-Current Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1 Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

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#### 4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### Significant Judgments

In the process of applying the Bank's accounting policies, management has made the following significant judgments, apart from those involving estimations, which may have the most significant effect on amounts recognized in the financial statements:

##### a) *Leases*

###### *Bank as Lessee*

The Bank leases properties, land and buildings for the premises it uses for its operations.

The Bank recognizes right-of-use assets and lease liabilities for most leases - on-balance sheet leases. However, the Bank has elected not to recognize right-of-use assets and lease liabilities for leases involving assets of low value. The same policy is likewise applied for short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant judgment was exercised by the Bank in determining the discount rate to be used in calculating the present value of right-of-use assets and lease liabilities. The discount rate is represented by the incremental borrowing rate which is Bloomberg Valuation (BVAL) rate and credit spread as determined by the Bank.

The carrying amounts of right-of-use assets and lease liabilities are disclosed in Notes 14 and 22, respectively.

### *Bank as Lessor*

The Bank has entered into commercial property lease agreements for its property and equipment, and investment properties. The Bank has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating lease agreements.

In determining whether or not a lease should be treated as an operating lease, the retention of ownership title to the leased property, period of lease contract relative to the estimated economic useful life of the leased property and bearer of executory costs, among others, are considered.

### *b) Business Model Assessment*

The Bank manages its financial assets based on the business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investing and trading activities consistent with its risk appetite.

The Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Bank. The level of aggregation at which the business model is applied is based on the specific activities being undertaken by each business unit of the Bank to achieve its stated objectives and other relevant factors such as risks affecting the business model, key performance indicators in evaluating the business model, and how managers of the business are compensated.

The Bank assesses the performance of each business model by considering the activities undertaken by the business models, placing the appropriate key performance indicators and monitoring the frequency of sales activities. PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers facts and circumstances present to assess whether an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a hold-to-collect business model and whether the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.

c) *Testing the Cash Flow Characteristics of Financial Assets*

In determining the classification of financial assets under PFRS 9, the Bank assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e., cash flows that are non-SPPI, does not meet the amortized cost and FVOCI criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

d) *Functional Currency*

PAS 21, *The Effects of Changes in Foreign Exchange Rates* requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- the currency that mainly influences sales prices for financial instruments and services;
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstance relevant to the Bank, the functional currency of the Bank's RBU book of accounts and FCDO book of accounts have been determined to be PHP and USD, respectively.

PHP and USD are the currencies of the primary economic environment in which the Bank operates. These are the currencies that mainly influence the income and costs arising from the Bank operations.

e) *Provisions and Contingencies*

The Bank, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgment is exercised by management to distinguish between provisions and contingencies (see Note 38).



## Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

### (i) *Expected Credit Losses on Financial Assets, Loan Commitments and Financial Guarantees*

The Bank reviews its financial assets at amortized cost and debt securities at FVOCI, loan commitments and financial guarantees to assess the amount of credit losses to be recognized in the statements of financial position at least on an annual basis or more frequently, as deemed necessary. The measurement of ECL under PFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a SICR. These estimates are driven by a number of factors, changes to which can result in different levels of allowances.

The ECL methodology of the Bank was optimized to recalibrate and improve the accuracy of the ECL models using updated data. Significant factors affecting the estimates on the enhanced ECL model include:

- The default and credit impaired financial assets were aligned across all credit portfolios;
- PD segmentation was based on the staging criteria (i.e., delinquency age buckets, internal credit risk ratings and loan status);
- The LGD takes into account post-default relevant information such as cost of recoveries and curing rate. LGD was adjusted to its present value of expected cash flows using risk-adjusted interest rate. The final LGD estimates were pooled by collateral type;
- EAD estimates consider (a) time horizon for which EAD needs to be estimated, (b) projected cash flows until the estimated point of default and (c) remaining loan term;
- The Bank used three economic scenarios to arrive at probability-weighted ECL estimates. These scenarios represent a most likely outcome (that is, the 'Baseline' or central scenario) and two less likely scenarios on the either side of the central (that is, the 'Optimistic' and 'Pessimistic', respectively). The scenario weights were developed based on the relative frequency distribution of historical GDP data. Both the 'Optimistic' and 'Pessimistic' scenarios reflect the lower and upper levels whereas the 'Baseline' scenario represents the central distribution; and
- The impact of Covid-19 has been appropriately incorporated in the impairment allowance calculation using more recent data. The Bank has updated the macroeconomic expectations in the model to consider the effects of Covid-19 pandemic situation.

In 2022, the ECL methodology of the Bank was validated by an external validator. Changes brought upon by the model validation are the following:

- The PD calculation template was aligned with the model documentation;
- The migration rates used for the LGD calculation of the Corporate, Auto, Housing, Salary, Personal and Benefit loans were also aligned with the model documentation; and
- Aligned the logical trend of Optimistic, Baseline, and Pessimistic scenarios using historical data.

Refer to Notes 3 and 5 for the detailed discussions of the inputs, assumptions and estimation uncertainty used in measuring ECL under PFRS 9. The related allowance for credit losses subject to ECL are disclosed in Note 17.

*(ii) Fair Value of Financial Instruments*

Where the fair values of financial assets and liabilities (including derivatives) recognized in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

*(iii) Impairment of Investment in an Associate and Non-financial Assets*

Investment in an Associate, Property, Equipment and Right-of-Use Asset, Investment Properties, Other Properties Acquired, and Intangible Assets under "Other Assets"

The Bank assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- a) significant underperformance relative to expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its net recoverable amount. Net recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The carrying values of investment in an associate, property, equipment and right-of-use assets, investment properties, other properties acquired and intangible assets under "Other Assets" are disclosed in Notes 13, 14, 15 and 16, respectively.

*(iv) Estimated Useful Lives of Property and Equipment, Investment Properties, Other Properties Acquired and Software Costs*

The useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from property and equipment and computer software.

The estimated useful lives of property and equipment, investment properties, other properties acquired and software costs are disclosed in Note 3.

*(v) Recognition of Deferred Tax Assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable income will be available against which the related tax benefits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the forecasted timing and amount of future taxable income together with future tax planning strategies.

The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized and the unrecognized deferred tax assets are disclosed in Note 32.

*(vi) Present Value of Retirement Benefit Obligation*

The cost of retirement benefits and other post-employment benefits are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the prevailing market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. The present value of the Bank's retirement obligation and the fair value of plan assets are disclosed in Note 29.

*(vii) Contingencies*

The Bank is currently involved in various legal proceedings. The probable costs for the resolution of these proceedings has been estimated by management, in consultation with the legal counsels handling the Bank's legal defense in these matters, and is based upon an analysis of potential results.

Management currently does not believe that these proceedings will have a material adverse effect on the Bank's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 38).

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## **5. Financial Risk Management Objectives and Policies**

### Introduction

The business of banking involves financial risks which must be measured, monitored and managed by an effective risk management system embedded throughout the whole organization. Effective risk management ensures that financial risks are properly identified, assessed, measured and managed. The diligent monitoring and management of all financial risks, notably credit, interest rate risk in the banking book (IRRBB), market and liquidity risk require the development of a risk-conscious culture that will influence daily business activities and decision-making.

The Bank believes that effective risk management will not only minimize potential or actual losses but will also optimize earnings by correctly pricing its products and services commensurate to the risks taken. Its risk mission and objectives are to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities.

#### Risk Management Structure

The BOD is ultimately responsible for identifying and controlling risks. However, there are separate independent units at the BOD and management levels, which are responsible for managing and monitoring financial risk.

#### *Board of Directors*

The BOD is primarily responsible for the sound governance of the Bank, promotion of the highest standards of ethics and integrity. It approves and oversees the implementation of the Bank's strategic objectives and establishes and maintains sound risk management system for the whole institution. The BOD approves and reviews the institutional tolerance for risks, business strategies and risk philosophy.

#### *Corporate Governance Committee*

The Corporate Governance Committee is tasked to assist the BOD in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of the Bank's Compliance System. It is responsible for ensuring due observance of corporate governance principles and guidelines across the Bank.

#### *Related Party Transactions Committee (RPTCom)*

The RPTCom assists the BOD in fulfilling its responsibility of ensuring that transactions with related parties are arm's length. It covers proper identification of related parties, recording and vetting of transactions with them including disclosures in financial reports, which must be consistent with relevant legal and regulatory requirements, and Bank policies.

#### *Audit Committee*

The Audit Committee represents and assists the BOD in its general oversight of the Bank's financial reporting policies, practices and control and internal and external audit functions. It oversees the relationship with the independent external auditors, receives information and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors, taking into account the information it receives, discussions with the auditors, and the experience of the Committee's members in business, financial and accounting matters.

#### *Board Risk Oversight Committee (BROC)*

The BROC, a sub-committee of the BOD, oversees the Bank's risk management system. It has the power to approve procedures for implementing risk and capital management policies. The BROC shall assist the BOD with its oversight function to identify and evaluate risk exposures, develop risk management strategies, implement and periodically review the risk management framework and promote a risk management culture in the Bank.

#### *Risk Management Division (RSK)*

The RSK is responsible for the creation and oversight of the Bank's corporate risk policy. It is responsible for making recommendations to the BOD on corporate policies and guidelines for risk measurement, management and reporting. It also reviews the system of risk limits, compliance to said limits and validates the reports of the risk-taking personnel. The RSK reports to the BROC.



#### *Asset Liability Management Committee (ALCO)*

The ALCO is responsible for setting, developing and implementing the Bank's Asset Liability Management (ALM) and hedging policy. It also reviews the allocation of resources, pricing of products and foreign exchange position of the Bank.

#### *Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee (ICAAPcom)*

The ICAAPcom is responsible for overseeing the Bank's ICAAP to ensure that mandated minimum capital requirements are met and that capital levels are sufficient to cover the Bank's risk exposures driven by its strategic plans.

#### *Credit and Collections Committee (Crecom)*

The Crecom plays a critical role in the credit approval process. It has the power to approve credit proposals of any sort, e.g. establishment, renewal, extension, increase/decrease, restructuring or settlement of a credit line or term loan (whether short or long) within its authority and to endorse those credit proposals which are beyond its authority to the Executive Committee (Excom) and/or the BOD. It has likewise the responsibility to ensure that credit accommodations to related parties falling below the materiality thresholds are granted on arms' length basis and are compliant with the set regulations. On top of these, the Crecom studies and deliberates proposals intended to adopt new credit policies or to amend existing ones or to offer new loan products or programs, prior to endorsement to the Senior Executive Team and Excom for approval.

#### *Internal Audit Division*

Internal Audit Division is an independent unit of the Bank that conducts objective assurance and consulting activities designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to examine, evaluate and improve the effectiveness of risk management, internal control and governance processes of the Bank. The Internal Audit Division reports to the Audit Committee.

#### *Legal Services Division*

The primary functions of the Bank's Legal Services Division are composed of rendering legal advice and document review to ensure that relevant laws are disseminated and complied with, the Bank's interest is duly protected, and identified risks are either eliminated or minimized and imparted to responsible units of the Bank. The Division also handles cases filed for and against the Bank.

#### *Compliance Division*

The Compliance Division is responsible for coordinating, monitoring and facilitating the Bank's compliance with regulatory requirements. It is responsible for implementing the Bank's Compliance Program and the Money Laundering and Terrorist Financing Prevention Program (MTPP).

#### Risk Measurement and Reporting Systems

The Bank's capital adequacy is determined by measuring credit, market and operational risk exposures using standardized or basic approaches as suggested by BSP. Risk exposures are measured both individually and in aggregate amounts.

Risk measurements are done by respective risk-taking personnel and groups but are independently validated, analyzed and reported by the RSK.

Market risks are measured by mark-to-market and Value-at-Risk (VAR) analyses on the overall exposure, on a portfolio level, and on each individual financial instrument. These exposures are also subjected to stress testing using a variety of historical and hypothetical scenarios.

Quality of credit risks are measured via risk classifications of accounts using ICRRS together with BSP risk classification of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowance for losses including changes thereon, when necessary. All risk information is processed, analyzed and consolidated for proper reporting to the BOD through the BROCC and Audit Committee, as well as the Senior Executive Team and various management committees of the Bank.

Actual and estimated risk exposures/losses at Treasury, Corporate, Consumer Business and Credit Cards, Operations and Information Technology, Trust and Branches are consolidated for regular reporting. Reports include, among others, portfolio mix, liquidity and maturity matching, interest rate matching, trading gains and losses, sensitivity and back-testing results, top borrowers, non-performing assets and loans, industry exposures, large exposures, fines and penalties, employee fraud cases, service level of major information technology systems and ATMs.

#### Risk Mitigation

To mitigate market risk exposures, other financial instruments are used to manage exposures resulting from changes in foreign currency and interest rate risk. The Bank also observes limits on positions, losses, and market sensitivities to contain these risk exposures.

The Bank maintains a capital adequacy ratio (CAR) of ten percent (10.0%) or better at all times, for regulatory compliance purposes.

#### Risk Concentration

The Bank manages loan concentration by controlling its mix of counterparties or borrowers in accordance with conditions permitted by regulators. Borrowers that are considered large in size are regularly monitored and reported to the BROCC. Also, the limits for exposure on specific economic activity groups are in place allowing the Bank to maintain a strategic breakdown of credit risk of the different segments. Having these controls in place allows the Bank to proactively monitor exposure status and act upon limit breaches whenever necessary.

#### Credit Risk

The Bank considers credit risk as the possibility of loss arising from the counterparty's or customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted.

The Bank has in place a credit policy manual that defines all practices, policies and procedures regarding loan activities from identification of target markets, credit initiation, documentation and disbursement, loan administration, remedial management, and loan unit organization and staffing. Also, it has in place credit approval authorities and respective limits duly approved by the BOD.

The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated by the circulars issued by BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures.

There has been no material change on the Bank's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

### Derivative Financial Instruments

The Bank enters into currency forward contracts to manage its foreign exchange risks. Currency forwards are contractual agreements to buy or sell a specified currency at a specific price and date in the future. These derivatives are accounted for as non-hedges, with the fair value changes being reported in the statements of income for the period under “Foreign exchange gains - net” account. Credit risk, in respect of derivative financial instruments, is limited to those with positive fair values, which are reported as “Financial assets at FVPL” in the statements of financial position.

### Credit-related Commitment Risks

The Bank makes available to its customers guarantees which may require the Bank to make payments on their behalf. Such payments are collected from customers based on the terms of the letters of credit. They expose the Bank to risks similar to loans and these are mitigated by the same control processes and policies.

### Credit Risk Exposures

The table below shows the Bank’s maximum exposure on receivables from customers and sales contract receivables, net of unearned interest income and allowance for credit losses, before and after collateral to credit risk as at December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Maximum Exposure		Maximum Exposure	
	Before Collateral	After Financial Effect of Collateral or Credit Enhancement	Before Collateral	After Financial Effect of Collateral or Credit Enhancement
Receivables from customers:				
Term loans	P85,853,607,701	P80,428,467,579	P58,288,237,487	P47,828,341,389
Housing loans	8,050,636,414	2,971,809,373	8,153,639,607	2,876,874,485
Auto loans	3,248,375,385	1,559,773,409	3,014,014,009	198,131,864
Agri-agra loans	2,508,188,756	2,422,186,023	1,216,852,115	1,024,119,022
Bills purchased, import bills and trust receipts	1,293,445,667	1,293,445,667	386,638,323	378,999,050
Direct advances	468,677,985	-	369,416,862	-
Others	1,874,451,667	1,874,451,667	1,666,550,443	1,665,970,866
	103,297,383,575	90,550,133,718	73,095,348,846	53,972,436,676
Sales contract receivables	325,652,637	53,682,557	351,462,925	53,952,557
	P103,623,036,212	P90,603,816,275	P73,446,811,771	P54,026,389,233

For the other financial assets, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, fair value of collateral held for loans and receivables amounted to P78.5 billion and P85.8 billion, respectively.

The table below shows the Bank's maximum exposures, net of unearned interest income, relating to financial assets carried under Stage 3 as at December 31, 2022 and 2021:

	December 31, 2022			
	Maximum Exposure			Expected Credit Loss
	Before Collateral	Financial Effect of Collateral or Credit Enhancement	After Financial Effect of Collateral or Credit Enhancement	
Receivables from customers:				
Term loans	P470,461,970	P128,734,453	P341,727,517	P465,848,155
Housing loans	746,112,810	593,276,797	152,836,013	144,275,644
Auto loans	409,506,693	395,813,302	13,693,391	341,667,642
Direct advances	133,007,418	-	133,007,418	133,007,418
Bills purchased, import bills and trust receipts	88,174,014	7,656,284	80,517,730	88,174,014
Agri-agra loans	17,663,370	14,362,060	3,301,310	17,663,370
Others	684,459,703	183,895	684,275,808	612,085,091
	2,549,385,978	1,140,026,791	1,409,359,187	1,802,721,334
Sales contract receivables	115,356,863	61,674,306	53,682,557	54,296,300
	P2,664,742,841	P1,201,701,097	P1,463,041,744	P1,857,017,634

	December 31, 2021			
	Maximum Exposure			Expected Credit Loss
	Before Collateral	Financial Effect of Collateral or Credit Enhancement	After Financial Effect of Collateral or Credit Enhancement	
Receivables from customers:				
Term loans	P643,153,780	P180,079,143	P463,074,637	P623,299,524
Housing loans	768,753,530	616,516,325	152,237,205	136,587,297
Auto loans	582,133,025	565,263,444	16,869,581	446,901,830
Direct advances	163,188,326	-	163,188,326	163,188,326
Bills purchased, import bills and trust receipts	76,426,393	-	76,426,393	76,426,393
Agri-agra loans	17,663,370	14,362,060	3,301,310	17,663,370
Others	618,220,325	661,296	617,559,029	601,570,397
	2,869,538,749	1,376,882,268	1,492,656,481	2,065,637,137
Sales contract receivables	130,630,640	76,678,083	53,952,557	54,719,038
	P3,000,169,389	P1,453,560,351	P1,546,609,038	P2,120,356,175

For the other financial assets carried under Stage 3, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2022 and 2021.

#### *Collateral and Other Credit Enhancements*

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. Guidelines are implemented regarding the acceptability of types of collateral valuation and parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions: cash or securities;
- For commercial lending: mortgages over real properties, inventory and trade receivables and chattel mortgages; and
- For retail lending: mortgages over real properties and financed vehicles.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement, in the event that the value of the collateral depreciates due to various factors affecting the collateral.



It is the Bank's policy to dispose repossessed properties in the most expeditious manner possible. Sale is facilitated by offering incentives to the Bank's accredited brokers and/or formulating programs to attract buyers like offering fixed interest rates for an extended period of time and reduced rates for down payment as compared to prevailing market rates, among others.

*Credit Quality Per Class of Financial Assets*

The credit quality of financial assets is assessed and managed by the Bank using both external and internal credit ratings. The Bank's ICRRS is an established tool used to evaluate the Credit Risk associated with each borrower. The ICRRS assigns a score to each account based on a combination of quantitative and qualitative factors. The scores assigned to each obligor is equivalent to the risk associated to each individual. The scoring model is reviewed and validated by external parties regularly to ensure that the model is risk ranking properly. The risk rating is used as one of the measures of the Bank's risk appetite and as a factor in impairment calculation.

Based on the evaluation of the facility risk factor (FRF), the borrower risk rating (BRR) can be upgraded or downgraded to come up with the final credit risk rating (CRR). Such CRR is eventually used in the determination of the ECL.

*BRR Disclosure*

In compliance with BSP, the Bank implemented in 2007 a credit risk classification that is compliant with global rating standards. The BRR is the evaluation of the credit worthiness of an existing or prospective borrower. The account is evaluated independent of any influence from any transactional factors. The BRR measures the borrower's credit quality by looking into three major aspects, namely, financial condition, industry analysis and management quality. The financial condition is assessed by the Bank through financial ratio analysis based on the latest available financial information of the borrower. The Bank performs industry analysis by reviewing actual and expected significant changes in the political, regulatory, and technological environment of the borrower or in its business activities. Management quality is assessed by reviewing the experience and quality of management and management's business strategy. In addition, management's business planning and management of banking relationship are also considered. Each section is given the following point allocation:

<b>Section</b>	<b>Maximum Points</b>	<b>Section Rating</b>
Financial Condition	240	40%
Industry Analysis	210	30%
Management Quality	150	30%
<b>TOTAL</b>	<b>600</b>	<b>100%</b>

There are several rating factors per section which can earn points depending on the four (4) quality judgment levels as follows:

Good	- 30 points
Satisfactory	- 20 points
Still acceptable	- 10 points
Poor	- 0 point

If there is no available information for a specific factor, a rating of "Poor" will be given.

The BRR is used to determine the credit quality of the Bank's corporate accounts. Loan accounts are classified according to a 1 -10 rating scale based on BRR results, as follows:

	Final Score	Equivalent Risk Rating	Calculated BRR
High Grade	>177	Excellent	1
	150 - 176	Strong	2
	123 - 149	Good	3
Standard Grade	96 - 122	Satisfactory	4
	68 - 95	Acceptable	5
	<68	Watchlist	6
Substandard Grade		Special Mention	7
Impaired		Substandard	8
		Doubtful	9
		Loss	10

High Grade or accounts with BRR of 1-3 are loans where the risk of the Bank are good to excellent in terms of risk quality and where the likelihood of the non-payment of obligation is less likely to happen.

Standard Grade or accounts with BRR of 4-6 are loans where the risk of the Bank ranges from satisfactory to acceptable with some form of weakness and where repayment capacity needs to be watched.

Substandard Grade or accounts with BRR of 7 are loans observed to have potential weaknesses and require a closer observation than the accounts under the Standard rating since if weaknesses are uncorrected, repayment of the loan may be affected increasing the credit risk to the Bank.

Past due but not impaired are those accounts for which contractual principal and interest payments were past due but that the Bank still believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank.

Impaired accounts are loans classified by the Bank as Substandard, Doubtful and Loss where there are experiences of past due accounts and there are well-defined weaknesses where collection or liquidation of obligation may be or is already jeopardized.

Unrated accounts include consumer loans portfolio, credit card receivables, benefit loans, accounts receivables, sales contract receivables and returned checks and other cash items (RCOCI). The Bank is currently building a separate credit rating system for these accounts to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment.

The BRR can be subject to an upgrade/downgrade on the basis of the following:

*Group Affiliation:*

- (a) When a borrower belongs to a group of companies, it can be upgraded up to the rating of the parent company provided that the parent company has a BRR of 4 or better.
- (b) However, if the BRR of the subsidiary is better than the parent, a downgrade can be considered especially if the parent has a BRR of 5 or worse.

- (c) If the parent has a BRR of 5 or lower and the subsidiary was also rated 5 or worse, it can retain its own rating.
- (d) If there are criteria such as the medium and long-term outlook, special risks that can grievously affect the company and outweigh the other criteria, a possible downgrade can be considered.
- (e) Companies with rapid expansion without a strong driving force or only on account of a single customer are also potential for downgrading.

*FRF:*

- (a) The FRF is an adjustment in the BRR that considers the transactional influence. It takes into account the quality of each facility. It is important to note that a Borrower can have only 1 BRR but several FRF for its multiple facilities. FRF evaluates the different security arrangements; the quantity and the quality of the collateral cover for each facility.
- (b) Collaterals are assessed at the net realizable value in a liquidation scenario. In evaluating the worthiness of the collateral, the quality of the documentation and the possible subordination of the Bank's claim should also be considered.

The adjustment on the BRR based on the FRF will be based on the following:

Upgrade	The facility is cash collateralized or covered by marketable securities
	Full collateralization of other assets
	3rd party guarantees in accordance with the BRR of the guarantor an upgrade should be set to the BRR of the guarantor
Downgrade	Borrower is a potential candidate for a downgrade if the facility is clean or a major part of the facilities are pledged to other creditors

The following table shows the credit quality of loans and receivables, excluding unquoted debt securities (gross of allowance for credit losses and net of unearned interest income) as at December 31, 2022 and 2021 (amounts in thousands).

	December 31, 2022										
	Term Loans	Housing Loans	Auto Loans	Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
Neither past due nor impaired:											
High grade	P 32,370,341	P -	P 1,099	P 979,105	P 466,443	P 346,095	P -	P 34,163,083	P -	P 719,404	P 34,882,487
Standard grade	52,782,106	-	24,605	219,323	-	2,032,048	-	55,058,082	-	277,124	55,335,206
Unrated	-	7,294,257	3,089,406	97,976	-	-	1,808,374	12,290,073	263,227	450,648	13,003,888
	85,152,447	7,294,257	3,115,110	1,296,404	466,443	2,378,143	1,808,374	101,511,178	263,227	1,447,176	103,221,581
<b>Stage 2</b>											
Neither past due nor impaired:											
Standard grade	329,863	-	-	-	-	-	-	329,863	-	4,196	334,059
Substandard grade	81,637	-	-	-	2,641	134,258	-	218,536	-	962	219,498
Past due but not impaired	-	182,084	127,407	-	-	-	65,034	374,525	4,038	27,341	405,904
Impaired	548,625	-	-	-	-	7,818	-	556,443	-	3,464	559,907
	960,125	182,084	127,407	-	2,641	142,076	65,034	1,479,367	4,038	35,963	1,519,368
<b>Stage 3</b>											
Impaired	470,462	746,113	409,507	88,174	133,007	17,663	684,460	2,549,386	115,357	854,554	3,519,297
	470,462	746,113	409,507	88,174	133,007	17,663	684,460	2,549,386	115,357	854,554	3,519,297
	P 86,583,034	P 8,222,454	P 3,652,024	P 1,384,578	P 602,091	P 2,537,882	P 2,557,868	P 105,539,931	P 382,622	P 2,337,693	P 108,260,246

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and RCOCI



December 31, 2021

	Term Loans	Housing Loans	Auto Loans	Purchased, Import, Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
Neither past due nor impaired:											
High grade	P19,015,644	P -	P -	P367,481	P368,948	P731,487	P -	P20,483,560	P -	P495,969	P20,979,529
Standard grade	38,057,707	-	10,086	19,445	3,885	328,882	-	38,420,005	-	146,767	38,566,772
Unrated	-	6,984,226	2,705,050	-	-	-	1,617,776	11,307,052	262,286	238,419	11,807,757
	57,073,351	6,984,226	2,715,136	386,926	372,833	1,060,369	1,617,776	70,210,617	262,286	881,155	71,354,058
<b>Stage 2</b>											
Neither past due nor impaired:											
Standard grade	1,176,151	-	-	-	-	7,314	-	1,183,465	-	7,642	1,191,107
Substandard grade	13,356	-	-	-	-	142,680	-	156,036	-	338	156,374
Past due but not impaired	4,995	576,085	245,887	-	-	-	47,968	874,935	16,048	46,585	937,568
Impaired	139,244	-	-	-	-	12,950	-	152,194	-	1,278	153,472
	1,333,746	576,085	245,887	-	-	162,944	47,968	2,366,630	16,048	55,843	2,438,521
<b>Stage 3</b>											
Impaired	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	832,998	3,833,167
	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	832,998	3,833,167
	P59,050,251	P8,329,065	P3,543,156	P463,352	P536,021	P1,240,976	P2,283,964	P75,446,785	P408,965	P1,769,996	P77,625,746

\*Comprised of benefit loans, salary loans and credit cards.  
 \*\*Comprised of accrued interest receivables, accounts receivables and RCOCI

The following table shows the credit quality of loan commitment and financial guarantee contracts as at December 31, 2022 and 2021 (amounts in thousands).

	December 31, 2022			Total
	Stage 1	Stage 2	Stage 3	
<b>Loan Commitment and Financial Guarantees</b>				
Neither past due nor impaired:				
High grade	P1,437,698	P -	P -	P1,437,698
Standard grade	24,942,120	-	-	24,942,120
Unrated	3,768,630	-	-	3,768,630
	<b>P30,148,448</b>	<b>P -</b>	<b>P -</b>	<b>P30,148,448</b>

	December 31, 2021			Total
	Stage 1	Stage 2	Stage 3	
<b>Loan Commitment and Financial Guarantees</b>				
Neither past due nor impaired:				
High grade	P3,703,686	P -	P -	P3,703,686
Standard grade	11,049,978	2,743,350	-	13,793,328
Unrated	3,382,638	-	-	3,382,638
	<b>P18,136,302</b>	<b>P2,743,350</b>	<b>P -</b>	<b>P20,879,652</b>

#### *Sensitivity of ECL to Future Economic Conditions*

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The Bank performs a sensitivity analysis on the ECL recognized on material classes of its assets.

The table below shows the loss allowance on receivables from customers assuming other plausible scenarios were weighted 100.0% instead of applying scenario probability weights. For ease of comparison, the table provides loss allowance amounts for the current and previous year using the same sensitivity analysis (amounts in thousands). Scenario 1 represents improving conditions that lead to lower ECL for each material asset class while Scenario 2 assumes more unfavorable forward-looking estimates for each material asset class which lead to increasing ECL.

	December 31, 2022			Probability-weighted
	Gross Exposure	ECL Allowance		
		Scenario 1	Scenario 2	
Term loans	P86,583,034	P553,846	P841,015	P729,426
Housing loans	8,222,454	158,857	185,601	171,818
Auto loans	3,652,024	386,644	421,028	403,649
Agri-Agra loans	2,537,882	21,258	32,815	29,693
Bills purchased, import bills and trust receipts	1,384,578	91,070	91,194	91,132
Direct advances	602,091	133,115	133,468	133,413
Others*	2,557,868	681,860	685,140	683,416
	<b>P105,539,931</b>	<b>P2,026,650</b>	<b>P2,390,261</b>	<b>P2,242,547</b>

\*Comprised of benefit loans, salary loans and credit cards.

	December 31, 2021			
	Gross Exposure	ECL Allowance		Probability-weighted
		Scenario 1	Scenario 2	
Term loans	P59,050,251	P720,602	P801,499	P762,014
Housing loans	8,329,065	167,586	218,604	175,426
Auto loans	3,543,156	503,884	575,357	529,142
Agri-Agra loans	1,240,976	20,361	27,713	24,123
Direct advances	536,021	166,574	166,633	166,604
Bills purchased, import bills and trust receipts	463,352	76,705	76,723	76,714
Others*	2,283,964	616,903	618,784	617,413
	P75,446,785	P2,272,615	P2,485,313	P2,351,436

\*Comprised of benefit loans, salary loans and credit cards.

### Loans with Renegotiated Terms

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Bank renegotiates receivable from customers in financial difficulties to maximize collection opportunities and minimize the risk of default. The carrying amounts per class of loans and receivables whose terms have been renegotiated are as follows:

	2022	2021
Term loans	<b>P774,912,259</b>	P283,192,322
Agri-Agra loans	<b>159,738,819</b>	30,613,524
Housing loans	<b>47,758,907</b>	56,736,908
Auto loans	<b>617,479</b>	838,456
Others	<b>75,456,193</b>	40,647,707
	<b>P1,058,483,657</b>	P412,028,917

For financial assets such as amounts due from BSP and other banks, interbank loans receivable and SPURA, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost, and unquoted debt securities classified as loans, the credit quality is assessed using external credit rating (such as Standard & Poor's, Fitch, Moody's, etc.) of the respective counterparties considering relevant BSP mandates, as follows:

	December 31, 2022		
	AA - A	BBB and Below or Unrated	Total
Loans and advances to banks: **			
Due from BSP	P23,678,666,441	P -	P23,678,666,441
Due from other banks	562,517,326	481,879,040	1,044,396,366
Interbank loans receivable and SPURA	18,381,225,853	-	18,381,225,853
	42,622,409,620	481,879,040	43,104,288,660
Financial assets at FVPL:			
Private debt securities	-	344,809,237	344,809,237
Government securities held-for-trading	-	7,258,797	7,258,797
Derivative assets*	-	28,933,434	28,933,434
	-	381,001,468	381,001,468
Financial assets at FVOCI:			
Government securities**	-	5,619,271,980	5,619,271,980
Equity securities	-	185,778,540	185,778,540
	-	5,805,050,520	5,805,050,520
Investment securities at amortized cost:			
Government securities**	5,573,045,203	43,877,476,613	49,450,521,816
Private debt securities**	1,131,471,358	1,632,844,687	2,764,316,045
	6,704,516,561	45,510,321,300	52,214,837,861
Loans and receivables - gross:			
Unquoted debt securities***	-	291,578,213	291,578,213
	P49,326,926,181	P52,469,830,541	P101,796,756,722

\*Unrated derivatives pertain to warrants

\*\*Accounts are neither past due nor impaired and carried at Stage 1 in 2022

\*\*\*Accounts are impaired and carried at Stage 3 in 2022

	December 31, 2021		
	AA - A	BBB and Below or Unrated	Total
Loans and advances to banks: **			
Due from BSP	P45,373,267,996	P -	P45,373,267,996
Due from other banks	601,812,095	437,784,729	1,039,596,824
Interbank loans receivable and SPURA	19,136,088,591	-	19,136,088,591
	65,111,168,682	437,784,729	65,548,953,411
Financial assets at FVPL:			
Private debt securities	490,887,983	-	490,887,983
Government securities held-for-trading	50,353,544	427,871,745	478,225,289
Derivative assets*	-	25,499,500	25,499,500
	541,241,527	453,371,245	994,612,772
Financial assets at FVOCI:			
Government securities**	-	4,569,700,778	4,569,700,778
Private debt securities**	303,522,000	-	303,522,000
Equity securities	-	181,893,798	181,893,798
	303,522,000	4,751,594,576	5,055,116,576
Investment securities at amortized cost:			
Government securities**	-	40,331,752,498	40,331,752,498
Private debt securities**	1,072,193,659	1,510,872,599	2,583,066,258
	1,072,193,659	41,842,625,097	42,914,818,756
Loans and receivables - gross:			
Unquoted debt securities***	-	291,578,204	291,578,204
	P67,028,125,868	P47,776,953,851	P114,805,079,719

\*Unrated derivatives pertain to warrants

\*\*Accounts are neither past due nor impaired and carried at Stage 1 in 2021

\*\*\*Accounts are impaired and carried at Stage 3 in 2021

### Aging Analysis of Past Due but not Impaired

The table below shows the aging of past due but not impaired loans and receivables as at December 31, 2022 and 2021.

	December 31, 2022			
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Total
Receivable from customers (gross):				
Housing loans	P7,502,766	P117,540,395	P57,041,326	P182,084,487
Auto loans	304,994	82,232,033	44,870,404	127,407,431
Term loans	-	-	-	-
Others	27,455,097	30,326,359	7,252,677	65,034,133
Sales contract receivables	-	1,077,598	2,959,821	4,037,419
Other receivables*	111,258	21,429,780	5,800,524	27,341,562
	P35,374,115	P252,606,165	P117,924,752	P405,905,032

\* Comprised of accrued interest receivables, accounts receivables, and RCOCI

	December 31, 2021			
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Total
Receivable from customers (gross):				
Housing loans	P -	P359,915,759	P216,169,450	P576,085,209
Auto loans	-	143,710,623	102,176,538	245,887,161
Term loans	-	4,995,009	-	4,995,009
Others	-	43,123,393	4,844,607	47,968,000
Sales contract receivables	6,996,915	8,645,684	405,626	16,048,225
Other receivables*	35,937	32,250,983	14,298,027	46,584,947
	P7,032,852	P592,641,451	P337,894,248	P937,568,551

\* Comprised of accrued interest receivables, accounts receivables, and RCOCI

### Impairment Assessment

The Bank recognizes credit losses on financial assets at amortized cost and debt securities at FVOCI based on whether it has had a significant increase in credit risk since initial recognition. ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).



For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### Liquidity Risk and Funding Management

Liquidity risk is the risk to the Bank's earnings and capital arising from its inability to meet funding requirements in a timely manner. To measure and monitor this risk, the Bank generates a report on future cash flows and liquidity on a daily basis. To ensure sufficient liquidity, the Bank has a set of internal limits incorporated in its annual budget that allocates a portion of its liabilities into cash, investment securities and other liquid assets. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product or counterparty.

The Bank has available credit lines from various counterparties that it can utilize to meet sudden liquidity demands. It also maintains a portfolio of high quality liquid assets (HQLA) that can be converted to cash in a short period of time and with minimal loss incurred. This ensures compliance with Liquidity Coverage Ratio (LCR) as required by Basel III regulations. LCR checks if there is sufficient HQLA to offset short-term net outflows or short-term obligations under stressed conditions. The Bank also expands its sources of stable funds in order to support asset growth and meet the Net Stable Funding Ratio (NSFR) regulatory limit. NSFR ensures that the Bank is not overly reliant on short-term funding in funding its long-term assets. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating both to the market in general and to events specific to the Bank. A contingency funding plan, which covers quantitative and procedural measures, is in place and may be applied under different stress scenarios.

The Bank also manages its liquidity position through the monitoring of a Maximum Cumulative Outflow against a Board-approved limit. This process measures and estimates projected funding requirements that the Bank will need at specific time horizons.

There has been no material change to the Bank's exposure to liquidity and funding management risk or the manner in which it manages and measures the risk since prior financial year.

### *Analysis of Financial Liabilities by Remaining Contractual Maturities*

The table below summarizes the maturity profile of the Bank's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted repayment obligations (amounts in thousands).

