



**Reinventing banking
for a more inclusive and
sustainable tomorrow.**



"Reinvention reflects how we move forward.
Our digitalization journey reinvents how we interact
with our clients while our sustainability efforts strengthen
our commitment to building a better nation and world."

- Jose Teodoro K. Limcaoco
President and CEO



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

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

OUR VISION

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

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

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

OUR MISSION

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

Our knowledge and expertise will be for naught unless we gain the trust of our customers. It is our responsibility to provide advice, show them what we can do, and offer our services so that they can have a more prosperous future.

CORE VALUES

N - We are Nurturing

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

I - We act with Integrity

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

C - We are Customer Obsessed

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

E - We act with Excellence

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

BPI CREDO

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

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

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

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

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ABOUT THE REPORT

REINVENTING BANKING FOR A MORE INCLUSIVE AND SUSTAINABLE TOMORROW is the title of BPI's 2021 Integrated Report published in April 2022 for BPI's Annual Shareholders' Meeting. It covers the Bank's overall financial, economic, environmental, social, and governance performance from January 1 to December 31, 2021. The report features the business operations of BPI and its subsidiaries and affiliates in both domestic and foreign offices, unless otherwise stated in the data presentation¹. Additional information which helps provide context to BPI's disclosures is also included in the report.

The report has been prepared in alignment with the following standards and guidelines:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework²
- Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards)
- Sustainability Accounting Standards Board (SASB) disclosure standards
- Bangko Sentral ng Pilipinas (BSP) and Philippine Securities and Exchange Commission (SEC) guidelines for annual and sustainability reports

BPI's financial and operational performance disclosures are submitted to the following agencies: BSP, SEC, Philippine Stock Exchange (PSE), Philippine Bureau of Internal Revenue (BIR), Philippine Dealing and Exchange Corp. (PDEX), and Singapore Exchange (SGX), and Swiss Exchange (SIX). These disclosures form part of the Information Statement provided to stockholders and are available online at www.bpi.com.ph. A digital copy of this Integrated Report is also available at the BPI website.

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

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

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¹ Divergence from reporting boundaries is due to the following factors: (1) the nature of the data source, (2) insufficient data, (3) insignificance in scale of operations, and (4) non-controllable aspects of operations by BPI management. Employee headcount covers all active employees and BPI and its subsidiaries and affiliates in the Philippines as of December 31, 2021. Local hires of BPI's foreign offices are excluded. Environmental footprint includes branches, head offices, and business centers in the Philippines.

² The seven <IR> guiding principles underpin the preparation of the content of the report and how information is presented.

- **Materiality** - BPI undertook a full materiality and stakeholder engagement in 2020-2021 to validate and update material topics in preparation for the report. The list of material topics may be seen on pages 319 to 320.
- **Conciseness** - Where applicable, references to prior published information are noted and only material topics that affect the value creation of BPI is presented.
- **Consistency and comparability** - The report references the GRI and SASB disclosure standards. Comparative data from prior years are also provided.
- **Reliability and completeness** - Business units, including subsidiaries, regularly report their performance to management. BPI's Internal Audit Division also regularly examines the different units of the BPI Group. For 2021 year-end reporting, BPI engaged Isla Lipana and Co. to audit the Bank's financial statements, and DNV to provide external assurance for the non-financial disclosures of this report.
- **Connectivity** - The report recognizes the interrelatedness and relationships between the factors that affect BPI's ability to create value.
- **Stakeholder relationships** - Our key stakeholders impact our business, and they in turn are affected by our operations. A discussion on the formal platforms of engagements and our responses to key concerns may be read on pages 317 to 318.
- **Strategic focus and future orientation** - A discussion on how the Bank creates financial and non-financial value for its stakeholders and how risks and opportunities are managed are presented on pages 20 to 37.

OUR BUSINESS



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

We are a member of the Ayala group of companies and we are one of the first institutions to be listed on the PSE. BPI has long recognized the primacy of corporate governance and the culture of integrity, values, and ethics that has always been the hallmark of BPI. Our Board of Directors and Senior Management work towards a sustainable and more inclusive society, framed around prudent and sound banking practices, quality of profits, and business fundamentals leadership.

We aim to provide better access to financial services for every Filipino. We want everyone – from individuals, enterprises, and institutions – to directly or indirectly benefit from the economic value generated and enabled by our business. We shall continue to provide products and services efficiently, always mindful of our corporate values that have guided us through 170 years. We are nurturing to our customers and our community. We always act with integrity. We are customer obsessed. We act with excellence.

A fully diversified universal bank and a recognized leader in the banking industry, BPI, together with our subsidiaries and affiliates, offer a diverse range of products and services in consumer and corporate banking as well as in asset management, payments, insurance, investment banking, foreign exchange, leasing, and securities distribution.

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

As of today, our network boasts of 1,176 BPI, BPI Family Savings Bank (BFSB), and BPI Direct BanKo (BanKo) branches and branch-lite units (BLUs) nationwide. We also have 2,457 ATMs and CAMs, and about 8.46 million clients being served by a 19,181-strong employee workforce. Together with our subsidiaries and affiliates in the BPI group, we seek to serve all client segments, including corporate, consumer, or small, medium and micro-entrepreneurs.

Overseas, we offer diverse value-added services through two banking subsidiaries: BPI International Finance Limited in Hong Kong and Bank of the Philippine Islands (Europe) Plc, which has a head office and a branch in London. This global presence is further strengthened through 140 international tie-ups, remittance centers, and representative offices in Hong Kong, Tokyo, and Dubai, which have been established to meet the financial services needs of overseas Filipinos.

Our headquarters is now located at Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo Street, Makati City, as we are currently redeveloping our original headquarters at the corner of Ayala Avenue and Paseo de Roxas.

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

2021 marks the Bank of the Philippine Islands' 170th anniversary. This is certainly a milestone year in the Bank's history. I thank all our Unibankers, past and present, who continue to be instrumental parts of our institution. I also express my deepest gratitude to all our customers, host communities, broader stakeholders, and shareholders for the continued trust and support over many years – both during the best and worst of times.

While it fills us with great pride to be part of an organization that remains a key part of the country's development story, we understand that BPI is just one component of a larger ecosystem of institutions striving to build a strong Philippines. BPI aims to be a meaningful partner as we start our recovery from the COVID-19 pandemic and re-establish and reinforce the pillars that will once again put the country on the path to equitable progress.

MACROECONOMIC REBOUND AMIDST COVID-19

2021 presented both difficult challenges and tremendous opportunities for the Bank. We entered the year from a position of strength and with much hope that, after a sharp deterioration in the economy in 2020 due to the pandemic, 2021 may just be the year where we start our recovery.

The government's vigorous drive – in partnership with the private sector – to vaccinate Filipinos against COVID-19 generated and sustained the economic growth momentum that we are experiencing. With the economy slowly reopening, business and consumer confidence continuing to improve, and the positive gains arising from fiscal and monetary stimulus, the country's GDP saw a growth of 5.6% in 2021, following a 9.6% contraction the year before.

Employment figures have also steadily improved, with new jobs being created to fill in those that were lost due to the quarantines and mobility restrictions. We also note that, while average consumer prices have increased sharply from 2.4% in 2020 to 3.9% in 2021, the BSP has committed to keep an accommodative monetary policy rate of 2% until the economy has firmly recovered. We hope that these economic and policy developments will steadily help in further easing the strain on the economy and our people, which we hope will encourage higher levels of savings and investments.

Meanwhile, we see positive signs of recovery taking place in the banking industry. After a 2.8% contraction in 2020, loan demand rebounded last year, posting a 4.1% growth. Asset quality – which is measured by non-performing loans as a percentage of total loans – was more resilient than initially expected, peaking at 4.6% in the second quarter of 2021 from 2.08% in December 2019, and has since showed continued improvement.

Furthermore, we see as a positive development the move of the banking sector to dial down on loss provisions last year, which in turn led to a stellar rebound in earnings. We note that this was primarily due to signs of recovery in macroeconomic variables and with previously set loss provisions tied to the impact of the pandemic failing to fully materialize.

JAIME AUGUSTO ZOBEL DE AYALA

Chairman



We remain upbeat in the fact that return on equity improved to 9.0% in 2021, from 6.5% in 2020. In addition, with the BSP keeping policy rates to a record low, while maintaining extraordinary measures to boost liquidity in the financial system and ensure stability of the banking sector, banks are expected to emerge from the pandemic well-capitalized and with sufficient buffer to lead in the country's recovery.

This positive sentiment on the banking sector was also reflected in the surge in banking share prices that were consistently observed over the year. The banking sector climbed 11.0% in 2021, outperforming the PSE index, which posted a 0.24% contraction. This outperformance appears likely to extend into 2022, given the generally favorable economic environment, as well as prospects for higher interest rates and faster loan growth.

2021: A RECOVERY YEAR FOR BPI

Similarly, BPI's business volumes, our clients' activities, and our profitability reflected these same trends in economic recovery last year.

Notwithstanding the weak first quarter, Q2, Q3, and Q4 showed sequential growth in loans and deposit balances, and improvement in asset quality.

For 2021, the Bank delivered a net income of PHP 23.88 billion, higher by 11.5% compared to 2020, and an improved return on equity of 8.40% from 7.70% in the previous year. These results include lower loan loss provisions, record fee income, and well-managed total expenses. These gains helped balance the accelerated spending in technology and digital initiatives, all aimed at driving efficiency, increasing speed to market, and enhancing customer experience.

Our fee income is also steadily evolving as a reliable revenue stream, with all businesses showing strong fee growth in 2021. We note that our credit card business posted a nearly 15% increase in fees year-on-year, while our wealth management business, reported a new high of PHP 1.1 trillion of assets under management due to stronger inflows. It was also a banner year for our investment banking arm that posted all-time high in fees as the number of capital market deals and activities increased year after year despite the pandemic.

The moderate expansion of our balance sheet to PHP 2.42 trillion, up 8.4% year-on-year, reflects the recovery in demand across deposit and loan portfolios. Total loans stood at PHP 1.48 trillion, a 4.9% increase from the previous year, led by mortgage, credit card, and microfinance loans, while total deposits increased by 13.9% to PHP 1.96 trillion, led by corporate, SME and retail segments.

Asset quality has also been resilient and demonstrated steady improvement since the second quarter of 2021. The Bank's NPL ratio was at 2.49% in 2021, lower than the 2.68% in 2020, while NPL cover increased to 136% from 115% the prior year, as we booked substantial loan loss provisions in 2020 and 2021. Our Common Equity Tier 1 Ratio stood at 15.8% and the Capital Adequacy Ratio at 16.7%, reflecting a strong capital base.

BPI share performance reflected the Bank's strong operating results, while providing sufficient ground for long-term growth. In 2021, BPI shares climbed 13.3% against the -0.24% of the PSE index. The Bank remained the most valued among listed banks in terms of price-to-book during the pandemic. Significantly, market capitalization has returned to pre-pandemic level as at December 2021.