	December 31, 2022					Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
Deposit liabilities:						
Demand	P51,792,970	P -	P -	P -	P -	P51,792,970
Savings	44,346,299	55,343,320	2,080,915	-	-	101,770,534
Time	18,985	15,249,042	1,777,238	847,661	-	17,892,926
Long-term negotiable certificates	-	55,952	170,372	5,417,314	-	5,643,638
Financial liabilities at FVPL	-	283	-	-	-	283
Bonds payable	-	93,196	283,777	7,718,853	-	8,095,826
Manager's checks	-	661,454	-	-	-	661,454
Accrued interest and other expenses*	-	791,326	-	-	-	791,326
Lease liabilities	-	37,862	159,856	315,455	25,397	538,570
Other liabilities**	-	1,251,721	1,760,517	-	282,393	3,294,631
<b>Total Undiscounted Financial Liabilities</b>	<b>P96,158,254</b>	<b>P73,484,156</b>	<b>P6,232,675</b>	<b>P14,299,283</b>	<b>P307,790</b>	<b>P190,482,158</b>

\*amounts exclude accruals of employee and other benefits, taxes payable and rent

\*\*amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures

	December 31, 2021					Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
Deposit liabilities:						
Demand	P48,702,340	P -	P -	P -	P -	P48,702,340
Savings	42,109,036	62,170,350	4,628,431	378	-	108,908,195
Time	32,916	6,346,781	1,559,037	1,267,042	-	9,205,776
Long-term negotiable certificates	-	55,952	170,372	5,643,638	-	5,869,962
Manager's checks	-	951,460	-	-	-	951,460
Accrued interest and other expenses*	-	541,850	-	-	-	541,850
Lease liabilities	-	36,851	167,294	351,360	37,907	593,412
Other liabilities**	-	373,471	1,165,705	-	280,236	1,819,412
Total Undiscounted Financial Liabilities	P90,844,292	P70,476,715	P7,690,839	P7,262,418	P318,143	P176,592,407

\*amounts exclude accruals of employee and other benefits, taxes payable and rent

\*\*amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments (amounts in thousands):

	December 31, 2022				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Commitments	<b>P3,601,178</b>	<b>P12,598,713</b>	<b>P8,447,129</b>	<b>P2,062,875</b>	<b>P26,709,895</b>
Contingent liabilities	<b>67,274,952</b>	<b>2,192,776</b>	<b>3,343,696</b>	<b>3,060,378</b>	<b>75,871,802</b>
	<b>P70,876,130</b>	<b>P14,791,489</b>	<b>P11,790,825</b>	<b>P5,123,253</b>	<b>P102,581,697</b>

	December 31, 2021				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Commitments	P3,362,130	P1,140,164	P8,005,120	P6,100,614	P18,608,028
Contingent liabilities	59,798,249	847,512	1,408,058	4,338,027	66,391,846
	P63,160,379	P1,987,676	P9,413,178	P10,438,641	P84,999,874

### Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also generated from holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate fund raisers (e.g., branch deposits). FTP helps units evaluate profitability and calculate returns upon deal origination. Furthermore, the FTP framework insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, manages the Bank's overall IRRBB. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages IRRBB by growing its sources of stable funds to match long-term assets.

The FTP policy is properly documented and is transparent to all parties. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as BVAL and BSP interest rate corridor rates for Peso; US Treasury Yield Curve Rates and USD-denominated bonds issued by the Philippines for USD. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

The NII, and ultimately earnings and capital, is vulnerable to adverse fluctuations interest rates. The Bank also measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of asset-liability gap analysis on a monthly basis. This analysis focuses on the repricing profile of its rate sensitive assets and liabilities, and the impact of interest rate movements on the Bank's accrual earnings. The interest rate repricing gap report assigns all assets and liabilities into various time buckets according to the remaining days to maturity for fixed-rate items, remaining days to next re-pricing for floating-rate items, or based on behavioral assumptions, if more applicable.

The difference between the total of the repricing (interest rate-sensitive) assets and repricing (interest rate-sensitive) liabilities gives an indication of the Bank's repricing risk exposure. A positive gap means more assets mature or have to be repriced than liabilities. In this case, the Bank is said to be "asset sensitive" in that time bucket and it benefits from an increase of interest rates as the assets will be repriced faster than liabilities.

A bank with a negative gap is considered "liability sensitive" since it has more liabilities to be repriced during such period than assets. It is negatively affected by a hike in interest rates. An example would be a bank that uses short-term deposits to fund long-term loans at fixed rates. It may encounter a decline in its net interest income if the interest rates increase since the cost of funds (the deposit rates) will increase while the earnings from loans remain fixed.

RSK monitors the mismatches in the repricing of its assets and liabilities through the interest rate gap reports presented to ALCO and BROCC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

The Bank makes use of an internally developed Earnings-at-Risk (EAR) model for measuring IRRBB. EAR simulates the contraction of the projected NII over the next 12 months using historical changes in interest rate benchmarks such as BVAL for PHP and US Treasury Yield Curve Rates for USD. The balance sheet size and shape are assumed to remain static for the next 12 months. Non-maturity deposits (NMD) or current-savings accounts (CASA) are split into two classifications, core deposits and volatile deposits.

The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 - 5 years bucket. Interest rate option risk embedded in loans and time deposits that alter the timing of balance sheet items are incorporated in the model. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario simulated by the model impacts the exercise of the interest rate option. More prepayment is expected if interest rates decline while more pre-termination is expected as interest rates increase.

The table below sets forth the Bank's interest rate repricing gap as at December 31, 2022 and 2021.

December 31, 2022									
In Millions	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
<b>Resources</b>									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P2,735	P2,735
Due from BSP	6,096	-	-	-	-	-	-	17,579	23,675
Due from other banks	-	-	-	-	-	-	-	4,761	4,761
Interbank loans receivable	14,664	-	-	-	-	-	-	(2)	14,662
Financial assets at FVPL	-	-	-	-	-	-	-	381	381
Financial assets at FVOCI	369	430	1,998	2,250	1,355	-	-	(783)	5,619
Investment securities at AC	6,697	2,040	3,051	3,616	9,625	15,299	12,392	(346)	52,374
Loans - net	34,468	15,534	8,479	11,592	13,484	12,281	4,732	2,727	103,297
Other resources	247	5	-	-	-	-	-	8,687	8,939
	<b>P62,541</b>	<b>P18,009</b>	<b>P13,528</b>	<b>P17,458</b>	<b>P24,464</b>	<b>P27,580</b>	<b>P17,124</b>	<b>P35,739</b>	<b>P216,443</b>
<b>Liabilities and Equity</b>									
Deposit liabilities:	<b>P69,553</b>	<b>P14,024</b>	<b>P18,688</b>	<b>P1,289</b>	<b>P5,648</b>	<b>P67,065</b>	<b>P -</b>	<b>P -</b>	<b>P176,267</b>
Demand deposits	7,521	-	7,025	-	-	37,247	-	-	51,793
Savings deposits	5,194	-	9,475	-	-	29,674	-	-	44,343
Time deposits	56,838	14,024	2,188	1,289	619	144	-	-	75,102
Long-term negotiable certificates	-	-	-	-	5,029	-	-	-	5,029
Bonds payable	-	-	-	-	7,442	-	-	-	7,442
Other liabilities	-	-	-	-	-	-	-	5,930	5,930
	<b>69,553</b>	<b>14,024</b>	<b>18,688</b>	<b>1,289</b>	<b>13,090</b>	<b>67,065</b>	<b>-</b>	<b>5,930</b>	<b>189,639</b>
Capital funds	-	-	-	-	-	-	-	26,804	26,804
	<b>P69,553</b>	<b>P14,024</b>	<b>P18,688</b>	<b>P1,289</b>	<b>P13,090</b>	<b>P67,065</b>	<b>P -</b>	<b>P32,734</b>	<b>P216,443</b>
Total periodic gap	<b>(P7,012)</b>	<b>P3,985</b>	<b>(P5,160)</b>	<b>P16,169</b>	<b>P11,374</b>	<b>(P39,485)</b>	<b>P17,124</b>	<b>P3,005</b>	<b>P -</b>

December 31, 2021									
In Millions	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
<b>Resources</b>									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P2,748	P2,748
Due from BSP	27,135	-	-	-	-	-	-	18,232	45,367
Due from other banks	-	-	-	-	-	-	-	4,176	4,176
Interbank loans receivable	15,800	113	-	-	-	-	-	(2)	15,911
Financial assets at FVPL	-	-	-	-	-	-	-	995	995
Financial assets at FVOCI	358	315	1,810	1,893	689	-	-	(192)	4,873
Investment securities at AC	1,033	95	498	1,586	11,932	14,464	13,850	(337)	43,121
Loans - net	17,201	15,752	6,432	9,919	6,997	9,381	4,926	1,807	72,415
Other resources	244	11	-	-	-	-	-	9,423	9,678
	<b>P61,771</b>	<b>P16,286</b>	<b>P8,740</b>	<b>P13,398</b>	<b>P19,618</b>	<b>P23,845</b>	<b>P18,776</b>	<b>P36,850</b>	<b>P199,284</b>
<b>Liabilities and Equity</b>									
Deposit liabilities:	<b>P65,191</b>	<b>P31,096</b>	<b>P9,259</b>	<b>P939</b>	<b>P925</b>	<b>P64,304</b>	<b>P -</b>	<b>P -</b>	<b>P171,714</b>
Demand deposits	7,504	6,269	2,226	-	-	32,703	-	-	48,702
Savings deposits	7,188	5,750	2,794	-	-	26,340	-	-	42,072
Time deposits	50,499	19,077	4,239	939	925	232	-	-	75,911
Long-term negotiable certificates	-	-	-	-	-	5,029	-	-	5,029
Other liabilities	-	-	-	-	-	-	-	4,414	4,414
	<b>65,191</b>	<b>31,096</b>	<b>9,259</b>	<b>939</b>	<b>925</b>	<b>64,304</b>	<b>-</b>	<b>4,414</b>	<b>176,128</b>
Capital funds	-	-	-	-	-	-	-	23,156	23,156
	<b>P65,191</b>	<b>P31,096</b>	<b>P9,259</b>	<b>P939</b>	<b>P925</b>	<b>P64,304</b>	<b>P -</b>	<b>P27,570</b>	<b>P199,284</b>
Total periodic gap	<b>(P3,420)</b>	<b>(P14,810)</b>	<b>(P519)</b>	<b>P12,459</b>	<b>P18,693</b>	<b>(P40,459)</b>	<b>P18,776</b>	<b>P9,280</b>	<b>P -</b>



The Bank manages interest rate risk separately for its RBU and FCDU books. The interest rate risk of the RBU of the Bank from its accounts is managed in PHP while the FCDU of the Bank, regardless of original currency, is managed in USD. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's results of operations and OCI:

<b>December 31, 2022</b>				
<b>Currency</b>	<b>Changes in Interest Rates (In Basis Points)</b>	<b>Sensitivity of Net Interest Income (In Millions)</b>	<b>Sensitivity of Trading Gains - net on FA at FVPL (In Millions)</b>	<b>Sensitivity of OCI (In Millions)</b>
PHP	<b>+200</b>	<b>P201.26</b>	<b>(P0.25)</b>	<b>(P490.44)</b>
USD	<b>+100</b>	<b>1.76</b>	<b>(3.38)</b>	<b>(73.93)</b>
PHP	<b>-200</b>	<b>(201.26)</b>	<b>0.25</b>	<b>490.44</b>
USD	<b>-100</b>	<b>(1.76)</b>	<b>3.38</b>	<b>73.93</b>

<b>December 31, 2021</b>				
<b>Currency</b>	<b>Changes in Interest Rates (In Basis Points)</b>	<b>Sensitivity of Net Interest Income (In Millions)</b>	<b>Sensitivity of Trading Gains - net on FA at FVPL (In Millions)</b>	<b>Sensitivity of OCI (In Millions)</b>
PHP	+200	(P42.80)	(P17.07)	(P440.31)
USD	+100	0.32	(28.85)	(100.92)
PHP	-200	42.80	17.07	440.31
USD	-100	(0.32)	28.85	100.92

The sensitivity of the results of operations is measured as the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate of financial assets and liabilities held as at December 31, 2022 and 2021.

The sensitivity of "Trading and investment securities gains (losses) - net" and OCI is calculated by revaluing fixed-rate financial assets at FVPL and debt securities at FVOCI, respectively, as at December 31, 2022 and 2021. The total sensitivity of OCI is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

#### Market Risk

Market risk arises from the potential decline in earnings and capital due to adverse changes in market conditions and the underlying risk factors, which in turn affect the value and future cash flows of financial instruments, products, and transactions. The Bank is primarily exposed to two sources of market risk, namely: 1) market price risk in the trading book; and 2) foreign exchange risk from open foreign currency exposures. The Bank also has equity-related holdings which is a source of equity price risk, although deemed as minimal compared to the first two.

There has been no material change to the Bank's exposure to market risk or the manner in which it manages and measures the risk since prior financial year.

### *Market Price Risk in the Trading Book*

The market price of financial instruments and transactions in the trading book may change unfavorably as a result of movements in interest rates, foreign exchange rates, credit spreads, and other risk factors. The Bank employs an internally developed VAR model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Bank's RSK simulates the trading book's VAR on a daily basis and the results are compared against Board-approved limits. In addition to the limit on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, monthly and yearly losses.

### *Value-at-Risk Methodology*

VAR serves as the Bank's key metric in the measurement of risk arising from market price changes of financial assets and foreign currency exposures. Given data for the market risk factors over a 1-year period (260 business days), VAR is the maximum probable loss that may be incurred from positions exposed to market risk. The maximum probable loss is calculated from simulations of daily profit and losses assuming that historical movements in market risk factors will recur, subject to a 99% confidence level and a 1-day holding period.

The Bank's VAR methodology is based on the widely used historical simulation method but with a modification on the usual assumption of equal probabilities in the simulation data points. Profit and loss simulations derived from older data are given less importance by assigning them with progressively lower probabilities of occurrence when used in the calculation of the maximum probable loss.

The table below summarizes the results of the Bank's VAR calculations as at December 31, 2022 and 2021.

	<b>FX Exposures</b>	<b>HFT Securities</b>	<b>FVOCI Securities</b>	<b>Aggregate VAR</b>
<b>2022</b>				
As at December 31, 2022	<b>P944,454</b>	<b>P84,887</b>	<b>P55,262,009</b>	<b>P55,452,704</b>
Average	<b>2,381,036</b>	<b>1,147,342</b>	<b>48,111,020</b>	<b>48,504,463</b>
Highest	<b>12,183,300</b>	<b>2,585,544</b>	<b>73,264,380</b>	<b>72,311,569</b>
Lowest	<b>140,229</b>	<b>83,357</b>	<b>37,230,085</b>	<b>36,648,881</b>
<b>2021</b>				
As at December 31, 2021	2,007,233	2,147,907	38,772,700	40,671,327
Average	1,333,091	3,418,377	36,592,519	39,975,735
Highest	4,880,412	7,633,611	51,049,930	60,384,640
Lowest	70,786	1,692,119	15,273,243	18,303,243

### *Currency Risk*

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Bank believes that its profile of foreign currency exposure based on its assets and liabilities is within conservative limits for a financial institution engaged in a type of business similar to that of the Bank.

Foreign currency deposits are generally used to fund the foreign currency-denominated loan and investment portfolios in the FCDU. Banks are required by BSP to match the foreign currency liabilities held in the FCDU with foreign currency assets. In addition, BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU.

Similar to market price risk in the trading book, the Bank employs limits and a VAR model to manage the risk that possible interest or currency movements pose. Such limits are prudently set and the position status is monitored on a daily basis.

The table below summarizes the Bank's exposure to foreign exchange risk as at December 31, 2022 and 2021. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency (based on USD equivalents in thousands):

	December 31, 2022			
	USD	Euro	Others	Total
<b>Assets</b>				
Due from other banks	\$614	\$530	\$388	\$1,532
Interbank loans	9,449	-	-	9,449
Loans and receivables	1,764	-	-	1,764
<b>Total Assets</b>	<b>11,827</b>	<b>530</b>	<b>388</b>	<b>12,745</b>
<b>Liabilities</b>				
Deposit liabilities	-	1,260	-	1,260
Other liabilities	1,573	55	9	1,637
<b>Total Liabilities</b>	<b>1,573</b>	<b>1,315</b>	<b>9</b>	<b>2,897</b>
<b>Net Exposure</b>	<b>\$10,254</b>	<b>(\$785)</b>	<b>\$379</b>	<b>\$9,848</b>
<b>Amount in PHP</b>	<b>P571,712</b>	<b>(P43,768)</b>	<b>P21,131</b>	<b>P549,075</b>
	December 31, 2021			
	USD	Euro	Others	Total
<b>Assets</b>				
Due from other banks	\$438	\$883	\$406	\$1,727
Interbank loans	5,100	-	-	5,100
Loans and receivables	1,254	-	-	1,254
<b>Total Assets</b>	<b>6,792</b>	<b>883</b>	<b>406</b>	<b>8,081</b>
<b>Liabilities</b>				
Deposit liabilities	-	1,419	-	1,419
Other liabilities	802	5	14	821
<b>Total Liabilities</b>	<b>802</b>	<b>1,424</b>	<b>14</b>	<b>2,240</b>
<b>Net Exposure</b>	<b>\$5,990</b>	<b>(\$541)</b>	<b>\$392</b>	<b>\$5,841</b>
<b>Amount in PHP</b>	<b>P305,484</b>	<b>(P27,590)</b>	<b>P19,992</b>	<b>P297,886</b>

The table below indicates the currencies which the Bank has significant exposure to as at December 31, 2022 and 2021 based on its foreign currency-denominated assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of other currency rates against the PHP, with all other variables held constant on the results of operations (due to the fair value of currency sensitive monetary assets and liabilities) and OCI. A negative amount in the table reflects a potential net reduction of net income or OCI while positive amount reflects a net potential increase. Change in currency rates are based on the historical movements of each currency for the same period:

	Philippine Peso Appreciates by	Effect on Profit before Tax (In Millions)	Philippine Peso Depreciates by	Effect on Profit before Tax (In Millions)
<b>December 31, 2022</b>				
Currency:				
USD	P1.00	(P10.25)	(P1.00)	P10.25
Euro	0.50	0.39	(0.50)	(0.39)
Others	0.40	(0.15)	(0.40)	0.15

	Philippine Peso Appreciates by	Effect on Profit before Tax (In Millions)	Philippine Peso Depreciates by	Effect on Profit before Tax (In Millions)
December 31, 2021				
Currency:				
USD	P1.00	(P5.99)	(P1.00)	P5.99
Euro	0.50	0.27	(0.50)	(0.27)
Others	0.40	(0.16)	(0.40)	0.16

Given the nature and amount of the Bank's equity investments portfolio in 2022 and 2021, management believes the Bank's exposure to currency risk is considered minimal.

#### *Equity Price Risk*

Given the nature and amount of the Bank's equity investments portfolio in 2022 and 2021, management believes the Bank's exposure to equity price risk is considered minimal.

## 6. Categories and Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of financial and non-financial assets and liabilities are as follows:

*COCI, Due from BSP and Other Banks and Interbank Loans Receivable and SPURA* - Fair values approximate carrying amounts given the short-term nature of the instruments.

*Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost)* - Fair values are generally based on quoted market prices. If not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using discounted cash flow methodology.

*Equity Securities (Financial Assets at FVOCI)* - Fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers.

*Derivative Instruments (Financial Assets and Financial Liabilities at FVPL)* - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

*Loans and Receivables* - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e., BVAL and US Treasury Yield Curve Rates). Fair value of short-term receivable from customers, sales contract receivables, accounts receivables, accrued interest receivables, and RCOCI approximates carrying amounts given the short-term nature of the accounts.



*Investment Properties* - Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. Valuations are derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining the fair values include the following:

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

*Deposit Liabilities* - Fair values of long-term time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and US Treasury Yield Curve Rates) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term time deposits approximate fair value. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

*Bonds and Bills Payable* - For long-term bonds and bills payable, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term bonds and bills payable approximate fair value.

*Manager's Checks, Accrued Interest and Other Expenses and Other Liabilities (excluding non-financial liabilities)* - Carrying amounts approximate fair values due to the short-term nature of the accounts. Due to preferred shareholders is determined to be long term in nature due to a pending dispute which affects maturity. Fair value cannot be estimated reliably due to lack of supportable data available.

The following table provides the fair value hierarchy of the Bank's assets and liabilities measured at fair value and those for which fair values should be disclosed (amounts in thousands):

	December 31, 2022				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
<b>Assets Measured at Fair Value</b>					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities held for trading	P7,259	P3,569	P3,690	P -	P7,259
Private debt securities	344,809	-	-	344,809	344,809
Derivative assets	28,933	-	28,933	-	28,933
Financial assets at FVOCI:					
Government securities	5,619,272	511,282	5,107,990	-	5,619,272
Equity securities	185,779	147,253	-	38,526	185,779
	<b>P6,186,052</b>	<b>P662,104</b>	<b>P5,140,613</b>	<b>P383,335</b>	<b>P6,186,052</b>
<b>Liabilities Measured at Fair Value</b>					
<i>Financial Liabilities</i>					
Derivative liabilities	P283	P -	P283	P -	P283
<b>Assets for which Fair Values are Disclosed</b>					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P49,444,750	P12,626,246	P34,050,746	P -	P46,676,992
Private debt securities	2,764,019	375,615	2,035,004	-	2,410,619
Loans and receivables:					
Receivables from customers	103,340,539	-	-	102,468,646	102,468,646
Less unearned interest	43,155	-	-	43,155	43,155
	103,297,384	-	-	102,425,491	102,425,491
Sales contract receivables	325,653	-	-	380,020	380,020
	<b>155,831,806</b>	<b>13,001,861</b>	<b>36,085,750</b>	<b>102,805,511</b>	<b>151,893,122</b>
<i>Non-financial Assets</i>					
Investment properties	3,399,987	-	-	9,969,666	9,969,666
	<b>P159,231,793</b>	<b>P13,001,861</b>	<b>P36,085,750</b>	<b>P112,775,177</b>	<b>P161,862,788</b>
<b>Liabilities for which Fair Values are Disclosed</b>					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P17,793,298	P -	P17,735,829	P -	P17,735,829
Long-term negotiable certificates	5,029,420	-	4,787,902	-	4,787,902
Bonds payable	7,442,251	-	7,386,764	-	7,386,764
	<b>P30,264,969</b>	<b>P -</b>	<b>P29,910,495</b>	<b>P -</b>	<b>P29,910,495</b>
December 31, 2021					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
<b>Assets Measured at Fair Value</b>					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities held for trading	P478,225	P283,418	P194,807	P -	P478,225
Private debt securities	490,888	-	-	490,888	490,888
Derivative assets	25,500	-	25,500	-	25,500
Financial assets at FVOCI:					
Government securities	4,569,701	918,851	3,650,850	-	4,569,701
Private debt securities	303,522	303,522	-	-	303,522
Equity securities	181,894	144,565	-	37,329	181,894
	<b>P6,049,730</b>	<b>P1,650,356</b>	<b>P3,871,157</b>	<b>P528,217</b>	<b>P6,049,730</b>
<b>Assets for which Fair Values are Disclosed</b>					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P40,326,340	P15,617,463	P24,219,580	P -	P39,837,043
Private debt securities	2,582,717	2,059,920	521,950	-	2,581,870
Loans and receivables:					
Receivables from customers	73,132,658	-	-	95,269,564	95,269,564
Less unearned interest	37,309	-	-	37,309	37,309
	73,095,349	-	-	95,232,255	95,232,255
Sales contract receivables	351,703	-	-	427,310	427,310
	<b>116,356,109</b>	<b>17,677,383</b>	<b>24,741,530</b>	<b>95,659,565</b>	<b>138,078,478</b>
<i>Non-financial Assets</i>					
Investment properties	3,448,315	-	-	9,297,901	9,297,901
	<b>P119,804,424</b>	<b>P17,677,383</b>	<b>P24,741,530</b>	<b>P104,957,466</b>	<b>P147,376,379</b>
<b>Liabilities for which Fair Values are Disclosed</b>					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P9,107,144	P -	P9,098,652	P -	P9,098,652
Long-term negotiable certificates	5,029,420	-	5,116,369	-	5,116,369
	<b>P14,136,564</b>	<b>P -</b>	<b>P14,215,021</b>	<b>P -</b>	<b>P14,215,021</b>

In 2022, due to changes in market conditions for certain government securities measured at FVOCI, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities at FVOCI, with carrying amounts of P306.1 million in 2022, were transferred from Level 1 to Level 2 of the fair value hierarchy. There have been no transfers from Level 1 to Level 2 of the fair value hierarchy for government securities measured at FVPL in 2022.

There have been no transfers from Level 1 to Level 2 of the fair value hierarchy in 2021.

In 2022 and 2021, there have been no transfers into and out of Level 3 of the fair value hierarchy.

An instrument in its entirety is classified as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived. The fair value of the Level 3 instruments is based on cost which approximates its fair value.

The carrying values of the financial assets and liabilities not included in the fair value hierarchy table shown above approximate their respective fair values as at December 31, 2022 and 2021.

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## 7. Segment Reporting

The Bank's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to Senior Management who is responsible for allocating resources to the segments and assessing their performance. Segment performance is evaluated based on net income before provision/reversal of credit and impairment losses, share in net loss of an associate, and income tax expense. The Bank's business segments follow:

*Treasury Management Group* - principally provides money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks.

*Corporate Banking Group* - principally handles loans and other credit facilities for corporate institutional, and middle market clients.

*Branch Banking Group* - principally supervises customers' deposits and offers standard customer transactional services through the branch network.

*Consumer Group* - principally manages home, automobile, and salary loans for individual customers.

*Others* - includes but not limited to Credit Cards, Transaction Banking, Trust, and Acquired Assets. Other operations of the Bank also include operations and financial control groups.

Segment assets and liabilities comprise operating assets and liabilities, including borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment. Transactions between the business segments are carried out at arm's length. The Bank uses an Internal Funds Transfer Pricing rate to allocate the cost of funds or to recognize internal revenue for deposit takers. The Bank has no significant customers which contributes 10.00% or more of the Bank's revenue net of interest expense. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The segment information of the Bank for the years ended December 31, 2022, 2021 and 2020 for statements of income items, and as at December 31, 2022 and December 31, 2021 for statements of financial position items follow (amounts in millions):

	December 31, 2022					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
<b>Statement of Income</b>						
Net interest income:						
Third party Intersegment	P2,171 (1,602)	P4,448 (3,157)	(P880) 5,306	P896 (542)	P47 (5)	P6,682 -
Net interest income	569	1,291	4,426	354	42	6,682
Non-interest income	116	154	89	40	1,035	1,434
Total revenues	685	1,445	4,515	394	1,077	8,116
Other expenses	222	258	2,098	157	2,749	5,484
Income (losses) before provision for credit losses and income tax expense	P463	P1,187	P2,417	P237	(P1,672)	P2,632
Provision for credit and impairment losses						P166
Share in net loss of an associate						-
Income tax expense						666
Net income						P1,800
<b>Other Segment Information</b>						
Capital expenditures	P6	P6	P57	P7	P86	P162
Depreciation and amortization	P4	P3	P53	P7	P365	P432

	December 31, 2022					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
<b>Statement of Financial Position</b>						
Total assets	P80,035	P93,631	P23,810	P12,063	P7,979	P217,518
Total liabilities	9,995	35	172,912	116	6,429	189,487

	December 31, 2021					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
<b>Statement of Income</b>						
Net interest income:						
Third party Intersegment	P1,614 (1,256)	P3,328 (1,321)	(P560) 3,879	P896 (629)	P120 (673)	P5,398 -
Net interest income	358	2,007	3,319	267	(553)	5,398
Non-interest income	(29)	40	83	31	702	827
Total revenues	329	2,047	3,402	298	149	6,225
Other expenses	147	199	2,040	146	2,496	5,028
Income (losses) before provision for credit losses and income tax expense	P182	P1,848	P1,362	P152	(P2,347)	P1,197
Reversal of credit and impairment losses						(P635)
Share in net loss of an associate						1
Income tax expense						624
Net income						P1,207
<b>Other Segment Information</b>						
Capital expenditures	P1	P7	P52	P2	P53	P115
Depreciation and amortization	P4	P3	P63	P7	P386	P463



	December 31, 2021					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Financial Position						
Total assets	P93,887	P63,564	P22,497	P12,386	P7,379	P199,713
Total liabilities	7,845	69	164,790	102	3,544	176,350
	December 31, 2020					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P1,173	P3,677	(P1,023)	P1,013	P268	P5,108
Intersegment	(1,416)	(2,019)	4,840	(716)	(689)	-
Net interest income	(243)	1,658	3,817	297	(421)	5,108
Non-interest income	1,204	78	86	10	387	1,765
Total revenues	961	1,736	3,903	307	(34)	6,873
Other expenses	308	219	1,736	153	2,452	4,868
Income (losses) before provision for credit losses and income tax expense	P653	P1,517	P2,167	P154	(P2,486)	P2,005
Provision for credit and impairment losses						P963
Share in net loss of an associate						1
Income tax expense						257
Net income						P784
Other Segment Information						
Capital expenditures	P3	P2	P34	P4	P44	P87
Depreciation and amortization	P4	P3	P256	P7	P298	P568

Non-Interest income consists of trading and investment securities gains (losses), service charges, fees and commissions, foreign exchange gains, gain on foreclosure, and sale of property and equipment and foreclosed assets and miscellaneous income.

Other expenses consist of compensation and fringe benefits, taxes and licenses, rent and utilities, depreciation and amortization, insurance, service fees and commissions, subscription fees, entertainment and recreation, management and professional fees, amortization of software costs, share in net loss of associate and miscellaneous expense.

## 8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

	Note	2022	2021
SPURA		<b>P14,538,857,444</b>	P15,800,317,280
Interbank loans receivable		<b>3,842,368,409</b>	3,335,771,311
		<b>18,381,225,853</b>	19,136,088,591
Less allowance for credit losses	17	<b>2,481,466</b>	2,583,372
		<b>P18,378,744,387</b>	P19,133,505,219

SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

Interbank loans receivable consists of short-term loans granted to other banks.

Interest income on SPURA and interbank loans receivable follows:

	2022	2021	2020
SPURA	<b>P475,286,408</b>	P316,263,835	P234,610,084
Interbank loans receivable	<b>63,872,487</b>	17,540	3,434,107
	<b>P539,158,895</b>	P316,281,375	P238,044,191

SPURA bears interest rates ranging from 2.0% to 5.5% in 2022, interest rate of 2.0% in 2021 and interest rates ranging from 2.0% to 4.0% in 2020.

Peso-denominated interbank loans receivable bear interest rates ranging from 1.8% to 5.0% in 2022 and 3.5% to 3.9% in 2020. No short-term peso-denominated loans were granted by the Bank to other banks in 2021. Dollar-denominated interbank loans receivable bear interest rates ranging from 0.5% to 3.8%, from 0.1% to 0.5%, and from 0.1% to 1.7% in 2022, 2021 and 2020, respectively.

## 9. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	2022	2021
Private debt securities	<b>P344,809,237</b>	P490,887,983
Government securities held-for-trading	<b>7,258,797</b>	478,225,289
Derivative assets	<b>28,933,434</b>	25,499,500
	<b>P381,001,468</b>	P994,612,772

Private debt securities pertain to investment in MRT III bonds that does not qualify as SPPI, thus, mandatorily classified and measured as financial assets at FVPL.

As at December 31, 2022, 2021 and 2020, financial assets at FVPL are adjusted for unrealized gain of P3.0 million, unrealized loss of P4.2 million and unrealized gain of P69.7 million, respectively (see Note 28).

### Derivative Financial Instruments

This includes warrants amounting to \$50 thousand acquired by the Bank in June 2008. The warrants give the Bank the option or right to exchange its holding of certain Republic of the Philippines Global Bonds into peso-denominated government securities upon occurrence of a predetermined credit event. The warrants will mature in November 2032.

Forward swaps refer to spot purchase of 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. As at December 31, 2022, these pertain to one contract with notional amount of \$1.0 million and three contracts with notional amount of \$0.5 million each. The Bank has no forward swaps as at December 31, 2021.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount and leverage exposure. The leverage exposure is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The leverage exposure indicates the volume of transactions outstanding as at December 31, 2022 and 2021 and is not indicative of either market risk or credit risk.

	December 31, 2022			December 31, 2021		
	Derivative Assets	Notional Amount	Leverage Exposure	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	P27,877,500	\$50,000	\$ -	P25,499,500	\$50,000	\$ -
Forwards	1,055,934	1,000,000	-	-	-	-
	<b>P28,933,434</b>	<b>\$1,050,000</b>	<b>\$ -</b>	<b>P25,499,500</b>	<b>\$50,000</b>	<b>\$ -</b>

	December 31, 2022			December 31, 2021		
	Derivative Liabilities	Notional Amount	Leverage Exposure	Derivative Liabilities	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Forwards	P283,329	\$1,500,000	\$ -	P -	\$ -	\$ -

## 10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	Note	2022	2021
Government securities		<b>P5,619,271,980</b>	P4,569,700,778
Equity securities		<b>185,778,540</b>	181,893,798
Private debt securities	33	-	303,522,000
		<b>P5,805,050,520</b>	P5,055,116,576

As at December 31, 2022 and 2021, the ECL allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P0.6 million and P0.7 million, respectively (see Note 17).

### *Equity Securities*

This account consists of ordinary shares from a foreign financial institution and a telecommunications company and club shares. The Bank has designated these equity securities as at FVOCI.

Equity securities include the Bank's 8.57% equity interest in Banco National de Guinea Equatorial (BANGE) as part of its partnership with the National Government of the Republic of Equatorial Guinea. The carrying amount of the equity securities amounted to P18.8 million as at December 31, 2022 and 2021. Dividend income received from BANGE in 2020 amounted to P3.0 million, booked under "Miscellaneous Income" in the statements of income (see Note 31). No dividend was received from BANGE in 2022 and 2021.

In 2022 and 2021, the Bank disposed club shares with carrying value of P0.8 million and P10.6 million, respectively, and transferred to "Retained earnings" account the realized gain of P0.3 million and P6.1 million in 2022 and 2021, respectively. There were no disposals of equity securities in 2020.

Dividend income from equity securities at FVOCI amounted to P1.6 million, P5.7 million and P12.2 million in 2022, 2021 and 2020, respectively (see Note 31).

### Net Unrealized Losses on Financial Assets at FVOCI

The movements of net unrealized gains (losses) on financial assets at FVOCI follow:

	<b>Note</b>	<b>2022</b>	2021	2020
Balance at beginning of year		<b>(P156,154,761)</b>	P69,657,563	P36,108,673
Net unrealized gains (losses) recognized as OCI		<b>(574,495,027)</b>	(293,920,562)	315,724,110
ECL on debt securities at FVOCI	17	<b>(27,137)</b>	(1,108,339)	1,652,388
Realized losses (gains) taken to profit or loss	28	-	68,883,753	(280,743,443)
Effect of tax	32	-	6,389,324	(3,084,165)
Net change in unrealized gains (losses) recorded in OCI		<b>(574,522,164)</b>	(219,755,824)	33,548,890
Realized gains taken to retained earnings		<b>(290,000)</b>	(6,056,500)	-
Balance at end of year		<b>(P730,966,925)</b>	(P156,154,761)	P69,657,563

### **11. Investment Securities at Amortized Cost**

This account consists of:

	<b>Note</b>	<b>2022</b>	2021
Government securities		<b>P49,450,521,816</b>	P40,331,752,498
Private debt securities	33	<b>2,764,316,045</b>	2,583,066,258
		<b>52,214,837,861</b>	42,914,818,756
Less allowance for credit losses	17	<b>6,068,800</b>	5,761,352
		<b>P52,208,769,061</b>	P42,909,057,404

No investment securities at amortized cost were sold in 2022 and 2021.

In September and October 2020, the Bank sold government securities classified as Investment securities at amortized cost with total carrying value of P11.8 billion for peso denominated government securities and \$51.3 million for dollar denominated government securities. The Bank realized gain from the sale of these securities amounting to P570.5 million and \$4.0 million (P196.6 million) for peso and dollar denominated government securities, respectively (see Note 28).

The sales were made as part of the Bank's initiatives to preserve its capital and provide a buffer over regulatory minimum levels. The capital of the Bank was directly threatened by the increasing past due and NPL brought by the unforeseen and historical COVID-19 pandemic which required a significant increase in provision for credit losses on loans. The Bank assessed that the sale did not result in changes to the objectives of the hold-to-collect business model as the sale was infrequent. The remaining investment securities continue to be measured at amortized cost.