BPI further remains committed to harnessing the tremendous power of digital solutions in meeting customer needs. 2021 was a meaningful year as we focused on enhancing the capabilities of existing platforms, as well as creating new ones for customers to seamlessly engage with our service offerings. Our current digital platforms include: BPI Online/Mobile, BPI Trade, BizLink, and the Banko app, with more platforms due for release this year. We are also proud that the Bank is a well-recognized leader in open banking, as we have further expanded and strengthened our partnerships with several fintechs and have integrated several their innovative solutions within the BPI ecosystem.

Amidst this exciting and ongoing drive for digitalization, we are cognizant that the Bank's growing online presence necessitates also building resilience against cyber threats. Cybersecurity and defending our customers' and the Bank's data and assets from cyber attacks remains an absolute priority.

Let me also say a few words about BPI's long-standing commitment to sustainability, and our enduring pledge to advance the UN Sustainable Development Goals (UN SDG). As of end-2021, 48% of the Bank's corporate portfolio are tied to initiatives that contribute to the UN SDGs. BPI is also the first and only Philippine bank to give a time-bound commitment to zero out its coal energy generation portfolio by 2032.

BPI also continues to champion financial inclusion, with great strides continuously being achieved since we launched our microfinance arm, BPI Direct Banko, in 2016. At present, Banko's 307 branches in 74 provinces and the National Capital Region serves over 200,000 micro and small business owners, who traditionally have been unable to access financing from formal banking institutions. Banko's loan portfolio has increased 28 times over the past five years, with PHP 9 billion in loans granted in 2021.

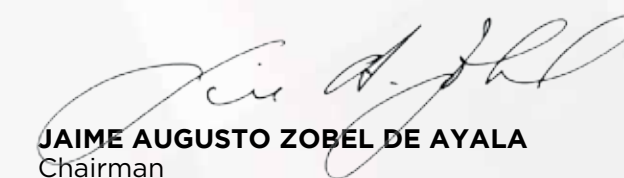
We believe that these and many other initiatives have been critical in the recognitions that BPI received last year. For instance, MSCI, S&P Global, and Sustainalytics all gave BPI the highest marks among Philippine Banks in Environmental, Social, and Governance Ratings in 2021. Furthermore, all three major international Credit Rating Agencies reaffirmed their investment grade credit rating for the Bank: S&P at BBB+, which the same as the Philippine Sovereign; Moody's at Baa2, and Fitch at BBB-.

Overall, while the pandemic brought unprecedented challenges, we believe that BPI has responded exceptionally well and has become a much stronger institution. We intend to further build on these gains. We began 2022 with the merger of BPI with BPI Family Savings Bank, our wholly owned thrift bank subsidiary. The merger will enable us to greatly optimize opportunities that will enhance the overall banking experience of our customers who will now have access to the full suite of the BPI group's products and services. The integration process is well underway and will be completed by the end of 2022.

IN CLOSING

To close, the previous two years have certainly been among the most challenging in the Bank's history. We recognize that while there are still several unforeseen risks in the horizon, we look to the future with much hope that a much brighter future is not too far ahead. Amidst all the hardships it created, the pandemic also resulted in several meaningful developments – digitalization has unlocked new ways to interact and access products and services; greater sensitivity and empathy towards issues of sustainability and fairness is being developed; and a spirit of collaboration even among rivals is now starting to seriously crystallize. As we mark our 170th anniversary and begin a new decade in BPI's history, I am highly hopeful and excited at what this bright future will bring.

Once again, I would like to thank our management and employees for their professionalism and dedication; our Board of Directors for their wise counsel and for helping the Bank navigate these uncertain times, and you, our shareholders and stakeholders for your unwavering trust and support.


JAIME AUGUSTO ZOBEL DE AYALA
 Chairman

MESSAGE FROM THE PRESIDENT AND CEO

DEAR SHAREHOLDERS,

In 2021, we celebrated our 170th anniversary and the anniversary theme we chose reflected the spirit of innovation which has carried our bank through those years. REINVENTION. Reinvention captures what is necessary for us to move forward amidst the effects of the pandemic on our economy and on human behavior. Reinvention captures the technological advances that surround our lives. Reinvention is not just a theme - it is a way of doing business, a way of serving others, a way of life embodied by the pioneers of BPI, and which we continue to embrace today.

We find ourselves at a tipping point. Rapidly evolving economic conditions, fundamental shifts in consumer behavior and the rise of new competitors with access to cheap capital has led to a banking environment that is both challenging and promising. How we succeed in this new world of banking depends on how we choose to operate. The choice lies in being true to our pioneering spirit. We need to reinvent BPI and banking - to remain relevant and to stay ahead for the next 170 years.

For BPI, reinventing banking means pursuing a digitalization and culture-change agenda that will allow us to deliver the best customer experience and support our sustainability goals of financial inclusion and responsible operations.

As I look back on 2021, I am proud of what BPI has accomplished as we pursued actions to accelerate our vision to transform our Bank for the future. Despite the challenges brought about by the pandemic, we continued to execute and grow through this most challenging time.

DIGITALIZATION

Last year we created a digital governance framework and re-organized ourselves so that business units take ownership of our digital platforms - business units are now responsible for business metrics: acquisition, usage, activity and profitability. The platform owners work closely with our technology group who are responsible for building our platforms, ensuring scale and reliability, and providing access to world class technology and practice. This greater integration between business and technology has yielded results: not only did we expand our digital customer base and serve our customers better, but we improved our efficiency and our profitability, driven by the greater revenues and lower cost to income ratios of our digital customers.

JOSE TEODORO K. LIMCAOCO

President and CEO



In October, we announced our plans to acquire and engage clients through our seven customer engagement platforms, each of which was specifically designed to fulfill the banking needs of a particular client segment. Four platforms were available at year end and BPI Bizko, our banking platform for SMEs, was launched in early March of this year. Two other platforms are to be launched in the second half of 2022. We are excited for the tremendous potential these platforms bring as enablers of growth and customer loyalty.

We are equally excited about our open banking business which today allows us to work with a growing list of over 80 API partners. These partners provide nearly 800 products and services. We registered over a hundred million transactions through them in 2021, 75% higher than the previous year. This philosophy of providing access to our technology infrastructure has opened the floodgates of possibilities for our customers.

We further strengthened our collaboration with GCash as we partnered with them on client acquisition for our credit card and personal loan products, launched an auto insurance product with GInsure, and onboarded two mutual funds with GInvest which attracted more than 3,800 new clients each day during the first two months of its launch. We are pleased with the initial outcome of these partnerships and the promise of growth that further cooperation with GCash will bring.

Our clients' digital propensity was no doubt accelerated by the pandemic and was clearly reflected in the number of users of our digital channels. Of our 8.46 million clients, 4.90 million are enrolled in our digital platforms. Of these, 3.24 million are active clients. That's up 20% from the previous year. Ninety one percent of our transactions are digital, up from 85% prior to the pandemic. Similarly, 29% of our transaction peso values go through our digital channels, that's up from 25% prior to the pandemic.

Our clients' strong digital adoption has allowed us to reduce the number of our branches. In 2021, we co-located 56 branches. Further rationalization of our branch footprint can be expected in the succeeding years as our clients continue to migrate their

transactions to our digital channels. The remaining branches will undergo physical transformations. They will become branch sales stores as their roles evolve from transaction service points to sales and advisory centers, catering to more complex banking needs and providing a better banking experience.

While other companies purportedly reduced expenses during the pandemic, we continued our investments in technology. In 2021, technology spend amounted to nearly PHP 9 billion or about 9% of our total revenue. Of this amount 18% was dedicated towards new initiatives. This meant building and improving our customer engagement platforms as well as onboarding new partners in our open banking business.

CUSTOMER EXPERIENCE

Our digitalization journey reinvents our interaction with our customers. We seek to be heroes for our customers with a shift of mindset that revolves around them. Last year we created a new position for a Chief Customer Officer, whose job is to put customer needs first, who speaks for the customer and who is entrusted with improving the customer experience.

We also launched a concise version of our BPI Core Values which will shape our culture and define our interaction with our customers, with our fellow Unibankers and with our community. Everyone in the Bank must simply be nice. N.I.C.E. - We are Nurturing. We act with Integrity. We are Customer Obsessed. We act with Excellence.

Our three guidelines towards our goal of providing an enhanced customer experience are integrated in these core values: Let's do it right, let's make it easy, and let's be nice. Banking has always been a very competitive business, and customers will always be on the lookout for the bank that can serve them best. This kind of mindset is especially crucial as we prepare for the post-pandemic life.

We are grateful for excellent customer service extended by the almost 19,000 men and women who comprise our great team. They have stood by their posts for our customers throughout these challenging times. They are very much the driving force behind the Bank we have become. In 2021, we

achieved our highest employee engagement scores despite the pandemic and the challenges of work. This, to me, is a clear validation of the professional and positive culture we have all collectively built over the years. I am honored that, in 2021, BPI was recognized as one the Best Companies to Work for Asia. This recognition was bestowed upon us by HR Asia, a prestigious publication for HR professionals.

SUSTAINABILITY

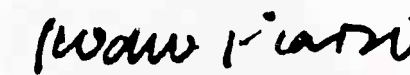
Sustainability is core to our business and is integral to how we make decisions. In 2021, we officially rolled out our Sustainability Agenda and beginning 2022 we will embed ESG metrics in all employee performance evaluations to drive action.

We committed to no additional financing of greenfield coal power generation projects. We aim to halve coal financing in our portfolio by 2026 and to zero it out by 2032. We signed up as a supporter of the Task-Force on Climate-related Financial Disclosures (TCFD). We remained committed to be the most financially inclusive bank through our microfinance arm, BPI Direct Banko; and we supported the Bayanihan spirit of our volunteer-employees through our BPI Bayan program. Efforts like these define our purpose and our values, and reaffirm our commitment to find innovative ways to align financial priorities with sustainability goals.

At BPI, we have a strong vision for the future. We know that to remain successful we have to pivot to be more innovative as we pursue banking excellence anchored on trust and the best digital offers in the country.

To close, I would like to thank my predecessor, Cezar "Bong" Consing, who led the BPI from 2013 to 2021. Under him we made great leaps in our digital journey without compromising the business values that define BPI - prudence and conservatism. BPI is in a great position today because of the forward-looking decisions he made.

I would also like to thank our Board of Directors for their guidance and the confidence they have shown us; my fellow Unibankers for taking BPI to the next level and making us ready for the future; and all of you, our shareholders, customers, and clients, for your unwavering support as we build a better Philippines, one family, one community at a time.



JOSE TEODORO K. LIMCAOCO
President and CEO

KA-AKAY

#BrigadangAyalaKaakay is a concrete example of how Ayala companies come together for the Greater Good.

This 12-week food distribution program in select locations across Metro Manila targets over 10,000 families. Each family receives a weekly supply of rice, fresh vegetables, canned goods, and bread that will cover four square meals for a family of five. The food distribution is scheduled every week from November 2021 to February 2022.

Kaakay runs an inclusive eco-system of on-ground implementing partners like Virlanie Foundation, Caritas Manila, National Council for Social Development, and host barangays, while boosting the recovery and growth of local businesses by sourcing goods from rice farmers in Isabela (covering Regions 2 & 3), and vegetables from Benguet and CAR-based farmers. In addition, the bread included for food packs is produced fresh by a group of urban poor mothers who trained under TESDA's community-based bread-baking project through Virlanie Foundation.



FERNANDO ZOBEL DE AYALA "Kaakay brings together Ayala's business units, partners, and suppliers to support 10,000 primary income earners and their families."

#AyalaForTheGreaterGood



TG LIMCAOCO "Kaakay buys fresh vegetables and rice from local farmers in the provinces which directly goes to affected families in Metro Manila."



PAOLO BORRAMEO "We are inspired by the stories of resilience we heard from our beneficiaries today. We are very happy that we were able to augment their needs through this program."



RENE ALMENDRAS "We hope to support breadwinners who now have less than P200 pesos a day to survive on, and they are forced to stretch that to support a family of five. We want to help them rebound by being their kaakay."



BOBBY DY "We are grateful as well for this opportunity to help our fellow Filipinos. As the economy rebounds and businesses bounce back this 2022, let's help everyone bounce back."



RUEL MARANAN "Kaakay provides us a wonderful opportunity to assist families through supplemental feeding. We hope we are able to help thousands of Filipino families in a practical and meaningful way."



ART TAN "It's easy to lose hope when one gets retrenched or loses a loved one during the pandemic. In these times, all we really need is a Kaakay, somebody to offer a hand and open opportunities."



ERIC FRANCIA "The stories of our beneficiaries affirm our decision to launch Kaakay. I am inspired by their resourcefulness and creativity, making use of available resources in the area to earn extra."



ERNEST CU "Kaakay is a good program to alleviate hunger and provide livelihood opportunities. It's also great to expose our employees and executives to these kinds of programs so they are sensitized to the needs of the community, and continue to drive adoption of products that really serve these communities."

FINANCIAL AND OPERATING HIGHLIGHTS

	Consolidated			Parent Entity		
	2021	2020	Change	2021	2020	Change
BALANCE SHEET (in PHP million)						
Assets	2,421,915	2,233,443	8.4%	2,051,326	1,897,936	8.1%
Liquid Assets	976,962	980,715	-0.4%	854,977	897,751	-4.8%
Treasury Securities	494,747	412,049	20.1%	464,309	370,975	25.2%
Gross Loans	1,522,472	1,445,195	5.3%	1,268,469	1,203,687	5.4%
Net Loans	1,476,527	1,407,413	4.9%	1,233,052	1,175,071	4.9%
Deposits	1,955,147	1,716,177	13.9%	1,675,785	1,470,210	14.0%
Equity ¹	293,060	279,835	4.7%	243,500	231,170	5.3%
INCOME STATEMENT (in PHP million)						
Net Interest Income	69,583	72,264	-3.7%	54,663	58,356	-6.3%
Non-Interest Income	27,822	29,659	-6.2%	25,453	29,979	-15.1%
Net Revenues	97,405	101,923	-4.4%	80,116	88,335	-9.3%
Operating Expenses	50,733	48,154	5.4%	39,666	38,202	3.8%
Pre-provision Profit	46,672	53,769	-13.2%	40,450	50,133	-19.3%
Impairment Losses	13,135	28,000	-53.1%	10,591	21,394	-50.5%
Net Income ¹	23,880	21,409	11.5%	22,783	24,611	-7.4%
FINANCIAL PERFORMANCE INDICATORS						
Profitability						
Return on Equity	8.40%	7.70%	0.7%	9.70%	10.81%	-1.1%
Return on Assets	1.08%	0.98%	0.1%	1.21%	1.33%	-0.1%
Margins and Liquidity						
Net Interest Margin	3.30%	3.49%	-0.2%	3.06%	3.31%	-0.3%
Net Loans to Deposit Ratio	75.5%	82.0%	-6.5%	73.6%	79.9%	-6.3%
Cost Efficiency						
Cost to Income Ratio	52.1%	47.2%	4.8%	49.5%	43.2%	6.3%
Cost to Average Assets Ratio	2.28%	2.20%	0.1%	-	-	-
Asset Quality						
NPL Ratio ²	2.49%	2.68%	-0.2%	-	-	-
NPL Cover	136.1%	115.2%	20.9%	-	-	-
Capital and Leverage						
Tier 1 Ratio	15.78%	16.17%	-0.4%	14.90%	15.59%	-0.7%
CET 1 Ratio	15.78%	16.17%	-0.4%	14.90%	15.59%	-0.7%
Capital Adequacy Ratio	16.67%	17.06%	-0.4%	15.81%	16.50%	-0.7%
Leverage Ratio	10.63%	10.92%	-0.3%	10.22%	10.61%	-0.4%

	Consolidated			Parent Entity		
	2021	2020	Change	2021	2020	Change
DISTRIBUTION NETWORK AND MANPOWER						
Branches/International Offices ³	1,179	1,176	3	-	-	-
ATMs and CAMs	2,457	2,707	(250)	-	-	-
Employees	19,181	19,952	(771)	-	-	-
Officers	6,677	6,948	(271)	-	-	-
Staff	12,504	13,004	(500)	-	-	-
SHAREHOLDER INFORMATION						
Market Value						
Share Price	92.15	81.35	13.3%	-	-	-
Market Capitalization (in PHP million)	415,885	367,141	13.3%	-	-	-
Valuation						
EPS, Basic and Diluted	5.29	4.74	11.5%	5.05	5.45	-7.3%
Book Value per Share	64.94	62.01	4.7%	-	-	-
Price-Earnings Ratio	17.4x	17.0x	0.4x	-	-	-
Price to Book Value	1.4x	1.3x	0.1x	-	-	-
Dividends						
Cash Dividends Paid to Common Shareholders (in PHP million)	8,124	8,124	0.0%	8,124	8,124	0.0%
Cash Dividends per Common Share	P1.80	P1.80	-	-	-	-
GRI ECONOMIC METRICS (In PHP million)						
Economic Value Generated (Revenue)	97,405	101,923	-4.4%	-	-	-
Economic Value Distributed	73,053	74,612	-2.1%	-	-	-
Payments to Suppliers	17,115	15,356	11.5%	-	-	-
Payments to Employees	18,419	17,825	3.3%	-	-	-
Payments to Providers of Capital	20,059	20,212	-0.8%	-	-	-
Payments to Governments	17,130	21,129	-18.9%	-	-	-
Payments to Community Investments	330	90	265.7%	-	-	-
Economic Value Retained	24,351	27,311	-10.9%	-	-	-

¹ Attributable to equity holders of BPI² Based on BSP circular 941³ BPI+BFB physical branch count at 813, with 56 co-located branches

CULTIVATING AN **INTEGRATED** APPROACH

MARKET OUTLOOK



The Philippine economy expanded by 5.6% in 2021 after contracting by 9.6% in 2020. Economic activity rebounded amid the easing of restrictions and the improvement in mobility. The availability of vaccines and treatments has contributed to the recovery of consumer confidence.

Household consumption rose by 4.2% in 2021 as e-commerce continued to expand. The continuous inflow of remittances and the decline in unemployment rate also provided a boost in consumer spending. On the other hand, investment spending continues to lag compared to 2019 level but managed to rebound by 19% in 2021. The private sector has been conservative with its capital expenditures amid the uncertainties of the pandemic and the upcoming elections. Despite this, imports have already exceeded pre-pandemic level given the demand for raw materials especially semiconductors. Exports also posted substantial growth in 2021 amid the global boom in manufacturing.

If the growth momentum is sustained, economic output will likely return to pre-pandemic levels by the third quarter of 2022. A full year growth of 6.5 to 7.5% is expected in 2022 as vaccination hits 70% of the target population and as the economic activities adjust further to alleviate the impact of COVID-19.

Inflation was faster in 2021 at 3.9% compared to 2.4% in 2020 (base year 2018) amid supply constraints and improving demand causing the local currency to depreciate against the US dollar. Looking ahead, favorable base effects could pull down inflation in the first quarter of 2022. However, average inflation in 2022 is still expected to settle near the 4% target of the BSP due to existing and emerging inflationary pressures. Oil and electricity prices will likely continue to increase given expectations of higher demand and tighter supply in the global markets. Furthermore, global supply chain issues may persist and increase the cost of imported products. The

improvement in demand may also exert pressure on consumer prices and may eventually lead to the depreciation of the Peso.

As a result, the BSP may need to adjust its policy rate to avoid the de-anchoring of inflationary expectations as the policy rate has remained below inflation for nearly two years. Aside from this, an adjustment may be needed as a response to the rate hikes of the Federal Reserve. Expectations of tighter dollar liquidity in the coming months might exert pressure on the Peso and the BSP's dollar reserves if the policy rate is kept at 2.0%.

Meanwhile, government borrowing is another factor that could push interest rates higher in 2022. With government revenues still lagging behind expenditures amid the pandemic, the budget deficit will likely remain substantial.

With demand slowly going back to pre-pandemic level, imports will likely exceed exports and remittances in 2022. The increase in dollar demand due to rising imports may provide support to the dollar and cause the peso to weaken. In addition, rising interest rates in the US may lead to dollar outflows that could drive the depreciation of the peso. Expectations of tighter dollar supply due to the bond tapering of the Federal Reserve may contribute further to the peso weakness.