## 12. Loans and Receivables

This account consists of:

	<i>Note</i>	<b>2022</b>	2021
Receivables from customers:			
Term loans		<b>P86,583,033,586</b>	P59,050,250,905
Housing loans		<b>8,222,608,912</b>	8,329,292,292
Auto loans		<b>3,652,024,507</b>	3,543,209,363
Agri-agra loans		<b>2,537,887,089</b>	1,241,364,426
Bills purchased, import bills and trust receipts	22	<b>1,384,577,563</b>	463,352,225
Direct advances		<b>605,327,618</b>	537,504,714
Others		<b>2,597,626,608</b>	2,319,120,588
		<b>105,583,085,883</b>	75,484,094,513
Less unearned interest income		<b>43,154,930</b>	37,309,436
		<b>105,539,930,953</b>	75,446,785,077
Accrued interest receivable:			
Loans and receivables		<b>848,790,235</b>	614,200,832
Trading and investment securities		<b>422,998,451</b>	358,148,082
Interbank loans receivable and SPURA		<b>5,715,175</b>	702,236
Due from BSP and other banks		<b>2,193,333</b>	1,429,147
Accounts receivable		<b>1,057,747,032</b>	794,692,800
Sales contract receivables		<b>382,621,585</b>	408,965,309
Unquoted debt securities		<b>291,578,213</b>	291,578,204
RCOCI		<b>249,146</b>	822,302
		<b>108,551,824,123</b>	77,917,323,989
Less allowance for credit losses	17	<b>3,460,595,359</b>	3,543,198,822
		<b>P105,091,228,764</b>	P74,374,125,167

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P1.3 billion and P420.0 million as at December 31, 2022 and 2021, respectively (see Notes 22 and 33). Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the Bank to its clients.

Other receivables from customers pertain to consumer loans such as benefit loans, salary loans, and credit cards.

Accounts receivable mainly consist of amounts due from customers and other parties under open-account arrangements, advances for buyers of foreclosed properties, receivables from employees and other miscellaneous receivables.

Sales contract receivables arise mainly from the sale of foreclosed properties booked under "Investment properties" accounts.

On March 25, 2020, Republic Act (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1”) was enacted. Bayanihan 1 provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest falling due within the enhanced community quarantine period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, RA No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2”), was enacted. Under Bayanihan 2, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of the said loans.

Based on the Bank’s assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. The impact of loan modifications amounted to a loss of P29.6 million. For the year ended December 31, 2020, the net impact of the loan modification after subsequent accretion of the modified loan amounted to P24.8 million and was recorded in “Interest income” in the statements of income. For the years ended December 31, 2022 and 2021, accretion of loan modification that were recorded in “Interest income” in the statements of income amounted to P5.1 million and P7.0 million, respectively.

#### BSP Regulatory Reporting

As at December 31, 2022 and 2021, the breakdown of receivables from customers as to collateral follows (amounts in thousands, except percentages):

	2022		2021	
	Amount	%	Amount	%
Loans secured by:				
Deed of pledge	<b>P7,905,090</b>	<b>7.5</b>	P2,667,139	3.5
Real estate	<b>5,345,891</b>	<b>5.1</b>	4,671,629	6.2
Deposit hold-out	<b>5,283,140</b>	<b>5.0</b>	5,115,340	6.8
Continuing surety agreement	<b>4,754,637</b>	<b>4.5</b>	4,448,004	5.9
Chattel	<b>2,314,566</b>	<b>2.2</b>	2,650,902	3.5
Corporate guaranty	<b>1,564,374</b>	<b>1.5</b>	2,480,565	3.3
Deed of assignment	<b>1,136,920</b>	<b>1.1</b>	1,287,561	1.7
Mortgage trust indenture	<b>809,900</b>	<b>0.8</b>	1,050,200	1.4
Certificate of participation	<b>800,000</b>	<b>0.7</b>	1,000,000	1.3
Others*	<b>17,756,186</b>	<b>16.8</b>	12,611,275	16.7
	<b>47,670,704</b>	<b>45.2</b>	37,982,615	50.3
Unsecured	<b>57,912,382</b>	<b>54.8</b>	37,501,480	49.7
	<b>P105,583,086</b>	<b>100.0</b>	P75,484,095	100.0

\*Others include post-dated checks and various collaterals on omnibus loan and security agreement

As at December 31, 2022 and 2021, information on the concentration of credit as to industry follows (amounts in thousands, except percentages):

	2022		2021	
	Amount	%	Amount	%
Electricity, gas, steam, and air-conditioning supply	<b>P30,518,493</b>	<b>28.9</b>	P21,406,795	28.4
Real estate activities	<b>24,139,201</b>	<b>22.9</b>	16,058,865	21.3
Manufacturing	<b>13,275,801</b>	<b>12.6</b>	11,557,523	15.3
Information and communication	<b>9,528,617</b>	<b>9.0</b>	53,550	0.1
Construction	<b>6,278,239</b>	<b>5.9</b>	9,218,129	12.2
Wholesale and retail trade, repair of motor vehicles and motorcycles	<b>4,889,646</b>	<b>4.6</b>	4,732,528	6.3
Agriculture, forestry and fishing	<b>2,394,508</b>	<b>2.3</b>	948,852	1.3
Water supply, sewerage, waste management and remediation activities	<b>1,401,877</b>	<b>1.3</b>	1,416,877	1.9
Transportation and storage	<b>1,372,692</b>	<b>1.3</b>	784,920	1.0
Financial and insurance activities	<b>1,311,410</b>	<b>1.3</b>	1,823,796	2.4
Accommodation and food service activities	<b>1,285,650</b>	<b>1.2</b>	1,148,574	1.5
Administrative and support service activities	<b>711,460</b>	<b>0.7</b>	190,625	0.2
Others*	<b>8,475,492</b>	<b>8.0</b>	6,143,061	8.1
	<b>P105,583,086</b>	<b>100.0</b>	P75,484,095	100.0

\*Others include Professional Activities, Education, Personal Consumption and other various activities

BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of total loan portfolio or 10.0% of Tier 1 capital.

As at December 31, 2022 and 2021, the Bank does not have credit concentration in any particular industry that exceeds 30.0% of total loan portfolio.

As at December 31, 2022, 10% of Tier 1 capital amounted to P2.5 billion and the table above includes the six industry groups exceeding this level as of that date.

The table also includes the five industry groups above the 10% of Tier 1 capital (P2.1 billion) as at December 31, 2021. The BROCOM and CRECOM constantly monitor these credit risk concentrations to ensure they are within the risk appetite of the Bank.

Under BSP Circular No. 941, *Amendments to the Regulations on Past Due and Non-Performing Loans*, loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

As at December 31, 2022 and 2021, the breakdown of receivables from customers as to status, is as follows (amounts in thousands)

	December 31, 2022		
	Performing	Non-performing	Total
Corporate	P89,160,116	P644,853	P89,804,969
Consumers	11,338,496	1,221,937	12,560,433
Credit card	1,216,190	596,107	1,812,297
Others	1,306,849	55,383	1,362,232
	<b>P103,021,651</b>	<b>P2,518,280</b>	<b>P105,539,931</b>

	December 31, 2021		
	Performing	Non-performing	Total
Corporate	P60,060,363	P810,213	P60,870,576
Consumers	11,085,873	1,425,312	12,511,185
Credit card	1,045,892	539,477	1,585,369
Others	428,784	50,871	479,655
	<b>P72,620,912</b>	<b>P2,825,873</b>	<b>P75,446,785</b>

As at December 31, 2022 and 2021, the NPLs of the Bank, as reported to BSP, are as follows:

	2022	2021
Gross NPLs	<b>P2,518,280</b>	P2,825,873
Less deductions as required by BSP	<b>1,793,731</b>	2,018,591
Net NPLs	<b>P724,549</b>	P807,282

Gross and net NPL ratios of the Bank are 2.1% and 0.6%, respectively, as at December 31, 2022 and 3.1% and 0.9%, respectively, as at December 31, 2021.

As at December 31, 2022 and 2021, restructured loans amounted to P1.1 billion and P412.0 million, respectively. Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs. As at December 31, 2022 and 2021, restructured receivables from customers considered as NPLs amounted P340.9 million and P218.3 million, respectively.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 Regulatory Reliefs for BSP-supervised financial institutions (BSFIs) Affected by the COVID-19, as amended by M-2020-0032 dated April 27, 2020 and M-2020-0022 dated April 8, 2020. The said memorandum provides for certain temporary regulatory relief measures for financial institutions supervised by the BSP as follow:

- Staggered booking of allowance for credit losses over a maximum of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of March 8, 2020, subject to prior approval of the BSP;
- Exclusion from the computation of past due and non-performing classification, the loans by borrowers in affected areas which should have been reclassified as past due as of March 8, 2020, including those loans becoming past due or non-performing six months thereafter, subject to the following: (a) such loans shall be reported to the BSP; (b) the exclusion shall be allowed from March 8, 2020 until December 31, 2021; and (c) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;



- Non-imposition of monetary policies for delays incurred in the submission of all supervisory reports to BSP due to be submitted from March 8, 2020 up to six months thereafter;
- Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following March 8, 2020 up to six months thereafter, subject to prior approval of the BSP;
- Increase in the Single Borrower's Limit (SBL) from 25.0% to 30.0% until March 31, 2021;
- Allowance of (a) loans to Micro, Small and Medium Enterprises (MSMEs) and (b) loans to critically-impacted large enterprises as alternative mode of compliance with reserve requirements until December 31, 2021; and
- Provision of financial assistance to officers affected by the present health emergency, for the grant of loans, advances or any other forms of credit accommodations, subject to the submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the BOD.

As of December 31, 2022 and 2021, there has been no availment of the reliefs provided by BSP.

#### Interest Income on Loans and Receivables

This account consists of:

	2022	2021	2020
Receivables from customers:			
Term loans	<b>P4,258,299,628</b>	P3,135,826,861	P3,502,896,604
Housing loans	<b>533,304,245</b>	551,299,617	570,443,567
Auto loans	<b>247,631,545</b>	264,452,515	351,866,491
Agri-agra loans	<b>117,546,235</b>	38,283,650	26,051,159
Direct advances	<b>15,944,868</b>	18,021,144	25,320,441
Bills purchased, import bills and trust receipts	<b>5,908,431</b>	1,008,184	280,959
Others	<b>264,901,980</b>	250,289,916	336,682,833
	<b>5,443,536,932</b>	4,259,181,887	4,813,542,054
Sales contract receivable	<b>21,691,954</b>	25,273,885	26,601,895
	<b>P5,465,228,886</b>	P4,284,455,772	P4,840,143,949

*\*Others pertain to interest income from consumer loans such as benefit loans, salary loans, and credit cards.*

As at December 31, 2022, 2021 and 2020, 55.7%, 48.0% and 44.3%, respectively, of the total receivables from customers were subject to periodic interest repricing.

Peso-denominated loans earn annual fixed interest rates ranging from 1.6% to 54.0% in 2022, from 1.0% to 54% in 2021 and from 1.3% to 54.0% in 2020. Dollar-denominated loans earn annual fixed interest rates ranging from 3.3% to 8.7% in 2022 and 1.2% to 8.0% in 2021 and 2020.

Sales contract receivables bear fixed interest rates ranging from 5.3% to 11.6% in 2022 and 2021 and from 3.4% to 12.1% in 2020.

### 13. Investment in an Associate

The movements in of the Bank's equity investment in BIC follow:

	Note	2022	2021	2020
Acquisition cost (24.26%-owned)		<b>P75,395,200</b>	P75,395,200	P75,395,200
Accumulated equity in net loss and OCI:				
Balance at beginning of year		<b>(29,807,825)</b>	(28,782,008)	(28,025,906)
Share in net loss		<b>(133,185)</b>	(1,039,285)	(753,029)
Share in other comprehensive income (loss)		<b>(5,777)</b>	13,468	(3,073)
Balance at end of year		<b>(29,946,787)</b>	(29,807,825)	(28,782,008)
Allowance for impairment loss	17	<b>(5,925,786)</b>	(5,925,786)	(5,925,786)
	33	<b>P39,522,627</b>	P39,661,589	P40,687,406

The following table shows the summarized financial information of BIC:

	2022	2021*	2020*
Assets	<b>P175,587,810</b>	P175,203,784	P177,630,567
Liabilities	<b>(12,241,573)</b>	(12,041,307)	(11,733,886)
Net assets	<b>163,346,237</b>	163,162,477	165,896,681
Revenues	<b>3,677,273</b>	1,740,041	956,700
Net income/(loss) for the year	<b>(225,937)</b>	(2,791,998)	(4,669,104)
Other comprehensive loss	<b>(23,816)</b>	57,793	(12,670)
Total comprehensive income/(loss)	<b>(249,753)</b>	(2,734,205)	(4,681,774)

\* Based on 2020 and 2021 audited financial statements

\*\* Based on 2022 unaudited financial information

As at December 31, 2022 and 2021, the Bank's subscribed capital stock in BIC amounted to P75.8 million out of BIC's outstanding capital stock of P312.5 million.

### 14. Property, Equipment and Right-of-Use Assets

The movements in property and equipment follow:

Note	December 31, 2022						Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 30)		
<b>Cost</b>							
Balance at January 1	P41,569,630	P872,187,818	P1,570,377,529	P853,087,118	P972,959,420		P4,310,181,515
Additions	-	3,561,570	162,015,036	16,779,522	159,277,079		341,633,207
Disposals	-	-	(103,416,400)	-	(96,701,381)		(200,117,781)
<b>Balance at December 31</b>	<b>41,569,630</b>	<b>875,749,388</b>	<b>1,628,976,165</b>	<b>869,866,640</b>	<b>1,035,535,118</b>		<b>4,451,696,941</b>
<b>Less Accumulated Depreciation and Amortization</b>							
Balance at January 1	-	265,538,777	1,261,865,760	799,505,168	504,717,541		2,831,627,246
Depreciation and amortization	-	23,171,377	96,886,118	21,719,160	194,086,444		335,863,099
Disposals	-	-	(50,666,535)	-	(96,701,381)		(147,367,916)
<b>Balance at December 31</b>	<b>-</b>	<b>288,710,154</b>	<b>1,308,085,343</b>	<b>821,224,328</b>	<b>602,102,604</b>		<b>3,020,122,429</b>
Allowance for impairment losses	17	5,022,885	1,133,017	-	-		6,155,902
<b>Net Book Value at December 31</b>	<b>P36,546,745</b>	<b>P585,906,217</b>	<b>P320,890,822</b>	<b>P48,642,312</b>	<b>P433,432,514</b>		<b>P1,425,418,610</b>

December 31, 2021						
Note	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 30)	Total
<b>Cost</b>						
Balance at January 1	P41,569,630	P854,170,133	P1,540,355,955	P829,058,742	P940,405,219	P4,205,559,679
Additions	-	18,017,685	114,949,628	24,028,376	45,242,843	202,238,532
Disposals	-	-	(85,117,636)	-	(12,688,642)	(97,806,278)
Reclassification	16	-	189,582	-	-	189,582
<b>Balance at December 31</b>	<b>41,569,630</b>	<b>872,187,818</b>	<b>1,570,377,529</b>	<b>853,087,118</b>	<b>972,959,420</b>	<b>4,310,181,515</b>
<b>Less Accumulated Depreciation and Amortization</b>						
Balance at January 1	-	242,821,509	1,197,935,505	775,846,438	323,398,988	2,540,002,440
Depreciation and amortization	-	22,717,268	104,126,463	23,658,730	194,007,195	344,509,656
Disposals	-	-	(40,196,208)	-	(12,688,642)	(52,884,850)
<b>Balance at December 31</b>	<b>-</b>	<b>265,538,777</b>	<b>1,261,865,760</b>	<b>799,505,168</b>	<b>504,717,541</b>	<b>2,831,627,246</b>
Allowance for impairment losses	17	5,022,885	1,133,017	-	-	6,155,902
<b>Net Book Value at December 31</b>	<b>P36,546,745</b>	<b>P605,516,024</b>	<b>P308,511,769</b>	<b>P53,581,950</b>	<b>P468,241,879</b>	<b>P1,472,398,367</b>

December 31, 2020						
Note	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 30)	Total
<b>Cost</b>						
Balance at January 1	P41,569,630	P852,916,703	P1,535,856,312	P818,750,027	P762,476,355	P4,011,569,027
Additions	-	1,253,430	86,666,609	10,308,715	220,979,671	319,208,425
Disposals	-	-	(82,166,966)	-	(43,050,807)	(125,217,773)
<b>Balance at December 31</b>	<b>41,569,630</b>	<b>854,170,133</b>	<b>1,540,355,955</b>	<b>829,058,742</b>	<b>940,405,219</b>	<b>4,205,559,679</b>
<b>Less Accumulated Depreciation and Amortization</b>						
Balance at January 1	-	220,640,955	1,122,019,787	751,645,607	170,031,581	2,264,337,930
Depreciation and amortization	-	22,180,554	113,180,003	24,200,831	196,113,592	355,674,980
Disposals	-	-	(37,264,285)	-	(42,746,185)	(80,010,470)
<b>Balance at December 31</b>	<b>-</b>	<b>242,821,509</b>	<b>1,197,935,505</b>	<b>775,846,438</b>	<b>323,398,988</b>	<b>2,540,002,440</b>
Allowance for impairment losses	17	5,022,885	1,133,017	-	-	6,155,902
<b>Net Book Value at December 31</b>	<b>P36,546,745</b>	<b>P610,215,607</b>	<b>P342,420,450</b>	<b>P53,212,304</b>	<b>P617,006,231</b>	<b>P1,659,401,337</b>

In 2022, 2021 and 2020, the net gains on sale of property and equipment included under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the statements of income amounted to P0.1 million, P0.3 million and P0.5 million, respectively.

As at December 31, 2022 and 2021, the cost of fully depreciated property and equipment still in use amounted to P1.8 billion and P1.7 billion, respectively.

## 15. Investment Properties

The movements in investment properties follow:

December 31, 2022			
Note	Land	Buildings	Total
Balance at January 1	<b>P3,223,880,496</b>	<b>P1,194,131,603</b>	<b>P4,418,012,099</b>
Additions	<b>84,976,590</b>	<b>84,393,604</b>	<b>169,370,194</b>
Disposals	<b>(114,755,508)</b>	<b>(45,819,314)</b>	<b>(160,574,822)</b>
<b>Balance at December 31</b>	<b>3,194,101,578</b>	<b>1,232,705,893</b>	<b>4,426,807,471</b>
<b>Less Accumulated Depreciation</b>			
Balance at January 1	-	<b>778,421,466</b>	<b>778,421,466</b>
Depreciation	-	<b>81,156,976</b>	<b>81,156,976</b>
Disposal	-	<b>(34,661,412)</b>	<b>(34,661,412)</b>
<b>Balance at December 31</b>	<b>-</b>	<b>824,917,030</b>	<b>824,917,030</b>
<b>Less Allowance for Impairment Losses</b>	<b>17</b>	<b>198,932,553</b>	<b>201,903,692</b>
		<b>P2,995,169,025</b>	<b>P404,817,724</b>
			<b>P3,399,986,749</b>

December 31, 2021				
	Note	Land	Buildings	Total
Balance at January 1		P3,354,902,161	P1,177,252,394	P4,532,154,555
Additions		6,038,866	58,065,161	64,104,027
Disposals		(137,060,531)	(41,185,952)	(178,246,483)
Balance at December 31		3,223,880,496	1,194,131,603	4,418,012,099
Less Accumulated Depreciation				
Balance at January 1		-	727,351,651	727,351,651
Depreciation		-	75,962,263	75,962,263
Disposal		-	(24,892,448)	(24,892,448)
Balance at December 31		-	778,421,466	778,421,466
Less Allowance for Impairment Losses				
	17	185,103,589	6,172,509	191,276,098
		P3,038,776,907	P409,537,628	P3,448,314,535

December 31, 2020				
	Note	Land	Buildings	Total
Balance at January 1		P3,382,699,201	P1,117,837,397	P4,500,536,598
Additions		11,786,963	12,404,057	24,191,020
Disposals		(39,584,003)	(11,919,235)	(51,503,238)
Reclassification		-	58,930,175	58,930,175
Balance at December 31		3,354,902,161	1,177,252,394	4,532,154,555
Less Accumulated Depreciation				
Balance at January 1		-	595,014,287	595,014,287
Depreciation		-	125,259,084	125,259,084
Disposal		-	(3,730,338)	(3,730,338)
Reclassification		-	10,808,618	10,808,618
Balance at December 31		-	727,351,651	727,351,651
Less Allowance for Impairment Losses				
	17	172,547,531	7,268,767	179,816,298
		P3,182,354,630	P442,631,976	P3,624,986,606

As at December 31, 2022 and 2021, the aggregate market value of investment properties amounted to P10.0 billion and P9.3 billion, respectively. Information about the fair value measurement of investment properties is presented in Note 6.

Gain on foreclosure and sale of investment properties included under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" consists of the following:

	2022	2021	2020
Gain on assets sold	<b>P262,092,188</b>	P258,763,846	P45,987,545
Gain on foreclosure	<b>63,491,307</b>	3,877,212	1,104,271
	<b>P325,583,495</b>	P262,641,058	P47,091,816

Rental income on investment properties (included in "Miscellaneous income" account in the statements of income) in 2022, 2021 and 2020 amounted to P0.6 million, P0.1 million and P0.2 million, respectively (see Note 31).



Direct operating expenses on investment properties that generated rental income (included under “Rent and utilities” account, “Litigation and acquired assets-related expenses” in “Other expenses - miscellaneous” account and “Taxes and licenses” account in the statements of income) amounted to P0.01 million and P0.02 million in 2022 and 2021, respectively. No direct operating expenses on investment properties that generated rental income were incurred in 2020. Direct operating expenses on investment properties such as security and insurance expenses, included under “Rent and utilities” account, litigation expenses, included under “Litigation and acquired assets-related expenses” in “Other expenses - miscellaneous” account, and real estate taxes, included under “Taxes and licenses” account in the statements of income, that did not generate rental income in 2022, 2021 and 2020 amounted to P91.6 million, P74.0 million and P68.4 million, respectively (see Note 31).

## 16. Other Assets

This account consists of:

	Note	2022	2021
Miscellaneous assets - TRB	34	<b>P4,431,521,641</b>	P4,435,560,125
Creditable withholding tax		<b>1,773,453,565</b>	1,538,203,367
Intangible assets*		<b>386,524,308</b>	358,695,778
Sinking fund	24	<b>282,393,274</b>	280,236,108
Documentary stamps		<b>99,711,061</b>	124,742,541
Retirement assets	29	<b>73,147,902</b>	-
Prepaid expenses		<b>48,103,886</b>	46,468,703
Other properties acquired*		<b>43,126,160</b>	20,415,042
Others		<b>195,037,847</b>	199,521,077
		<b>7,333,019,644</b>	7,003,842,741
Less allowance for impairment losses	17	<b>4,611,829,118</b>	4,615,905,588
		<b>P2,721,190,526</b>	P2,387,937,153

\*net of accumulated amortization/depreciation, gross of allowance for impairment losses

### Miscellaneous Assets - TRB

This account includes non-performing assets (NPAs) amounting to P4.4 billion as at December 31, 2022 and 2021 which were assumed by the Bank in connection with the Purchase and Sale Agreement (PSA) entered into by the Bank with Traders Royal Bank (TRB) in 2002 (see Note 34). Pursuant to the requirements of PFRS, the allowance for impairment losses on the NPAs amounting to P4.4 billion as at December 31, 2022 and 2021, were charged in full in the period incurred.

For its separate prudential reporting to BSP, the Bank was allowed under the MB Resolution No. 1751, dated November 8, 2001, as further amended by MB Resolution No. 489, dated April 3, 2003 and pursuant to MB Resolution No. 1950, dated November 21, 2013, to defer the full recognition of the impairment losses. The Bank annually recognizes provisions for impairment losses to gradually meet the foregoing provisioning requirement based on the net yield earned by the Bank from the Financial Assistance Agreement (FAA) with Philippine Deposit Insurance Corporation (PDIC) until November 29, 2013 when the collateralized government securities was sold and the obligation was fully settled. In 2022, the Bank recognized P1.3 billion provisions for prudential reporting to BSP to fully recognize the impairment losses on the NPAs. In 2021, provisions for impairment losses recognized for prudential reporting to BSP amounted to P160.0 million (see Note 34).

### Intangible Assets

Intangible assets consist of:

	<i>Note</i>	<b>2022</b>	2021
Software costs*		<b>P326,524,308</b>	P298,695,778
Branch licenses		<b>60,000,000</b>	60,000,000
		<b>386,524,308</b>	358,695,778
Less allowance for impairment losses	17	<b>90,278,696</b>	90,278,696
		<b>P296,245,612</b>	P268,417,082

\*net of accumulated amortization, gross of allowance for impairment losses

Movements in software costs follow:

	<b>2022</b>	2021	2020
<b>Cost</b>			
Balance at January 1	<b>P926,851,659</b>	P877,878,810	P861,720,028
Additions	<b>100,896,635</b>	48,972,849	16,158,782
Balance at end of year	<b>1,027,748,294</b>	926,851,659	877,878,810
<b>Less Accumulated Amortization</b>			
Balance at January 1	<b>628,155,881</b>	574,560,745	528,652,828
Amortization for the year	<b>73,068,105</b>	53,595,136	45,907,917
Balance at end of year	<b>701,223,986</b>	628,155,881	574,560,745
<b>Less Allowance for Impairment Losses</b>	<b>90,278,696</b>	90,278,696	90,278,696
<b>Net Book Value</b>	<b>P236,245,612</b>	P208,417,082	P213,039,369

### Other Properties Acquired

Movements in the other properties acquired follow:

	<i>Note</i>	<b>2022</b>	2021	2020
<b>Cost</b>				
Balance at January 1		<b>P220,284,000</b>	P225,430,172	P246,655,672
Additions		<b>87,394,500</b>	41,210,000	24,013,000
Disposals		<b>(62,570,500)</b>	(44,651,000)	(45,238,500)
Reclassification	14	-	(1,705,172)	-
Balance at end of year		<b>245,108,000</b>	220,284,000	225,430,172
<b>Less Accumulated Depreciation</b>				
Balance at January 1		<b>199,868,958</b>	174,388,936	106,187,895
Depreciation for the year		<b>14,643,389</b>	42,060,966	86,916,796
Disposals		<b>(12,530,507)</b>	(15,065,354)	(18,715,755)
Reclassification	14	-	(1,515,590)	-
Balance at end of year		<b>201,981,840</b>	199,868,958	174,388,936
<b>Less Allowance for Impairment Losses</b>		<b>96,485</b>	-	-
<b>Net Book Value</b>		<b>P43,029,675</b>	P20,415,042	P51,041,236

In 2022, 2021 and 2020, gain on foreclosure amounted to P3.5 million, P1.2 million and P0.2 million, respectively. Gain on sale of other properties acquired under “Gains on foreclosure and sale of property and equipment and foreclosed assets - net” amounted to P11.2 million, P10.3 million and P11.0 million in 2022, 2021 and 2020, respectively.

Others include security deposit, unused supplies and forms and petty cash fund.

## 17. Allowance for Credit and Impairment Losses

Movements in ECL allowances in 2022, 2021 and 2020 on financial assets, other than loans and receivables, are summarized as follows (amounts in thousands):

	December 31, 2022					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	Total
ECL allowance, January 1, 2022	P6,125	P141	P2,583	P662	P5,761	P15,272
Provision for (reversal of) credit and impairment losses for the year	(2,928)	(7)	(144)	(37)	220	(2,896)
Foreign exchange differences	-	7	42	9	88	146
<b>ECL allowance, December 31, 2022</b>	<b>P3,197</b>	<b>P141</b>	<b>P2,481</b>	<b>P634</b>	<b>P6,069</b>	<b>P12,522</b>

	December 31, 2021					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	Total
ECL allowance, January 1, 2021	P5,340	P138	P2,978	P1,770	P1,231	P11,457
Provision for (reversal of) credit and impairment losses for the year	785	(3)	(431)	(1,138)	4,493	3,706
Foreign exchange differences	-	6	36	30	37	109
<b>ECL allowance, December 31, 2021</b>	<b>P6,125</b>	<b>P141</b>	<b>P2,583</b>	<b>P662</b>	<b>P5,761</b>	<b>P15,272</b>

	December 31, 2020					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	Total
ECL allowance, January 1, 2020	P2,964	P87	P1,813	P118	P2,965	P7,947
Provision for (reversal of) credit and impairment losses for the year	2,376	55	1,204	1,687	(1,707)	3,615
Foreign exchange differences	-	(4)	(39)	(35)	(27)	(105)
<b>ECL allowance, December 31, 2020</b>	<b>P5,340</b>	<b>P138</b>	<b>P2,978</b>	<b>P1,770</b>	<b>P1,231</b>	<b>P11,457</b>

All accounts above were carried at Stage 1 and there were no transfers into and out of Stage 1 in 2022, 2021 and 2020.

The ECL allowance on financial assets at FVOCI is included in the “Net unrealized losses on financial assets at FVOCI” account in the statements of financial position (see Note 10).

As at December 31, 2022 and 2021, ECL on off-balance sheet exposures amounted to P33.8 million and P70.7 million, respectively, (see Note 22). In 2022, 2021 and 2020, the Bank recognized provision for (reversal of) ECL on loan commitment and financial guarantees amounting to (P36.9 million), P38.5 million and (P15.7 million), respectively.

In 2022 and 2021, the Bank recognized a provision (reversal) of allowance for credit losses on loans and receivables amounting to P74.6 million and (P339.1 million), which is included under "Provision for (reversal of) credit and impairment losses" account in the statements of income, as a result of the changes made in the ECL parameters to improve the accuracy of the ECL models (see Notes 3 and 4). The amount of the effect in future periods is not disclosed because estimating the impact is impracticable.



The table below summarizes the movements in ECL allowances on loans and receivables in 2022, 2021 and 2020 (amounts in thousands).

	December 31, 2022										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
ECL Loans, January 1, 2022	P99,790	P16,284	P93,420	P288	P3,416	P1,789	P11,915	P166,902	P2,623	P2,601	P172,126
Provision for credit and impairment losses	129,550	19,453	25,643	10,326	(3,024)	9,156	50,053	241,157	(5)	7,680	248,632
Transfer from Stage 1	(51,207)	(19,948)	(26,590)	(7,656)	(286)	(5,967)	(4,064)	(115,716)	(147)	(4,107)	(119,972)
Transfer from Stage 2	1,775	2,100	2,685	-	-	-	20	6,580	71	153	6,804
Transfer from Stage 3	-	530	577	-	-	-	2	1,109	90	28	1,227
Foreign exchange differences	731	2	-	-	14	148	44	939	-	5	944
	180,639	18,421	35,735	2,956	120	5,126	57,970	300,969	2,632	6,360	309,961
<b>Stage 2</b>											
ECL Loans, January 1, 2022	38,924	22,554	48,820	-	-	4,671	3,928	118,897	160	27,491	146,548
Provision for credit and impairment losses	61,651	(1,163)	(23,883)	-	-	(3,734)	9,063	41,934	(35)	(2,516)	39,383
Transfer from Stage 1	51,207	5,830	16,608	-	286	5,867	764	80,662	31	82,149	82,149
Transfer from Stage 2	(69,829)	(18,530)	(17,918)	-	-	-	(473)	(106,750)	(125)	(5,836)	(112,811)
Transfer from Stage 3	-	430	2,619	-	-	-	64	3,113	8	165	3,286
Movement due to foreclosure/settlement	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	986	-	-	-	-	-	15	1,001	-	42	1,043
	82,939	9,121	26,246	-	286	6,904	13,361	138,857	39	20,702	159,598
<b>Stage 3</b>											
ECL Loans, January 1, 2022	623,300	136,588	446,902	76,426	163,188	17,663	601,570	2,065,637	54,719	1,104,169	3,224,525
Provision for credit and impairment losses	10,624	(19,544)	(100,930)	(249)	(30,181)	-	22,215	(118,065)	(493)	29,822	(88,736)
Transfer from Stage 1	-	14,118	9,982	7,656	-	-	3,300	35,056	116	2,651	37,823
Transfer from Stage 2	68,054	16,430	15,233	-	-	-	453	100,170	54	5,783	106,007
Transfer from Stage 3	-	(960)	(3,196)	-	-	-	(66)	(4,222)	(98)	(193)	(4,513)
Movement due to foreclosure/settlement	(239,881)	(2,436)	(26,323)	-	-	-	(17,356)	(28,759)	-	(1,649)	(30,408)
Write-off	3,751	80	-	4,341	-	-	1,969	(257,237)	-	(15,294)	(272,531)
Foreign exchange differences	465,848	144,276	341,668	88,174	133,007	17,663	612,085	1,802,721	54,298	1,134,017	2,991,036
<b>Total</b>											
ECL Loans, January 1, 2022	762,014	175,426	529,142	76,714	166,604	24,123	617,413	2,351,436	57,502	1,134,261	3,543,199
Provision for credit and impairment losses	201,825	(1,254)	(99,170)	10,077	(33,205)	5,422	81,331	165,026	(533)	34,986	199,479
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	(239,881)	(2,436)	(26,323)	-	-	-	(17,356)	(28,759)	-	(1,649)	(30,408)
Write-off	5,468	82	-	4,341	14	148	2,028	(257,237)	-	(15,294)	(272,531)
Foreign exchange differences	729,426	171,818	403,649	91,132	133,413	29,693	663,416	2,242,547	56,969	1,161,079	3,460,995

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and RCOCI

December 31, 2021

	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri. Agri. Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
ECL Loans, January 1, 2021	P629,890	P199,431	P79,230	P7,401	P380	P1,642	P19,744	P937,718	P2,872	P16,292	P956,882
Provision for credit and impairment losses	(457,085)	(151,063)	35,763	(7,113)	3,029	4,311	17,650	(554,499)	(120)	(8,078)	(562,697)
Transfer from Stage 1	(76,052)	(38,299)	(87,484)	-	-	(4,190)	(25,575)	(228,600)	(255)	(5,856)	(234,708)
Transfer from Stage 2	1,217	2,472	5,437	-	-	-	64	9,190	4	206	9,400
Transfer from Stage 3	-	736	474	-	-	-	2	1,212	120	27	1,359
Foreign exchange differences	1,820	7	-	-	7	26	21	1,881	-	10	1,891
	99,790	16,284	33,420	288	3,416	1,789	11,915	166,902	2,623	2,801	172,126
<b>Stage 2</b>											
ECL Loans, January 1, 2021	49,354	88,482	28,776	-	7,059	1,207	5,714	180,592	153	31,627	212,372
Provision for credit and impairment losses	(47,694)	(58,919)	72,494	-	(7,244)	(726)	(2,641)	(44,730)	(52)	3,309	(41,473)
Transfer from Stage 1	37,999	12,455	28,461	-	-	4,190	1,480	84,585	110	2,048	86,743
Transfer from Stage 2	(1,217)	(22,255)	(82,928)	-	-	-	(676)	(107,076)	(101)	(9,727)	(116,904)
Transfer from Stage 3	-	2,791	2,017	-	-	-	44	4,852	50	176	5,078
Movement due to foreclosure/settlement	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	482	-	-	-	185	-	7	674	-	58	732
	38,924	22,554	48,820	-	-	4,671	3,928	118,897	160	27,491	146,548
<b>Stage 3</b>											
ECL Loans, January 1, 2021	593,711	305,220	252,160	73,710	163,188	17,663	559,082	1,964,734	54,709	1,043,361	3,062,804
Provision for credit and impairment losses	(10,209)	(207,100)	73,070	-	-	-	16,410	(127,829)	(60)	43,377	(84,512)
Transfer from Stage 1	38,053	22,844	59,023	-	-	-	24,095	144,015	143	3,808	147,966
Transfer from Stage 2	-	19,783	77,491	-	-	-	612	97,886	97	9,521	107,504
Transfer from Stage 3	-	(3,527)	(2,491)	-	-	-	(46)	(6,064)	(170)	(203)	(6,437)
Movement due to foreclosure/settlement	-	(632)	(12,351)	-	-	-	-	(12,983)	-	(1,080)	(14,063)
Write-off	1,745	-	-	2,716	-	-	1,417	5,878	-	5,385	11,263
Foreign exchange differences	623,300	136,588	446,902	76,426	163,188	17,663	601,570	2,065,637	54,719	1,104,169	3,224,525
<b>Total</b>											
ECL Loans, January 1, 2021	1,272,955	593,133	360,166	81,111	170,627	20,512	584,540	3,083,044	57,734	1,091,280	4,232,058
Provision for credit and impairment losses	(514,988)	(417,082)	181,327	(7,113)	(4,215)	3,585	31,428	(727,058)	(232)	38,608	(688,682)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	-	(632)	(12,351)	-	-	-	-	(12,983)	-	(1,080)	(14,063)
Write-off	4,047	7	-	2,716	192	26	1,445	8,433	-	5,453	13,886
Foreign exchange differences	P762,014	P175,426	P529,142	P76,714	P166,604	P24,123	P617,413	P2,351,436	P57,502	P1,134,261	P3,543,199

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and RCOCI

December 31, 2020

	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agri Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
ECL Loans, January 1, 2020	P595,718	P160,023	P93,507	P7,830	P1,022	P1,412	P23,986	P883,498	P3,986	P12,918	P900,402
Provision for credit and impairment losses	93,568	279,607	125,749	(420)	6,421	230	(2,358)	502,797	(633)	12,140	514,304
Transfer from Stage 1	(56,149)	(241,584)	(140,802)	-	(7,059)	-	(1,854)	(447,448)	(499)	(8,812)	(456,759)
Transfer from Stage 2	-	1,316	735	-	-	-	28	2,079	13	56	2,148
Transfer from Stage 3	-	82	41	-	-	-	-	123	5	4	132
Foreign exchange differences	(3,247)	(13)	-	(9)	(4)	-	(58)	(3,331)	-	(14)	(3,345)
	629,890	199,431	79,230	7,401	380	1,642	19,744	937,718	2,872	16,292	956,882
<b>Stage 2</b>											
ECL Loans, January 1, 2020	86,618	11,943	5,674	-	-	1,842	437	106,514	96	25,241	131,851
Provision for credit and impairment losses	(2,657)	43,875	26,193	-	235	(635)	(213)	66,798	(23)	9,325	76,100
Transfer from Stage 1	49,354	81,028	27,681	-	7,059	-	632	165,754	73	3,113	168,940
Transfer from Stage 2	(6,039)	(48,896)	(30,809)	-	-	-	(199)	(85,943)	(67)	(5,996)	(92,006)
Transfer from Stage 3	-	532	37	-	-	-	5,057	5,626	74	3	5,703
Movement due to foreclosure/settlement	(77,922)	-	-	-	-	-	-	(77,922)	-	-	(77,922)
Foreign exchange differences	-	-	-	-	(235)	-	-	(235)	-	(59)	(294)
	49,354	88,482	28,776	-	7,059	1,207	5,714	180,592	153	31,627	212,372
<b>Stage 3</b>											
ECL Loans, January 1, 2020	567,504	88,278	94,418	76,156	163,188	17,663	318,069	1,345,276	54,373	1,042,371	2,442,020
Provision for credit and impairment losses	(4,826)	9,420	24,142	(62)	-	-	356,011	384,685	(65)	(5,082)	379,538
Transfer from Stage 1	6,795	160,566	113,121	-	-	-	1,222	281,684	426	5,699	287,819
Transfer from Stage 2	6,039	47,580	30,074	-	-	-	171	83,864	54	5,940	89,658
Transfer from Stage 3	-	(614)	(78)	-	-	-	(5,057)	(5,749)	(79)	(7)	(5,835)
Movement due to foreclosure/settlement	-	-	(9,517)	-	-	-	-	(9,517)	-	(882)	(10,399)
Write-off	(1,801)	-	-	(2,384)	-	-	(108,923)	(108,923)	-	-	(108,923)
Foreign exchange differences	593,711	305,220	252,160	73,710	163,188	17,663	559,082	1,964,734	54,709	1,043,361	3,062,804
<b>Total</b>											
ECL Loans, January 1, 2020	1,269,840	260,244	193,599	83,986	164,210	20,917	342,492	2,335,288	58,455	1,080,530	3,474,273
Provision for credit and impairment losses	86,085	332,902	176,084	(482)	6,656	(405)	353,440	954,280	(721)	16,383	969,942
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	(77,922)	-	(9,517)	-	-	-	(108,923)	(87,439)	-	(882)	(88,321)
Write-off	(5,048)	(13)	-	(2,383)	(239)	-	(2,469)	(10,162)	-	(4,751)	(14,913)
Foreign exchange differences	P1,272,955	P593,133	P360,166	P81,111	P170,627	P20,512	P584,540	P3,083,044	P57,734	P1,091,280	P4,232,058

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and ROC/

The table below summarizes the movements in the gross carrying amounts of financial assets, other than loans and receivables, in 2022 and 2021 (amounts in thousands).