RISKS AND OPPORTUNITIES

MAJOR RISK AREAS	POTENTIAL IMPACT	MANAGEMENT & MITIGATION	RISK EXPOSURE	OPPORTUNITIES
CREDIT RISK & ASSET QUALITY - risk of loss due to a borrower or counterparty's non-payment of a loan or other credit accommodations (either the principal or interest, or both)	1) Deterioration of the quality of our assets 2) Decrease in our profitability due to an actual (or expected) increase in loan losses and/or provisions	Comprehensive set of credit risk management policies, standards, and procedures covering: 1) Assessment of borrowers using internal credit risk rating models and credit risk scorecards 2) Use of eligible collaterals and legally-enforceable collateral documentation 3) Prompt identification, work-out, and close monitoring of deteriorating credit exposures 4) Adequate review of loan classification and assignment of loan loss provisions 5) Strict remedial and collection measures for problem credits 6) Conduct of credit stress testing on loan portfolios 7) Use of data analytics for credit risk model development and recalibration as well as validation 8) Increased monitoring of delinquent and restructured accounts across all portfolios	Increasing, but Mitigated	1) The National Government and BSP's regulatory relief measures including support on restructuring arrangements will enable us to extend support to pandemic-hit clients, as well as ensure continued access to financial services by the public. 2) The enactment of the Financial Institutions Strategic Transfer Act will allow the Bank to unload its Non-Performing Assets to special purpose corporations, thus, increasing capital mobility and also ensuring continued loanable funds. 3) The regulators' policy support for ESG initiatives, aligned with our own ESG + E ₂ framework and sustainability goals, lead to opportunities in renewable energy and infrastructure financing, transition finance, and other sustainable financing initiatives.
MARKET & LIQUIDITY RISKS - risk to earnings and capital from adverse movements in risk factors that affect the market value of instruments, products and transactions in our portfolios, and the risk arising from the potential inability to meet obligations to clients, counterparties or markets in any location and in any currency at any time when they fall due.	1) Decline in earnings 2) Deterioration of the quality of our liquid assets; increased funding needs 3) Consequences from non-compliance to regulatory changes	Comprehensive set of market, IRRBB, and liquidity risk management policies and standard procedures covering: 1) Measurement and monitoring of market risk exposures and interest rate risk exposures in the banking book 2) Maintenance of adequate liquidity levels at all times 3) Establishment of a contingency funding plan 4) Conduct of stress tests 5) Enhancement of risk models and systems	Moderate, but Mitigated	Opportunities of robust market and liquidity risk systems include: 1) Enhanced brand and deposit franchise particularly during stressed environments 2) Access to lower cost funding and liquidity to support our activities 3) Enables us to quickly respond to business & investment opportunities, given the controlled levels of liquidity and market risks
OPERATIONAL & INFORMATION TECHNOLOGY (IT)/CYBERSECURITY RISKS - risk of loss due to inadequate or failed internal processes, people, and systems and risk of adverse outcome due to the use of or reliance on IT.	1) Increase in operational losses 2) Disruptions in daily operations 3) Unauthorized access to our information assets 4) Inaccurate, incomplete, inconsistent, and/or unavailable information 5) Damage to our physical assets 6) Damage to our brand and reputation 7) Legal liabilities and tax implications 8) Consequences from non-compliance to regulatory changes	Comprehensive set of operational and IT risk management policies and standard procedures covering: 1) Identification, assessment, control/mitigation, monitoring, and reporting of operational and IT risks 2) Risk management processes are embedded in business activity processes (e.g., product development and process enhancements) 3) Development and monitoring of Key Risk Indicators (KRIs)	Moderate, but Mitigated	Advanced operational risk management and systems provide opportunities to: 1) Increase operational efficiency by implementing process improvements and adapting new tools, which shall enhance our capabilities for a remote workforce arrangement/mobility, and foster cross-function collaboration between various business units

MAJOR RISK AREAS	POTENTIAL IMPACT		MANAGEMENT & MITIGATION	RISK EXPOSURE	OPPORTUNITIES
			4) Loss event management process 5) Establishment of systems and programs on business continuity management, information security/cybersecurity management, vendor management, and physical security management 6) Conduct of operational and IT risk management awareness and appreciation initiatives		2) Enforce dynamic strategies (i.e., to think long-term while acting short-term thereby addressing clients' urgent needs, but at the same time improving and expanding current solutions) 3) Offer and provide clients safe, convenient, fast, and timely solutions despite disruptions such as a pandemic through rapid digital adoption 4) Acquire and build a long term business relationship with a new group of adopters of digital solutions
BUSINESS & STRATEGIC RISKS - risk to earnings or capital arising from adverse business decision or strategy, improper implementation of decisions, lack of responsiveness to industry changes, incorrect assessment of changes in business, and/or imposition of new regulations (e.g., moratorium on fee hikes, interest rate caps)	1) Decline in earnings 2) Increase in operational losses 3) Damage to our brand and reputation		1) Close monitoring of financial and operational performance, strategies, and policies 2) Development and monitoring of key risk indicators 3) Regular reporting to Senior Management and Board of Directors	Moderate, but Mitigated	1) Non-removal of interest rate cap on credit card loans 2) Entry and aggressive models of fintechs and digital/neo banks 3) Reopening of the economy 4) Changes in monetary policies
ENVIRONMENTAL & SOCIAL RISKS - risk of potential financial, legal and/or reputational negative effects from possible E&S issues (including acute & chronic physical risks and transition risks) affecting our key business activities.	1) Aggravation of existing risk areas such as credit and operational risks 2) Increase in operational losses 3) Damage to our physical assets 4) Damage to our brand, reputation, and social capital 5) Legal liabilities and tax implications 6) Consequences from non-compliance to regulatory changes		Delivery of shared value through the following activities: 1) Sustainable development financing through green and social products and services 2) Financial inclusion and wellness, and digitalization initiatives 3) Nation building initiatives supporting SMEs and OFs 4) Efficient resource management 5) Social responsibility activities on employee well-being and client experience 6) Vendor evaluation in terms of compliance to environmental and social standards 7) Environmental risk assessments of our physical assets and clients' collaterals	Increasing, but Mitigated	Enhanced environmental and social risk management bring opportunities such as: 1) Operational efficiency, resiliency, and longevity 2) New revenue streams and a potentially broader investor base 3) Improved reputation, and credibility of our brand 4) Agile in terms of responding to regulatory and policy developments 5) Increased level of employee and stakeholder engagement 6) Possible regulatory incentives for innovation and early adaptation

STRATEGY AND PERFORMANCE



As heightened during the pandemic, the banking environment, fundamentals, and economics are rapidly changing, with shifts in consumer behavior, and the rise of new competitors and technology disruptors.

We continue to focus on the long game, shifting in mindset from concentrating on short term performance towards long term goals. Thus, we have set big strategic aspirations, founded on our analysis of the macro outlook, competitive environment, regulatory landscape, stakeholder concerns, and other relevant factors, serving as our guide in capturing new opportunities and managing risks.

We choose to act now with bold moves supported by meaningful investment commitments to future proof our competitive position and gain market share. This will cement the Bank as a choice investment, attractive to both domestic and offshore investors.

Over the medium term, these key initiatives are what we set out to achieve:

- Establishing ourselves as the undisputed digital leader in banking;
- Increasing the share of SME and consumer loans in our loan book;
- Closing the gap in funding leadership;
- Redefining the new role of branches; and
- Promoting sustainable banking.

All these are underpinned by our passion for the customer.

ESTABLISHING OURSELVES AS THE UNDISPUTED DIGITAL LEADER IN BANKING

We embarked on digitally transforming the Bank as early as 2016. This was BPI Digital 1.0, where we established a technology foundation for our digital aspirations. We set up our 24/7 cyber security operations center, upgraded our core banking systems, and rebuilt our digital infrastructure, including delayering of architecture.

We responded to market dynamics, and recalibrated, simplified, and synthesized our digital roadmap to becoming the “Everyday Bank” of our customers into five key imperatives:

- Mobile first
- Shaping the experience
- Hi-tech x Hi-touch
- Open Banking
- Industry-class infrastructure

Today, we are looking at opportunities around these three big themes:

- Moonshots: beyond banking partnerships and ecosystems
- White spaces: penetrating new and underserved markets
- Transforming the core: transitioning to a digital operating model

These themes will continue to evolve as we work towards achieving our digital vision.

In the near term, our immediate objective is to make banking easier and more convenient for clients through our seven digital customer engagement platforms.

Each of these platforms is designed with a particular client segment in mind. These platforms will allow clients to manage their finances from their smartphone or other online channels – from payments, loans, insurance, investment products, and investment advisory for retail clients, to payroll management, collection and invoicing, and link to business communities for small/medium enterprises and corporate accounts. The platform designs aim to provide useful, easy to navigate and intuitive user-experience on aesthetically appealing platforms to maximize user interface, customer loyalty, and revenue generation.

We have four platforms live today, with three more lined up for future launches.

With our Application Programming Interface (API) components now in place, we aim to be a pace setter for open banking in the Philippines, actively forming various fintech partnerships ranging from e-wallets, utility providers, remittance centers, e-commerce platforms, and even government agencies. We also have agile off-app capabilities such as local remittance, quick pay, eGov, insurance, and electronic Auto-Debit Arrangements.

With the full support of our Board of Directors, we continue to commit a significant amount of capital to our digital transformation journey. These investments in technology not only sustain platform growth and modernize capabilities, but also allow us to broaden our digital ecosystem and deepen client relationships.

Read more about digitalization within our various customer segments and operating units in our Business Reviews and Client Testimonials section on pages 66 to 89.

INCREASING THE SHARE OF SME AND CONSUMER LOANS IN OUR LOAN BOOK

We remain focused on re-balancing our loan mix by prudently accelerating growth in the higher-margin small and medium-sized enterprise (SME) and consumer lending businesses. However, the pandemic has revealed the vulnerability of these sectors. As such, we have taken an active role in supporting this segment's economic resurgence by continuing to lend to emerging winners and those with a clear path to recovery. This is in tandem with our objective to preserve a high-quality loan book while supporting customer needs.

The current environment also requires our continued emphasis on managing risks by enhancing the credit process in the aspects of underwriting, monitoring, and collections, in consideration of the COVID-19 impact. We also monitor vulnerable industries and sectors that have been affected by COVID-19, at the same time, seeking to identify opportunities in other industries and sectors as a result of the change in economic behaviors post-crisis.

Our loan balances stood at PHP 1.53 trillion, up 5.2% year-on-year, led by growth in corporate, credit cards, SME and mortgages. Notably, mortgage, credit cards, and microfinance loans have rebounded to pre-pandemic levels. These promising results have put us back on track in repositioning our loan portfolio mix in favor of SME and consumer loans.

Nonetheless, we also recognize our integral role in the corporate space by helping Philippine

conglomerates, large corporates, and multinational companies, as their main operating bank in the new normal. We strive to strengthen our relationships with those bounce-back industries and companies, while evaluating what assistance can be provided to clients in pandemic-affected sectors.

Refer to our business reviews on Consumer Banking, Corporate Banking, Business Banking, and BanKo on pages 66 to 72, 73 to 81, 82 to 84, and 85 to 87, respectively.

CLOSING THE GAP IN FUNDING LEADERSHIP

Our deposit base remains robust and, similar to previous crisis situations, the overall current account and savings account (CASA) deposit base grew as BPI has been generally considered as a safe haven in times of crisis. We proceed with an invigorated focus on CASA deposit growth in the near-term, with the digitalization of our platforms playing a big part in capturing new customers and deepening relationships with existing ones.

The completion of our core banking system to the current version allows for 24/7 availability, ensuring smooth processing of client transactions.

The enhanced version of our Bizlink platform empowered corporates with self-service solutions for cash management and bills payment, allowing us to tap their financial ecosystem.

Meanwhile, our BPI online/mobile platform new-to-product (NTP) and new-to-bank (NTB) features allow clients all-digital account opening. This provides simplicity in sign-ups – no need for paper applications, in-person signatures and visits to the branches. Our unique onboarding process is able to detect potentially fraudulent IDs and false identities, ensuring good quality customers. We have processed more than 33,000 applications for NTB which is a respectable turnout, even without promotion or formal launch.

Finally, our microfinance arm, BPI Direct BanKo, also has its own mobile app, where our Self-Employed Micro-Entrepreneur customers can avail of tailor-made deposits products.