	December 31, 2022				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)
Gross carrying amount, January 1, 2022	P45,373,268	P1,039,597	P19,136,089	P5,055,117	P42,914,819
New assets purchased or originated	2,091,303,161	9,000	3,857,811,621	1,851,124	68,974,516
Assets derecognized or repaid	(2,113,643,161)	(17,460)	(3,859,072,152)	(578,775)	(59,895,050)
Other movements*	645,398	13,259	505,668	(522,415)	220,553
<b>Gross carrying amount, December 31, 2022</b>	<b>P23,678,666</b>	<b>P1,044,396</b>	<b>P18,381,226</b>	<b>P5,805,051</b>	<b>P52,214,838</b>

\*Includes movements in outstanding balances and foreign exchange differences

	December 31, 2021				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)
Gross carrying amount, January 1, 2021	P39,552,550	P1,023,394	P22,058,806	P15,424,248	P9,147,509
New assets purchased or originated	3,256,626,243	7,809	3,826,932,412	6,827,432	49,388,879
Assets derecognized or repaid	(3,253,886,243)	(10,151)	(3,826,951,339)	(17,433,762)	(15,166,197)
Other movements*	3,080,718	18,545	(2,903,790)	237,199	(455,372)
<b>Gross carrying amount, December 31, 2021</b>	<b>P45,373,268</b>	<b>P1,039,597</b>	<b>P19,136,089</b>	<b>P5,055,117</b>	<b>P42,914,819</b>

\*Includes movements in outstanding balances and foreign exchange differences



The table below summarizes the movements in the gross carrying amounts on loans and receivables in 2022 and 2021 (amounts in thousands).

		December 31, 2022											
		Bills Purchased,					Total Receivables						
		Term Loans	Housing Loans	Auto Loans	Import Bills and Trust Receipts	Direct Advances	Agri Agri Loans	Others*	from Customers	Sales Contract Receivables	Other Receivables**	Total	
<b>Stage 1</b>													
Gross carrying amount, January 1, 2022		P67,073,351	P6,984,226	P2,715,136	P386,926	P372,833	P1,060,369	P1,617,776	P70,210,617	P262,286	P881,155	P71,354,058	
New assets purchased or originated		59,565,438	1,055,254	1,561,940	55,822	440,427	2,511,679	485,969	65,666,589	111,117	888,560	66,656,286	
Assets derecognized or repaid		(29,147,125)	(334,957)	(302,838)	(23,532)	(317,000)	(960,369)	(200,211)	(31,286,032)	(37,124)	(233,131)	(31,556,287)	
Transfer from Stage 1		709,377	(218,605)	(95,866)	(7,656)	(2,641)	(128,187)	(15,008)	(1,177,340)	(14,709)	(116,537)	(1,308,586)	
Transfer from Stage 2		800,000	348,743	83,342	-	-	-	1,893	1,233,978	7,053	12,578	1,253,609	
Transfer from Stage 3		-	83,204	16,981	-	-	-	412	100,597	9,047	1,603	111,247	
Other movements***		(2,429,840)	(623,608)	(853,585)	884,784	(27,176)	(105,349)	(92,457)	(3,257,231)	(74,443)	42,928	(3,288,746)	
		85,152,447	7,294,257	3,115,110	1,296,404	466,443	2,376,143	1,808,374	101,511,178	263,227	1,447,176	103,221,561	
<b>Stage 2</b>													
Gross carrying amount, January 1, 2022		1,333,746	576,085	245,887	-	-	162,944	47,968	2,366,630	16,048	55,843	2,438,521	
New assets purchased or originated		(14,805)	(23,119)	(29,703)	-	-	(142,679)	(8,050)	(218,356)	(1,664)	(23,316)	(243,336)	
Assets derecognized or repaid		709,377	117,357	81,360	-	2,641	128,187	8,870	1,047,792	3,051	30,459	1,081,302	
Transfer from Stage 1		(868,053)	(451,978)	(104,322)	-	-	-	(2,638)	(1,426,991)	(12,421)	(19,678)	(1,459,090)	
Transfer from Stage 2		-	8,865	12,573	-	-	-	639	22,077	798	911	23,786	
Other movements***		(200,140)	(45,126)	(78,388)	-	-	(6,376)	18,245	(311,785)	(1,774)	(8,256)	(321,815)	
		960,125	182,084	127,407	-	2,641	142,076	65,034	1,479,367	4,038	35,963	1,519,368	
<b>Stage 3</b>													
Gross carrying amount, January 1, 2022		643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	1,124,576	4,124,745	
New assets purchased or originated		(26,831)	(112,509)	(133,647)	-	-	-	(8,818)	(281,805)	(15,430)	(61,187)	(358,422)	
Assets derecognized or repaid		-	101,248	14,506	7,656	-	-	6,138	129,548	1,658	86,078	227,284	
Transfer from Stage 1		68,053	103,235	20,980	-	-	-	745	193,013	5,368	7,100	205,481	
Transfer from Stage 2		(239,881)	(92,069)	(29,554)	-	-	-	(1,051)	(122,674)	(9,845)	(2,514)	(135,033)	
Transfer from Stage 3		25,957	(22,546)	(44,911)	4,092	(30,181)	-	(17,366)	(257,237)	(7,025)	(15,294)	(272,531)	
Other movements***		470,462	746,113	409,507	88,174	133,007	17,663	684,460	2,549,386	115,357	1,146,132	3,810,875	
		59,050,251	8,329,065	3,543,156	463,352	536,021	1,240,976	2,283,964	75,446,785	408,965	2,061,574	77,917,324	
New assets purchased or originated		59,565,438	1,055,254	1,561,940	55,822	440,427	2,511,679	485,969	65,666,589	111,117	888,560	66,656,286	
Assets derecognized or repaid		(29,188,761)	(470,585)	(466,188)	(23,532)	(317,000)	(1,103,048)	(217,079)	(31,786,193)	(54,216)	(317,634)	(32,158,045)	
Transfer from Stage 1		-	-	-	-	-	-	-	-	-	-	-	
Transfer from Stage 2		-	-	-	-	-	-	-	-	-	-	-	
Transfer from Stage 3		(239,881)	-	-	-	-	-	(17,356)	(257,237)	-	(15,294)	(272,531)	
Other movements***		(2,604,013)	(691,280)	(986,884)	886,876	(57,357)	(111,725)	12,370	(3,550,013)	(83,242)	42,045	(3,591,210)	
		P86,563,034	P8,222,454	P3,652,024	P1,384,578	P602,091	P2,537,882	P2,557,868	P105,539,931	P3,822,622	P2,629,271	P108,551,824	

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and RCOCI

\*\*\*Includes movements in outstanding balances and foreign exchange differences

December 31, 2021

	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agri Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
<b>Stage 1</b>											
Gross carrying amount, January 1, 2021	P55,303,304	P6,900,837	P2,918,758	P641,585	P399,181	P278,823	P1,416,982	P67,859,470	P287,217	P1,170,690	P69,317,377
New assets purchased or originated	31,008,059	907,420	903,817	15,067	386,811	1,128,509	469,469	34,819,152	121,023	318,734	35,258,909
Assets derecognized or repaid	(24,817,680)	(240,632)	(285,286)	(486,730)	(394,272)	(248,071)	(195,496)	(26,648,167)	(11,512)	(622,693)	(27,282,372)
Transfer from Stage 1	(1,355,663)	(484,351)	(232,962)	-	-	(149,993)	(48,640)	(2,271,609)	(25,256)	(113,111)	(2,409,976)
Transfer from Stage 2	33,872	429,581	308,144	-	-	-	6,784	778,381	357	11,327	790,065
Transfer from Stage 3	-	76,241	12,504	-	-	-	423	89,168	11,993	1,525	102,686
Other movements***	(3,098,541)	(604,870)	(929,839)	217,004	(18,887)	51,101	(31,746)	(4,415,778)	(121,536)	114,683	(4,422,631)
	57,073,351	6,984,226	2,715,136	386,926	372,833	1,060,369	1,617,776	70,210,617	262,286	881,155	71,354,058
<b>Stage 2</b>											
Gross carrying amount, January 1, 2021	726,822	861,790	819,674	-	36,954	17,785	79,137	2,542,162	15,345	78,565	2,636,072
New assets purchased or originated	(655,564)	(42,248)	(79,086)	-	(36,954)	-	(15,054)	(828,906)	(2,885)	(30,103)	(861,894)
Assets derecognized or repaid	1,307,997	318,127	144,007	-	144,007	-	20,472	1,940,596	10,989	45,988	1,997,573
Transfer from Stage 1	(33,872)	(563,003)	(419,746)	-	-	-	(8,039)	(1,024,660)	(10,083)	(24,739)	(1,059,482)
Transfer from Stage 2	(11,637)	(71,184)	(10,337)	-	-	-	579	84,100	5,029	2,083	91,212
Other movements***	1,333,746	576,085	245,887	-	-	(4,834)	(29,127)	(346,662)	(2,347)	(15,951)	(364,960)
	601,685	754,848	494,798	73,710	163,188	17,663	590,786	2,696,678	153,595	1,056,685	3,906,958
<b>Stage 3</b>											
Gross carrying amount, January 1, 2021	(4,039)	(107,696)	(47,665)	-	-	-	(5,873)	(165,273)	(11,789)	(25,662)	(202,724)
New assets purchased or originated	47,666	166,224	88,955	-	-	-	28,168	331,013	14,267	67,123	412,403
Assets derecognized or repaid	-	133,422	111,602	-	-	-	1,285	246,279	9,726	13,412	269,417
Transfer from Stage 1	-	(149,425)	(22,841)	-	-	-	(1,002)	(173,268)	(17,022)	(3,608)	(193,898)
Transfer from Stage 2	(2,158)	(28,619)	(42,716)	2,716	-	-	4,886	(65,891)	(18,146)	16,626	(67,411)
Other movements***	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	1,124,576	4,124,745
	56,631,811	8,517,475	4,233,230	715,295	598,323	314,271	2,086,905	73,098,310	466,157	2,305,940	75,860,407
<b>Total</b>											
Gross carrying amount, January 1, 2021	31,008,059	907,420	903,817	15,067	386,811	1,128,509	469,469	34,819,152	121,023	318,734	35,258,909
New assets purchased or originated	(25,477,283)	(390,576)	(392,037)	(486,730)	(431,226)	(248,071)	(216,423)	(27,642,346)	(26,186)	(678,458)	(28,346,990)
Assets derecognized or repaid	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	(3,112,336)	(705,254)	(1,201,854)	219,720	(18,887)	46,267	(55,987)	(4,828,331)	(142,029)	115,358	(4,855,002)
Other movements***	P59,050,251	P8,329,065	P3,543,156	P463,352	P536,021	P1,240,976	P2,283,964	P75,446,765	P408,965	P2,061,574	P77,917,324

\*Comprised of benefit loans, salary loans and credit cards.

\*\*Comprised of accrued interest receivables, accounts receivables and FCOCI

\*\*\*Includes movements in outstanding balances and foreign exchange differences

Movements in allowance for impairment losses as at December 31, 2022, 2021 and 2020 for investment in associate and non-financial assets are summarized as follows (amounts in thousands):

December 31, 2022					
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P191,276	P4,615,905	P4,819,263
Provision for impairment losses for the year	-	-	10,628	(4,076)	6,552
Balance at end of year	P5,926	P6,156	P201,904	P4,611,829	P4,825,815

December 31, 2021					
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P179,816	P4,615,724	P4,807,622
Provision for impairment losses for the year	-	-	11,460	181	11,641
Balance at end of year	P5,926	P6,156	P191,276	P4,615,905	P4,819,263

December 31, 2020					
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P175,753	P4,615,167	P4,803,002
Provision for impairment losses for the year	-	-	4,063	564	4,627
Foreign exchange differences	-	-	-	(7)	(7)
Balance at end of year	P5,926	P6,156	P179,816	P4,615,724	P4,807,622

## 18. Deposit Liabilities

### Long-term Negotiable Certificates of Time Deposit (LTNCTD)

On March 17, 2020, the Bank issued unsecured LTNCTD with 4.5% fixed interest rate at par value of P5.0 billion and maturing on September 17, 2025. The issuance of the LTNCTD was approved by the BOD on June 25, 2019 and by the BSP on October 31, 2019. The issuance was listed in the Philippine Dealing and Exchange Corporation.

### Reserve Requirement

On March 31, 2020, the BSP issued Circular No. 1082 reducing the reserve requirement to 12.0% effective on the reserve week starting on April 3, 2020.

As at December 31, 2022 and 2021, the Bank is in compliance with such reserve requirements. Due from BSP demand deposit account amounting to P18.7 billion and P18.5 billion as at December 31, 2022 and 2021, respectively, is available for meeting these reserve requirements as reported to BSP.

Due from BSP-Overnight Deposit Accounts earned annual interest rates ranging from 1.5% to 5.0% in 2022, interest rate of 1.5% in 2021 and interest rates ranging from 1.5% to 3.5% in 2020. Due from BSP-Term Deposit Accounts earned annual interest rates ranging from 1.7% to 6.4%, from 1.7% to 2.0% and from 1.7% to 4.3% in 2022, 2021, and 2020, respectively. Interest income on Due from BSP amounted to P264.7 million, P226.4 million and P255.2 million in 2022, 2021, and 2020, respectively.

Interest expense on deposit liabilities follows:

	2022	2021	2020
Demand	<b>P58,010,393</b>	P53,357,209	P44,728,904
Savings	<b>631,899,858</b>	276,548,245	710,148,562
Time	<b>118,116,108</b>	89,031,236	194,935,281
LTNCTD	<b>226,323,900</b>	226,323,900	177,915,733
	<b>P1,034,350,259</b>	P645,260,590	P1,127,728,480

Peso-denominated deposits are subject to annual interest rates ranging from 0.1% to 5.5% in 2022 and from 0.1% to 5.3% in 2021 and 2020. Foreign currency-denominated deposits are subject to annual interest rates ranging from 0.1% to 4.5% in 2022, 0.1% to 1.3% in 2021 and from 0.1% to 3.0% in 2020.

#### Insurance Expense

This account pertains to the PDIC insurance on deposits amounting to P348.4 million, P334.8 million, and P280.6 million in 2022, 2021, and 2020, respectively.

## **19. Bills Payable**

This account consists of SSURA, short-term borrowings from local banks and borrowings from rediscounting facility availed by TRB from Social Security System, which was assumed by the Bank in connection with the PSA entered into by the Bank with TRB in 2002. As at December 31, 2021, borrowings from rediscounting facility were fully paid.

As at December 31, 2022 and 2021, there are no financial assets pledged and transferred under SSURA transactions and no short-term borrowings from local banks.

Interest expense consists of:

	2022	2021	2020
Local banks	<b>P325,200</b>	P223,871	P272,528
Other borrowings	<b>46,716,357</b>	16,467,494	833,171
	<b>P47,041,557</b>	P16,691,365	P1,105,699

Peso-denominated short-term borrowings from local banks are subject to annual interest rates ranging from 1.9% to 2.5%, from 1.7% to 2.5%, and interest rate of 1.9% in 2022, 2021 and 2020, respectively. Foreign currency denominated short-term borrowings from local banks are subject to annual interest rates ranging from 0.2% to 0.5% and interest rate of 1.3% in 2022 and 2020, respectively. No foreign currency denominated short-term borrowings in 2021.

Borrowings from rediscounting facility are subject to annual interest rate of 8.0% in 2021 and 2020.

In 2022 and 2021, interest expense on other borrowings includes interest expense on tax settlement amounting to P46.7 million and P16.3 million, respectively.



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## 20. Bonds Payable

On July 29, 2022, the Bank issued P7.5 billion fixed rate bonds due on July 29, 2024. The bonds were priced at par with a coupon rate of 5.0263% payable on a quarterly basis commencing on October 29, 2022. The bonds were listed in Philippine Dealing and Exchange Corporation (PDEX). Transaction costs on the issuance of bonds amounted to P72.4 million.

Interest expense on bonds payable amounted to P173.8 million in 2022. As at December 31, 2022, unamortized bond transaction costs amounted to P57.7 million.

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## 21. Accrued Interest, Taxes and Other Expenses

This account consists of accruals for the following:

	<i>Note</i>	<b>2022</b>	2021
Interest payable:			
Deposit liabilities	18	<b>P208,616,647</b>	P37,146,820
Bills payable and others	19	-	16,329,798
		<b>208,616,647</b>	53,476,618
Employee and other benefits		<b>262,586,345</b>	338,297,519
Insurance		<b>172,000,614</b>	168,765,955
Penalties		<b>171,456,762</b>	165,383,371
Taxes payable		<b>107,084,855</b>	133,568,593
Fees and commissions		<b>60,261,523</b>	20,350,249
Utilities expenses		<b>32,496,501</b>	13,349,651
Management and professional fees		<b>25,378,186</b>	13,022,486
Equipment-related expenses		<b>22,162,515</b>	14,643,673
Building repairs and maintenance		<b>20,775,993</b>	16,383,548
Security		<b>11,425,088</b>	10,417,981
Rent		<b>4,768,149</b>	7,910,069
Others		<b>66,752,642</b>	66,056,089
		<b>P1,165,765,820</b>	P1,021,625,802

In 2021, taxes payable includes liability for tax settlement amounting to P33.5 million.

Other accrued expenses include accrual for universal banking license fee amounting to P24.5 million and accruals for marketing and advertising, janitorial, messengerial, and various expenses attributable to the Bank's operations.

## 22. Other Liabilities

This account consists of:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Bills purchased - contra	12, 33	<b>P1,251,721,161</b>	P373,471,093
Accounts payable		<b>1,195,861,619</b>	757,587,121
Lease liability	30	<b>490,913,094</b>	538,398,243
Other credits-dormant		<b>221,250,979</b>	193,930,421
Due to preferred shareholders	24	<b>282,393,274</b>	280,236,108
Due to Treasurer of the Philippines		<b>141,524,444</b>	139,817,762
Withholding tax payable		<b>130,999,174</b>	75,903,545
Unclaimed balances		<b>77,021,937</b>	18,065,236
ECL on off-balance sheet exposures	17	<b>33,785,184</b>	70,709,667
Retirement liability	29	-	158,547,517
Miscellaneous		<b>124,858,500</b>	56,304,388
		<b>P3,950,329,366</b>	P2,662,971,101

Accounts payable mainly pertains to advance loan payments from borrowers, inward and outward remittances received by the Bank pending payment or application to designated deposit accounts.

Other credits - dormant account includes long outstanding Managers' Checks that are yet to be encashed by the payees, which have been outstanding for more than one (1) year from the dates of checks.

ECL on off-balance sheet exposures relate to committed credit line, credit card lines, outstanding guarantees and unused commercial letter of credits (see Note 38).

Miscellaneous include deposits for keys of safety deposit boxes, SSS payable, other provisions and unclaimed salaries of resigned employees.

## 23. Maturity Profile of Assets and Liabilities

The following tables present the maturity profile of the assets and liabilities of the Bank based on the amounts to be recovered or settled within and/or after more than 12 months after the reporting period (amounts in thousands):

Note	2022			2021			
	Within 12 Months	Over 12 Months	Total	Within 12 Months	Over 12 Months	Total	
<b>Financial Assets - gross</b>							
COCI	P2,735,171	P -	P2,735,171	P2,747,781	P -	P2,747,781	
Due from BSP	23,678,666	-	23,678,666	45,373,268	-	45,373,268	
Due from other banks	1,044,396	-	1,044,396	1,039,597	-	1,039,597	
Interbank loans receivable and SPURA	18,381,226	-	18,381,226	19,136,089	-	19,136,089	
Financial assets at FVPL:							
Private debt securities	-	344,809	344,809	-	490,888	490,888	
Government securities held-for-trading	7,259	-	7,259	478,225	-	478,225	
Derivative assets	1,056	27,877	28,933	-	25,500	25,500	
Financial assets at FVOCI:							
Government securities	-	5,619,272	5,619,272	-	4,569,701	4,569,701	
Private debt securities	-	-	-	303,522	-	303,522	
Equity securities	-	185,779	185,779	-	181,894	181,894	
Investment securities at amortized cost - gross:							
Government securities	14,565,715	34,884,807	49,450,522	2,938,689	37,393,064	40,331,753	
Private debt securities	569,353	2,194,963	2,764,316	-	2,583,066	2,583,066	
Loans and receivables - gross:							
Receivable from customers:							
Term loans	35,186,203	51,396,830	86,583,033	28,703,719	30,346,532	59,050,251	
Housing loans	947,248	7,275,361	8,222,609	1,400,974	6,928,319	8,329,293	
Auto loans	705,361	2,946,664	3,652,025	1,017,877	2,525,332	3,543,209	
Agri-agra loans	622,163	1,915,724	2,537,887	1,121,100	120,264	1,241,364	
Bills purchased, import bills and trust receipts	1,384,578	-	1,384,578	463,352	-	463,352	
Direct advances	506,857	98,471	605,328	480,823	56,682	537,505	
Others	1,998,214	599,413	2,597,626	1,790,690	528,430	2,319,120	
Accrued interest receivable	1,279,697	-	1,279,697	974,480	-	974,480	
Accounts receivable	1,057,747	-	1,057,747	794,693	-	794,693	
Sales contract receivables	121,467	261,155	382,622	155,905	253,060	408,965	
Unquoted debt securities	291,578	-	291,578	291,578	-	291,578	
RCOCI	249	-	249	822	-	822	
Investment in associate	-	75,395	75,395	-	75,395	75,395	
		105,084,204	107,826,520	212,910,724	109,213,184	86,078,127	195,291,311
<b>Non-financial Assets - gross</b>							
Property and equipment	-	4,451,697	4,451,697	-	4,310,182	4,310,182	
Investment properties	-	4,426,807	4,426,807	-	4,418,012	4,418,012	
Deferred tax assets	-	612,090	612,090	-	743,505	743,505	
Other assets	1,943,017	6,293,209	8,236,226	1,731,011	6,100,857	7,831,868	
		1,943,017	15,783,803	17,726,820	1,731,011	15,572,556	17,303,567
		P107,027,221	P123,610,323	P230,637,544	P110,944,195	P101,650,683	P212,594,878
Less:							
Allowance for credit and impairment losses	17	-	P8,298,298	-	-	P8,377,073	
Accumulated depreciation and amortization	14, 15, 16	-	4,748,245	-	-	4,438,074	
Unearned interest	12	-	43,155	-	-	37,309	
Accumulated equity in net loss	13	-	29,947	-	-	29,808	
<b>Total</b>			P217,517,899			P199,712,614	
<b>Financial Liabilities</b>							
Deposit liabilities:							
Demand	18	P51,792,970	P -	P51,792,970	P48,702,340	P -	P48,702,340
Savings		101,651,553	-	101,651,553	108,874,542	378	108,874,920
Time		16,973,625	819,672	17,793,297	7,889,178	1,217,966	9,107,144
LTNCTD		-	5,029,420	5,029,420	-	5,029,420	5,029,420
Financial liabilities at FVPL	9	283	-	283	-	-	-
Bonds payable	20	-	7,442,251	7,442,251	-	-	-
Manager's checks		661,454	-	661,454	951,460	-	951,460
Accrued interest and other expenses*	21	791,326	-	791,326	541,850	-	541,850
Other liabilities**	22	3,189,842	595,704	3,785,546	1,720,250	637,561	2,357,811
		175,061,053	13,887,047	188,948,100	168,679,620	6,885,325	175,564,945
<b>Non-financial Liabilities</b>							
Accrued taxes and other expense payable	21	374,440	-	374,440	479,776	-	479,776
Other liabilities	22	164,784	-	164,784	305,160	-	305,160
		539,224	-	539,224	784,936	-	784,936
		P175,600,277	P13,887,047	P189,487,324	P169,464,556	P6,885,325	P176,349,881

\*amounts exclude accruals of employee and other benefits, taxes payable and rent

\*\*amounts exclude withholding tax payable, retirement liability and ECL of loan commitments and financial guarantees

Refer to Note 5 for the discussions on the Bank's policy on liquidity risk and funding management.

## 24. Capital

The Bank's capital stock consists of the following as at December 31:

	Shares			Amount		
	2022	2021	2020	2022	2021	2020
<b>Authorized Capital Stock</b>						
Common stock, from P100 par value in 2020 to P10 par value in 2021	1,702,511,470	1,702,511,470	170,251,147	P17,025,114,700	P17,025,114,700	P17,025,114,700
Preferred stock, from P100 par value in 2020 to P10 par value in 2021	455,000,000	455,000,000	45,500,000	4,550,000,000	4,550,000,000	4,550,000,000
	<b>2,157,511,470</b>	<b>2,157,511,470</b>	<b>215,751,147</b>	<b>P21,575,114,700</b>	<b>P21,575,114,700</b>	<b>P21,575,114,700</b>
<b>Issued and Outstanding</b>						
Common stock	1,403,013,920	1,122,411,120	112,241,112	P14,030,139,200	P11,224,111,200	P11,224,111,200
Preferred stock	416,666,670	416,666,670	-	4,166,666,700	4,166,666,700	-
	<b>1,819,680,590</b>	<b>1,539,077,790</b>	<b>112,241,112</b>	<b>P18,196,805,900</b>	<b>P15,390,777,900</b>	<b>P11,224,111,200</b>
<b>Paid-in Surplus</b>						
Common stock				P5,995,503,421	P5,542,922,930	P5,594,079,646
Preferred stock				1,233,771,939	1,233,771,939	-
				<b>P7,229,275,360</b>	<b>P6,776,694,869</b>	<b>P5,594,079,646</b>

The reconciliation of the number of shares outstanding at the beginning and at the end of the years follow:

	Common Shares			Preferred Shares		
	2022	2021	2020	2022	2021	2020
Balance as of January 1	1,122,411,120	112,241,112	112,241,112	416,666,670	-	-
Issuance during the year	280,602,800	-	-	-	41,666,667	-
Adjustment for 10-to-1 stock split	-	1,010,170,008	-	-	375,000,003	-
Balance as of December 31	<b>1,403,013,920</b>	<b>1,122,411,120</b>	<b>112,241,112</b>	<b>416,666,670</b>	<b>416,666,670</b>	<b>-</b>

Preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders after 5 years from issue date, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of the Bank and subject to the other terms and conditions as may be fixed by the BOD, required under regulations, and to the extent permitted by applicable law.

The Bank has outstanding liability for the unpaid portion of the redemption price of preferred shares amounting to P282.4 million and P280.2 million as at December 31, 2022 and 2021, respectively, which is recorded as "Due to preferred shareholders" account under "Other liabilities" in Note 22 to the financial statements. As at December 31, 2022 and 2021, the related sinking fund which is recorded under "Other assets" account amounting to P282.4 million and P280.2 million, respectively, has been set up to fund the eventual settlement of this liability (see Note 16).

On April 8, 2010, the SEC approved the Bank's application for the increase in authorized capital stock from P6.0 billion, divided into 52.5 million common shares and 7.5 million preferred shares both with the par value of P100 each, to P22.0 billion divided into 212.5 million common shares and 7.5 million preferred shares both with the par value of P100 each. The related amendment to the Articles of Incorporation of the Bank relative to its proposed increase in authorized capital stock from P6.0 billion to P22.0 billion was approved by BSP and the SEC on March 26, 2010 and April 8, 2010, respectively.

During its meeting on January 18, 2011, the BOD of the Bank passed a resolution approving the following:

- the sale of fully paid shares of Valiant Ventures & Development Holdings, Inc. (Valiant) in the Bank to SMPI and SMCRP amounting to 2,800,000 shares and 1,972,735 shares, respectively; and



- the assignment of subscription rights of Valiant to SMPI amounting to 523,726 shares (Tranche 1) and 4,713,539 shares (Tranche 2).

In connection to this, the Bank secured the approval of the MB of BSP for such sale of shares and assignment of subscription of the shares of Valiant. This is mandated in BSP's MORB since the total shareholdings of Valiant entitles it to a board seat. The Board also approved that the sale of shares and assignment of subscription rights be recorded in the stock and transfer book of the Bank only after the approval of the MB has been obtained.

On March 30, 2011, the MB of BSP approved the sale of shares of Valiant. In 2011, the Bank's subscribed common stock totaling 59,741,113 shares have been fully paid in accordance with the subscription agreement.

On April 30, 2019, the BOD and the Stockholders approved to amend the Articles of Incorporation to deny pre-emptive rights. The said amendment was approved by the BSP on August 16, 2019 and by the SEC on September 5, 2019.

On January 30, 2020, the BOD and the Stockholders approved the amendment of the Articles of Incorporation to (a) reflect that the Bank's terms of existence shall be perpetual (b) retire 4,248,853 redeemed preferred shares thereby decreasing the Bank's authorized capital stock to P21,575,114,700 (c) reclassify 3,251,147 existing unissued preferred shares into new unissued preferred shares and (d) reclassify 42,248,853 existing unissued common shares into new unissued preferred shares. The amendments resulted in total new preferred shares of 45,500,000 with par value of P100 and decrease in common shares to 170,251,147 with par value of P100. These were approved by the BSP on May 21, 2020 and by the SEC on June 9, 2020.

On January 26, 2021, the BOD approved the issuance of 41,666,667 preferred shares to San Miguel Corporation at P132.0 per share. These shares will be issued out of the unissued Series 1 Preferred Shares of the Bank. On March 8, 2021, the Bank received from BSP a "No Objection" to the provisions in the indicative terms and conditions of these Preferred Shares, provided that the Bank shall continuously comply with the regulation for the inclusion of preferred shares as part of Additional Tier 1 capital under Appendix 59, Risk-based Capital Adequacy Framework for the Philippines Banking System, of the Manual Regulations for Banks. On June 29, 2021, the BOD approved the change of investor for preferred shares from San Miguel Corporation to SMC Equivest Corporation, a wholly owned subsidiary of San Miguel Corporation and an existing stockholder of the Bank. On August 5, 2021, the Bank issued 41,666,667 Series 1 Preferred Shares to SMC Equivest Corporation at P132.0 per share. Transaction costs on the issuance of preferred shares amounting to P99.6 million were charged against "Paid-in surplus".

On May 25, 2021 and July 8, 2021, the BOD and the Stockholders, respectively, approved the amendment of the Bank's Articles of Incorporation to the par value of common and preferred shares from One Hundred Pesos (P100.0) to Ten Pesos (P10.0). The amendment resulted in increase in common shares from 170,251,147 to 1,702,511,470 and increase in preferred shares from 45,500,000 to 455,000,000. This amendment was approved by the BSP on October 4, 2021 and by the SEC on November 2, 2021.

On October 28, 2021 and November 9, 2021, the BOD and Stockholders, respectively, approved the primary public offer and sale of up to 280,700,000 common shares from unissued capital stock. On February 15 and February 16, 2022, the SEC and the PSE, respectively, approved the application for the Initial Public Offer of the Bank. On March 31, 2022, the Bank listed its common shares with the PSE. The Bank offered and issued new common shares to the public up to 280,602,800 at P12.0 per share. Transaction costs on the issuance of common shares amounting to P108.6 million were charged against “Paid-in surplus”.

On October 28, 2021 and November 9, 2021, the BOD and the Stockholders also approved the amendment to the Articles of Incorporate to align sections around the sale, assignment, and disposal of shares with the lock up requirements of the Philippine Stock Exchange. The By-laws were also amended to update sections on stockholders, the Board of Directors, certificates of stock and the transfer of shares of stock. On December 31, 2021, the BSP approved the request of the Bank to amend its Articles of Incorporation and By-laws. The amendment on the Bank’s Articles of Incorporation and By-laws was approved by the SEC on January 28, 2022.

On February 22, 2022 and April 29, 2022, the BOD and the Stockholders, respectively, approved the amendments to the Articles of Incorporation to change its purpose from a Commercial Bank to a Universal Bank pursuant to BSP MB Resolution No. 1798 dated December 23, 2021. The By-laws were also amended to comply with Sections 28 and 52 of the Revised Corporation Code. The amendment on the Bank’s Articles of Incorporation and By-laws was approved by the BSP on June 29, 2022 and by the SEC on August 9, 2022.

#### Equity Restructuring

On March 29, 2021, the BOD approved the Bank to undergo equity restructuring to wipe out the deficit amounting to P51,156,715 as at December 31, 2020 through the use of the Bank’s Paid-in surplus.

On July 12, 2021, the Bank received from BSP a “No Objection” response to its application for equity restructuring with the SEC, subject to the (i) Bank’s compliance with the Commission’s other requirements; and (ii) condition that the Bank shall provide BSP a certified true copy of SEC’s approval of the equity restructuring within five (5) days from receipt thereof.

On October 14, 2021, the SEC approved the equity restructuring to wipe-out the deficit as at December 31, 2020 amounting to P51,156,715 against the Paid-in surplus of P5.6 billion subject to the conditions that the remaining Paid-in surplus of P5.5 billion cannot be applied for future losses that may be incurred by the Bank without prior approval of the SEC.

#### Capital Management

The Bank’s capital base, comprised of capital stock, paid-in surplus and surplus reserves, is actively being managed to cover risks inherent in the Bank’s operations. In 2009, SMPI and SMCRP infused additional capital amounting to P3.3 billion in the form of paid-up common stock. On February 18, 2010 and March 1, 2010, major stockholders infused P271.9 million and P2.1 billion, respectively, into the Bank in the form of advances for future stock subscriptions, which shall be treated as part of the Bank’s paid-up capital upon the SEC’s approval thereon and on the increase in the Bank’s authorized capital stock.

On August 5, 2021, SMC Equivest Corporation infused additional capital amounting P5.5 billion in the form of paid-up preferred stock. This is in support of the application of the Bank for an upgrade of its commercial banking license to a universal banking license. On March 31, 2022, the Bank listed its common shares with the PSE and raised P3.4 billion in additional capital as part of the requirements for the upgrade.

Under Section 121 of the MORB, *Minimum Required Capital*, the minimum capitalization requirement applicable for the Bank (commercial banks with more than 100 branches) amounted to P15.0 billion. On December 23, 2021, the BSP approved the upgrade of the Bank's banking license from commercial bank to universal bank (UB) subject to certain regulatory requirements. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. The minimum capitalization requirement for a UB with more than 100 branches amounted to P20.0 billion. As at December 31, 2022 and 2021, the reported unimpaired capital of the Bank amounted to P26.9 billion and P22.7 billion, respectively.

The guidelines on Bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework. In compliance with this new circular, the Bank has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Bank. The level and structure of capital are assessed and determined in light of the Bank's business environment, plans, performance, risks and budget; as well as regulatory edicts. The deadline for submission of ICAAP documents is March 31 of each year.

#### Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles which differ from PFRSs in some respects.

The BSP sets and monitors compliance to minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 538, *Revised Risk-Based Capital Adequacy Framework for Universal and Commercial Banks and their Subsidiary Banks and Quasi-Banks*, which implemented the Revised Risk-Based Capital Adequacy Framework under Basel II effective July 1, 2007. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10.0%.

Under Section 125 and Appendix 59 of the MORB, the regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprised common stock, additional paid-in capital and surplus. Tier 2 composed upper tier 2 and lower tier 2. Upper tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision and deposit for common stock subscription. Lower tier 2 consists of the unsecured subordinated debt.

The following are the minimum capital requirements for UBs and KBs and their subsidiary banks and quasi-banks (QBs):

- 6.0% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs)
- 7.5% Tier 1 Capital/RWAs, and
- 10.0% Total Qualifying Capital (Tier1 plus Tier2)/RWAs

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1(ATI)] and Tier 2 -'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a domestic bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer (CCB) of 2.5% of RWAs, comprised of CET1 capital, has been required of U/KBs and their subsidiary banks and quasi-banks. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress.

The CET1 capital requirement includes as an additional capital buffer, the Countercyclical capital buffer (CcyB) of zero percent (0%) subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increases in the CcyB rate shall be effective 12 months after announcement while decreases shall be effective immediately.

The countercyclical buffer requirement will extend the size of the capital conservation buffer. A bank shall not be subject to any restriction on distribution if the following conditions are met:

- Has positive retained earnings as of the preceding quarter and has complied with the requirements on the declaration of dividends as provided in the MORB;
- Has CET1 of more than the total required (minimum CET1 ratio of 6.0% plus CCB of 2.5% plus CcyB at the rate determined by the MB) before distribution; and
- Has complied with the minimum capital ratios (CET1 ratio of 6.0%, Tier 1 ratio of 7.5% and 10.0% CAR) after the distribution.

Otherwise, the policy framework of the capital conservation buffer on the restriction on distributions shall apply, except for drawdowns. Thresholds on the restriction on distribution shall consider the CcyB requirement as an extension of the capital conservation buffer.

As at December 31, 2022 and 2021, based on the CAR reports submitted to BSP, the Bank's CAR of 17.97% and 21.57%, respectively, exceeded the minimum 10.0% requirement as computed and monitored using the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios"), based on the Basel III framework. The decrease in the CAR ratio was primarily due to the increase in the credit risk weighted amount of loans and held-to-collect securities.

The breakdown of the Bank's risk-weighted assets as at December 31, 2022 and 2021 as reported to BSP follows (amounts in thousands):

	<b>2022</b>	2021
Credit risk-weighted assets	<b>P132,556,255</b>	P92,873,736
Operational risk-weighted assets	<b>10,450,670</b>	9,404,089
Market-risk weighted assets	<b>120,664</b>	332,908
	<b>P143,127,589</b>	P102,610,733



The Bank is also required to maintain a minimum Tier 1 capital ratio of 7.5% in 2022 and 2021 (in millions) as reported to BSP which was compiled as per below:

	<b>2022</b>	2021
Tier 1 capital	<b>P24,646</b>	P21,199
Tier 2 capital	<b>1,076</b>	930
Total qualifying capital	<b>P25,722</b>	P22,129
Risk-weighted assets	<b>P143,128</b>	P102,611
Tier 1 capital ratio	<b>17.22%</b>	20.66%
Total capital ratio	<b>17.97%</b>	21.57%

Certain adjustments are made to PFRSs results and reserves to calculate CAR which included the Bank's accounting of the following transactions that require different accounting treatments under PFRSs:

- a) non-performing assets and operating losses of TRB capitalized as miscellaneous assets and subject to staggered allowance provisioning;
- b) accounting for investment properties.

The recognition of the Bank for prudential reporting is based on the accounting treatment approved by BSP (see Notes 15 and 16).

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5.0% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank exceeded the minimum leverage ratio of 5.0% as at December 31, 2022 and 2021 which was complied as per below breakdown (amounts in thousands):

	<b>2022</b>	2021
Capital measure	<b>P24,645,529</b>	P21,199,531
Exposure measure	<b>235,849,588</b>	209,844,649
Leverage ratio	<b>10.45%</b>	10.10%

The LCR framework under Section 145 of the MORB promotes short-term resilience of liquidity risk profile of a bank. The LCR is the ratio of HQLAs to total net cash outflows. Under normal situation, the value of the ratio should be no lower than 100.0% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress. The compliance with the LCR minimum requirement commenced on January 01, 2018 and the prescribed minimum shall be set initially at 90% for 2018 and raised to the minimum level of 100% on January 01, 2019.

Based on the LCR reports submitted to the BSP as at December 31, 2022 and 2021, the Bank's LCR were 182.7% and 211.8%, respectively, which were above the prescribed minimum requirement set at 100.0%.

While the NSFR promotes long-term resilience of banks against liquidity risk and maintains stable funding profile in relation to the composition of its assets and off-balance sheet activities. The implementation of the minimum NSFR was phased-in, banks undergone observation period from July 1, 2018 up to December 31, 2018 while actual implementation commenced on January 01, 2019. The NSR is the ratio of Bank's available stable funding to its required stable funding and shall maintain at least 100.0% at all times.

As at December 31, 2022 and 2021, the reported NSFR of 154% and 190%, respectively, exceeded the required minimum of 100%.

This applies to UB/KBs as well as their subsidiary banks and quasi-banks with the framework anchored on the international standards issued by the Basel Committee on Banking Supervision known as the Basel 3 reforms.

## 25. Surplus Reserve

	2022	2021	2020
Reserve for general provision - special reserve	<b>P775,206,634</b>	P556,655,007	P208,882,885
Reserve for trust business	<b>148,200,862</b>	139,151,260	126,719,455
Reserve for self-insurance	<b>60,000,000</b>	60,000,000	60,000,000
	<b>P983,407,496</b>	P755,806,267	P395,602,340

### Reserve for General Provision - Special Reserve

The BSP, through Circular No. 1011, *Guidelines on the Adoption of the PFRS 9*, requires appropriation of the Bank's retained earnings in case the computed allowance for credit losses on loans based on PFRS 9 is less than the BSP required 1.0% general provision on outstanding Stage 1 on-balance sheet loans, except for accounts considered as risk-free under existing regulations. Additional appropriation for reserve for general provision amounted to P218.6 million, P347.8 million, and (P14.5 million) in 2022, 2021 and 2020, respectively.

### Reserve for Trust Business

In compliance with BSP regulations, 10.0% of the Bank's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Bank's authorized capital stock. Additional appropriation for reserve for trust business amounted to P9.0 million, P12.4 million, and P10.8 million in 2022, 2021 and 2020, respectively.

### Reserve for Self-insurance

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation and other unlawful acts of the Bank's personnel or third parties. No additional appropriation for Reserve for self-insurance in 2022, 2021, and 2020.

## 26. Interest Income on Debt Securities

This account consists of:

	Note	2022	2021	2020
Investment securities at amortized cost:				
Government securities	11	<b>P1,370,841,465</b>	P908,591,924	P571,132,356
Private debt securities		<b>100,869,054</b>	154,337,125	177,633,500
Financial assets at FVOCI:				
Government securities	10	<b>204,988,977</b>	168,875,905	150,809,611
Private debt securities		<b>5,085,038</b>	19,758,785	19,799,002
		<b>1,681,784,534</b>	1,251,563,739	919,374,469
Financial assets at FVPL:				
Government securities held for trading	9	<b>4,603,469</b>	14,420,446	16,991,151
		<b>P1,686,388,003</b>	P1,265,984,185	P936,365,620

Foreign currency-denominated financial assets at FVPL bear annual interest rates ranging from 0.2% to 8.6% in 2022, from 0.9% to 8.6% in 2021 and from 0.6% to 9.5% in 2020. Peso-denominated financial assets at FVPL bear annual interest rates ranging from 0.6% to 8.1%, from 0.7% to 8.1% and from 0.8% to 8.1% in 2022, 2021 and 2020, respectively.

Foreign currency-denominated financial assets at FVOCI bear EIRs ranging from 0.9% to 2.8%, from 0.02% to 2.9% and from 0.1% to 3.9%, respectively, in 2022, 2021 and 2020. Peso-denominated financial assets at FVOCI bear EIRs ranging from 3.6% to 6.7% in 2022, from 2.1% to 6.6% in 2021 and from 1.4% to 7.1% in 2020.

Foreign currency-denominated investment securities at amortized cost bear EIRs ranging from 0.8% to 3.7% in 2022 and from 0.8% to 3.4% in 2021 and 2020. Peso-denominated investment securities at amortized cost bear EIRs ranging from 1.4% to 8.1% in 2022 and 2021 and from 1.7% to 8.1% in 2020.

## 27. Service Charges, Fees and Commissions

### *Service Charges, Fees and Commissions - Income*

This account consists of:

	2022	2021	2020
Trust income	<b>P152,971,718</b>	P139,219,456	P124,291,947
Service charges	<b>148,551,460</b>	131,070,951	123,659,614
Credit card fees	<b>147,516,114</b>	115,655,338	90,918,959
Letters of credit fees	<b>122,780,721</b>	36,248,747	11,347,102
Underwriter's fee	<b>95,900,297</b>	-	-
Commitment fee	<b>55,783,132</b>	11,511,432	26,054,795
Fees and commissions	<b>48,792,533</b>	26,587,398	2,999,204
Remittance fees	<b>41,087,314</b>	52,169,552	42,395,261
Penalty charges	<b>31,346,781</b>	8,098,809	8,626,070
Telegraphic transfer fees	<b>2,715,963</b>	2,480,761	2,363,815
Others	<b>10,185,844</b>	8,085,308	11,980,303
	<b>P857,631,877</b>	P531,127,752	P444,637,070

Service charges include charges on loans, ATM fees and deposit taking-related activities.

Underwriting fee earned by the Bank as compensation for underwriting a public offering or placing an issue in the market.

Others include commission on acceptance fee, insurance, auto and housing loans processing fee and sale of demand drafts.

*Service Fees and Commissions - Expenses*

This account consists of:

	2022	2021	2020
Transaction and service fees	<b>P187,294,357</b>	P141,375,266	P104,926,425
Mastercard fees	<b>59,034,910</b>	48,134,742	44,801,027
Fees and commissions	<b>43,533,852</b>	36,997,921	29,130,836
Others	<b>3,466,436</b>	3,198,544	4,515,221
	<b>P293,329,555</b>	P229,706,473	P183,373,509

Others include processing fee, handling fee and other various charges.

## 28. Trading and Investment Securities Gains (Losses) - net

This account consists of realized and unrealized gains (losses) from the following securities:

	<i>Note</i>	2022	2021	2020
Financial assets and liabilities at FVPL:				
Debt securities:				
Realized		<b>(P32,249,257)</b>	(P5,635,758)	P30,065,549
Unrealized	9	<b>3,032,696</b>	(4,189,634)	69,731,751
Financial assets at FVOCI	10	-	(68,883,753)	280,743,443
Investment securities at amortized cost	11	-	-	767,033,010
		<b>(P29,216,561)</b>	(P78,709,145)	P1,147,573,753

## 29. Employee Benefits

Compensation and Fringe Benefits

The details of the following accounts in 2022, 2021 and 2020 follow:

	2022	2021	2020
Salaries and allowances	<b>P1,097,273,510</b>	P988,536,430	P970,341,304
Bonuses	<b>349,320,000</b>	375,320,000	332,320,000
Employee benefits	<b>293,658,369</b>	285,629,019	371,032,809
Retirement benefits	<b>123,585,814</b>	144,948,491	124,768,607
Overtime	<b>40,973,832</b>	26,535,151	20,929,533
	<b>P1,904,811,525</b>	P1,820,969,091	P1,819,392,253



## Retirement Plan

The Bank has a funded noncontributory defined benefit retirement plan covering its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using projected unit credit method.

The Bank's retirement benefits are based on the employee's years of service and a percentage of his gross monthly salary. An employee shall be retired and shall be entitled to full retirement benefits upon his attainment of 60 years of age.

An employee, upon reaching the age of 50 years and with the completion of no less than 10 years of service as a regular employee and with 30 days prior notice to the Bank, may retire at his option and shall be entitled to the retirement benefits.

An employee who has at least 10 years of service as a regular employee, but who has not reached the age of 50 years, may retire at his option and shall be entitled to the retirement benefits but such retirement benefit shall be subject to the pertinent requirements of the BIR.

The Bank's retirement plan is registered with the BIR as a tax-qualified plan under RA No. 4917, as amended, and complies with the minimum retirement benefit specified under RA No. 7641, the "New Retirement Law."

The date of the last actuarial valuation is December 31, 2022. Valuations are performed on an annual basis.

As at December 31, 2022, 2021 and 2020, the principal actuarial assumptions used in determining retirement benefits liability for the Bank's retirement plan are shown below:

	2022	2021	2020
Average working life	13.0	13.0	13.0
Discount rate	7.6%	5.0%	3.9%
Future salary increases	6.6%	6.6%	6.6%

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability (assets) and its components (in thousands).

	Defined Benefits Obligation			Fair Value of Plan Assets			Net Retirement Benefit Liability (Asset)		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Balance at January 1	P1,244,156	P1,329,366	P1,137,202	(P1,085,608)	(P936,823)	(P822,084)	P158,548	P392,543	P315,118
<b>Included in Profit or Loss</b>									
Current service cost	115,658	129,639	108,067	-	-	-	115,658	129,639	108,067
Interest expense (income)	62,208	51,845	60,272	(54,280)	(36,536)	(43,570)	7,928	15,309	16,702
	177,866	181,484	168,339	(54,280)	(36,536)	(43,570)	123,586	144,948	124,769
<b>Included in OCI</b>									
Remeasurement loss (gain):									
Actuarial loss (gain) arising from:									
Financial assumptions	(299,036)	(166,458)	196,092	-	-	-	(299,036)	(166,458)	196,092
Experience adjustment	18,033	(6,013)	(87,254)	-	-	-	18,033	(6,013)	(87,254)
Return on plan assets excluding interest income	-	-	-	96,178	(14,069)	20,251	96,178	(14,069)	20,251
	(281,003)	(172,471)	108,838	96,178	(14,069)	20,251	(184,825)	(186,540)	129,089
<b>Others</b>									
Contributions paid by the employer	-	-	-	(170,457)	(192,403)	(176,433)	(170,457)	(192,403)	(176,433)
Benefits paid	(113,413)	(94,223)	(85,013)	113,413	94,223	85,013	-	-	-
	(113,413)	(94,223)	(85,013)	(57,044)	(98,180)	(91,420)	(170,457)	(192,403)	(176,433)
<b>Balance at December 31</b>	<b>P1,027,606</b>	<b>P1,244,156</b>	<b>P1,329,366</b>	<b>(P1,100,754)</b>	<b>(P1,085,608)</b>	<b>(P936,823)</b>	<b>(P73,148)</b>	<b>P158,548</b>	<b>P392,543</b>

The movements of the remeasurement losses on retirement liability of the Bank follow:

	2022	2021	2020
Balance at beginning of year	<b>P262,547,387</b>	P449,088,000	P319,998,451
Remeasurement losses (gains) on:			
Defined benefits obligation	<b>(281,002,208)</b>	(172,472,150)	108,837,990
Plan assets	<b>96,178,021</b>	(14,068,463)	20,251,559
Net change in remeasurement losses (gains) recorded in OCI	<b>(184,824,187)</b>	(186,540,613)	129,089,549
Balance at end of year	<b>P77,723,200</b>	P262,547,387	P449,088,000

The actual return (loss) on plan assets amounted to (P41.9) million and P50.6 million in 2022 and 2021, respectively.

The Bank expects to contribute P180.5 million to its defined benefits retirement plan in 2023.

The major categories of the fair value of plan assets as at December 31, 2022 and 2021 follow:

	2022	2021
Investment securities:		
Government and other debt securities	<b>P614,885,776</b>	P601,982,555
Quoted equity securities	<b>270,829,395</b>	219,704,043
Unquoted equity securities	<b>2,600</b>	11,341,137
Deposits with the bank	<b>30,747,112</b>	37,470,693
Loans receivables	<b>170,241,796</b>	176,934,431
Other receivables	<b>14,047,453</b>	38,175,276
<b>Total Plan Assets</b>	<b>P1,100,754,132</b>	P1,085,608,135

#### Sensitivity Analysis

Reasonably possible changes to one of the relevant actuarial assumptions, with all other assumptions constant, would have affected the net retirement liability of the Bank by the amounts shown below:

	December 31, 2022			
	Discount Rate		Salary Increase Rate	
	+1.00%	-1.00%	+1.00%	-1.00%
Present value of the defined benefit obligation	<b>P940,049,711</b>	<b>P1,128,828,588</b>	<b>P1,122,198,314</b>	<b>P944,152,299</b>
Fair value of plan assets	<b>(1,100,754,132)</b>	<b>(1,100,754,132)</b>	<b>(1,100,754,132)</b>	<b>(1,100,754,132)</b>
Net retirement liability (assets)	<b>(P160,704,421)</b>	<b>P28,074,456</b>	<b>P21,444,182</b>	<b>(P156,601,833)</b>

	December 31, 2021			
	Discount Rate		Salary Increase Rate	
	+1.00%	-1.00%	+1.00%	-1.00%
Present value of the defined benefit obligation	P1,117,210,293	P1,394,148,441	P1,382,061,451	P1,124,589,508
Fair value of plan assets	(1,085,608,135)	(1,085,608,135)	(1,085,608,135)	(1,085,608,135)
Net retirement liability	P31,602,158	P308,540,306	P296,453,316	P38,981,373

The maturity analyses of the undiscounted benefit payments as at December 31, 2022 and 2021 are as follows:

	<b>2022</b>	2021
1 - 5 years	<b>P443,062,358</b>	P380,432,662
6 - 10 years	<b>922,629,278</b>	848,892,576
11 - 15 years	<b>1,068,594,031</b>	1,114,695,317
16 years and up	<b>4,581,346,511</b>	4,417,461,354
	<b>P7,015,632,178</b>	P6,761,481,909

The defined benefit plans expose the Bank to actuarial risks, such as longevity risk, interest risk, and market (investment risk).

The overall investment policy and strategy of the retirement plan is based on the Bank's suitability assessment, as provided by its Trust Services Group, in compliance with BSP requirements.

The weighted average duration of the defined benefit obligations is 9 years and 11 years as at December 31, 2022 and 2021, respectively. The expected average remaining working lives as at December 31, 2022 and 2021 is 13 years.

### **30. Rent and Utilities**

The table below shows the breakdown of rent and utilities in 2022, 2021, and 2020.

	<b>2022</b>	2021	2020
Security services	<b>P220,318,339</b>	P180,368,900	P162,691,712
Repairs and maintenance	<b>187,630,410</b>	170,656,204	139,740,996
Power, light, water	<b>105,967,062</b>	71,469,631	59,612,389
Rent expense	<b>68,792,512</b>	59,358,776	68,607,055
Janitorial services	<b>38,559,704</b>	35,909,859	32,464,605
Insurance	<b>10,281,940</b>	14,520,536	13,226,714
<b>Total</b>	<b>P631,549,967</b>	P532,283,906	P476,343,471

Insurance refers to the insurance for the Bank's property and equipment.

#### Bank as Lessee

The Bank leases the premises occupied by most of its branches. The lease contracts are for periods ranging from 1 to 15 years and are renewable upon mutual agreement between the Bank and the lessors. Various lease contracts include escalation clauses, most of which bear an annual rent increase ranging from 2.8% to 18.5%.

The Bank also leases IT equipment such as ATMs and photocopier machine with contract term of 1 year. These leases are short-term and/or leases of low value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases. Rent expenses related to these contracts are charged against current operations (included under "Rent and utilities" account in the statements of income).

Information about leases for which the Bank is a lessee is presented below:

#### *Right-of-Use Assets*

Right-of-use assets relate to leased branch and office premises. Details of right-of-use assets are presented within property and equipment (see Note 14).

#### *Lease Liabilities*

See Note 5 for maturity analysis of lease liabilities as at December 31, 2022 and 2021.

The table below shows the amounts recognized in the statements of income in 2022, 2021 and 2020 related to leases under PFRS 16 (amounts in millions).

	<b>2022</b>	2021	2020
Interest on lease liabilities	<b>P28.2</b>	P35.0	P42.9
Expenses relating to short-term leases	<b>59.1</b>	59.4	44.4
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	<b>9.7</b>	8.9	13.2

Total cash outflow for leases recognized in 2022, 2021 and 2020 amounted to P303.2 million, P295.0 million and P280.9 million, respectively.

#### Bank as Lessor

The Bank leases out its commercial properties for office space. The Bank has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the Bank on its commercial properties (shown under "Miscellaneous" in the statements of income) for the years ended December 31, 2022, 2021 and 2020 were P1.8 million, P0.5 million and P0.7 million, respectively, and includes rental income on investment properties (Note 15). The Bank also recognized income from the use of safety deposit boxes amounting to P3.0 million for years ended December 31, 2022 and 2021, and P2.8 million for the years ended December 31, 2020, respectively (see Note 31).

As at December 31, 2022 and 2021, the Bank has no future rental receivables under non-cancellable operating lease.

### **31. Miscellaneous Income and Expenses**

#### *Miscellaneous Income*

This account consists of:

	<i>Note</i>	<b>2022</b>	2021	2020
Passed-on GRT		<b>P40,574,554</b>	P26,542,569	P33,438,750
Dividend income	10	<b>1,612,352</b>	5,709,161	12,228,425
Rent income	30	<b>4,834,797</b>	3,439,978	3,546,544
Others		<b>68,157,678</b>	14,873,615	16,204,006
		<b>P115,179,381</b>	P50,565,323	P65,417,725

Others include gain due to rent concessions, recovery from charged-off assets and excess chattel fees. Recovery from charged-off assets amounted to P56.1 million, P0.2 million and P0.6 million, respectively, in 2022, 2021 and 2022.



### Miscellaneous Expense

This account consists of:

	2022	2021	2020
Communications	<b>P77,156,091</b>	80,744,268	52,048,887
Fines and penalties	<b>71,713,640</b>	P97,759,614	P61,931,157
Supervision and examination fee	<b>67,926,910</b>	57,535,251	55,138,108
Marketing	<b>57,421,253</b>	50,196,110	51,243,101
Forms and supplies	<b>45,915,052</b>	37,796,870	40,537,784
Messengerial services	<b>36,985,834</b>	53,659,322	53,324,266
Transportation and travel	<b>26,500,086</b>	16,446,128	11,465,185
Membership dues	<b>20,809,127</b>	16,439,851	13,307,104
Litigation and acquired assets-related expenses	<b>16,391,828</b>	10,166,679	5,416,646
Others	<b>125,759,860</b>	81,067,483	37,346,912
	<b>P546,579,681</b>	P501,811,576	P381,759,150

Others include management fee on deposits, charges on correspondent banks, other provisions and postage.

In 2021, universal banking license fee amounting to P24.5 million was accrued by the Bank under "Others".

## 32. Income and Other Taxes

Income and other taxes are comprised of RBU and FCDU taxes which are discussed as follows:

### Regular Banking Unit

Under Philippine tax laws, the Bank is subject to percentage and other taxes (presented under "Taxes and licenses" account in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

Income tax expense include corporate income tax, as discussed below, and final taxes paid at the rate of 20.0%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE Law), was signed into law and took effect on April 11, 2021. The following are certain provisions of the National Internal Revenue Code of 1997 that were amended and relevant to the Bank:

- Regular corporate income tax rate is decreased from 30% to 25% starting July 1, 2020;
- Minimum corporate income tax rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- The allowable deduction for interest expense shall be reduced by 20% of interest income subjected to final tax, instead of the previous 33%; and
- The imposition of 10% tax on improperly accumulated retained earnings is repealed.

The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a 3-year period from the year of incurrence.

In addition, Revenue Regulations (RR) No. 10-2002 provides for the ceiling on the amount of entertainment, amusement and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue.

In 2011, the BIR issued RR 4-2011, *Proper allocation of costs and expenses amongst income earning of banks and other financial institutions for income tax reporting purposes*, which requires banks to allocate and claim as deduction only those costs and expenses attributable to RBU to arrive at the taxable income of the RBU subject to regular income tax. Any cost or expense related with or incurred for the operations FCDU are not allowed as deduction from the RBU's taxable income. In computing for the amount allowable as deduction from RBU operations, all costs and expenses should be allocated between the RBU and FCDU by specific identification and by allocation.

#### *Foreign Currency Deposit Unit*

RA No. 9294, the existing applicable tax regulation governing the taxation of FCDU, provides, among others, the following:

- Offshore income or the income derived by FCDUs from foreign currency transactions with nonresidents, Offshore Banking Units (OBUs) in the Philippines, local commercial banks including branches of foreign banks that may be authorized by BSP to transact business with FCDUs and other depository banks under the foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the MB to be subject to the regular income tax payable by banks.
- Gross onshore income or interest income from foreign currency loans granted by FCDUs to residents through offshore units in the Philippines or other depository banks under the expanded system shall be subject to final tax at a rate of 10.0%; and
- Interest income derived by resident individual or corporation on deposits with FCDUs and OBUs are subject to 15.0% final tax.

Income tax expense consists of:

	2022	2021	2020
Current:			
Final	<b>P523,060,497</b>	P399,293,480	P278,627,049
RCIT	<b>73,242,737</b>	1,778,182	136,789,048
Tax benefit	<b>(61,363,313)</b>	-	(80,130,816)
MCIT	-	38,840,735	-
Adjustment for CREATE	-	(34,487,630)	-
	<b>534,939,921</b>	405,424,767	335,285,281
Deferred	<b>131,415,328</b>	218,263,891	(78,162,871)
	<b>P666,355,249</b>	P623,688,658	P257,122,410

The amount of tax benefit relates to MCIT of prior periods that is used to reduce current tax payable.

The amount of deferred tax income relates to the origination and reversal of temporary differences. In 2021, this amount includes the impact of CREATE Law, resulting to the remeasurement for items previously measured based on previous tax rate, amounting to P160.3 million and was recognized by the Bank in the current period.

The reconciliation of the income tax expense computed at the statutory tax rate to the effective income tax shown in the statements of income follows:

	2022	2021	2020
Income before income tax expense	<b>P2,466,423,849</b>	P1,830,307,823	P1,041,556,198
Income tax at statutory rate at 25% in 2022 and 2021 and 30% in 2020	<b>P616,605,962</b>	P457,576,956	P312,466,859
Additions to (reductions in) income taxes resulting from the tax effects of:			
Nondeductible expenses	<b>114,721,794</b>	128,709,952	340,769,185
Changes in unrecognized deferred tax assets	<b>26,098,741</b>	59,508,039	87,538,287
Tax paid income	<b>(56,603,094)</b>	(28,047,183)	(129,117,988)
FCDU income	<b>(23,316,140)</b>	(25,301,259)	(71,635,416)
Nontaxable income	<b>(6,127,328)</b>	21,934,422	(209,326,488)
Others	<b>(5,024,686)</b>	9,307,731	(73,572,029)
Effective income tax	<b>P666,355,249</b>	P623,688,658	P257,122,410

The components of net deferred tax assets and deferred tax liabilities in the statements of financial position follow:

	Beginning Balance (December 31, 2021 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2022 Tax Effect)
Deferred tax assets:				
Allowance for credit and impairment losses	P717,937,427	(P68,134,673)	P -	P649,802,754
Accumulated depreciation on foreclosed properties	194,605,367	11,623,890	-	206,229,257
Accrued employee benefits and other expenses	118,820,779	27,405,840	-	146,226,619
MCIT	86,549,744	(61,363,313)	-	25,186,431
Unrealized loss on foreclosed properties	68,825,400	(5,098,758)	-	63,726,642
Net lease liability	17,539,091	(3,168,637)	-	14,370,454
Accrued rent expense	2,068,868	(601,706)	-	1,467,162
	<b>1,206,346,676</b>	<b>(99,337,357)</b>	-	<b>1,107,009,319</b>
Deferred tax liability:				
Unrealized gain on foreclosed properties	(371,185,504)	(10,334,942)	-	(381,520,446)
Unrealized foreign exchange gain	(40,050,140)	(12,924,659)	-	(52,974,799)
Retirement benefits	(25,999,968)	(11,717,808)	-	(37,717,776)
Gain on investment properties sold under installments	(25,605,648)	2,899,438	-	(22,706,210)
	<b>(462,841,260)</b>	<b>(32,077,971)</b>	-	<b>(494,919,231)</b>
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>P743,505,416</b>	<b>(P131,415,328)</b>	<b>P -</b>	<b>P612,090,088</b>

	Beginning Balance (December 31, 2020 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2021 Tax Effect)
<b>Deferred tax assets:</b>				
Allowance for credit and impairment losses	P1,052,927,615	(P334,990,188)	P -	P717,937,427
Accumulated depreciation on foreclosed properties	218,205,495	(23,600,128)	-	194,605,367
Accrued employee benefits and other expenses	139,098,172	(20,277,393)	-	118,820,779
MCIT	-	86,549,744	-	86,549,744
Unrealized loss on foreclosed properties	91,694,600	(22,869,200)	-	68,825,400
Net lease liability	19,497,250	(1,958,159)	-	17,539,091
Accrued rent expense	3,083,792	(1,014,924)	-	2,068,868
	1,524,506,924	(318,160,248)	-	1,206,346,676
<b>Deferred tax liability:</b>				
Unrealized gain on foreclosed properties	(458,952,068)	87,766,564	-	(371,185,504)
Unrealized foreign exchange gain	(48,340,734)	8,290,594	-	(40,050,140)
Retirement benefits	(16,963,513)	(9,036,455)	-	(25,999,968)
Gain on investment properties sold under installments	(34,883,273)	9,277,625	-	(25,605,648)
Unrealized gain on financial assets at FVOCI	(6,389,324)	-	6,389,324	-
Unrealized gain on financial assets at FVPL	(3,598,029)	3,598,029	-	-
	(569,126,941)	99,896,357	6,389,324	(462,841,260)
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>P955,379,983</b>	<b>(P218,263,891)</b>	<b>P6,389,324</b>	<b>P743,505,416</b>

Management believes that certain future deductible items may not be realized in the near foreseeable future as future taxable income may not be sufficient for the related tax benefits to be realized. Accordingly, the Bank did not set up deferred tax assets on the following temporary differences and carry forward benefits of NOLCO and MCIT:

	2022		2021		2020	
	Deductible Temporary Differences	Deferred Tax Asset	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Allowance for credit and impairment losses	<b>P3,169,422,869</b>	<b>P792,355,717</b>	P3,073,627,758	P768,406,940	P3,027,818,815	P908,345,645
Unrealized loss on financial assets at FVPL	<b>4,539,344</b>	<b>1,134,836</b>	3,421,893	855,473	-	-
MCIT	-	-	-	-	91,992,619	91,992,619
Others	<b>216,589,515</b>	<b>54,147,379</b>	209,107,113	52,276,778	142,823,016	42,846,905
Deferred tax items not recognized in profit or loss	<b>3,390,551,728</b>	<b>847,637,932</b>	3,286,156,764	821,539,191	3,262,634,450	1,043,185,169
Remeasurement losses on retirement liability	<b>77,723,200</b>	<b>19,430,800</b>	262,547,387	65,636,847	449,088,000	134,726,400
Deferred tax items not recognized in OCI	<b>77,723,200</b>	<b>19,430,800</b>	262,547,387	65,636,847	449,088,000	134,726,400
	<b>P3,468,274,928</b>	<b>P867,068,732</b>	P3,548,704,151	P887,176,038	P3,711,722,450	P1,177,911,569

As at December 31, 2022 and 2021, the Bank has no carryforward NOLCO.

Details of the Bank's RBU excess MCIT over RCIT as at December 31, 2022 follow:

Inception Year	Amount	Used	Balance	Expiry Year
2019	P61,363,313	(P61,363,313)	P -	2022
2021	25,186,431	-	25,186,431	2024
	<b>P86,549,744</b>	<b>(P61,363,313)</b>	<b>P25,186,431</b>	

### 33. Related Party Transactions

The Bank has various transactions with its related parties and with certain directors, officers, stockholders and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.



Under current banking regulations, total outstanding loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in the Bank: Provided, however, that unsecured loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall not exceed 30.0% of their respective total loans, other accommodations and guarantees. Loans, other credit accommodations, and guarantees granted by the Bank to its DOSRI for the purpose of project finance, shall be exempted from the 30.0% unsecured individual ceiling during the project gestation phase: Provided, That: the Bank shall ensure that standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of the borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project documents.

Except with the prior approval of the Monetary Board, the total outstanding loans, other credit accommodations and guarantees to DOSRI shall not exceed 15% of the total loan portfolio of the bank or 100.0% of net worth whichever is lower: Provided, That in no case shall the total unsecured loans, other credit accommodations and guarantees to said DOSRI exceed 30.0% of the aggregate ceiling or the outstanding loans, other credit accommodations and guarantees, whichever is lower. For the purpose of determining compliance with the ceiling on unsecured loans, other credit accommodations and guarantees, banks shall be allowed to average their ceiling on unsecured loans, other credit accommodations and guarantees every week.

The total outstanding loans, other credit accommodations and guarantees to each of the bank's subsidiaries and affiliates shall not exceed 10.0% of the net worth of the lending bank: Provided, That the unsecured loans, other credit accommodations and guarantees to each of said subsidiaries and affiliates shall not exceed 5.0% of such net worth: Provided, further, That the total outstanding loans, other credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.0% of the net worth of the lending bank: Provided, finally, That these subsidiaries and affiliates are not related interest of any of the director, officer, and/or stockholder of the lending bank.

The following table shows information on related party loans (amounts in thousands, except percentages):

	2022		2021	
	DOSRI Loans	Related Party Loans (inclusive of DOSRI)	DOSRI Loans	Related Party Loans (inclusive of DOSRI)
Total outstanding loans	P258	P29,909,689	P -	P29,201,574
Percent of DOSRI/Related Party loans to total loans	0.00%	28.34%	0.00%	38.70%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	39.98%	0.00%	49.53%
Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	0.01%	0.00%	0.01%
Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	0.03%	0.00%	0.06%

The details of significant related party transactions of the Bank follow (amounts in thousands):

<b>Category</b>	<b>Note</b>	<b>Amount/ Volume</b>	<b>Outstanding Balance</b>	<b>Nature, Terms and Conditions</b>
Associate	13			
<b>2022</b>				
Investment in an associate		P -	P39,523	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		133	-	Share in net loss of BIC
<b>2021</b>				
Investment in an associate		-	39,662	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		1,039	-	Share in net loss of BIC
<b>2020</b>				
Investment in an associate		-	40,687	24.25% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		753	-	Share in net loss of BIC

*Unless otherwise stated, RPTs disclosed are unsecured.*

Category	Note	Amount/Volume			Outstanding Balance		Nature, Terms and Conditions
		2022	2021	2020	2022	2021	
<b>Other Related Parties</b>							
Financial assets at FVOCI:							
Equity securities	10	P -	P -	P -	P18,232	P18,232	8.57% equity interest in BANGE
Private debt securities		-	-	-	-	303,522	Matured bond with interest rate of 6.6%.
Maturities		300,000	-	-	-	-	
Investment securities at amortized cost	11	-	-	-	381,680	381,675	Long-term bonds with interest rates ranging from 4.5% to 8.1% with maturity years ranging from 2023 to 2025.
Maturities		-	1,330,350	332,380	-	-	Matured bond had interest rates ranging from 4.0% to 5.5%
Loans and receivables - net:	12	-	-	-	29,820,614	29,151,600	Term, housing, auto, salary and personal loans with interest rates ranging from 2.4% to 19.1% and with maturity of less than 1 year to 20 years; Collateral includes real estate mortgage, unregistered chattel mortgage, hold-out on deposit, assignment of contract and concession agreement, continuing surety agreement, mortgage trust indenture and pledge agreement on shares;
Receivables from customers:		49,176,944	63,412,047	57,727,441	-	-	Sales contract receivables with annual interest rate of 10.5% and with maturity in 2021; accrued interest receivables and accounts receivables on loans, sales contract receivables and long-term bonds;
Availments		40,503,492	60,623,795	60,698,979	-	-	Interest income on loans, sales contract receivables and long-term bonds;
Settlements		-	-	998	-	-	Consists of current, savings and time deposits which earn interest at the respective bank deposit rates
Interest income		1,560,266	1,830,281	1,948,698	-	-	Interest expense and accrued interest payable on deposits;
Sales contract receivables and accrued interest receivables:	18	-	-	-	177,332	175,410	Accrued other expenses include professional fees, per diem of Directors and accruals for rent and utilities; On demand, unsecured and non-interest bearing; Other liabilities consists of accounts payable to Bank's officers; On demand, unsecured and non-interest bearing.
Availments		-	-	-	-	-	Loan, underwriting, and investment-related fees and commission income, gain from the cash sale transactions of foreclosed properties, dividend received from BANGE and passed-on GRT
Settlements		-	194	998	-	-	Bank guarantees in favor of related party, outstanding letters of credit, and committed credit line
Interest income		1,560,266	1,830,281	1,948,698	-	-	
Deposit liabilities:	21	-	-	-	52,293,651	56,884,489	
Deposits		5,689,342,609	4,112,755,092	3,171,896,515	-	-	
Withdrawals		4,888,848,456	3,631,676,685	2,570,073,386	-	-	
Accrued interest payable	21	260,241	105,793	138,076	39,391	7,660	
Accrued other expenses and other liabilities	21, 22	186,621	182,914	144,915	6,699	2,267	
Fees and other income	27, 31	292,932	80,923	49,736	-	-	
Commitments and contingent liabilities	38	-	-	-	21,644,130	12,141,560	

Unless otherwise stated, RPTs disclosed are unsecured and balances are net of allowance

As at December 31, 2022 and 2021, outstanding bills purchased of related parties with contra account in “Other liabilities” amounted to P1.1 billion and P368.4 million, respectively (see Notes 12 and 22).