The other part of our funding leadership also comes from optimizing our funding costs. In 2021, we rationalized our deposit products and explored alternative sources of funding for our capital market maturities. Our efficient balance sheet management also ensures prudent position taking, so that we are poised to grab trading opportunities in the market.

Refer to our business review on Global Markets on page 88.

REDEFINING THE NEW ROLE OF BRANCHES

Our digitalization journey provides us with the opportunity to transform our branches and operate with a leaner organization. Due to various mobility restrictions, the drop in branch foot traffic gave us the opportunity to fine tune our operations.

We are redesigning and reinventing our branches to transform them from being places for transactions such as withdrawals and deposits, to avenues for more high-value interactions that satisfy customers' more complex financial needs.

We aspire to transform them into "stores", where clients go to "buy" financial products and services, complemented by trusted advice. And because customer preferences and needs vary, physical changes in our branches will also be customized depending on the unique preferences of the customers within certain "clusters". There will be formats designed for high-net-worth, corporate, retail, and a hybrid of clients.

Our branch rationalization process is ongoing as we either co-locate, consolidate, or relocate select branches, especially with the merger of BPI and BFSB effective on Jan. 1, 2022.

Upskilling and retraining of branch personnel is also underway as they are either redeployed elsewhere in the organization or their branch role transitions from transactional processing to high-value activities such as sales and advisory. This is a step forward in our mission to deliver excellent customer service. Refer to our discussion on seamless customer experience through co-location on page 68.

PROMOTING SUSTAINABLE BANKING

Sustainability is also an essential part of what BPI stands for. We are committed to Responsible Banking and Responsible Operations. We want to be a more inclusive bank for all. To be sustainable, we must consider and look after the success of our customers, our communities, and our own business.

We aim to become the most financially inclusive Bank, through our microfinance arm, BPI Direct BanKo, the second biggest microfinance bank in the country. We have a robust business model, expansive branch network and manpower to serve more than 100,000 clients at manageable NPL levels.

Becoming a responsible banking leader also means we must make responsible choices that go beyond fast and easy profits. We must take into account

the long-term impacts of our business movements, investment choices, and lending practices. Our landmark commitments in 2021 were:

(1) putting a policy in place to zero-out coal power generation financing by 2032; and

(2) signing up as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), the first Philippine bank to do so.

The success of our sustainability initiatives means that we must have economic success for our customers, our country, and not just ourselves. Hence BPI's unique formula of "Environment, Social, Governance + Economic" or "ESG+E₂". Starting this year, we are embedding this into our culture as part of our goal setting and measurement process.

Refer to our Sustainability Agenda, Financial Inclusion discussion, and BanKo business review on pages 32 to 65, 48 to 49, and 85 to 87, respectively.

CUSTOMER EXCELLENCE

In 2021, we rolled out simple action statements based on BPI's core values, to emphasize the shift in mindset to one that revolves around our customers, to keep them top-of-mind, and to look at things from their perspective.

We have appointed a Chief Customer and Marketing Officer with a dedicated team focused on improving customer experience, customer processes, and our service culture. We also have various other platforms such as social media chatbots and a 24/7 Help and Support portal to address customer concerns.

Our three basic rules in delivering excellent customer service:

- Let's do it right,
- Let's make it easy for our clients to do business with us, and
- Let's be nice to our customers.

Trust is ultimately what we offer to our customers at BPI. Trust is what makes us successful. Refer to our reinvented Vision, Mission, and Core Values on page 1.

BUSINESS MODEL AND VALUE CREATION
2021 PERFORMANCE

Our Capitals How We Create Value The Value We Create Our Contributions to the UN SDGs

FINANCIAL

We maintain a strong balance sheet, and we continue to grow and optimize our deposit franchise and loan book.

PHP 2.4 trillion in total assets

PHP 293 billion in total capital

MANUFACTURED AND INTELLECTUAL

We have a reliable, secure, and expanding network of delivery infrastructure, in both traditional and digital platforms.

1,176 branches and branch-lite units across the country

2,457 ATMs and CAMs across the country

99.72% uptime for the new BPI Online and BPI Mobile App

100% uptime for BizLink

Established BPI Sustainability Agenda, BPI Sustainable Funding Framework, and Environmental and Social Risk Management System

HUMAN

We are driven by energized, enabled, and engaged employees with diverse talents.

19,181 employees (67% women, 33% men)

PHP 21 million spent on local trainings for employees

SOCIAL AND RELATIONSHIP

We are the beacon of stability and credibility upon which trust is built and sustained among our clients and global banking partners.

170 years of providing quality service and trusted advice

140 international remittance partners

BPI Credo and Core Values

NATURAL

Our environmental management systems ensure that we use resources efficiently to minimize our impact on the environment.

128,815 gigajoules of electricity consumption

326,035 cubic meters of water consumption

OUR VISION

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

OUR MISSION

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



Our business model seeks to create short, medium, and long-term value for our stakeholders in a sustainable and risk-adjusted way. This value chain is based on the capitals model of the International Integrated Reporting Council (IIRC).

CLIENTS AND COMMUNITIES

We foster financial inclusion and wellness, scale-up enterprises, and spur investments that directly impact our clients and the communities we serve.

8.46 million clients

PHP 1.5 trillion in total customer loans

3.2 million unique active users of BPI Online and Mobile App



Financing Sustainable Development

PHP 600 billion of corporate portfolio tied to initiatives that support the UN Sustainable Development Goals

48% of power energy generation portfolio is comprised of renewable energy projects

Financial Inclusion

PHP 27 billion microfinance loans disbursed through Banko to date

Over **210,000** self-employed microentrepreneurs served

22% market share of Banko

Supporting Nation Building

PHP 312.4 billion loans disbursed to SMEs through Business Banking to date

Over **170,000** small and medium enterprise (SME) clients served

24% share in remittance market

Employees

We invest in our employees, provide them a workplace that fosters learning and development, career advancement, and sustainable engagement.

PHP 18.4 billion total payments to employees

Over **119,000** total training hours provided to employees



Investors

We optimize our financial performance and value creation, ensuring delivery of superior shareholder returns in a manner that is transparent and equitable.

PHP 20.1 billion total payments to providers of capital (dividends and interest payments)



Government and Regulators

We support the government via capital raising through government securities distribution, payment of taxes, facilitating remittances, and complying to regulations.

PHP 1 trillion total capital raised for the government

PHP 17.1 billion total payments to government



Legend for capitals affected



BPI SUSTAINABILITY AGENDA

BPI has embraced sustainability in the conduct of its business – a commitment which started in the 1980s and continues to the present. This strong culture of commitment to the Environment, Social, Governance, and Economic (ESG+E₂) standards¹ in the way we do business has established BPI as a pioneering leader in sustainability in the Philippine banking industry.

BPI has a Board-approved Sustainability Agenda which guides the Bank in the integration of sustainability principles to its strategic objectives and corporate governance and risk management frameworks. Our Sustainability Agenda is guided by the provisions of BSP Circular 1085: Sustainable Finance Framework and BSP Circular 1128: Environmental and Social Risk Management Framework.

ESG POLICY STATEMENT

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

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

SUSTAINABILITY STRATEGY

Our sustainability objectives are embodied in our Sustainability Strategy Framework (Strategy) with the pillars of Responsible Banking and Responsible Operations. The Strategy supports BPI's vision of building a better Philippines, one family, one community at a time, and focuses on key ESG areas where the Bank can have the most impact.

As part of **Responsible Banking**, we aim to consistently offer financial products and services that integrate ESG criteria in business decisions while supporting economic growth, thereby providing lasting benefits for both clients and society while reducing pressures on the environment and addressing social needs.



¹BPI's unique sustainability formula refers to Environment (E), Social (S), and Governance (G) initiatives resulting in Economic (E₂) gains.

As part of **Responsible Operations**, we aim to responsibly manage environmental and social capital used in the performance of day-to-day operations.

Supporting these two pillars are **Corporate Governance and Risk Management**, which serve as checks and balances on the implementation of BPI's Sustainability Strategy, as well as compliance to local, national, and global standards and regulations.

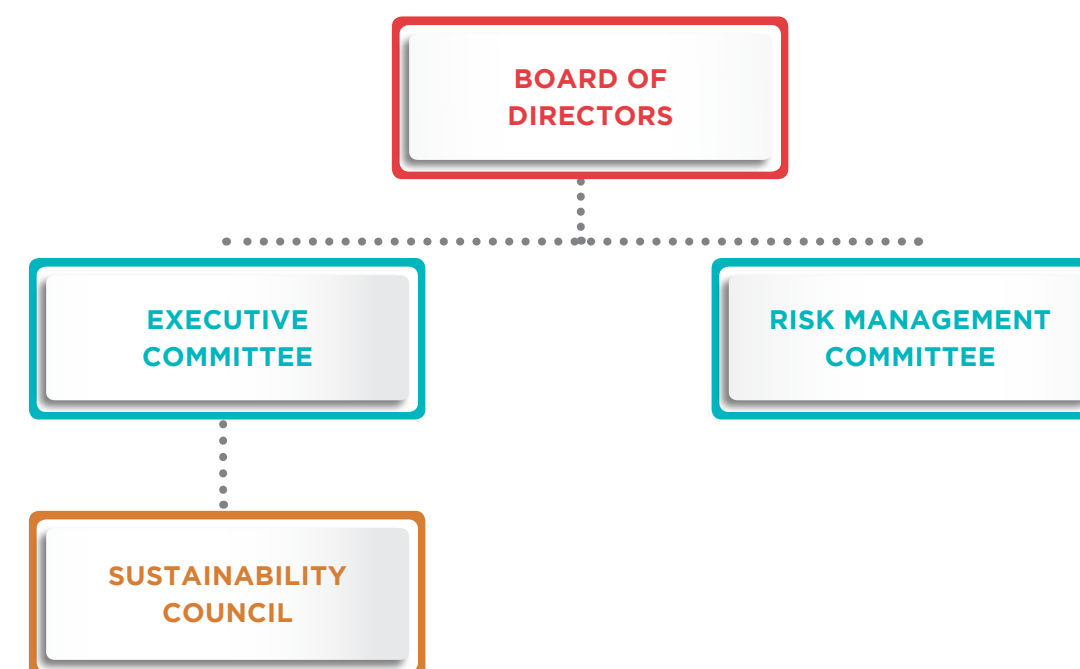
SUSTAINABILITY GOVERNANCE

The Board of Directors, through the Executive Committee, has overall responsibility for sustainability-related issues, policies, targets, including the integration of sustainability principles and environment and social (E&S) risk management in the strategic direction of the Bank.

The Sustainability Council, chaired by the Chief Sustainability Officer, is the senior management-level

group in charge of implementing the Sustainability Agenda and reports to the Executive Committee. The Sustainability Office, which supports the Sustainability Council, functions under the Bank's Strategy and Finance Group to ensure the successful implementation of the Sustainability Agenda across the organization.

The Board, through the Risk Management Committee, has overall responsibility of ensuring that E&S risks are considered and managed within the Bank's Enterprise Risk Management (ERM) Framework. The Bank established a dedicated department to champion the implementation of our E&S Risk Management System and align these efforts with the Bank's Sustainability Agenda and Sustainability Strategy.



For more information on our Sustainability Agenda visit www.bpi.com.ph

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (ESRMS)

BPI has a sound Enterprise Risk Management (ERM) framework that governs how we manage risks as we create and maximize value for our stakeholders (refer to Risk Management on pages 129 to 138). Under the ERM framework and guided by BSP Circulars 1085 and 1128, we recently established the Bank's general policy on ESRMS which was approved by the Risk Management and Executive Committees in December 2021 and January 2022, respectively.

The new policy integrates E&S risk management in our risk governance structure and seeks to promote the updating and/or establishment of policies, processes, methods, and tools that embed E&S risk management in our main business activities and decision-making processes. It is designed to support the two sustainability pillars of Responsible Banking and Responsible Operations and is critical in achieving our strategic environmental and social objectives and targets.

We define E&S risks as potential financial, legal, and/or reputational negative effects from possible E&S issues affecting our key business activities.



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



- Social risks are potential negative social impacts including, amongst others, hazards to human health, safety and security, as well as threats to communities, biodiversity, and cultural heritage.

We also recognize that these E&S risks have the ability to influence and/or aggravate the Bank's existing traditional financial and non-financial risks such as credit, operational, and reputational risks. Thus, we continue to enhance our internal processes to assess and manage E&S risks jointly with other existing key risk areas.

To date, the Bank's key activities and initiatives to manage E&S risk exposures include:

- Issuance of policies on E&S risk management, good governance, code of business conduct and ethics, and physical safety and security;
- Time-bound reduction of our coal power generation portfolio to support the country's transition towards sustainable energy sources;
- Geohazard risk and environmental risk assessments on the Bank's various physical assets, client collaterals, and employee residences;
- Vendor evaluation in terms of compliance with environmental and social standards;
- Data gathering on energy and water consumption and carbon emissions to monitor the Bank's environmental impact (refer to pages 52 to 53); and
- Provision of technical support and training programs to ensure clients' compliance with E&S best practices.

These key activities shall be further supported by the implementation of new and/or enhanced manuals and processes to ensure alignment with local and global best practices, as well as to fully comply with BSP Circulars 1085 and 1128 within the prescribed three-year transition period. All these efforts are aimed at not only meeting regulatory expectations, but also adding value for our various stakeholders by positively impacting the environment and society.



BPI COAL COMMITMENT

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

ENGAGING THE ORGANIZATION ON ESG

In 2021, we completed the bank-wide cascade for the implementation of the Sustainability Agenda, where each business unit was guided in the identification of their respective short-, medium-, and long-term sustainability goals, action plans, and metrics (GAMs).

The effectiveness of these GAMs will be measured using BPI's unique sustainability formula - **ESG+E₂** - where the economic impacts (E₂) of our ESG initiatives are also considered. These will also form part of each business unit's key result areas (KRAs) and performance appraisal.

Sustainability Champions per business unit were selected to help advocate sustainability within their groups and to ensure that sustainability initiatives are implemented and monitored. Sustainability KRAs were included in senior management's performance appraisals starting 2021.

To support the sustainability requirements of business units, the Sustainability Office also conducted sustainability training sessions for all BPI employees. This first module covered important sustainability concepts, BPI's sustainability journey, and details of the Sustainability Agenda Policy. This training module will be made available on the Bank's online training platform as it becomes a mandatory course for all employees by 2022.

BPI continues to feature sustainability in the Officership Training Program (OTP) as well as in conversations with the Bank's frontliners, clients, and partners. Our key officers continue to participate in public and private online sustainability events to share insights and experiences on managing E&S risks, integration of sustainability and ESG into business strategy, and sustainable banking.



10 bank-wide
GAMs set across all
segments for the
BPI Sustainability
Strategy Framework



Around **200**
Sustainability
Champions
engaged across
all business units
as sustainability
advocates of their
group and to help
ensure sustainability
GAMs are monitored



Over **200**
relationship
managers, credit
officers, and
backroom personnel
trained in the use of
Hazard Hunter



17 sustainability-
related speaking
engagements by BPI's
senior management

LOOKING AHEAD

2022 will be a significant year for BPI, when the programs we began in 2021 will bear fruit as we implement our plans. We look forward to gaining progress with our TCFD report and deepening discussions on net zero alongside the Ayala Group's Climate Ambition.

More information on the BPI Sustainability Agenda is available at www.bpi.com.ph.

SUPPORT FOR THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Last May 2021, BPI signed up as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) alongside 17 signatories in the Philippines (of which 7 are from the Ayala Group of Companies). As of December 2021, there are a total of 2,915 TCFD signatories globally.

TCFD signatories voluntarily disclose their governance process and direction, given actual and potential impacts of climate-related risks and opportunities on the organization's businesses, operations and strategies.

In a preliminary assessment of the Bank's existing practices vis-à-vis TCFD recommendations, we have determined that BPI is already significantly aligned with two of the four TCFD pillars, namely Governance and Risk Management.

GOVERNANCE

Climate-related risks and opportunities are thoroughly discussed at board-level committee meetings whenever appropriate, and board-approved policies integrating environmental risks to the Bank's Enterprise Risk Management (ERM) Framework are already in place.

BPI's Corporate Governance manual has also been expanded to include a section dedicated for sustainability, where the Bank's Sustainability Agenda has been discussed in support of the United Nations Sustainable Development Goals.

The Bank also has a dedicated senior management-level Sustainability Council whose responsibilities include the mitigation, management, and reporting of climate-related risks, as well as the evaluation and implementation of climate-related programs and initiatives.

Furthermore, the BPI senior management team is periodically updated on the environmental risk scores of the Bank's and its clients' assets. These updates are used for both strategic and short-term action plans, with the implementation managed by the concerned group within the Bank and monitored by the Sustainability Office.



RISK MANAGEMENT

The Bank is continuously developing and enhancing policies, procedures, and guidelines towards the full integration of climate-related risks to the Bank's over-all risk management framework in line with regulations, best practices, and global standards such as the TCFD recommendations.

In particular, we have integrated an Environmental Risk Assessment (ERA) into the Bank's climate and environmental risk appraisal process for our employees and physical assets. Powered by the Hazard Hunter system of DOST and PHIVOLCS, ERA has also been incorporated into the credit evaluation process of corporate and SME loans.

By 2021, BPI's risk exposure scoring for seismic, hydro-meteorological, and volcanic eruption hazards has been expanded to cover employee residences, offices, and machines (ATMs/CAMs), as well as collaterals and assets of retail clients, in addition to the original ERA scores of Corporate and SME clients.

Hazard Hunter georisk scores and assessments are used by the Bank in advising clients on risk mitigating and risk-preparedness measures such as project relocation, engineering interventions, and/or insurance coverage. The Bank's management team also uses Hazard Hunter assessment results in mapping and planning branch and machine locations, as well as in advising employees on managing their natural catastrophe risk exposure.

Aware of the pre-identified and measured natural hazards, BPI business units have thereby been equipped with the information and data needed to develop and adjust Business Continuity Plans. This ensures risk preparedness, resilience, and reliability of our operations and services for the communities we serve and the Filipino people in general, amidst the threat of disruption.

In collaboration with climate risk modelling and analytics provider The Climate Services, global professional services firm Aon PLC has been guiding the Bank in its analysis of climate-related risks and opportunities through a roadmap towards an annual BPI TCFD reporting which starts in BPI's Integrated Report for 2022, and whose scope and depth expands as we move forward.

Aon PLC (NYSE: AON) is a leading global professional services firm that provides clients from over 120 countries with a broad range of advice and solutions that aim to reduce volatility and maximize performance. Aon submits annually to the Carbon Disclosure Project (CDP) and has signed on to support TCFD. Aon is committed to helping clients navigate the volatility and transition risk that comes with the bold moves necessary to mitigate greenhouse gas emissions.

BPI SUSTAINABILITY AGENDA

PERFORMANCE HIGHLIGHTS

RESPONSIBLE BANKING

FINANCING SUSTAINABLE DEVELOPMENT



BPI Sustainable Funding Framework for green and social bonds

PHP 157.8 billion disbursed to renewable energy projects to date
48% of power portfolio dedicated to clean energy



48% of corporate portfolio financed projects identified to contribute to the UN SDGs

FINANCIAL INCLUSION



More than **210,000 SEMEs** supported by Banko through
PHP 27 billion cumulative microfinance loans since 2016



More than **133,000** case counts for Secure Assist microinsurance

SUPPORTING NATION-BUILDING



Disbursed **PHP 312.4 billion** to more than
118,000 SME clients of Business Banking since 2018



PHP 21.5 billion COVID Action Response (CARE) Bonds for MSMEs



Over **50,000** BPI **Pamana Padala** accounts



Over **8,500** BPI **Pamana Moneyger** accounts

RESPONSIBLE OPERATIONS

ENVIRONMENTAL SUSTAINABILITY



128,815 gigajoules energy consumed



35.8 million pages of paper or **4,293 trees** saved as a result of the eSOA project



LED lights installed in **100%** of branches and **inverter-type air-conditioning** units installed in **51%** of branches

SOCIAL RESPONSIBILITY



17 sustainability-related speaking engagements by BPI's senior management



Over **119,000** total training hours provided to employees



3.2 million unique active users of BPI Online and BPI Mobile App



67% of workforce and **52%** of senior management positions comprised of women



58 literacy sessions conducted under BPI Foundation's Financial Education programs



PHP 330 million in community investments

CORPORATE GOVERNANCE

AND RISK MANAGEMENT

CORPORATE GOVERNANCE



Corporate governance policies and practices are embodied in the Manual on Corporate Governance



13% of the Board of Directors comprised of women

ESRMS

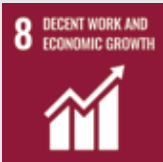


New Board-approved ESRMS policy and updated Enterprise Risk Management policy



Environmental Risk Assessment (ERA) for the Bank's and clients' assets, included in internal appraisal documents and loan approval process