Other related parties are companies linked directly or indirectly to the Bank through one or more intermediaries or are members of the same group, is controlled by, is under the same significant influence, or is under common control with the Bank.

The related party transactions shall be settled in cash. As of December 31, 2022 and 2021, the allowance for credit losses on outstanding transactions with other related parties amounted to P89.7 million and P85.2 million, respectively. Provision for credit losses recorded in 2022 on such related party transactions totaled to P4.5 million. Reversal of credit losses recorded in 2021 and 2020 on such related party transactions totaled to P276.4 million and P15.5 million, respectively. Such outstanding transactions include private debt securities at FVOCI, investment securities at amortized cost, receivables from customers, sales contract receivables and accrued interest receivable under the “Loans and receivables - net” account in the statements of financial position and commitment and contingent liabilities.

#### Transactions with Retirement Plan

The Bank’s retirement plan is managed and administered by the Bank’s Trust Services Group which is covered by an IMA Agreement (agency relationship). The fair values of the plan assets are disclosed in Note 29.

Related unaudited financial information on assets/liabilities as at December 31, 2022 and 2021 and income/expense of the funds for the period ended December 31, 2022, 2021 and 2020 follow:

	<b>2022</b>	2021	
Investment securities:			
Government and other debt securities	<b>P614,885,776</b>	P601,982,555	
Quoted equity securities	<b>270,829,395</b>	219,704,043	
Unquoted equity securities	<b>2,600</b>	11,341,137	
Loans and other receivables	<b>184,289,249</b>	215,109,707	
Deposits with the bank	<b>35,626,380</b>	37,470,693	
<b>Total Plan Assets</b>	<b>P1,105,633,400</b>	P1,085,608,135	
Due to broker	<b>P4,639,308</b>	P28,619,810	
Trust fee payable	<b>224,016</b>	1,308,143	
Other liabilities	<b>15,944</b>	69,048	
<b>Total Plan Liabilities</b>	<b>4,879,268</b>	29,997,001	
<b>Net Plan Assets</b>	<b>P1,100,754,132</b>	P1,055,611,134	
<b>Plan Income</b>	<b>2022</b>	2021	2020
Interest income	<b>P35,630,193</b>	P27,713,620	P26,049,369
Trading and investment gains (losses) - net	<b>(30,901,624)</b>	(30,241,813)	(10,560,419)
Dividend income and others	<b>8,901,291</b>	9,477,411	8,193,257
	<b>P13,629,860</b>	P6,949,218	P23,682,207
<b>Plan Expense</b>			
Trust fees	<b>P2,775,610</b>	P2,461,431	P2,088,834
Other expenses	<b>2,134,774</b>	1,758,759	647,155
Provision for credit losses	<b>2,258,204</b>	11,821,715	73,991
	<b>P7,168,588</b>	P16,041,905	P2,809,980



As at December 31, 2022 and 2021, the retirement plan assets of the Bank include 730,670 shares of the Bank classified under financial assets at FVOCI. The shares of the Bank were listed in the PSE on March 31, 2022. As at December 31, 2022 and 2021, the fair market value of the shares amounted to P5.8 million and P11.3 million, respectively. Limitations and restrictions are covered by the IMA Agreement and anything outside the IMA Agreement must be explicitly authorized by the Board of Trustees (BOT).

Interest income on deposit with the Bank amounted to P4,257, P4,014, and P129,977 in 2022, 2021 and 2020, respectively. Investments are subject to the limitations of the agreement and all other actions pertaining to the fund are to be executed only upon explicit authority by the BOT of the fund.

The Bank's contribution to its defined benefits retirement plan amounted to P170.5 million and P192.4 million in 2022 and 2021, respectively. Benefits paid out of the Bank's plan assets amounted to P113.4 million and P94.2 million in 2022 and 2021, respectively (see Note 29).

Compensation of Key Management Personnel of the Bank

The remuneration of directors and other members of key management under "Compensation and fringe benefits" account in the statements of income for the years ended December 31, 2022, 2021 and 2020 follows:

	2022	2021	2020
Short-term employee benefits	<b>P555,082,001</b>	P544,595,527	P530,809,650
Post-employment benefits	<b>37,075,744</b>	44,934,032	37,430,582
	<b>P592,157,745</b>	P589,529,559	P568,240,232

**34. Acquisition of Selected Assets and Assumption of Certain Liabilities of TRB**

A summary of the significant transactions related to the PSA entered into by the Bank with TRB on November 9, 2001 follows:

- a. TRB sold and transferred, in favor of the Bank, identified recorded assets owned by TRB both real and personal, or in which TRB has title or interest, and which are included and deemed part of the assets listed and referred to in TRB's Consolidated Statement of Condition (CSOC) as at August 31, 2001. The said assets are inclusive of the banking goodwill of TRB, bank premises, licenses to operate its head office and branches, leasehold rights and patents used in connection with its business or products. In consideration of the sale of identified recorded assets, the Bank assumed identified recorded TRB liabilities including contingent liabilities as listed and referred to in its CSOC as at August 31, 2001. The liabilities assumed do not include the liability for the payment of compensation, retirement pay, separation benefits and any labor benefits whatsoever arising from, incidental to, or connected with employment in, or rendition of employee services to TRB, whether permanent, regular, temporary, casual or contractual and items in litigation, both actual and prospective, against TRB.

- b. The Bank is allowed to avail of certain BSP incentives including but not limited to the following: (a) full waiver of the liquidated damages on the emergency loan of TRB and penalties related to reserve deficiencies and all other outstanding penalties at the time of acquisition may be paid over a period of 1 year, (b) relocation of branches shall be allowed within 1 year from the date of BSP approval of the PSA. Relocation shall be allowed in accordance with BSP Circular No. 293. The 90-day notice requirement on branch relocation has been waived, and (c) availment of rediscounting facility window subject to present BSP regulations.
- c. The Bank paid the outstanding emergency advances owed by TRB to BSP originally amounting to P2.4 billion through dacion en pago with mandatory buy-back agreement of certain assets of the Bank and TRB at a price set at 80.0% of the appraised value of those assets (see discussions on Settlement of Liabilities of TRB).
- d. The Bank arranged with PDIC a liquidity facility for the first year following the effectivity date in the amount not to exceed 10.0% of the assumed deposit liabilities of TRB to service unanticipated withdrawals by TRB depositors, subject to terms and conditions as may be imposed by PDIC.

#### Settlement of Liabilities of TRB

Part of the liabilities of TRB assumed by the Bank includes P2.4 billion emergency advances from BSP. As settlement for the emergency advances, a dacion en pago with mandatory buy-back agreement involving certain bank premises and ROPA (with a dacion price equivalent to 80.0% of the average appraised value of the dacion properties) was executed. The dacion en pago with mandatory buy-back agreement contained the following significant terms and conditions:

- a. The Bank may repurchase the bank premises and ROPA within 10 years from the execution of the agreement.
- b. The buy-back price for the ROPA is the dacion price plus, if applicable, real estate taxes paid by BSP. The buy-back price for the bank premises used in operations shall be the dacion price plus 6.0% simple interest per annum plus 50.0% of rental rates based on prevailing rates in the locality as mutually agreed by the parties with a 4.3% yearly increment.
- c. Any gain on sale of the dacion properties within the 10-year holding period, in excess or over the buy-back price, net of any taxes paid related to the sale, shall be shared 70-30 between the Bank and BSP, respectively.

As approved by BSP, properties of the Bank and TRB with net book value amounting to P2.3 billion fully settled the liabilities to BSP assumed by the Bank from TRB amounting to P2.4 billion at the time of dacion; the difference amounting to P102.0 million was credited to other deferred credits (ODC) account. Expenses incurred related to the dacion of properties were offset against ODC.

The Bank fully settled its emergency loan with BSP in June 2012 through cash settlement and permanent transfer of dacioned properties.

## FAA

The summary of significant transactions related to the FAA entered into by the Bank with the PDIC, for acting as a “White Knight” by agreeing to the terms and conditions of the PSA with TRB, follows:

- a. The PDIC granted the Bank a loan amounting to P1.8 billion representing the amount of insured deposits of TRB as at June 30, 2001, which should have been paid by PDIC under a closure scenario. The proceeds of the loan were used to purchase a 20-year government securities with a coupon rate of 15.0% per annum to be pledged as collateral for the loan. Yield on the 20-year government securities (net of 20.0% withholding tax and the 3.0% interest to be paid on the loan from PDIC) shall be used to offset on a staggered basis, for prudential reporting purposes, against TRB’s unbooked valuation reserves on NPAs with a total face value of P4.5 billion, which was approved by BSP to be booked as “Miscellaneous assets”.

On November 29, 2013, the Bank fully settled its loan from PDIC amounting to P1.8 billion.

- b. The Bank infused additional fresh capital amounting to P200.0 million in 2001 and commits to infuse additional capital in the event a shortfall in order to comply with BSP’s pertinent regulations on minimum capital requirement.
- c. The Bank agrees to comply with certain regulatory requirements, to provide information as required by the PDIC, to pursue realization of performance targets based on the financial plan, to secure PDIC’s written consent for the appointment of an external auditor, and to entitle PDIC to appoint a consultant.
- d. The Bank shall not, among others, without the prior written consent of PDIC, grant new DOSRI loans, make any single major or significant total capital expenditures within 5 years as defined in the FAA, establish new banking offices or branches, dispose all or substantial portion of its assets except in the ordinary course of business, declare or pay cash dividends, effect any profit sharing or distribution of bonuses to directors and officers of the Bank not in accordance with the financial plan and other transactions or activities not in accordance with the financial plan.

On September 22, 2009, the Bank and PDIC signed a Supplemental Agreement to the 2002 FAA with the following additional terms:

- a. To the extent and in the context relevant to the terms of the FAA, PDIC hereby agrees to a limited adjustment of TRB’s unbooked valuation reserves/deferred charges/accumulated operating losses, so as to include operating losses accumulated from the period October 2001 to July 2002 in the amount of P596.0 million which shall bring TRB’s total unbooked valuation reserves, deferred charges and accumulated operating losses to P4.5 billion;
- b. Extension of the FAA for such limited period as shall exactly be sufficient to fully set off on staggered basis the MA-TRB against the net yield of the new series 20-year government securities to be purchased to replace the maturing government securities in March 2022 and likewise to be pledged to PDIC; and
- c. Income resulting from the difference between the dacion price and book value of the assets as collateral to BSP, if any, as well as future collections derived by the Bank from NPLs covered by the unbooked valuation reserves shall be deducted from the above amount of P4.5 billion. Such set-off shall be formally and officially reported by BSP to PDIC.

The foregoing Supplemental Agreement did not constitute a significant modification of the terms of the PDIC's below-market loan to the Bank. Had the modification been significant, it would have resulted to the derecognition of the old liability and the recognition of the new liability at its fair value.

In addition, as part of the PSA, there were transactions allowed and approved by BSP, which required different treatment under PFRSs. These transactions and their effects are described below:

Assumption of NPAs of TRB

In addition to the provisions of FAA and subsequent to the approval by BSP and PDIC to recognize NPAs of P144.2 million as miscellaneous assets, the Bank negotiated with BSP and PDIC to include as miscellaneous assets the additional operating losses of TRB amounting to P595.6 million incurred during the transition period of the Bank's assumption of TRB's assets and liabilities.

As at December 31, 2002, a portion of the additional operating losses of TRB amounting to P227.2 million was approved by BSP and PDIC to be included as additional miscellaneous assets. On April 28, 2003, BSP approved the deferral of operating losses amounting to P596.4 million (instead of P595.6 million which was previously negotiated by the Bank and P227.2 million which was previously approved by BSP) thereby increasing the TRB-related bookings to miscellaneous assets to P4.4 billion (see Note 16). NPL included under miscellaneous assets comprised TRB's loans amounting to P3.1 billion as at August 31, 2001 which is excluded in the determination of financial ratios, provisioning and computation of CAR based on the agreed term sheet. Also, BSP considered these miscellaneous assets as non-risk assets and are not subject to classification.

Pursuant to the requirements of PFRS, the allowance for impairment losses on the NPAs amounting to P4.4 billion as at December 31, 2022, 2021 and 2020 were charged in full in the period incurred (see Note 16).

For its separate prudential reporting to BSP, the Bank recognized P1.3 billion provisions to fully recognize the impairment losses on the NPAs in 2022. In 2021, provisions for impairment losses recognized for prudential reporting to BSP amounted to P160.0 million (see Note 16).

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### 35. Notes to Statements of Cash Flows

The following is a summary of noncash activities of the Bank:

	2022	2021	2020
Noncash investing activities:			
Additions to investment properties and other properties acquired in settlement of loans	P251,831,964	P89,736,152	P46,108,250
Additions to ROU assets	159,277,079	45,242,843	220,979,671
Increase in sales contract receivables from sale of investment properties	88,212,765	92,323,023	43,862,200



The following table shows the reconciliation analysis of liabilities arising from financing activities for period ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Beginning balance	<b>P538,398,243</b>	P682,015,739	P646,104,589
Additions to lease liabilities	<b>155,593,019</b>	44,853,267	220,703,671
Interest accretion	<b>42,795,198</b>	35,033,242	42,921,243
Cash flows during the year:			
Proceeds	<b>15,004,528,892</b>	4,810,000,000	1,984,184,000
Settlements	<b>(7,808,150,989)</b>	(5,033,504,005)	(2,204,998,022)
	<b>7,196,377,903</b>	(223,504,005)	(220,814,022)
Other adjustments	-	-	(6,899,742)
Ending balance	<b>P7,933,164,363</b>	P538,398,243	P682,015,739

Other adjustments pertain to reductions to lease liabilities due to rent concessions and pre-termination of lease contracts.

As allowed by PAS 7, short-term borrowings from local banks amounting to P7.6 billion, P4.8 billion and P2.0 billion in 2022, 2021 and 2020, respectively, are presented in the statements of cash flows on a net basis. In 2022, cash proceeds include issuance of bonds payable amounting to P7.5 billion.

### 36. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	2022	2021	2020
a. Net income	<b>P1,800,068,600</b>	P1,206,619,165	P784,433,788
b. Dividends on preferred shares*	<b>148,958,335</b>	57,291,667	-
c. Net income to equity holders of the Bank	<b>1,651,110,265</b>	1,149,327,498	784,433,788
d. Weighted average number of outstanding common shares**	<b>1,334,592,963</b>	1,122,411,120	1,122,411,120
e. Basic earnings per share (c/d)	<b>P1.24</b>	P1.02	P0.70

\* potential dividends on preferred shares as these were not assumed to be converted.

\*\*Weighted average number of common shares in 2020 were adjusted retrospectively to reflect the change in par value from P100.0 per share to P10.0 per share.

Diluted earnings per share attributable to equity holders of the Bank were computed as follows:

	2022	2021	2020
a. Net income to equity holders of the Bank	<b>P1,800,068,600</b>	P1,206,619,165	P784,433,788
b. Weighted average number of outstanding common shares and dilutive preferred shares:			
Outstanding common shares*	<b>1,334,592,963</b>	1,122,411,120	1,122,411,120
Potential common shares from assumed conversion of preferred shares	<b>416,666,670</b>	173,611,113	-
c. Total weighted average common shares	<b>1,751,259,633</b>	1,296,022,233	1,122,411,120
d. Diluted earnings per share (a/c)	<b>P1.03</b>	P0.93	P0.70

\*Weighted average number of common shares in 2020 were adjusted retrospectively to reflect the change in par value from P100.0 per share to P10.0 per share.

The following basic ratios measure the financial performance of the Bank:

	2022	2021	2020
Return on average equity	<b>7.01%</b>	6.01%	4.77%
Return on average assets	<b>0.86%</b>	0.65%	0.50%
Net interest margin on average earning assets	<b>3.73%</b>	3.42%	3.87%

### 37. Events After the Reporting Date

Subject to the approval of the Stockholders and the relevant government regulatory agencies, the BOD approved on February 28, 2023 the amendment of the Articles of Incorporation to increase the Bank's authorized capital stock from P21,575,114,700 (divided into 1,702,511,470 common shares and 455,000,000 preferred shares) to P28,198,773,840 (divided into 2,364,877,384 common shares and 455,000,000 preferred shares).

On the same date, the BOD also approved the amendment to the By-laws to (a) change the schedule of the annual stockholders' meeting from April to May, and (b) comply with Section 132 of the MORB, Section 29 and 34 of the Revised Corporation Code and Section 3 of the SEC Memorandum Circular No. 20 series of 2020.

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### 38. Supplementary Information Required under BSP Circular No. 1074

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements to Section 174 of the MORB of the BSP, issued through BSP Circular No. 1074, *Amendment to Regulations on Financial Audit of Banks*.

#### (a) Notes to the Financial Statements

- a. *Capital Position* - please refer to Note 24.
- b. *Leverage Ratio and Total Exposure Measure* - please refer to Note 24.
- c. *Liquidity Position* (Liquidity Coverage Ratio and Net Stable Funding Ratio) - please refer to Note 24.
- d. *Provisioning Methodology and Key Assumptions Used in Determining Allowance for Credit Losses* - please refer to Notes 3 and 5.
- e. *Accounting Policies* - please refer to Note 3.

#### (b) Supplemental Information

- *Financial Performance Indicators* - please refer to Note 36.
- *Description of Capital Instruments Issued* - please refer to Note 24.
- *Significant Credit Exposures* - please refer to Note 5.
- *Breakdown of Total Loans* as to:
  - i. Security - please refer to Note 12
  - ii. Status - please refer to Note 12
- *Information on Related Party Loans* - please refer to Note 33.
- Commitments and Contingencies

In the normal course of operations, the Bank makes various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingencies at their peso equivalent contractual amounts arising from off-books accounts as at December 31, 2022 and 2021:

	2022	2021
<b>Contingent assets:</b>		
Future/spot exchange bought	<b>P1,146,547,214</b>	P229,495,500
Fixed income securities purchased	<b>5,074,247</b>	25,218,255
Outward bills for collection	<b>255,590</b>	2,999,218
	<b>P1,151,877,051</b>	P257,712,973
<b>Commitments and contingent liabilities:</b>		
Trust department accounts	<b>P70,335,329,532</b>	P63,274,059,479
Unused commercial letters of credit	<b>15,638,084,869</b>	8,417,817,547
Committed credit line	<b>7,470,632,437</b>	6,828,080,056
Credit card lines	<b>3,601,177,914</b>	3,362,130,139
Outstanding guarantees	<b>3,438,552,342</b>	2,271,624,364
Future/spot exchange sold	<b>1,954,996,944</b>	841,483,500
Late deposits/payments received	<b>137,803,664</b>	4,636,985
Fixed income securities sold	<b>5,074,247</b>	-
Items held for safekeeping/securities held as collateral	<b>44,835</b>	42,112
	<b>P102,581,696,784</b>	P84,999,874,182

The Bank has several loan-related suits, claims and regulatory examinations that remain unsettled or ongoing. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, in consultation with its legal counsels, the suits and claims, if decided adversely, will not involve sums having a material effect on the Bank's financial statements.

#### Other Commitments

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or re-pledge the assets, they are classified in the statements of financial position as pledged collateral. The pledged assets will be returned to the Bank when the underlying transaction is terminated but, in the event of the Bank's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No asset is being pledged by the Bank to secure outstanding liabilities as at December 31, 2022 and 2021.

#### Trust Assets

Securities and other properties (other than deposits) held by the Bank in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Bank. Total assets held by the Bank's Trust Services Group amounted to P70.3 billion (unaudited) and P63.3 billion (audited) as at December 31, 2022 and 2021, respectively.

In compliance with the requirements of current banking regulations relative to the Bank's trust functions, government securities with face value of P743.0 million and P674.0 million as at December 31, 2022 and 2021, respectively, which have been included under "Investment securities at amortized cost" (see Note 11), are deposited with BSP.



Other relevant disclosures required by BSP Circular No. 1074 are in Notes 12, 23, 32 and 35.

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**39. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010**

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in a note to the separate financial statements. The Bank presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

## Senior Officers

**Michelangelo R. Aguilar**  
President & CEO  
Office of the President

### Executive Vice Presidents

**Manuel A. Castañeda III**  
Group Head  
Corporate Banking Group

**Antonio S. Laquindanum**  
Chief Financial Officer /  
Group Head  
Finance and  
Controllershhip Group

**Felipe Martin F. Timbol**  
Group Head  
Treasury Management  
Group

### Senior Vice Presidents

**Joel T. Carranto**  
Group Head  
Branch Banking Group

**Ma. Katrina A. Felix**  
Group Head  
Credit Card Group

**Donald Benjamin  
G. Limcaco**  
Chief Technology Officer  
Digital Services Group

**Reginald C. Nery**  
Chief Audit Executive  
Internal Audit Division Head

**Paul John T. Reyes**  
Division Head & Chief Dealer  
TMG-Foreign Exchange  
Trading Division

**Jay S. Velasco**  
Group Head  
Operations Group

**Gregorio M. Yaranon Jr.**  
Chief Compliance Officer  
Compliance Division

### First Vice Presidents

**Michael Dennis F. Asiddao**  
Division Head  
DSG-IOPD

**Danielyn P. Casaul**  
Division Head  
CBG-Corporate Banking III  
Division (Commercial)

**Ma. Eleanor Christina  
S. Castañeda**  
Division Head  
CoG-Consumer Loans  
Division-Organic Channels

**Antonio Basilio C.  
De Guzman**  
Division Head  
TMG-Structures &  
Investments Division

**Monette G. De Leon**  
Division Head  
TMG-Liquidity & Asset  
Liability Management  
Division concurrent  
Financial Institution Division

**María Ana P. Dela Paz**  
Group Head  
Credit Group

**Louella P. Ira**  
Division Head and Assistant  
Corporate Secretary  
Legal Services Division

**María Leticia D. Madrideojos**  
Division Head / Special  
Assistant to the President  
CBG-Corporate Banking I  
Division concurrent Office  
of the President / CEO

**Marie Kristin G. Mayo**  
Division Head  
Human Resource  
Management &  
Development Division

**Arturo Gerard  
T. Medrano III**  
Division Head  
FCG-Acquired Assets  
Division

**Dino Joseph A. Ramirez**  
Division Head  
TMG-Fixed Income Trading  
Division

**Jeremy H. Reyes**  
Chief Risk Officer  
Risk Management Division

**Leocente G. Reyes**  
Division Head  
TBG-Cash Management  
Division

**Ma. Consuelo M. Tan**  
Division Head  
BBG-VisMin Division

**Shydee B. Tiambeng**  
Division Head  
DSG-POD

**Luis Martin E. Villalon**  
Group Head  
Investment Banking Group

**Jose Mari M. Zerna**  
Group Head  
Consumer Group

**Vice Presidents**  
**Amalia Q. Belarmino**  
Department Head  
TSG-Investment & Portfolio  
Management Department

**Orlando M. Bibares**  
Division Head  
OG-Loan Operations  
Division

**Esperanza B. Cabrerros**  
Division Head  
OG-Treasury Operations  
Division

**Andrew D. Cajucom**  
Division Head  
CCG-Credit Card Sales and  
Marketing Department

**Ricardo Ian P. Copia**  
Department Head  
RMD-CRMD

**Reginald M. Dayrit**  
Trade Sales Division Head  
TBG-Trade Division

**Annalyn D. Delos Santos**  
Division Head  
BBG-Metro Manila Division II

**Jacqueline A. Domingo**  
Division Head  
BBG-BOD-Branch  
Operations Control Center

**Joseph Alfred R. Estiva**  
Department Head  
TMG-FITD-Domestic Fixed  
Income Department

**Noel R. Godoy**  
Division Head  
CoG-Consumer Credit  
Division

**Jose C. Hipolito Jr.**  
Department Head  
CD-AMLMD

**Marlene P. Ignacio**  
Division Head  
CBG-Corporate Banking II  
Division (Large Corporates)

**Jocelyn Isabel S. Legaspi**  
Department Head  
LSD-Operations  
Department

**Joel O. Longalong**  
Department Head  
IAD-IT Audit Department

**Lawrence L. Lusung**  
Division Head  
BBG-LD

**Marlo D. Montelibano**  
Area Head  
BBG-VMD-Western Visayas  
Area

**Cecilia A. Rentoy**  
Division Head  
BBG-Branch Operations  
Division

**Camilla Genevieve  
A. Rimando**  
Department Head  
TBG-Digital Channels  
Department

**Carmen Dee P. Sallan**  
Department Head  
LSD-Documentation  
Department

**Rizaldy D. Tolentino**  
Department Head  
CBG-Corporate Banking  
III Division (Commercial)-  
North & South Luzon

**Maria Chelo Martina  
F. Trapaga**  
Department Head  
TBG-Remittance  
Department

**Maria Chelo Martina  
F. Trapaga**  
Division Head  
TBG-RtD

**Girlie Isabel D.  
Umali-Requizo**  
Division Head  
CBG-Remedial  
Management Department

**Baldwin V. Villena**  
Department Head  
HRMDD-Compensation &  
Benefits Administration  
Department

**Aiveth D. Yuseco**  
Department Head  
TBG-CMD-CMSD

**Assistant Vice  
Presidents**  
**Edilberto D. Abad**  
Area Operations Officer  
BBG-BOD-BOCC-Makati  
Area & Metro Manila East  
Area

**Ma. Clariza M. Ang**  
Area Head  
BBG-MMD I-MPA

**Ulysses C. Aquino**  
Department Head  
DSG-IOPD-DCMD

**Rommelwin M. Ardidon**  
Department Head  
RMD-IT Risk Management  
Department

**Joie Zendel A. Bacar**  
Branch Head  
BBG-MMD II-Main Office  
Area

**Erasmus R. Bagunas**  
Division Head  
FCG-General Accounting  
and Financial Systems  
Control Division

**Liberty A. Balgemino**  
Branch Head  
BBG-MMD II-Main Office  
Area

**Dominador Anthony  
P. Banaag Jr.**  
Department Head  
BBG-BOD-BOQC-Branch  
Systems Support

**Catherine N. Belamide**  
Area Head  
BBG-MMD-Metro Manila  
East Area

**Paulyn V. Bernabe**  
Division Head  
TMG-Treasury Marketing  
& Sales Division

**Percelin T. Billate**  
Department Head  
DSG-IOPD-Application  
Delivery Department

**Alexander R. Brillon**  
Department Head /  
Correspondent Banking  
Officer  
TMG-SID-Strategic Support  
Department concurrent  
Financial Institution Division

**Augusto Manuel  
M. Briones**  
Department Head  
TMG-TMSD-Wholesale  
Department I

**Evelyn G. Brucales**  
Department Head  
CD-Compliance  
Management & Monitoring  
Department

**Rafael Lito D. Carbonell**  
Branch Strategic Support  
Center Head  
BBG-BOD-Strategic  
Support Center

**Januario G. Caringal**  
Chief Security Officer  
Security Department

**Lolita B. Carlos**  
Area Head  
BBG-MMD II-Main Office  
Area

**Ronald C. Castillo**  
Area Head  
BBG-MMD I-Quezon City  
Area

**Janet D. Casyao**  
Division Head  
BBG-BOD-Branch  
Operations Quality Center

**Nicole Francine  
Ariadne C. Chua**  
Department Head  
TMG-FITD-US Treasury  
Trading Department

**Elmer P. Ciervo**  
Department Head  
TSG-OD

**Maritess C. Claveria**  
Division Head  
FCG-PTRD

**Peter M. Co**  
Area Head  
BBG-MMD II-Makati Area

**Leah Antoinette C. Cruz**  
Department Head  
HRMDD-Learning &  
Development, Employee  
& Labor Relations  
Department

**Allan T. Cuisia**  
Division Head  
OG-IOD

**Marian G. De Los Reyes**  
Department Head  
CBG-Corporate Banking  
III Division (Commercial)-  
Metro Manila

**Milliel D. Dela Rosa**  
Section Head  
CoG-CCD-Housing Loans  
Credit Evaluation Section

**Ana Lenina P. Estavillo**  
Department Head  
TBG-TMSD-FX Sales

**Cheryl A. Foronda**  
Branch Head  
BBG-MMD II-MMEA-Pasig  
Branch

**Robby Carlo J. Gaerlan**  
Division Head  
FCG-Corporate  
Planning Division

**Lena R. Galang**  
Division Head  
CG-Credit Evaluation  
Division

**Jean N. Gannaban**  
Department Head  
IAD-Metro Manila Branch  
Audit Department

**Cecilia Ruby D. Gloria**  
Branch Head  
BBG-LD-SLA-San Pedro  
Branch

**Francisco Raymund  
P. Gonzales**  
Division Head  
Corporate Communications  
& Consumer Protection  
Division

**Enen R. Grajo**  
Division Head  
OG-Electronic Banking  
& Card Support Division  
concurrent Centralized  
Operations Support  
Division

**Rosanne D. Ignacio**  
Department Head  
CCCPD-Marketing Services  
Department

**Manolo B. Kimpo Jr.**  
Department Head  
TMG-LALM-Domestic Fund  
Management Department

**Augustus Caesar B. Lopez**  
Section Head  
CoG-CCD-Auto Loans  
Credit Evaluation Section

**Brian Owen T. Macalinao**  
Department Head  
CCG-CBSAD

**Olivia S. Maliwanag**  
Relationship Manager  
CBG-Corporate Banking I  
Divison (SMC)

**Paul V. Manlongat**  
Area Head  
BBG-LD-South Luzon Area

**Ester S. Maraat**  
Quality Assurance Officer  
BBG-BOD-BOQC-VisMin  
Division

**Ruby P. Mariano**  
Division Head  
BBG-MMD I

**Roderick M. Martinez**  
Department Head  
DSG-IOpD-SSSD

**Michael Karlo C. Montecillo**  
Division Head  
OG-General Services  
Division

**Marilyn I Murcia**  
Branch Head  
BBG-LD-CLA-Sta Cruz  
Zambales Branch

**Katherine Anne  
E. Ongchangco**  
Segment Head  
TSG-TSMD-Ecosystem  
Market Department

**Leicester S. Papa**  
Area Head  
BBG-MMD-I-Metro Manila  
North Area

**Alyn R. Pugal**  
Area Operations Officer  
BBG-BOD-BOCC-CLA &  
NLA

**Noah P. Rodriguez**  
Department Head  
CoG-CCRD

**Alfredo T. San Juan Jr.**  
Department Head  
CoG-CLD-Auto Loans  
Department

**Don M. San Juan**  
Quality Assurance Officer  
BBG-BOD-BOQC-Luzon  
Division

**Rio Generoso F. Santiago**  
Branch Head  
BBG-MMD I-QCA-Cubao  
Branch

**Bernard Louie M. Sison**  
Branch Business  
Development Head  
BBG-Branch Business  
Development Department

**Celedon Erpurt T. Suico**  
Area Operations Officer  
BBG-BOD-BOCC-EVA &  
MIN

**Mary Russell D. Velasco**  
Branch Head  
BBG-MMD II-MMEA-  
Eastwood Petron Branch

**Carolina R. Vicente**  
Project Manager  
DSG-POD

**Wilson C. Vinoya**  
Department Head  
LSD-Litigation Department

**Ma. Alma P. Vitug**  
Area Head  
BBG-LD-Central Luzon  
Area

**Cherry Anne G. Yap**  
Area Head  
BBG-LD-North Luzon Area

# Branch Directory

 ATM Available

## Metro Manila

### Makati Area

#### AYALA



G/F STI Holdings Building,  
6764 Ayala Ave.,  
Makati City  
8-891-3814 / 7-219-0255 /  
8-810-0651 (Fax)

#### BEL-AIR PETRON



Bel-Air Petron Square,  
363 Sen. Gil Puyat Avenue,  
Brgy. Bel-Air, Makati City  
8-898-2309 / 8-219-0279  
/ 8-896-7085

#### DELA COSTA - ALFARO



G/F Don Chua Lamko  
Building, Dela Costa  
cor. Leviste St.,  
Salcedo Village, Makati City  
8-840-2789 / 8-840-2719

#### DELA ROSA



G/F King's Court Building  
II, 2129 Dela Rosa cor.  
Chino Roces Avenue,  
Makati City  
8-831-7156 / 7-624-9497

#### JUPITER



64/66 Jupiter St.,  
Brgy. Bel-Air, Makati City  
5-310-5944 / 8-828-4397  
/ 5-310-5952

#### MAGALLANES



G/F Tritan Plaza Building,  
Paseo de Magallanes,  
Makati City  
8-851-1424 / 7-219-0153

#### PASAY ROAD



G/F Cedar  
Executive Building,  
1006 A. Arnaiz Ave.  
(Pasay Road),  
San Lorenzo Village,  
Makati City  
8-840-5612 / 8-840-5640

#### PASONG TAMO

#### EXTENSION



2295 OPVI Center,  
Pasong Tamo Extension,  
Makati City  
8-892-9700 / 7-219-0271 /  
8-817-9300 (Fax)

#### ROCKWELL

Level P1 The Powerplant  
Mall, Rockwell Center,  
Makati City  
8-898-1523 / 7-219-0114 /  
8-898-1522 (Fax)

#### SALCEDO



G/F, Aguirre Building,  
108 Tordesillas cor.  
H.V. Dela Costa Sts.,  
Salcedo Village,  
Bel-Air, Makati  
8-813-2220 / 8-813-2734  
(Fax)

#### MAKATI AVENUE

#### - ZUELLIG



Unit 102, G/F Zuellig  
Building, Makati Avenue  
cor. Paseo de Roxas and  
Sta. Potenciana Street,  
Makati City  
8-961-7628 / 7-219-0127 /  
8-961-8364 (Fax)

### Metro Manila North Area

#### BALIUAG



Victoria Building,  
Ano cor. Gil Carlos Sts.,  
Poblacion, Baliuag,  
Bulacan  
(044) 766-7701 (Fax) /  
(044) 766-2811

#### BALIUAG DRT HIGHWAY



Unit 6-11, 3006 Augustine  
Square Commercial  
Complex,  
Doña Remedios Trinidad  
(DRT) Highway,  
Baliuag, Bulacan  
(044) 798-1799

#### BANAWE



128-B WAS Building,  
Banawe St., Quezon City  
8-711-9428 / 8-711-9456

#### CALOOCAN



100 8th Avenue cor.  
A. Del Mundo St., Brgy. 58,  
West Grace Park,  
Caloocan City  
8-287-2344 / 8-287-4709  
(Fax)

#### GRACE PARK



G/F HGL Bldg., 554 EDSA  
cor. Biglang Awa St.,  
Caloocan  
8-361-1832 / 8-219-0126 /  
8-361-0931 (Fax)

#### MALABON



29 Gov. Pascual Acacia Ave.,  
Malabon City  
8-446-7385 / 8-288-7571  
(Fax)

#### MALABON - GEN. LUNA



55 Gen. Luna St.,  
San Agustin, Malabon City  
8-441-0977 / 8-332-5392 /  
8-281-5612 (Fax)

#### MALOLOS



Paseo del Congreso,  
Malolos, Bulacan  
(044) 791-0342 /  
(044) 791-2452 (Fax)

#### SAN JOSE

#### DEL MONTE



Block 2 Lot 12,  
Quirino Highway cor.  
Diamond Crest Village,  
Brgy. San Manuel,  
San Jose Del Monte,  
Bulacan  
(044) 802-8866

#### STA. MARIA



Jover Building, Narra St.,  
Brgy. Sta. Clara, Sta. Maria,  
Bulacan  
(044) 796-3797 /  
(044) 796-3813

#### TOMAS MORATO



Tomas Morato Avenue  
cor. Dr. Lascano St.,  
Kamuning, Quezon City  
8-261 0766 / 8-922-7981  
PLDT / 8-922-7982