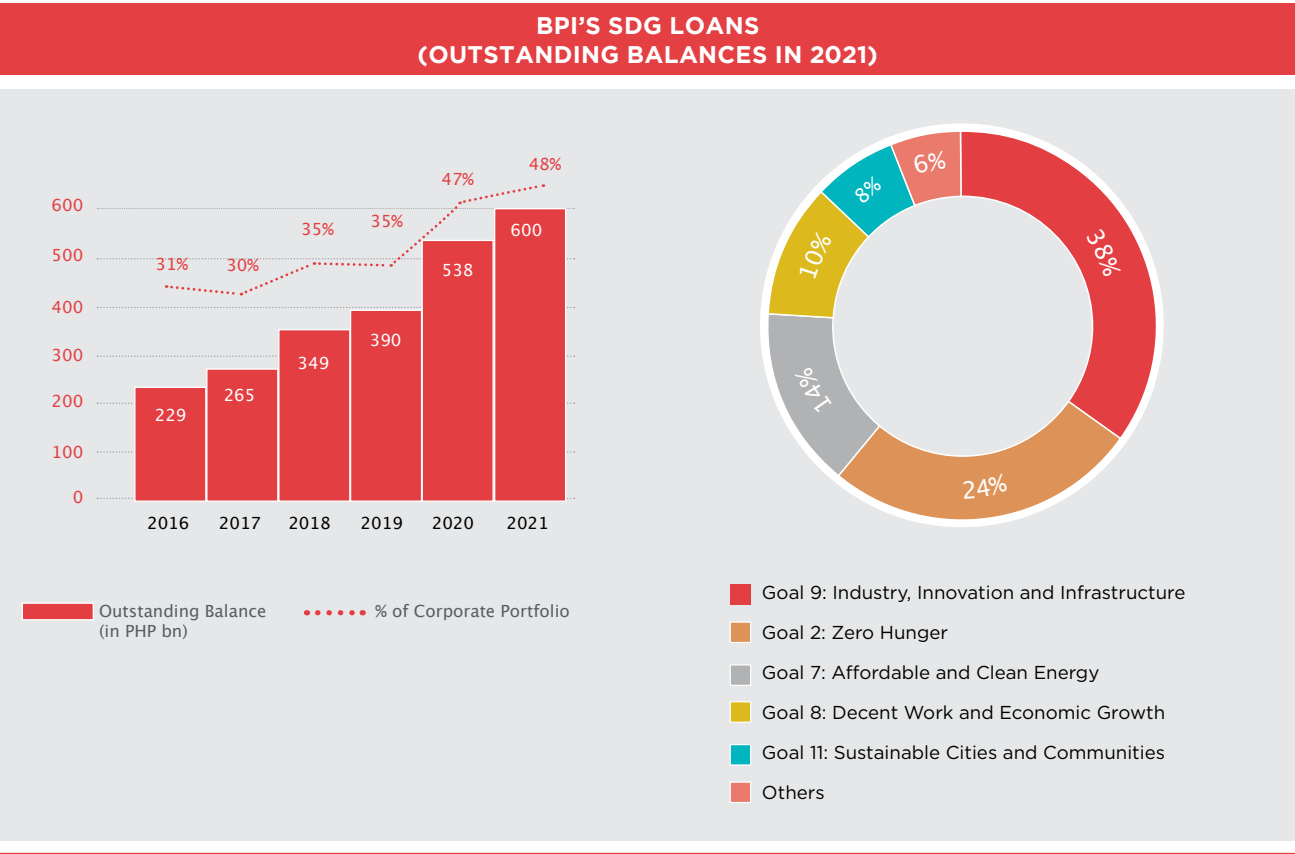
BPI'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

 1 NO POVERTY	PHP 27 billion microfinance loans disbursed since 2016	 2 ZERO HUNGER	PHP 157 billion loans disbursed towards agriculture	 3 GOOD HEALTH AND WELL-BEING	PHP 1.9 billion in loans to businesses providing services related to nutrition, healthcare, and wellness	 4 QUALITY EDUCATION	PHP 2.3 billion loans disbursed towards the education sector
 5 GENDER EQUALITY	13% women in Board of Directors 52% women in Senior Management 67% women in total workforce	 6 CLEAN WATER AND SANITATION	PHP 1.7 billion loans disbursed towards water-related projects	 7 AFFORDABLE AND CLEAN ENERGY	48% of BPI's outstanding loans to the energy sector is towards renewable energy	PHP 157.8 billion disbursed to renewable energy projects to date	PHP 28 billion disbursed to energy efficiency projects to date
 8 DECENT WORK AND ECONOMIC GROWTH	75% of staff covered by Collective Bargaining Agreement 1,176 branches and branch-lite units, and 2,457 ATMs and CAMs across the country	More than 210,000 SEMEs supported by BanKo since 2016 PHP 21.5 billion raised from COVID Action Response (CARE) Bonds	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	PHP 35.2 billion disbursed to climate resilience projects to date	 11 SUSTAINABLE CITIES AND COMMUNITIES	PHP 31.3 billion disbursed towards housing projects in 2021	
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Completed the installation of LED lights in 100% of branches	806 kg of recyclables collected in 2021	 13 CLIMATE ACTION	Completed the installation of inverter-type air-conditioning units in 51% of branches	USD 300 million from outstanding green bond issuances as of year-end 2021		
 15 LIFE ON LAND	Reforestation of 240 hectares of denuded rainforests through BPI Foundation, in partnership with Hineleban Foundation, in Lanao del Sur	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	The Bank has a robust Money Laundering/ Terrorism Financing Prevention Program (MTPP). This program also includes periodic and comprehensive Anti-Money Laundering/ Combating the Financing of Terrorism (AMLCFT) training and awareness programs for members of the Board of Directors and all officers and employees.	 17 PARTNERSHIPS FOR THE GOALS	Through the BPI Sustainability Agenda, the Bank continues to align its strategic objectives and business operations with the UN SDGs.		

RESPONSIBLE BANKING: FINANCING SUSTAINABLE DEVELOPMENT

Being a leader in the Philippine banking industry, BPI has the vital responsibility to promote and nourish the country’s sustainable development through the mobilization of funds towards business activities that propel economic, environmental, and social objectives.

Through the years, the Bank has steadily increased its financing of projects which contribute to the United Nations Sustainable Development Goals (SDGs). BPI has increased its SDG-related corporate and SME loan portfolio from PHP 538 billion (or 47% of the total portfolio) in 2020 to PHP 600 billion (or 48% of the total portfolio) in 2021.



Tagging of loans to the SDGs was based on each account's Philippine Standard Industrial Classification (PSIC), a detailed classification of industries prevailing in the country according to the kind of productive activities undertaken by establishments. The Bank regularly updates its methodology to produce a comprehensive SDG database that is more accurately aligned with the SDG indicators.

OPPORTUNITIES FOR SELF-EMPLOYED MICRO-ENTREPRENEURS



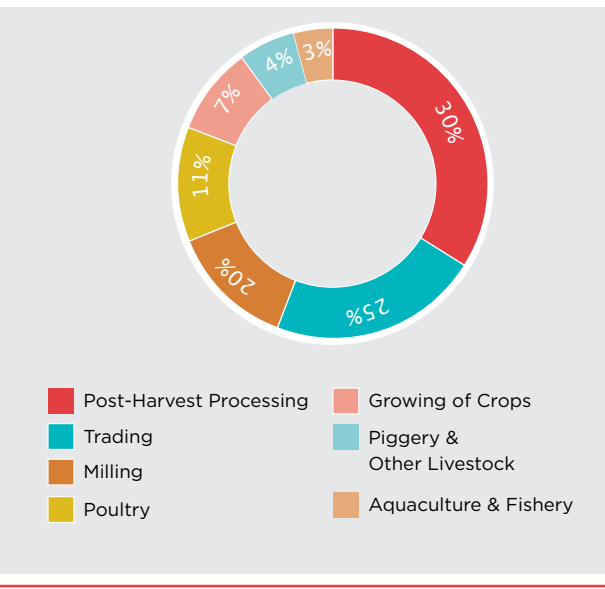
BPI enables self-employment among individuals across all sectors via microfinance, helping pave the way towards poverty alleviation. BPI Banko disbursed PHP 9 billion in loans to self-employed micro-entrepreneurs (SEMEs) in 2021.

FOOD SECURITY THROUGH AGRICULTURAL PRODUCTIVITY



BPI supports businesses in agriculture via financing initiatives to optimize food production through modernization and expansion. We engage with a wide-range of sub-sectors including livestock, fishery, aquaculture, and crop farming. Total agribusiness loan disbursements for 2021 amounted to PHP 157 billion, bringing cumulative disbursements to PHP 841 billion to date.

DISBURSEMENTS TO AGRIBUSINESS IN 2021



HEALTHCARE AND WELL-BEING



Access to quality yet affordable products and services focused on healthcare and wellness are among the fundamental needs of the community.

In 2021, BPI disbursed PHP 1.9 billion in loans to businesses providing services related to nutrition, healthcare, and wellness.

ACCESS TO EDUCATION



BPI supports the funding requirements of educational institutions, including the acquisition, construction, maintenance, and expansion of school buildings and other educational facilities. BPI's disbursements for this sector in 2021 reached PHP 2.3 billion through Business Banking.

ACCESS TO CLEAN WATER



Access to clean water and sanitation requires quality infrastructures for collection, processing, storage, and distribution, in addition to the preservation of water resources and related ecosystems.

Through Business Banking and Corporate Banking's Structured Finance Division (SFD), BPI has financed PHP 1.7 billion worth of projects that helped provide continuous clean water access to Filipinos.

SUSTAINABLE ENERGY AND CLIMATE RESILIENCE



Since the inception of the Sustainable Development Finance (SDF) program, BPI has disbursed PHP 28.4 billion to energy efficiency projects, PHP 10.6 billion to renewable energy projects, and PHP 35.6 billion to climate resilience projects. Total 2021 disbursements reached PHP 3.6 billion.

Estimated GHG emissions reduction through these projects amount to 1,088,931 tCO₂e per year, of which 84% is from energy and 16% is from materials.

Large-scale renewable projects handled by the Structured Finance Division (SFD) make up majority of the Bank’s portfolio on clean energy. In 2021, over PHP 27 billion was disbursed for renewable energy projects, bringing cumulative disbursements in loans to PHP 147.2 billion. GHG emissions were reduced by an estimated 29.3 million tCO₂e per year through these projects.

BPI fully supports the country’s shift to renewable and efficient energy resources, while recognizing that a full abandonment of non-renewable energy is

not yet feasible due to the resulting supply deficit versus demand. Still, BPI’s power energy generation loan portfolio mix has a significantly higher share for renewables at 48%, as compared to the Philippines’ total share for renewables at 21%.

INFRASTRUCTURE DEVELOPMENT



Investments in infrastructure, manufacturing, and technology are crucial in achieving sustainable development. The availability of infrastructure supports growth in productivity and industrialization, allowing communities to keep up with global progress.

BPI has long been supporting the government’s Build Build Build program through project financing under Public-Private Partnerships. SDF released a total of PHP 2.5 billion for infrastructure investments in 2021.



Tumungad Solar Power Plant

BPI SUSTAINABLE DEVELOPMENT FINANCE

Established in 2019, the Sustainable Development Finance (SDF) program finances corporate as well as small and medium enterprises (SMEs) with energy efficiency, renewable energy, climate resilience, and sustainable agriculture projects. Large renewable energy projects are handled by the Structured Finance Division (SFD). All eligible projects undergo free technical evaluation by energy, climate-resilience, and agriculture experts before being financed by the Bank. SDF supersedes the Sustainable Energy Finance (SEF) program launched in 2008.