#### VALENZUELA



Units 12-13, Puregold  
Price Club, Brgy.  
Dalandan, McArthur  
Highway, Valenzuela  
8-332-2260 / 3-975-2401



## Metro Manila South Area

### ALABANG

Unit 6, El Molito II Building,  
Madrigal Ave., Alabang,  
Muntinlupa City  
8-850-8718 / 8-219-0121 /  
8-850-1574

### BF HOMES

33 President's Ave.,  
Brgy. B.F. Homes,  
Parañaque City  
7-219-0149 / 8-403-8941  
(Fax)

### BICUTAN

G/F FilHome  
Builders Building,  
68 Doña Soledad Ave.,  
Parañaque City  
8-219-0129 / 8-776-4146 /  
8-823-2321

### DASMARIÑAS - CAVITE

Veluz-Frances Plaza  
Building, cor. Guevarra St.  
Brgy. Zone 1, Aguinaldo  
Highway, Dasmariñas,  
Cavite  
Manila Line:  
(02) 8-529-8129 (Fax)  
Cavite Line: (046) 416-2335

### LAS PIÑAS

Elena Bldg., Real St.,  
Alabang-Zapote Road,  
Pamplona, Las Piñas City  
8-556-1507 / 8-556-1501 /  
8-556-1500

### IMUS

Lot 3, Block 1, Anabu 1,  
Aguinaldo Highway,  
Imus, Cavite  
(046) 438-8451 (Fax)

### NAIA

N IPT Building, Terminal 1  
Arrival Area, Brgy. Sto. Niño,  
Parañaque City  
8-219-0132 / 8-853-0712

### NAIA TERMINAL 3

Stall 14, Arrival Lobby,  
NAIA Terminal 3 Complex,  
Pasay City  
8-833-7295

### NINYO AQUINO AVENUE

Units W & Y, No. 707  
Columbia Airfreight  
Complex, Ninoy Aquino  
Ave., Brgy. Sto Niño,  
Parañaque City  
8-851-2680 / 8-219-0185 /  
8-854-4071 (Fax)

### RESORTS WORLD

Unit R3, G/F Horizon  
Center, 100 Andrews Ave.,  
Newport City, Pasay City  
8-219-0197 / 8-551-3521 /  
8-551-3520 /  
(0917)835-1960

### SUCAT

Fortuna II Building,  
8338 Dr. A. Santos Ave.,  
Sucat, Parañaque City  
8-826-8415 / 8-820-7747  
(Fax) / (0917) 835-1265

## Manila Proper Area

### ADUANA

G/F FEMII (Main) Building,  
A. Soriano St., Aduana,  
Intramuros, Manila  
8-527-2893 / 7-219-0180 /  
8-527-2947 (Fax)

### ERMITA

1312 A. Mabini St.,  
Ermita, Manila  
8-525-7330 / 8-254-7545

### DASMARIÑAS - BINONDO

STP Building, Dasmariñas  
St. cor. Marquina St.,  
Binondo, Manila  
8-247-1472 / 7-219-0251

### JUAN LUNA

465 Juan Luna St.,  
Binondo, Manila  
8-241-0407

### PORT AREA

G/F Mary Bachrach cor.  
25th and AC Delgado Sts.,  
Port Area, Manila  
8-527-7986

### QUIAPO

609 Sales St.,  
Quiapo, Manila  
8-733-9326

### SOLER

1004 Reina Regente  
cor. Soler Streets,  
Binondo, Manila  
8-244-7003 / 7-219-0120 /  
8-244-7001 (Fax)

### STO. CRISTO

Units 471-483,  
Kim Siu Ching Foundation  
Building, Sto. Cristo cor.  
Jaboneros Sts.,  
Binondo, Manila  
8-241-4151 / 8-242-0242  
(Fax)

### TAFT AVENUE

G/F Endriga Building,  
2270 Taft Ave.,  
Malate, Manila  
8-523-2297 / 8-521-9124  
(Fax)

### TAFT - PGH

G/F Mirasol Building,  
854 Apacible St. cor.  
Taft Ave., Ermita, Manila  
8-536-4959

### TUTUBAN

LSCM 19 to 20,  
Tutuban Centermall,  
C.M. Recto Ave., Manila  
8-353-0086

### UN AVENUE

429 Victoria Building,  
United Nations Ave.,  
Ermita, Manila  
8-524-9935

## Main Office Branch Area

### MAIN OFFICE - SAN MIGUEL

Unit A, G/F San Miguel  
Properties Center,  
No. 7 St. Francis Street,  
Mandaluyong City  
8-635-5517 / 7-219-0213 /  
8-633-2430 / 8-633-9296  
(Fax)

## Metro Manila East Area

### BONIFACIO GLOBAL CITY


G/F Kensington Place,  
Burgos Circle, Fort  
Bonifacio, Taguig City  
8-856-1707 / 7-219-0107 /  
8-856-1696 (Fax)


### BONIFACIO HIGH STREET


G/F Active Fun Building,  
9th Ave. cor., 28th St.,  
Fort Bonifacio, Taguig City  
8-779-8023 / 8-779-8024 /  
7-957-9320


### CAINTA


40 Felix Ave., San Isidro,  
Cainta, Rizal  
8-682-8524 / 7-219-0214 /  
8-682-6243 (Fax)


**CONCEPCION**   
52 A.M. PACLEB Building,  
Bayan-Bayanan Ave.,  
Concepcion 1,  
Marikina City  
8-941-0714 / 7-219-0125 /  
8-942-0429 (Fax)


**EASTWOOD -  
PETRON**   
188 E. Rodriguez Jr. Ave.  
(C-5), Bagumbayan,  
Quezon City  
8-654-0084 / 7-216-9879  
/ 8-655-1204 (Fax)


**GREENHILLS**   
G/F Eisenhower Tower,  
No. 7, Eisenhower St.,  
Greenhills, San Juan  
8-723-5380 (Telefax) /  
7-219-0207 /  
8-727-4936 to 39

**MARCOS HIGHWAY**   
Unit 10, Thaddeus Arcade,  
Pitpitan cor. Gil Fernando  
Ave., San Roque,  
Marikina City  
8-647-7172 / 7-219-2723 /  
8-647-7165 (Fax)

**MARIKINA**   
258 J.P. Rizal St., Sta. Elena,  
Marikina City  
8-646-1808 / 7-219-3453 /  
8-646-1802 (Fax)


**PASIG**   
G/F Renaissance  
1000 Tower, Meralco Ave.,  
Pasig City  
8-635-0392 / 7-217-1674 /  
8-635-3661 / 8-631-3769  
(Fax)


**PASIG BOULEVARD**   
152 Pasig Blvd.,  
Brgy. Bagong Ilog,  
Pasig City  
8-650-6560 / 7-217-3403 /  
8-650-6561 (Fax)


**WACK-WACK PETRON**   
553 Shaw Blvd.,  
Brgy. Wack-Wack,  
Mandaluyong City  
7-738-1984 / 7-217-2180 /  
7-738-1985 (Fax)


## Quezon City Central Area


**BROADCAST CITY**   
Broadcast City Compound,  
Capitol Hills, Quezon City  
8-932-4628 / 7-219-0188 /  
8-932-4969


**COMMONWEALTH**   
Verde Oro Building,  
535 Commonwealth Ave.,  
Old Balara, Quezon City  
8-952-7990 / 7-216-7636 /  
8-952-7989


**CUBAO**   
Unit 1, G/F Harvester  
Corporate Center,  
P. Tuazon cor. 7th and  
8th Ave., Brgy. Socorro,  
Cubao, Quezon City  
8-911-2486 / 7-219-0202 /  
8-911-2485


**E. RODRIGUEZ**   
E. Rodriguez Sr. Ave. cor.  
84 Hemady St., Brgy.  
Mariana, New Manila,  
Quezon City  
8-722-2379 / 8-722-2197 /  
8-705-1943

**DEL MONTE**   
Bank of Commerce  
Building, Del Monte Ave.  
cor. D. Tuazon St.,  
Quezon City  
7-219-3786 / 8-743-2541


**DILIMAN**   
Commonwealth Ave. cor.  
Masaya St., Diliman,  
Quezon City  
8-927-6074 / 7-219-7093 /  
8-920-2324


**FAIRVIEW PETRON**   
Petron Fairview,  
Commonwealth Ave.,  
Fairview, Quezon City  
8-376-1023 / 8-376-1025

**KATIPUNAN- PETRON**   
Petron Katipunan Complex,  
Katipunan Ave. cor.  
Mangyan Road, La Vista,  
Quezon City  
8-921-4020 / 7-219-0174 /  
8-921-4042

**QUEZON AVENUE**   
Sto. Domingo Church  
Compound, 8 Biak na  
Bato St., cor. Quezon Ave.,  
Quezon City  
8-712-2534 / 8-732-8360


**VISAYAS AVENUE**   
15 Visayas Ave. Ext.,  
Brgy. Culiati, Quezon City  
8-426-4732 / 7-219-0155 /  
8-426-4854


**WEST AVENUE**   
68 - A Carbal Building,  
West Avenue, Quezon City  
8-374-5544 / 7-219-0168 /  
8-374-5548


**WEST TRIANGLE**   
1451 Quezon Ave. cor.  
Examiner St., Quezon City  
8-925-1209 / 7-219-0160 /  
8-927-4063

# Luzon


## North Luzon Area


**BAGUIO**   
G/F YMCA Baguio Bldg.,  
Post Office Loop (Upper  
Session Road), Baguio  
(074) 619-0073 /  
(074) 619-0072 (Fax)


**CANDON**   
National Highway,  
Brgy. San Jose, Candon,  
Ilocos Sur  
(077) 674-0623 /  
(077) 644-0288 (Fax)


**CARMEN**   
McArthur Highway,  
Carmen Rosales,  
Pangasinan  
(075) 582-7365 /  
(075) 582-7370 (Fax)


**CAUAYAN CITY,  
ISABELA**   
G/F Majesty Commercial  
Building, National  
Highway, Brgy. Fermin,  
Cauayan, Isabela  
(078) 652-2339 (Telefax)


**DAGUPAN**   
Eastgate Plaza Building,  
A.B. Fernandez East,  
Dagupan, Pangasinan  
(075) 522-8691 /  
(075) 522-8963 (Fax)

**LAOAG**   
N. Corpuz Building,  
J.P. Rizal cor., Gen. Hizon  
Sts., Laoag City  
(077) 677-2572 /  
(077) 617-1363 /  
(077) 617-1603 (Fax)

**LA UNION**   
Northway Plaza, National  
Highway, Brgy. Sevilla,  
San Fernando City,  
La Union  
(072) 700-1618 /  
(072) 242-5683 (Fax)


**SANTIAGO CITY,  
ISABELA**   
G/F Oryza Building,  
Maharlika Highway,  
Villasis, Santiago City,  
(078) 305-5360

**TUGUEGARAO**   
27 Bonifacio cor.  
Washington Sts.,  
Tuguegarao, Cagayan  
(078) 844-8041 /  
(078) 844-8044 (Fax)


**URDANETA**   
The Pentagon Building,  
McArthur Highway,  
Nancayasan,  
Urdaneta City, Pangasinan  
(075) 656-1017 /  
(075) 656-1018 (Fax)


**VIGAN**   
Plaza Maestro  
Commercial Complex,  
Jacinto cor. Florentino St.,  
Vigan City, Ilocos Sur  
(077) 722-2119 /  
(077) 632-0802 (Fax)


## Central Luzon Area


**ANGELES**   
McArthur Highway cor.  
B. Aquino St., Lourdes Sur  
East, Angeles City,  
(045) 626-2010 (Fax) /  
(045) 323-4130 (Fax)

**ANGELES  
NEPOMART**   
G/F Entec Building,  
Teresa Ave.,  
NepoMart Complex,  
Brgy. Cutcut, Angeles City  
(045) 497-0551


**BALANGA**   
Paterno St., Poblacion,  
Balanga City, Bataan  
(047) 237-7622 /  
(047) 237-2366 (Fax)


**BALIBAGO**   
McArthur Highway cor.  
Victor St., Balibago,  
Angeles City  
(045) 892-0875 /  
(045) 331-3389 /  
(045) 625-5586 (Fax)


**CABANATUAN**   
V.P Building,  
Maharlika Highway  
Brgy. H. Concepcion,  
Cabanatuan, Nueva Ecija  
(044) 940-1254 /  
(044) 940-1263 (Fax)


**IBA**   
TRB Building,  
Ramon Magsaysay Ave.,  
Iba, Zambales  
(047) 602-1866 /  
(047) 811-1025 (Fax)


**SAN FERNANDO,  
PAMPANGA**   
Insular Life Building,  
McArthur Highway,  
San Fernando, Pampanga  
(045) 961-1624 /  
(045) 961-1680 (Fax)

**STA. CRUZ**   
National Road cor. Misola  
St., Poblacion South,  
Sta. Cruz, Zambales  
(047) 831-1113 (Telefax)

**SUBIC FREEPORT**   
Unit A, The Venue  
Annex Building,  
101 Rizal Highway,  
Subic Freeport Zone  
(047) 252-1851 /  
(047) 252-1863 (Fax)

**TARLAC**   
Units 110 to 112  
Rising Sun Building,  
Block 4, Brgy. San Nicolas,  
McArthur Highway,  
Tarlac City  
(045) 982-5401 /  
(045) 982-5365 (Fax)


**MABALACAT**   
McArthur Highway,  
San Francisco,  
Mabalacat City  
(045) 649-4407 /  
(045) 308-0516

**SINDALAN**   
Jumbo Jenra McArthur  
Highway, Brgy. Sindalan,  
San Fernando City,  
(045) 403-9338 /  
(045) 409-8108


## South Luzon Area


**BATANGAS - CAEDO**   
Caedo Commercial  
Complex, Calicanto,  
Batangas City  
(043) 723-6773 /  
(043) 723-1410 (Fax)


**BATANGAS  
P. BURGOS**   
27 P. Burgos St.,  
Batangas City  
(043) 723-0275 /  
(043) 723-0909 (Fax)


**CALAMBA**   
Units 6 and 7, New Parian  
Business Center cor. Lawa  
Road, National Highway,  
Parian, Calamba City  
(049) 502-7922 /  
(049) 502-8508 (Fax)

**CALAPAN**   
Leona Yap Ong Building,  
J.P. Rizal St., Calapan City,  
Oriental Mindoro  
(043) 288-4496 /  
(043) 288-4031 (Fax)

**LEGAZPI CITY**   
G/F Diabetes One-Stop  
Center, LANDCO Business  
Park, Legazpi City  
(052) 742-0691 /  
(052) 480-6054

**LIPA**   
No. 7 Bank of Commerce  
Building, C.M. Recto Ave.,  
Brgy. 9, Lipa City  
(043) 756-4214 /  
(043) 756-2558 (Fax)

**LUCENA**   
Quezon Ave. cor.  
Lakandula St., Brgy. IX,  
Lucena City  
(042) 710-9691 /  
(042) 710-9692 (Fax)

**NAGA**   
Romar-I Building,  
Elias Angeles St., Naga City  
Manila Line:  
(02) 206-4080 /  
(054) 811-8931

**PUERTO PRINCESA**   
WD Building, J. Rizal Ave.,  
Brgy. Manggahan,  
Puerto Princesa City,  
Palawan  
(0918) 962-3259

**SAN PEDRO**

Pacita Commercial  
Complex, San Pedro,  
Laguna  
(02) 8808-2026 /  
(02) 8808-2002

**CEBU - MAIN**

Cebu Woman's Club  
Building, B. Rodriguez St.  
cor. Osmeña Blvd.,  
Brgy. Sambag-II, Cebu City  
(032) 253-1951 /  
(032) 316-9912 /  
(032) 255-4223 (Fax)

**ORMOC**

G/F H. Serafica Building,  
Real St., Ormoc City  
(053) 561-8523 /  
(053) 255-4366 (Fax)

**DUMAGUETE**

G/F Rusiana Building  
North Road, Capitol Area  
(National Highway),  
Brgy. Daro,  
Dumaguete City  
(035) 225-7668 /  
(035) 422-6896 (Fax)

**STA. ROSA**

Shop I-A, G/F Paseo 3,  
Paseo de Sta. Rosa,  
Sta. Rosa, Laguna  
(0917) 835-1948

**CEBU STO. NIÑO  
- MAGALLANES**

G/F Unit 2, Martina Sugbo  
Building, P. Burgos cor.  
Magallanes Sts.,  
Brgy. Sto Niño, Cebu City  
(032) 254-1825 /  
(032) 316-9925 /  
(032) 253-3999

**TACLOBAN**

Doors 12-13, RUL Building,  
Justice Romualdez St.,  
Brgy. 15, Tacloban City  
(053) 832-2866 /  
(0917) 328-1721

**ESTANCIA**

Clement St.,  
Poblacion Zone II,  
Estancia, Iloilo  
(033) 397-0222 /  
(033) 397-0220 (Fax)

**TANAUAN**

G 04, The City Walk,  
No. 2 Pres. Laurel Highway,  
Brgy. Darasa,  
Tanauan City, Batangas  
(043) 784-6990 /  
(043) 784-6994 (Fax)

**TAGBILARAN**

G/F Karan's Building,  
B. Inting St., 2nd District,  
Brgy. Poblacion II,  
Tagbilaran, Bohol  
(Gulshan Centre)  
(038) 411-5400 /  
(038) 411-3773 (Fax)

**CEBU TALISAY**

G/F PCJ Building,  
National Highway,  
Bulacao, Talisay City, Cebu  
(032) 231-6027 /  
(032) 462-2065

**Western Visayas  
Area**

# Visayas

**Eastern Visayas  
Area****CEBU F. CABAUG**

Units 5 and 6, GPH Central,  
F. Cabaug cor.  
Pres. Roxas Sts.,  
Brgy. Kasambagan,  
Mabolo, Cebu City  
(032) 316-9913 /  
(032) 342-7144 (Telefax)

**LAPU-LAPU**

Units 3 to 5 AJS Building,  
Pusok, Lapu-Lapu City  
(032) 341-3854 /  
(032) 316-9927

**MANDAUE**

Entienza Building,  
National Highway,  
Mandaue City, Cebu  
(032) 346-6901 /  
(032) 346-6902 (Fax)

**CEBU - BANILAD**

First Jomica Realty &  
Development Building,  
No. 888 A. S. Fortuna St.,  
Brgy. Banilad,  
Mandaue City, Cebu  
(032) 231-6704 /  
(032) 316-9921 /  
(032) 231-6706 (Fax)

**MANDAUE NRA**

G/F City Time Square  
Phase II, Mantawe Ave.,  
Brgy. Tipolo,  
North Reclamation Area,  
Mandaue City  
(032) 268-4693 /  
(032) 316-9926 /  
(032) 564-3249 (Fax)

**BACOLOD ARANETA**

G/F Yusay Arcade,  
Araneta St., Brgy. 15,  
Bacolod City,  
Negros Occidental  
(034) 433-4667 /  
(034) 433-2267 (Fax)

**BACOLOD - CAPITOL**

GR 04 and GR05,  
888 Chinatown Premier  
Mall, Cottage Road cor.  
Gatuslao St., Brgy. 8,  
Bacolod City,  
Negros Occidental  
(034) 432-3287

**BACOLOD LACSON**

Corner 12th & Lacson Sts.,  
Brgy. 4, Bacolod City,  
Negros Occidental  
(034) 433-4238 /  
(034) 433-1139 (Fax)

**ILOILO - IZNART**

G/F TCT Building, Iznart St.,  
Brgy. Danao, Iloilo City  
(033) 335-0710 /  
(033) 335-0712

**ILOILO - J.M. BASA**

G/F TTW Building, cor.  
J.M. Basa-Mapa Sts.,  
Brgy. Ortiz, Iloilo City  
(033) 337-8721 /  
(033) 335-1020 (Fax)


**KABANKALAN**

Guanzon St., Brgy. 2,  
Kabankalan City,  
Negros Occidental  
(034) 471-2853 /  
(034) 471-2253 (Fax)

**KALIBO**

1280 Garcia Building,  
C. Laserna St., Brgy.  
Poblacion, Kalibo, Aklan  
(036) 262-5294 /  
(036) 268-9032 (Fax)



**ROXAS CITY**   
G/F Gaisano Arcade,  
Arnaldo Blvd., Brgy.  
Baybay, Roxas City, Capiz  
(036) 621-0845 /  
(036) 621-1760 (Fax)

**CAGAYAN DE ORO  
- LAPASAN**   
Suites 6 and 7,  
Gateway Tower 1,  
Limketkai Center,  
Cagayan de Oro City  
(088) 856-3991 /  
(088) 856-3977 (Fax)


**DAVAO - RIZAL**   
CAP Development  
Center Building,  
Rizal St., Davao City  
(082) 226-2223 /  
(082) 222-0904 (Fax)


**PAGADIAN CITY**   
F.S. Pajares Ave.,  
Pagadian City,  
Zamboanga del Sur  
(062) 925-3399 (Fax)


## Mindanao

### Mindanao Area

**BUTUAN**   
G/F Cesia Building,  
South Montilla Blvd.,  
Butuan City,  
Agusan del Norte  
(085) 815-9633 /  
(085) 342-6248 (Fax)


**CAGAYAN DE ORO  
- VELEZ**   
Don A. Velez-Akut Sts.,  
Cagayan de Oro City  
(088) 856-4371 (Fax)


**GENERAL SANTOS**   
G/F Sunshine Hardware  
Building, Santiago Blvd.,  
Brgy. East,  
General Santos City  
(083) 552-9375 /  
(083) 552-5236 (Fax)


**TAGUM CITY**   
Units 104 to 105, PLJ  
Building, Apokon Road,  
Magugpo, Tagum City,  
Davao del Norte  
(084) 216-5364 (Fax)


**CAGAYAN DE ORO  
- CARMEN**   
Eric Tan Building,  
Vamenta Blvd., Carmen,  
Cagayan de Oro City  
(088) 231-4167 (Fax)

**DAVAO - CITY HALL**   
Valgoson's Realty Building,  
City Hall Drive, Davao City  
(082) 226-4074 /  
(082) 221-2590 (Fax)

**ILIGAN CITY**   
G/F Barnuevo Building,  
M. Badelles cor. De Leon  
Sts., Brgy. Poblacion,  
Iligan City, Lanao del Norte  
(063) 224-6488

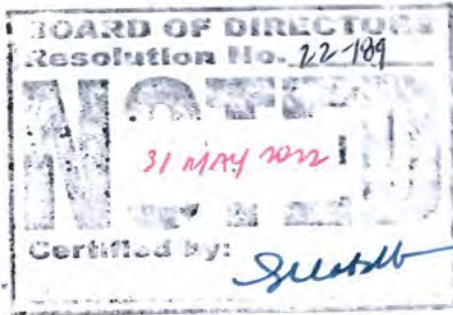
**ZAMBOANGA  
- VETERANS**   
Cor. Camachile Road,  
Veterans Ave.  
Zamboanga City  
(062) 991-2980 (Fax)

**DAVAO - LANANG**   
Consuelo Building,  
KM. 7, Brgy. San Antonio,  
Agdao District, Lanang,  
Davao City  
(082) 234-1042 /  
(082) 226-2859 (Fax)

**MARAMAG**   
TRB Building, Sayre  
Highway, North Poblacion,  
Maramag, Bukidnon  
(0917) 516-0606 /  
(02) 8-982-6000 local  
7089 / (02) 7-214-8800  
local 7089



# Annex A - Related Party Transactions



Category: Annex B  
 Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

RPT Resolution no. 22-056
<b>NOTED</b>
Date: 26 MAY 2022
Certified by: <i>[Signature]</i>

### Report on Material Related Party Transactions

As of	March 31, 2022
	(Quarter-End)

REPUBLIC OF THE PHILIPPINES)  
 \_\_\_\_\_) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

*[Signature]*  
 MICHELANGELO R. AGUILAR  
 President/Chief Executive Officer  
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this APR 20 2022 day of 20\_\_\_\_, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public  
 Until December 31, 20\_\_\_\_  
 PTR No. \_\_\_\_\_  
 Place \_\_\_\_\_

Doc. No. 511  
 Page No. 104  
 Book No. J  
 Series of 2022

*[Signature]*  
**EVA Z. BANZON**  
 NOTARY PUBLIC FOR MANDALUYONG CITY  
 APPOINTMENT NO. 0529-19  
 UNTIL JUNE 30, 2022  
 SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY  
 PTR No. 3067590/01-12-2022/MANDALUYONG CITY  
 IBP OR No. 177161/02-05-2022  
 ROLL OF ATTORNEYS NO. 62160



**Material Related Party Transactions**  
 BANK OF COMMERCE 120  
 Name of Bank Bank Code

March 31, 2022  
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 12, 2022	LOAN	PHP 67,300,000.00	180 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 17, 2022	LOAN	PHP 210,000,000.00	179 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 25, 2022	LOAN	PHP 101,000,000.00	178 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 31, 2022	LOAN	PHP 350,380,000.00	179 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 2, 2022	LOAN	PHP 1,015,941,857.81	180 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 2, 2022	LOAN	PHP 98,600,000.00	178 Days	Regular business transaction with resulting profit
ANDOK'S LITSON CORPORATION	Economic interdependence	February 15, 2022	LETTER OF CREDIT	PHP 120,000,000.00	360 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION AND DEVELOPMENT CORPORATION	Economic interdependence	January 20, 2022	LETTER OF CREDIT	USD 602,748.73	90 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION AND DEVELOPMENT CORPORATION	Economic interdependence	March 23, 2022	LETTER OF CREDIT	USD 290,400.00	30 Days	Regular business transaction with resulting profit
BIG B ENTERPRISES & SONS, INC.	Economic interdependence	March 24, 2022	LETTER OF CREDIT	PHP 36,821,074.20	60 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	March 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	31 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	February 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 52,000,000.00	35 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	January 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	41 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	February 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	42 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	January 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	43 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Directors	January 17, 2022	LOAN	PHP 300,000,000.00	30 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Directors	February 4, 2022	LOAN	PHP 250,000,000.00	35 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Directors	February 4, 2022	LOAN	PHP 300,000,000.00	35 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Directors	February 16, 2022	LOAN	PHP 300,000,000.00	30 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	January 4, 2022	BILLS PURCHASE AVAILMENT	PHP 286,807,616.26	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	February 23, 2022	BILLS PURCHASE AVAILMENT	PHP 502,076,385.46	3 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	January 25, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,930,249,659.84	177 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	January 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 2,128,384,019.90	99 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	January 31, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 654,928,971.48	99 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	February 23, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,511,581,698.70	93 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	February 24, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,007,857,504.87	95 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 8, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 4,234,318,906.85	182 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 21, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 255,828,129.45	182 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 16, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 309,900,111.02	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 17, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 842,360,882.02	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 18, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 299,844,671.29	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 30, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 2,402,749,017.88	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 3, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 836,216,887.84	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 24, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 509,984,222.01	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 25, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 826,132,394.75	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 21, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 509,795,263.63	92 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 662,805,471.60	92 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	March 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 316,202,088.00	92 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	February 14, 2022	BILLS PURCHASE AVAILMENT	PHP 58,070,574.96	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	February 24, 2022	BILLS PURCHASE AVAILMENT	PHP 39,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	February 28, 2022	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	March 4, 2022	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	March 11, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	March 18, 2022	BILLS PURCHASE AVAILMENT	PHP 34,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	March 21, 2022	BILLS PURCHASE AVAILMENT	PHP 49,811,779.65	3 Days	Regular business transaction with resulting profit
GRAND ASIA HOLDINGS INC.	Presence of Corresponding Person	February 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	15 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Economic interdependence	February 23, 2022	LOAN	PHP 100,000,000.00	91 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT INC.	Affiliate	March 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT INC.	Affiliate	January 6, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	32 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT INC.	Affiliate	February 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	42 Days	Regular business transaction with resulting profit









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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
RHODIUM 688 BUILDERS INC.	Economic Interdependence	March 31, 2022	LOAN	PHP 70,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 3, 2022	BILLS PURCHASE AVAILMENT	PHP 38,760,423.72	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 7, 2022	BILLS PURCHASE AVAILMENT	PHP 200,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 19, 2022	BILLS PURCHASE AVAILMENT	PHP 435,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 31, 2022	BILLS PURCHASE AVAILMENT	PHP 436,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 4, 2022	BILLS PURCHASE AVAILMENT	PHP 96,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 9, 2022	BILLS PURCHASE AVAILMENT	PHP 101,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 11, 2022	BILLS PURCHASE AVAILMENT	PHP 94,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 15, 2022	BILLS PURCHASE AVAILMENT	PHP 84,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 18, 2022	BILLS PURCHASE AVAILMENT	PHP 115,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 22, 2022	BILLS PURCHASE AVAILMENT	PHP 88,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 24, 2022	BILLS PURCHASE AVAILMENT	PHP 99,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 28, 2022	BILLS PURCHASE AVAILMENT	PHP 82,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 2, 2022	BILLS PURCHASE AVAILMENT	PHP 68,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 3, 2022	BILLS PURCHASE AVAILMENT	PHP 290,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 4, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 8, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 9, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 11, 2022	BILLS PURCHASE AVAILMENT	PHP 67,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 15, 2022	BILLS PURCHASE AVAILMENT	PHP 78,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 30, 2022	BILLS PURCHASE AVAILMENT	PHP 309,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 31, 2022	BILLS PURCHASE AVAILMENT	PHP 354,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	February 7, 2022	LETTER OF CREDIT	USD 6,371,300.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	March 1, 2022	LETTER OF CREDIT	USD 6,371,300.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	March 28, 2022	LETTER OF CREDIT	USD 7,231,250.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	February 3, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 270,000,000.00	40 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	March 3, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,209,876,000.00	85 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	March 3, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,383,838,000.00	85 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	January 11, 2022	LETTER OF CREDIT	USD 10,779,600.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	February 3, 2022	LETTER OF CREDIT	USD 13,793,650.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	March 8, 2022	LETTER OF CREDIT	USD 15,129,400.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 21, 2022	LOAN	PHP 315,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 25, 2022	LOAN	PHP 235,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	February 21, 2022	LOAN	PHP 315,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	February 24, 2022	LOAN	PHP 235,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 23, 2022	LOAN	PHP 315,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 28, 2022	LOAN	PHP 235,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	February 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	33 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	40 Days	Regular business transaction with resulting profit





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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	February 3, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 270,000,000.00	40 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,000,000.00	40 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	42 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 30, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	44 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 11, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 59,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	48 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	48 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 97,000,000.00	48 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 104,000,000.00	35 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	35 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	42 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 11, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 31, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 31, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 66,000,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 31, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 120,500,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	48 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,300,000.00	48 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 88,000,000.00	48 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 56,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 91,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,700,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 88,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 120,500,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 66,000,000.00	49 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 26, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	49 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	February 10, 2022	LETTER OF CREDIT	USD 6,371,300.00	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 3, 2022	LETTER OF CREDIT	USD 6,933,550.00	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	January 25, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 221,218,573.31	178 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 229,559,807.78	177 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 24, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 550,599,152.42	180 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 15, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 338,578,707.18	178 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 244,082,220.53	178 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 418,204,695.95	179 Days	Regular business transaction with resulting profit





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SMC POWERGEN INC.	Affiliate	February 18, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 243,986,772.53	180 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	February 23, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 481,036,328.19	180 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 336,478,816.99	179 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 2, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 511,012,963.48	181 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 3, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 742,492,736.54	181 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 4, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 551,192,317.70	181 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 7, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 576,286,480.09	182 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 1, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 402,231,293.06	176 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 254,286,837.67	182 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 13, 2022	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 18, 2022	LOAN	PHP 145,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 21, 2022	LOAN	PHP 230,000,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 24, 2022	LOAN	PHP 100,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 25, 2022	LOAN	PHP 67,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 17, 2022	LOAN	PHP 500,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 17, 2022	LOAN	PHP 145,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 21, 2022	LOAN	PHP 230,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 23, 2022	LOAN	PHP 107,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 24, 2022	LOAN	PHP 67,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 8, 2022	LOAN	PHP 472,300,000.00	63 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 22, 2022	LOAN	PHP 500,000,000.00	38 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 22, 2022	LOAN	PHP 145,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 28, 2022	LOAN	PHP 230,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 30, 2022	LOAN	PHP 107,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 31, 2022	LOAN	PHP 67,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 28, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	43 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	43 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 75,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 75,200,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 17, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 17, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 80,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	January 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 140,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	February 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	49 Days	Regular business transaction with resulting profit





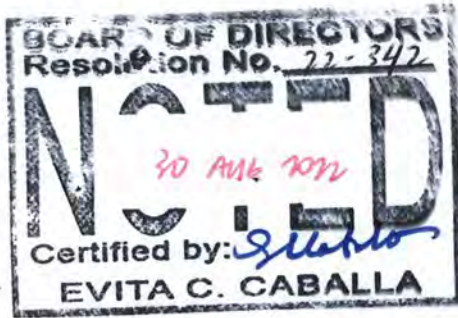
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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	March 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SLEX HODINGS CORPORATION	Affiliate	January 3, 2022	LOAN	PHP 50,000,000.00	36 Months	Regular business transaction with resulting profit
SMC SLEX HODINGS CORPORATION	Affiliate	February 7, 2022	LOAN	PHP 55,000,000.00	36 Months	Regular business transaction with resulting profit
WORLDSUMMIT HOLDINGS CORPORATION	Affiliate	March 29, 2022	SALE OF ROPA	2,104,000.00	-	Regular business transaction with resulting profit

**RPT**



9.

Category: Annex B  
Category A-1  
Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of	June 30, 2022
	(Quarter-End)

REPUBLIC OF THE PHILIPPINES)  
**MANDALUYONG CITY** S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

*[Signature]*  
MICHELANGELO R. AGUILAR  
President/Chief Executive Officer  
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this JUL 20 2022 day of 20 \_\_\_\_\_, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

*[Signature]*  
Notary Public  
Until December 31, 2020  
PTR No. APPOINTMENT NO. 8529-19  
Place EXTENDED UNTIL 31 DECEMBER 2022  
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY  
PTR No. 3067590/01-12-2022/MANDALUYONG CITY  
IRP CR No. 177161/01-05-2022  
ROLL OF ATTORNEYS NO. 62160

Doc. No. 247  
Page No. 50  
Book No. VI  
Series of 2022

RPT Resolution no. 22-090  
**NOTED**  
Date: 21 JUL 2022  
Certified by: *[Signature]*

Material Related Party Transactions  
 BANK OF COMMERCE 120  
 Name of Bank Bank Code

June 30, 2022  
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-Law	June 14, 2022	LOAN	PHP 156,778,142.00	178 Days	Regular business transaction with resulting profit
AUTOALLEE GROUP, INC.	Economic Interdependence	June 30, 2022	LETTER OF CREDIT	PHP 100,000,000.00	360 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION AND DEVELOPMENT CORPORATION	Economic Interdependence	May 30, 2022	LOAN	PHP 89,000,000.00	305 Days	Regular business transaction with resulting profit
BIG 8 ENTERPRISES & SONS, INC.	Economic Interdependence	May 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 134,257,842.20	48 Months	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	April 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	35 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	April 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	36 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	June 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	44 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	June 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	44 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS INC.	Affiliate	May 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,308,276,000.00	90 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 13, 2022	BILLS PURCHASE AVAILMENT	PHP 56,429,340.14	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 13, 2022	BILLS PURCHASE AVAILMENT	PHP 90,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 20, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 20, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 20, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 22, 2022	BILLS PURCHASE AVAILMENT	PHP 76,449,541.74	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 29, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	May 13, 2022	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	May 13, 2022	BILLS PURCHASE AVAILMENT	PHP 330,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	May 24, 2022	BILLS PURCHASE AVAILMENT	PHP 49,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	May 26, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	May 26, 2022	BILLS PURCHASE AVAILMENT	PHP 43,879,644.58	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 14, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 14, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 23, 2022	BILLS PURCHASE AVAILMENT	PHP 185,334,546.97	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 23, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	April 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 2,148,380,106.35	32 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 15, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 427,189,088.83	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 16, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 302,784,632.54	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 689,421,372.57	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 319,358,310.74	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 23, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 515,040,254.27	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 606,000,000.00	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 606,000,000.00	92 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 606,000,000.00	93 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 608,432,797.45	94 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	April 7, 2022	BILLS PURCHASE AVAILMENT	PHP 295,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	April 8, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	April 22, 2022	BILLS PURCHASE AVAILMENT	PHP 136,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	April 28, 2022	BILLS PURCHASE AVAILMENT	PHP 35,212,577.05	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 4, 2022	BILLS PURCHASE AVAILMENT	PHP 129,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 5, 2022	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 11, 2022	BILLS PURCHASE AVAILMENT	PHP 85,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 20, 2022	BILLS PURCHASE AVAILMENT	PHP 112,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 23, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 27, 2022	BILLS PURCHASE AVAILMENT	PHP 195,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 2, 2022	BILLS PURCHASE AVAILMENT	PHP 300,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 3, 2022	BILLS PURCHASE AVAILMENT	PHP 41,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 6, 2022	BILLS PURCHASE AVAILMENT	PHP 42,590,014.64	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 9, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 10, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 13, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 17, 2022	BILLS PURCHASE AVAILMENT	PHP 18,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 20, 2022	BILLS PURCHASE AVAILMENT	PHP 35,777,158.25	3 Days	Regular business transaction with resulting profit



Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
GINEBRA SAN MIGUEL INC.	Affiliate	June 23, 2022	BILLS PURCHASE AVAILMENT	PHP 55,922,041.18	3 Days	Regular business transaction with resulting profit.
GINEBRA SAN MIGUEL INC.	Affiliate	June 24, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit.
GINEBRA SAN MIGUEL INC.	Affiliate	June 28, 2022	BILLS PURCHASE AVAILMENT	PHP 68,000,000.00	3 Days	Regular business transaction with resulting profit.
GRAND ASIA HOLDINGS INC.	Presence of Corresponding Person	May 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	91 Days	Regular business transaction with resulting profit.
LINSEED FIELD CORPORATION	Economic Interdependence	May 24, 2022	LOAN	PHP 4,000,000,000.00	120 Months	Regular business transaction with resulting profit.
LINSEED FIELD CORPORATION	Economic Interdependence	June 15, 2022	LOAN	PHP 1,000,000,000.00	120 Months	Regular business transaction with resulting profit.
MANILA NORTH HARBOR PORT INC.	Affiliate	April 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	30 Days	Regular business transaction with resulting profit.
MASINLOC POWER PARTNERS CO., LTD.	Affiliate	April 29, 2022	LETTER OF CREDIT	PHP 3,173,812,070.16	267 Days	Regular business transaction with resulting profit.
MASINLOC POWER PARTNERS CO., LTD.	Affiliate	April 29, 2022	LETTER OF CREDIT	PHP 3,493,435,550.47	267 Days	Regular business transaction with resulting profit.
MASINLOC POWER PARTNERS CO., LTD.	Affiliate	May 5, 2022	LETTER OF CREDIT	PHP 1,416,150,000.00	263 Days	Regular business transaction with resulting profit.
MASINLOC POWER PARTNERS CO., LTD.	Affiliate	May 5, 2022	LETTER OF CREDIT	PHP 1,447,827,334.16	184 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 4, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 8, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 8, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 19, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 19, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 26, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 26, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 26, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 26, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 29, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	April 29, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 10, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 10, 2022	BILLS PURCHASE AVAILMENT	PHP 90,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 10, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 12, 2022	BILLS PURCHASE AVAILMENT	PHP 59,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 19, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 19, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 19, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 25, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 25, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 25, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 31, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	May 31, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 6, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 6, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 8, 2022	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 8, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 15, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 15, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 22, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 22, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 28, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
NORTHERN CEMENT CORPORATION	Affiliate	June 30, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit.
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	May 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,580,488,900.00	90 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	April 28, 2022	LOAN	PHP 448,904,900.00	90 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	April 29, 2022	LOAN	PHP 566,075,600.00	90 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	April 29, 2022	LOAN	PHP 600,000,000.00	40 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	May 4, 2022	LOAN	PHP 682,471,800.00	90 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	May 5, 2022	LOAN	PHP 577,358,700.00	90 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	June 29, 2022	LOAN	PHP 2,000,000,000.00	91 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	May 2, 2022	DIRECTIONAL LOAN (FINDER)	PHP 600,000,000.00	36 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	June 7, 2022	DIRECTIONAL LOAN (FINDER)	PHP 600,000,000.00	62 Days	Regular business transaction with resulting profit.
PANASIA ENERGY, INC.	Economic Interdependence	June 29, 2022	DIRECTIONAL LOAN (FINDER)	PHP 2,000,000,000.00	90 Days	Regular business transaction with resulting profit.
PETRON CORPORATION	Economic Interdependence	April 5, 2022	LOAN	PHP 2,000,000,000.00	90 Days	Regular business transaction with resulting profit.
PETRON CORPORATION	Affiliate	April 11, 2022	LOAN	PHP 500,000,000.00	35 Days	Regular business transaction with resulting profit.
PETRON CORPORATION	Affiliate	April 25, 2022	LOAN	PHP 200,000,000.00	30 Days	Regular business transaction with resulting profit.

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
PETRON CORPORATION	Affiliate	May 10, 2022	LOAN	PHP 2,000,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 16, 2022	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 8, 2022	LOAN	PHP 2,000,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 15, 2022	LOAN	PHP 500,000,000.00	44 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 125,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 400,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	35 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	60 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 189,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 170,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 140,000,000.00	91 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	April 27, 2022	LOAN	PHP 30,000,000.00	63 Days	Regular business transaction with resulting profit
RHODIUM 888 BUILDERS INC.	Economic Interdependence	June 29, 2022	LOAN	PHP 89,000,000.00	58 Days	Regular business transaction with resulting profit
RT QUIJOTE CONSTRUCTION CORPORATION	Economic Interdependence	April 13, 2022	LOAN	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 20, 2022	DIRECTIONAL LOAN (LINDER)	PHP 400,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 4, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 7, 2022	BILLS PURCHASE AVAILMENT	PHP 86,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 12, 2022	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 18, 2022	BILLS PURCHASE AVAILMENT	PHP 54,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 19, 2022	BILLS PURCHASE AVAILMENT	PHP 461,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 21, 2022	BILLS PURCHASE AVAILMENT	PHP 52,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 22, 2022	BILLS PURCHASE AVAILMENT	PHP 252,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 25, 2022	BILLS PURCHASE AVAILMENT	PHP 343,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 26, 2022	BILLS PURCHASE AVAILMENT	PHP 306,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 27, 2022	BILLS PURCHASE AVAILMENT	PHP 296,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 28, 2022	BILLS PURCHASE AVAILMENT	PHP 203,700,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 29, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 2, 2022	BILLS PURCHASE AVAILMENT	PHP 56,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 4, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 5, 2022	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 11, 2022	BILLS PURCHASE AVAILMENT	PHP 75,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 16, 2022	BILLS PURCHASE AVAILMENT	PHP 113,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 19, 2022	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 20, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 24, 2022	BILLS PURCHASE AVAILMENT	PHP 168,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 25, 2022	BILLS PURCHASE AVAILMENT	PHP 44,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 26, 2022	BILLS PURCHASE AVAILMENT	PHP 246,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 27, 2022	BILLS PURCHASE AVAILMENT	PHP 391,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 30, 2022	BILLS PURCHASE AVAILMENT	PHP 93,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 31, 2022	BILLS PURCHASE AVAILMENT	PHP 908,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 1, 2022	BILLS PURCHASE AVAILMENT	PHP 113,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 2, 2022	BILLS PURCHASE AVAILMENT	PHP 113,000,000.00	3 Days	Regular business transaction with resulting profit



Material Related Party Transactions  
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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL BREWERY INC.	Affiliate	June 8, 2022	BILLS PURCHASE AVAILMENT	PHP 202,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 9, 2022	BILLS PURCHASE AVAILMENT	PHP 157,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 10, 2022	BILLS PURCHASE AVAILMENT	PHP 223,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 14, 2022	BILLS PURCHASE AVAILMENT	PHP 309,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 15, 2022	BILLS PURCHASE AVAILMENT	PHP 169,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 16, 2022	BILLS PURCHASE AVAILMENT	PHP 41,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 17, 2022	BILLS PURCHASE AVAILMENT	PHP 185,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 21, 2022	BILLS PURCHASE AVAILMENT	PHP 661,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 22, 2022	BILLS PURCHASE AVAILMENT	PHP 674,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 23, 2022	BILLS PURCHASE AVAILMENT	PHP 135,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 27, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 28, 2022	BILLS PURCHASE AVAILMENT	PHP 132,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 29, 2022	BILLS PURCHASE AVAILMENT	PHP 31,920,451.53	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 29, 2022	BILLS PURCHASE AVAILMENT	PHP 229,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 30, 2022	BILLS PURCHASE AVAILMENT	PHP 171,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	May 18, 2022	LETTER OF CREDIT	USD 6,105,450.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	May 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,308,276,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	May 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,590,488,900.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	April 8, 2022	LETTER OF CREDIT	USD 20,672,600.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	May 2, 2022	LETTER OF CREDIT	USD 23,197,915.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 10, 2022	LETTER OF CREDIT	USD 3,478,900.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 10, 2022	LETTER OF CREDIT	USD 21,767,900.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 22, 2022	LOAN	PHP 315,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 27, 2022	LOAN	PHP 235,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 160,000,000.00	40 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 59,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	May 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 72,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	May 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	43 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 1, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	44 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 151,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 59,000,000.00	43 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 1, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	44 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 72,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	35 Days	Regular business transaction with resulting profit





**Material Related Party Transactions**

BANK OF COMMERCE 120  
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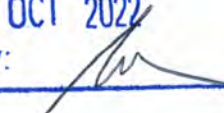
Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 6, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 6, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 120,000,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 6, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 75,000,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 28, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	44 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	April 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	April 28, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SLEX HODINGS CORPORATION	Affiliate	May 17, 2022	LOAN	PHP 30,000,000.00	32 Months	Regular business transaction with resulting profit
SMC SLEX HODINGS CORPORATION	Affiliate	June 1, 2022	LOAN	PHP 365,000,000.00	31 Months	Regular business transaction with resulting profit

Category:

Category A-1

Deadline:

20 calendar days after the reference quarter

RPT Resolution no. 22-139  
**NOTED**  
 Date: 20 OCT 2022  
 Certified by: 

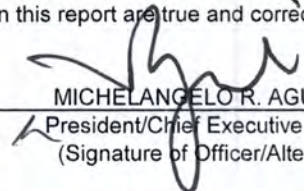
BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of September 30, 2022  
 (Quarter-End)

REPUBLIC OF THE PHILIPPINES)  
**MANDALUYONG CITY** S.S.


I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.


  
 MICHELANGELO R. AGUILAR  
 President/Chief Executive Officer  
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this OCT 19 2022 day of  
 20 \_\_\_\_\_, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public  
 Until December 31, 20 \_\_\_\_\_  
 PTR No. \_\_\_\_\_  
 Place \_\_\_\_\_

Doc. No. 410  
 Page No. 83  
 Book No. 1  
 Series of 2022

  
**FULGENCIO A. ESTILLORE**  
 NOTARY PUBLIC FOR MANDALUYONG CITY  
 APPOINTMENT NO. 0440-22  
 UNTIL DECEMBER 31, 2023  
 SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY  
 PTR NO. 3067593/01-12-2022/MANDALUYONG CITY  
 IBP LIFETIME NO. 08943  
 ROLL OF ATTORNEYS NO. 46466

BOARD OF DIRECTORS  
 Resolution No. 22-436  
**NOTED**  
 Certified by:   
**EVITA C. CABALLA**

Material Related Party Transactions

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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	July 11, 2022	TIME LOAN	PHP 67,300,000.00	179 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	July 11, 2022	TIME LOAN	PHP 224,490,000.00	91 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	July 15, 2022	TIME LOAN	PHP 535,490,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 1, 2022	TIME LOAN	PHP 955,941,858.00	179 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 25, 2022	TIME LOAN	PHP 60,000,000.00	90 Days	Regular business transaction with resulting profit
ANDOK'S LITSON CORPORATION	Economic Interdependence	September 16, 2022	TIME LOAN	PHP 100,000,000.00	360 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	September 12, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	September 12, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	July 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	July 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
CARITAS HEALTH SHIELD INC.	Affiliate	July 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS INC.	Affiliate	July 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 250,000,000.00	90 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS INC.	Affiliate	August 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,359,276,000.00	90 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS INC.	Affiliate	August 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,000,000.00	21 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 6, 2022	BILLS PURCHASE AVAILMENT	PHP 200,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 7, 2022	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 14, 2022	BILLS PURCHASE AVAILMENT	PHP 200,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 14, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 21, 2022	BILLS PURCHASE AVAILMENT	PHP 67,995,234.93	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 28, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 28, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 5, 2022	BILLS PURCHASE AVAILMENT	PHP 41,461,381.03	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 5, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 11, 2022	BILLS PURCHASE AVAILMENT	PHP 505,024,360.45	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 12, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 19, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 19, 2022	BILLS PURCHASE AVAILMENT	PHP 140,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 26, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 31, 2022	BILLS PURCHASE AVAILMENT	PHP 100,306,111.11	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 2, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 2, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 8, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 8, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 16, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 16, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 22, 2022	BILLS PURCHASE AVAILMENT	PHP 10,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 22, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 29, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	September 29, 2022	BILLS PURCHASE AVAILMENT	PHP 200,000,000.00	90 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	July 7, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 56,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 8, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 11, 2022	BILLS PURCHASE AVAILMENT	PHP 10,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 14, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 15, 2022	BILLS PURCHASE AVAILMENT	PHP 50,163,916.27	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 19, 2022	BILLS PURCHASE AVAILMENT	PHP 85,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 19, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 19, 2022	BILLS PURCHASE AVAILMENT	PHP 34,776,642.83	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 22, 2022	BILLS PURCHASE AVAILMENT	PHP 110,000,000.00	3 Days	Regular business transaction with resulting profit



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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
GINEBRA SAN MIGUEL INC.	Affiliate	July 29, 2022	BILLS PURCHASE AVAILMENT	PHP 53,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 5, 2022	BILLS PURCHASE AVAILMENT	PHP 90,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 12, 2022	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 17, 2022	BILLS PURCHASE AVAILMENT	PHP 80,179,924.25	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 22, 2022	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 30, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 31, 2022	BILLS PURCHASE AVAILMENT	PHP 43,083,296.70	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 9, 2022	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 14, 2022	BILLS PURCHASE AVAILMENT	PHP 56,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 16, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 20, 2022	BILLS PURCHASE AVAILMENT	PHP 48,125,106.20	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 27, 2022	BILLS PURCHASE AVAILMENT	PHP 50,057,801.14	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	91 Days	Regular business transaction with resulting profit
GRAND ASIA HOLDINGS INC.	Presence of Corresponding Person	August 1, 2022	LETTER OF CREDIT	PHP 36,600,000.00	360 Days	Regular business transaction with resulting profit
MONDEMAR TRADING CORPORATION	Economic Interdependence	July 6, 2022	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 6, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 12, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 12, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 15, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 15, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 21, 2022	BILLS PURCHASE AVAILMENT	PHP 85,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 21, 2022	BILLS PURCHASE AVAILMENT	PHP 31,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 25, 2022	BILLS PURCHASE AVAILMENT	PHP 36,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 25, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 28, 2022	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 4, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 32,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 16, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 16, 2022	BILLS PURCHASE AVAILMENT	PHP 85,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 19, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 19, 2022	BILLS PURCHASE AVAILMENT	PHP 75,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 23, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 30, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 30, 2022	BILLS PURCHASE AVAILMENT	PHP 67,000,000.00	3 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	September 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 162,750,000.00	64 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	September 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,600,000.00	79 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	August 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,660,523,900.00	90 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	August 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,400,000.00	21 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	July 27, 2022	TIME LOAN	PHP 453,761,000.00	90 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	July 28, 2022	TIME LOAN	PHP 566,075,600.00	90 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	August 2, 2022	TIME LOAN	PHP 682,471,800.00	92 Days	Regular business transaction with resulting profit



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PANASIA ENERGY, INC.	Economic Interdependence	August 3, 2022	TIME LOAN	PHP 577,368,700.00	93 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	August 9, 2022	TIME LOAN	PHP 465,000,000.00	30 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	September 19, 2022	LETTER OF CREDIT	PHP 79,058,000.00	120 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	September 09, 2022	TIME LOAN	PHP 500,000,000.00	91 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic Interdependence	September 28, 2022	TIME LOAN	PHP 2,000,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 8, 2022	TIME LOAN	PHP 2,000,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 29, 2022	TIME LOAN	PHP 500,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 22, 2022	TIME LOAN	PHP 2,000,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 16, 2022	LETTER OF CREDIT	USD 2,880,475.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 21, 2022	TIME LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 27, 2022	TIME LOAN	PHP 1,600,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 170,000,000.00	61 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	61 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 361,000,000.00	61 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	59 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	60 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 120,000,000.00	60 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	60 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 11, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 120,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	45 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
RHODIUM 688 BUILDERS, INC.	Economic Interdependence	July 4, 2022	TIME LOAN	PHP 30,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 1, 2022	BILLS PURCHASE AVAILMENT	PHP 47,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 4, 2022	BILLS PURCHASE AVAILMENT	PHP 132,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 6, 2022	BILLS PURCHASE AVAILMENT	PHP 95,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 7, 2022	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 12, 2022	BILLS PURCHASE AVAILMENT	PHP 74,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 13, 2022	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 14, 2022	BILLS PURCHASE AVAILMENT	PHP 69,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 15, 2022	BILLS PURCHASE AVAILMENT	PHP 270,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 18, 2022	BILLS PURCHASE AVAILMENT	PHP 41,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 21, 2022	BILLS PURCHASE AVAILMENT	PHP 135,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 22, 2022	BILLS PURCHASE AVAILMENT	PHP 556,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 25, 2022	BILLS PURCHASE AVAILMENT	PHP 81,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 26, 2022	BILLS PURCHASE AVAILMENT	PHP 68,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 28, 2022	BILLS PURCHASE AVAILMENT	PHP 54,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 29, 2022	BILLS PURCHASE AVAILMENT	PHP 471,000,000.00	3 Days	Regular business transaction with resulting profit

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SAN MIGUEL BREWERY INC.	Affiliate	August 1, 2022	BILLS PURCHASE AVAILMENT	PHP 39,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 3, 2022	BILLS PURCHASE AVAILMENT	PHP 208,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 5, 2022	BILLS PURCHASE AVAILMENT	PHP 245,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 8, 2022	BILLS PURCHASE AVAILMENT	PHP 113,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 11, 2022	BILLS PURCHASE AVAILMENT	PHP 186,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 12, 2022	BILLS PURCHASE AVAILMENT	PHP 455,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 16, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 18, 2022	BILLS PURCHASE AVAILMENT	PHP 153,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 23, 2022	BILLS PURCHASE AVAILMENT	PHP 182,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 25, 2022	BILLS PURCHASE AVAILMENT	PHP 43,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 26, 2022	BILLS PURCHASE AVAILMENT	PHP 106,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 30, 2022	BILLS PURCHASE AVAILMENT	PHP 574,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 31, 2022	BILLS PURCHASE AVAILMENT	PHP 198,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 1, 2022	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 2, 2022	BILLS PURCHASE AVAILMENT	PHP 214,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 5, 2022	BILLS PURCHASE AVAILMENT	PHP 500,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 7, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 8, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 12, 2022	BILLS PURCHASE AVAILMENT	PHP 64,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 13, 2022	BILLS PURCHASE AVAILMENT	PHP 47,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 15, 2022	BILLS PURCHASE AVAILMENT	PHP 83,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 19, 2022	BILLS PURCHASE AVAILMENT	PHP 118,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 22, 2022	BILLS PURCHASE AVAILMENT	PHP 151,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 23, 2022	BILLS PURCHASE AVAILMENT	PHP 396,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 27, 2022	BILLS PURCHASE AVAILMENT	PHP 98,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 28, 2022	BILLS PURCHASE AVAILMENT	PHP 183,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 29, 2022	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 30, 2022	BILLS PURCHASE AVAILMENT	PHP 142,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	July 1, 2022	LETTER OF CREDIT	USD 5,452,200.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	July 1, 2022	LETTER OF CREDIT	USD 3,139,265.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	August 24, 2022	LETTER OF CREDIT	USD 2,791,100.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	August 24, 2022	LETTER OF CREDIT	USD 5,800,925.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	September 19, 2022	LETTER OF CREDIT	USD 6,280,872.20	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	September 19, 2022	LETTER OF CREDIT	USD 2,282,428.50	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	August 25, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,359,276,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	August 25, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,680,523,900.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 8, 2022	LETTER OF CREDIT	USD 18,654,350.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	August 31, 2022	LETTER OF CREDIT	USD 11,390,025.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 15, 2022	TIME LOAN	PHP 123,000,000.00	31 Days	Regular business transaction with resulting profit



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SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 22, 2022 ✓	TIME LOAN	PHP 259,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 8, 2022 ✓	TIME LOAN	PHP 60,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 9, 2022 ✓	TIME LOAN	PHP 108,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 15, 2022 ✓	TIME LOAN	PHP 123,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 22, 2022 ✓	TIME LOAN	PHP 259,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 7, 2022 ✓	TIME LOAN	PHP 60,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 8, 2022 ✓	TIME LOAN	PHP 108,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 19, 2022 ✓	TIME LOAN	PHP 123,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 21, 2022 ✓	TIME LOAN	PHP 259,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 30, 2022 ✓	BILLS PURCHASE AVAILMENT	PHP 52,295,899.76	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 30, 2022 ✓	BILLS PURCHASE AVAILMENT	PHP 42,364,034.36	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 14, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 14, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 59,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 5, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 5, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 151,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 19, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 78,900,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 15, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 15, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 10, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 5, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	40 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 250,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2022 ✓	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	90 Days	Regular business transaction with resulting profit

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SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 151,000,000.00	42 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 151,000,000.00	34 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 78,900,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	36 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	61 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 62,100,000.00	61 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 13, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 89,500,000.00	31 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 26, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 300,000,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 12, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	37 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 62,100,000.00	38 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,800,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 89,500,000.00	39 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 29, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 26, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	42 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 1, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	42 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	July 13, 2022	LETTER OF CREDIT	USD 2,248,610.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	September 12, 2022	LETTER OF CREDIT	USD 1,733,490.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	September 12, 2022	LETTER OF CREDIT	USD 6,265,866.80	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	September 15, 2022	LETTER OF CREDIT	USD 2,510,625.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	September 15, 2022	LETTER OF CREDIT	USD 2,356,120.00	30 Days	Regular business transaction with resulting profit
SMC GLOBAL POWER HOLDINGS CORP	Affiliate	August 2, 2022	LETTER OF CREDIT	USD 8,121,295.00	30 Days	Regular business transaction with resulting profit
SMC GLOBAL POWER HOLDINGS CORP	Affiliate	July 26, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	10 Years	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	5.75 Years	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 20, 2022	TIME LOAN	PHP 283,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 22, 2022	TIME LOAN	PHP 472,300,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 1, 2022	TIME LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 12, 2022	TIME LOAN	PHP 107,000,000.00	45 Days	Regular business transaction with resulting profit



Material Related Party Transactions

BANK OF COMMERCE 120  
 Name of Bank Bank Code

September 30, 2022  
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 19, 2022	TIME LOAN	PHP 52,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 22, 2022	TIME LOAN	PHP 472,300,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 25, 2022	TIME LOAN	PHP 230,000,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 31, 2022	TIME LOAN	PHP 500,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 58,700,000.00	63 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 13, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 12, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 11, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 58,700,000.00	39 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 2, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	37 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 2, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	37 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	July 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	July 20, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	37 Days	Regular business transaction with resulting profit
SOLID NORTH MINERAL CORP.	Presence of Corresponding Person	August 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 300,000,000.00	60 Days	Regular business transaction with resulting profit
VIKING INTEGRATED FA	Economic interdependence	September 14, 2022	TERM LOAN	PHP 50,000,000.00	72 Months	Regular business transaction with resulting profit

23-013  
 31 JAN 2023  
 Subm  
 JS

Annex B

Category:

Category A-1

Deadline:

20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of	December 31, 2022
	(Quarter-End)

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

*[Signature]*  
 MICHELANGELO R. AGUILAR  
 President/Chief Executive Officer  
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this JAN 19 2023 day of 20 \_\_\_\_\_, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public  
 Until December 31, 20 \_\_\_\_\_  
 PTR No. \_\_\_\_\_  
 Place \_\_\_\_\_

Doc. No. 45  
 Page No. 10  
 Book No. IX  
 Series of 2023

*[Signature]*  
**JOYSHA B. MAGMANLAC**  
 NOTARY PUBLIC FOR MANDALUYONG CITY  
 APPOINTMENT NO. 0483-22  
 UNTIL DECEMBER 31, 2023  
 SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY  
 PTR No. 5109324/01-03-2023/MANDALUYONG CITY  
 IBP LIFETIME NO. 09035  
 ROLL OF ATTORNEYS NO. 58611

RPT Resolution no. 23-011  
 NOTED  
 Date: 26 JAN 2023  
 Certified by: *[Signature]*







Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 21, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 436,991,687.24	28 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 21, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 309,688,538.29	28 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 746,680,225.53	28 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 614,790,673.60	104 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 612,278,894.11	104 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 7, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 10, 2022	BILLS PURCHASE AVAILMENT	PHP 4,178,178,247.32	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 13, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 19, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 21, 2022	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 25, 2022	BILLS PURCHASE AVAILMENT	PHP 47,847,797.65	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 28, 2022	BILLS PURCHASE AVAILMENT	PHP 180,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 3, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 9, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 11, 2022	BILLS PURCHASE AVAILMENT	PHP 37,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 17, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 18, 2022	BILLS PURCHASE AVAILMENT	PHP 210,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 22, 2022	BILLS PURCHASE AVAILMENT	PHP 33,555,402.16	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	November 25, 2022	BILLS PURCHASE AVAILMENT	PHP 151,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 2, 2022	BILLS PURCHASE AVAILMENT	PHP 85,213,370.63	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 5, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 6, 2022	BILLS PURCHASE AVAILMENT	PHP 44,863,381.83	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 299,952,136.15	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 16, 2022	BILLS PURCHASE AVAILMENT	PHP 35,551,347.58	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 23, 2022	BILLS PURCHASE AVAILMENT	PHP 36,214,186.27	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,200,000,000.00	1,917 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 300,000,000.00	2,557 Days	Regular business transaction with resulting profit
GRAND ASIA HOLDINGS INC.	Presence of Corresponding Person	November 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	91 Days	Regular business transaction with resulting profit
ICONIC BEVERAGES, INC.	Affiliate	December 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 384,707,738.08	34 Days	Regular business transaction with resulting profit
ICONIC BEVERAGES, INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 306,292,115.55	33 Days	Regular business transaction with resulting profit
MASINLOC POWER PARTNERS CO., LTD.	Affiliate	November 5, 2022	LETTER OF CREDIT	PHP 1,541,205,000.00	181 Days	Regular business transaction with resulting profit
NATCO DEALERSHIP CORPORATION	The Beneficiary of Domestic Letter of Credit is San Miguel Brewery, Inc., an Affiliate of the Bank	October 5, 2022	LETTER OF CREDIT	PHP 45,482,350.00	360 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	October 27, 2022	LOAN	PHP 52,800,000.00	102 Months	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 28, 2022	LOAN	PHP 52,800,000.00	103 Months	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 20, 2022	LOAN	PHP 189,086,216.00	103 Months	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 28, 2022	LOAN	PHP 500,000,000.00	6 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 17, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 23, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 23, 2022	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 28, 2022	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 28, 2022	BILLS PURCHASE AVAILMENT	PHP 43,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 5, 2022	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 5, 2022	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 7, 2022	BILLS PURCHASE AVAILMENT	PHP 60,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 15, 2022	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 15, 2022	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 16, 2022	BILLS PURCHASE AVAILMENT	PHP 37,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 16, 2022	BILLS PURCHASE AVAILMENT	PHP 32,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 21, 2022	BILLS PURCHASE AVAILMENT	PHP 76,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	December 28, 2022	BILLS PURCHASE AVAILMENT	PHP 140,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	November 25, 2022	LETTER OF CREDIT	USD 4,455,000.00	60 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	November 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,911,973,900.00	30 Days	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Economic Interdependence	October 25, 2022	LOAN	PHP 453,761,000.00	30 Days	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Economic Interdependence	October 26, 2022	LOAN	PHP 566,075,600.00	30D	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Economic Interdependence	October 28, 2022	LOAN	PHP 2,000,000,000.00	32 Days	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Economic Interdependence	November 2, 2022	LOAN	PHP 682,471,900.00	30 Days	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Economic Interdependence	November 4, 2022	LOAN	PHP 577,358,700.00	31 Days	Regular business transaction with resulting profit









Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL BREWERY INC.	Affiliate	November 25, 2022	BILLS PURCHASE AVAILMENT	PHP 515,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 28, 2022	BILLS PURCHASE AVAILMENT	PHP 225,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 29, 2022	BILLS PURCHASE AVAILMENT	PHP 133,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 1, 2022	BILLS PURCHASE AVAILMENT	PHP 48,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 2, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 13, 2022	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 14, 2022	BILLS PURCHASE AVAILMENT	PHP 230,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 15, 2022	BILLS PURCHASE AVAILMENT	PHP 98,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 19, 2022	BILLS PURCHASE AVAILMENT	PHP 116,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	BILLS PURCHASE AVAILMENT	PHP 620,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 21, 2022	BILLS PURCHASE AVAILMENT	PHP 422,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 22, 2022	BILLS PURCHASE AVAILMENT	PHP 208,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 23, 2022	BILLS PURCHASE AVAILMENT	PHP 360,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2022	BILLS PURCHASE AVAILMENT	PHP 886,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 28, 2022	BILLS PURCHASE AVAILMENT	PHP 241,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 29, 2022	BILLS PURCHASE AVAILMENT	PHP 35,806,310.62	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 29, 2022	BILLS PURCHASE AVAILMENT	PHP 754,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 8,000,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 2,000,000,000.00	2,557 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,131,539.62	36 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,131,539.61	36 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,104,564.18	38 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,081,247.20	35 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,081,247.19	35 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,048,730.70	31 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,048,730.70	31 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,043,263.43	30 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 437,043,263.42	30 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 263,572,220.61	37 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 237,449,376.95	36 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 371,372,485.93	41 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 360,777,727.54	38 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 347,484,992.24	42 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 343,240,700.33	43 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	October 26, 2022	LETTER OF CREDIT	USD 2,885,350.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	October 26, 2022	LETTER OF CREDIT	USD 5,931,575.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	November 18, 2022	LETTER OF CREDIT	USD 6,220,500.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	December 12, 2022	LETTER OF CREDIT	USD 2,946,450.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	December 12, 2022	LETTER OF CREDIT	USD 4,941,300.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 300,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 8,000,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,200,000,000.00	1,917 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 400,000,000.00	2,557 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 2,000,000,000.00	2,557 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 300,000,000.00	2,557 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	3,653 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 1,000,000,000.00	3,653 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 77,517,000.00	-	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	November 23, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,911,973,300.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	November 23, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,398,776,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	October 5, 2022	LETTER OF CREDIT	USD 14,009,496.36	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	November 15, 2022	LETTER OF CREDIT	USD 13,698,546.42	30 Days	Regular business transaction with resulting profit





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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL ENERGY CORPORATION	Affiliate	November 21, 2022	LETTER OF CREDIT	USD 3,497,402.50	30 Days	Regular business transaction with resulting profit
SAN MIGUEL FOODS, INC	Affiliate	December 2, 2022	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	December 2, 2022	BILLS PURCHASE AVAILMENT	PHP 475,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 65,894,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 20, 2022	LOAN	PHP 159,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 21, 2022	LOAN	PHP 313,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2022	LOAN	PHP 78,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 3, 2022	BILLS PURCHASE AVAILMENT	PHP 69,055,372.47	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 5, 2022	BILLS PURCHASE AVAILMENT	PHP 35,869,696.48	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 7, 2022	BILLS PURCHASE AVAILMENT	PHP 48,805,059.58	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 12, 2022	BILLS PURCHASE AVAILMENT	PHP 32,555,305.03	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 20, 2022	BILLS PURCHASE AVAILMENT	PHP 63,312,826.48	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 24, 2022	BILLS PURCHASE AVAILMENT	PHP 49,861,159.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 2, 2022	BILLS PURCHASE AVAILMENT	PHP 69,533,841.11	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 2, 2022	BILLS PURCHASE AVAILMENT	PHP 108,512,747.77	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 4, 2022	BILLS PURCHASE AVAILMENT	PHP 43,433,346.51	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 8, 2022	BILLS PURCHASE AVAILMENT	PHP 35,425,754.36	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 10, 2022	BILLS PURCHASE AVAILMENT	PHP 67,392,876.18	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 14, 2022	BILLS PURCHASE AVAILMENT	PHP 91,051,946.45	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 17, 2022	BILLS PURCHASE AVAILMENT	PHP 56,455,805.64	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 21, 2022	BILLS PURCHASE AVAILMENT	PHP 54,816,035.16	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 21, 2022	BILLS PURCHASE AVAILMENT	PHP 31,348,442.92	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 23, 2022	BILLS PURCHASE AVAILMENT	PHP 47,555,594.90	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 29, 2022	BILLS PURCHASE AVAILMENT	PHP 88,509,521.80	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 29, 2022	BILLS PURCHASE AVAILMENT	PHP 92,551,158.70	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 1, 2022	BILLS PURCHASE AVAILMENT	PHP 48,289,428.16	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 1, 2022	BILLS PURCHASE AVAILMENT	PHP 68,915,028.77	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 5, 2022	BILLS PURCHASE AVAILMENT	PHP 30,386,449.95	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 5, 2022	BILLS PURCHASE AVAILMENT	PHP 90,048,938.28	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 9, 2022	BILLS PURCHASE AVAILMENT	PHP 35,683,100.91	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 12, 2022	BILLS PURCHASE AVAILMENT	PHP 51,267,395.76	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 19, 2022	BILLS PURCHASE AVAILMENT	PHP 114,554,145.21	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 23, 2022	BILLS PURCHASE AVAILMENT	PHP 34,544,570.71	3 Days	Regular business transaction with resulting profit



Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 27, 2022	BILLS PURCHASE AVAILMENT	PHP 63,590,760.62	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 29, 2022	BILLS PURCHASE AVAILMENT	PHP 82,076,759.14	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 19, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	47 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 21, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	67 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	46 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	61 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	92 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	92 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 62,000,000.00	61 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 28, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	45 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	December 27, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,800,000.00	34 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 89,500,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 18, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 300,000,000.00	70 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	72 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 62,100,000.00	63 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 16, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	64 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 23, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 51,700,000.00	62 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 13, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 65,500,000.00	62 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	90 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 6, 2022	LETTER OF CREDIT	USD 1,874,515.50	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 6, 2022	LETTER OF CREDIT	USD 2,044,250.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 6, 2022	LETTER OF CREDIT	USD 4,080,004.50	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 21, 2022	LETTER OF CREDIT	USD 2,446,600.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 21, 2022	LETTER OF CREDIT	USD 2,885,350.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 28, 2022	LETTER OF CREDIT	USD 4,234,500.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 28, 2022	LETTER OF CREDIT	USD 6,237,400.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	November 18, 2022	LETTER OF CREDIT	USD 3,286,150.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	November 19, 2022	LETTER OF CREDIT	USD 5,473,325.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	December 19, 2022	LETTER OF CREDIT	USD 1,976,520.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	December 19, 2022	LETTER OF CREDIT	USD 1,473,225.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 25, 2022	LETTER OF CREDIT	PHP 100,238,725.04	365 Days	Regular business transaction with resulting profit
SMC NIAIX CORPORATION	Affiliate	December 28, 2022	LOAN	PHP 937,125,000.00	90 Months	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	October 20, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 227,737,720.72	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 10, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 315,007,487.89	33 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 16, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 236,012,731.12	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 330,317,759.62	29 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 13, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 316,560,346.64	9 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 346,589,979.77	13 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 16, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 237,088,996.33	12 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 21, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 331,994,342.35	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 317,184,508.65	39 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 22, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 237,088,996.33	12 Days	Regular business transaction with resulting profit





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Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SMC POWERGEN INC.	Affiliate	December 28, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 378,588,463.36	182 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 490,507,142.23	182 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 428,383,847.71	180 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 301,079,808.83	182 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 227,737,220.72	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 215,950,084.54	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 6, 2022	LOAN	PHP 277,800,000.00	34 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 9, 2022	LOAN	PHP 277,800,000.00	58 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	34 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 4, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	34 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 5, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 6, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 11, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 14, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 7, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 8, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 155,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 10, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 24, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 101,000,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 25, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 9, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 105,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 13, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 15, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 63,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 22, 2022	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SLEX HOLDINGS CORPORATION	Affiliate	December 12, 2022	LOAN	PHP 290,000,000.00	25 Months	Regular business transaction with resulting profit
SOLID NORTH MINERAL CORP.	Presence of Corresponding Person	October 18, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 300,000,000.00	70 Days	Regular business transaction with resulting profit
SOLID NORTH MINERAL CORP.	Presence of Corresponding Person	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 498,072,826.07	34 Days	Regular business transaction with resulting profit
SOLID NORTH MINERAL CORP.	Presence of Corresponding Person	December 29, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 432,662,447.97	34 Days	Regular business transaction with resulting profit
VIKING INTEGRATED FA	Economic Interdependence	November 4, 2022	LOAN	PHP 40,000,000.00	70 Months	Regular business transaction with resulting profit
980-12-020421	Related Party - Individual	November 4, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 200,000,000.00	90 Days	Regular business transaction with resulting profit
980-12-020421	Related Party - Individual	December 6, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 289,937,426.11	62 Days	Regular business transaction with resulting profit
0040-001866	Related Party - Individual	December 14, 2022	DIRECTIONAL LOAN (FUNDER)	PHP 1,000,000,000.00	3,653 Days	Regular business transaction with resulting profit





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## Contact Us

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### **INSTITUTIONAL INVESTOR INQUIRIES**

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