ENERGY EFFICIENCY PROJECTS
Switch to inverter aircons, LED lights, and more efficient machinery and equipment



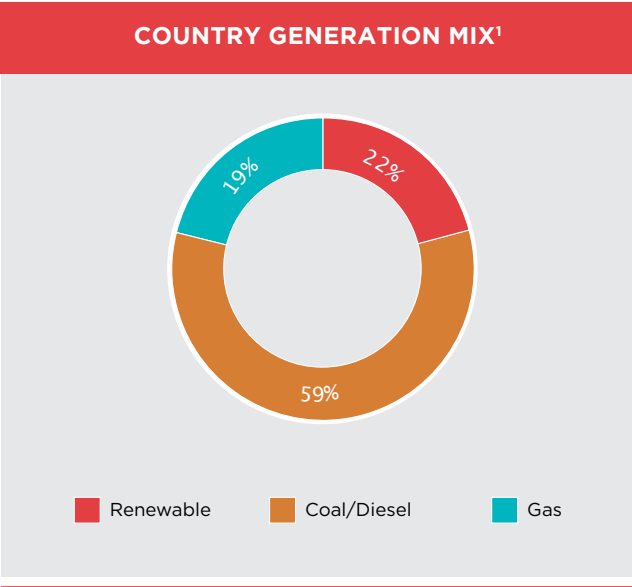
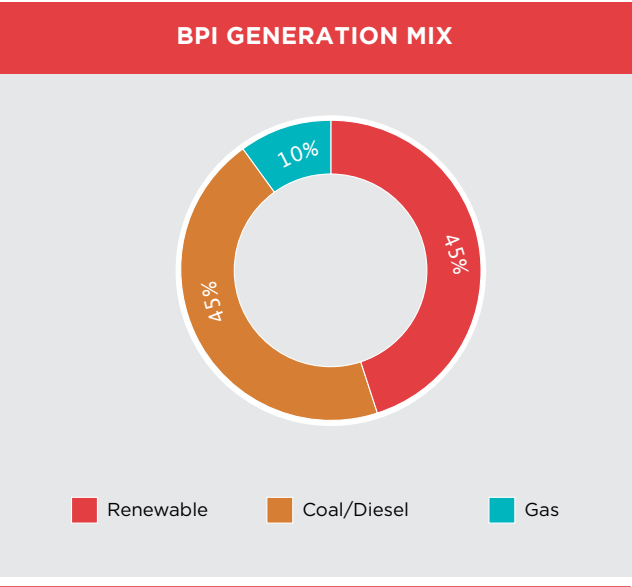
CLIMATE RESILIENCE
Primarily green building projects that meet the quantitative energy, water, and materials savings required by the IFC-World Bank tool called EDGE (Excellence in Design for Greater Efficiencies)



RENEWABLE ENERGY PROJECTS
Ground-mounted and rooftop solar, biogas, hydro, wind, and geothermal facilities that generate energy using natural resources



SUSTAINABLE AGRICULTURE PROJECTS
Currently focused on climate-controlled facilities for chicken and pigs that can withstand extreme weather conditions, help protect the animals from disease, achieve higher efficiency, and reduce cost per animal



¹ Source: National Grid Corporation of the Philippines (NGCP)

AFFORDABLE HOUSING



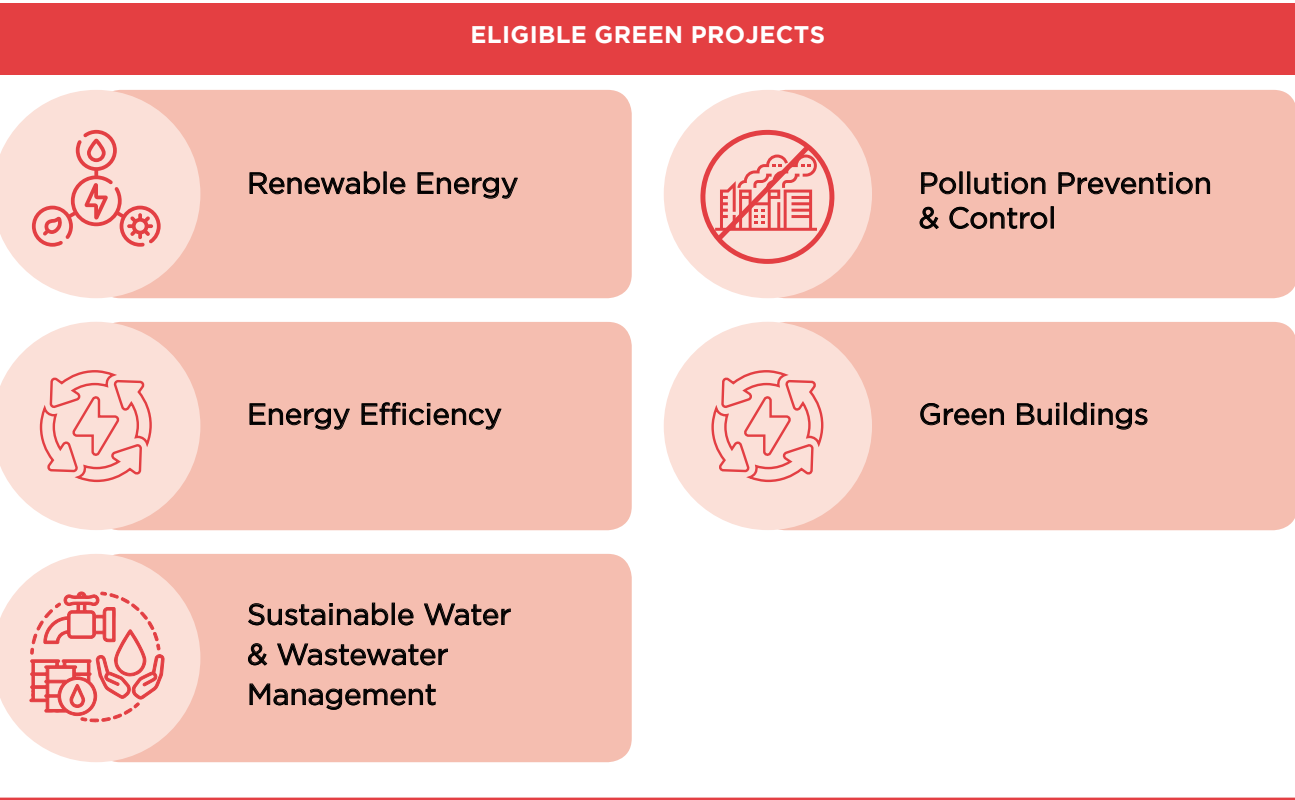
BPI caters to funding needs of both real estate developers and individuals, as the former constructs affordable and quality shelters for the benefit of the latter. Housing loans provided to individuals through BPI Family Savings Bank have amounted to PHP 29.8 billion in 2021. Loans provided to real estate developers for affordable housing projects have amounted to PHP 1.5 billion through Business Banking.

BPI SUSTAINABLE FUNDING FRAMEWORK

BPI has an established Sustainable Funding Framework under which the Bank issues green, social, or sustainability bonds or loans to fund projects with clear environmental and social benefits.

The Framework is aligned with the International Capital Market Association (ICMA) Green and Social Bond Principles, the Loan Market Association (LMA) Green Loan Principles, and the Association of Southeast Asian Nations (ASEAN) Green, Social, and Sustainability Bond Standards.

The Framework details four key components with respect to any green, social, or sustainable bonds or loans issued by the Bank, which include use of proceeds, evaluation and selection of eligible projects, management of proceeds, and reporting.



Green Bonds

In 2019, BPI launched two landmark transactions – CHF100 million and USD 300 million in ASEAN Green Bonds. The CHF 100 million issuance, which matured in September 2021, became the first negative yielding CHF bond issued out of the Philippines. The remaining USD 300 million had the lowest coupon credit spread ever paid for by a Philippine bank at the time of issuance.

As of year-end 2021, 100% of the USD 300 million outstanding green bond net proceeds have been allocated to financing/refinancing of projects in accordance with the Framework. The Bank has an additional USD 135.29 million back-up portfolio apart from the earmarked green projects.

Approximately 80% of the proceeds is allocated to renewable energy projects and the balance of 20% to green buildings. GHG emissions reduction from energy by the whole portfolio is estimated at 3.4 million tCO₂ per year, almost entirely attributable to renewable energy projects. In addition, green buildings are estimated to have achieved 9,605 tCO₂ GHG emissions reduction from embodied energy from materials.

Social Bonds

In August 2020, the Bank issued the COVID Action Response (CARE) Bonds, which became the country’s first peso-denominated bonds issued as a direct response to the COVID-19 pandemic. The CARE Bonds were the third tranche of the Bank’s existing PHP 100 Billion Bond Program.

As of year-end 2021, 100% of the net proceeds of the BPI CARE Bonds have been fully allocated to 5,045 eligible MSMEs with 11,675 loan accounts. Total earmarked and back-up portfolio amounting to PHP 33.04 billion is over and beyond the CARE Bonds net proceeds of PHP 21.5 billion.

Loans to medium enterprises make up 64.7% or PHP 21.39 billion of the earmarked and back-up portfolio, serving 769 customers with 5,094 accounts. On the other hand, 51.1% or 2,577 of total customer count represent microenterprises, which corresponds to 3,240 accounts with a sum of PHP 4.18 billion in loans.

Read more information on our green and social bonds and portfolios on pages 315 to 316.

External Verification

BPI has engaged Sustainalytics to independently evaluate the projects and assets funded in 2021 based on whether the projects have met the Use of Proceeds and Eligibility Criteria, as well as reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria, which are outlined in the BPI Sustainable Funding Framework.

RESPONSIBLE BANKING: FINANCIAL INCLUSION



BPI recognizes that financial inclusion is essential for a country's growth to be truly sustainable. Through the years, we have expanded the accessibility of our products and services such as credit, savings, and insurance, especially to the underbanked. We have also made financial education materials available and free across various online platforms.

As we continuously service the country, we aim for a more inclusive development that trickles down to each and every Filipino.

BANKING THE UNDERBANKED

BPI's commitment to the Ayala Sustainability Blueprint is to champion SDG 8: Decent Work and Economic Growth by expanding the reach of banking and financial services to 25% of the underbanked population of the Philippines (addressable C and D market).

A key component in our commitment is to grow our microfinance business through BPI Direct Banko's **NegosyoKo** product which caters to self-employed micro entrepreneurs (SEMEs). Our target is to increase the number of serviced SEME clients to 360,000 by 2023, and 600,000 by 2025. Banko also offers the PondoKo Savings which is a zero

maintaining balance deposit product. The PondoKo Savings Account may now be accessed via the Banko App which is available in both Google Play and Apple App Store.

PROTECTING ASSETS THROUGH MICROINSURANCE

Wherever our clients may be in their financial journey, the Bank recognizes that protecting assets and managing risks are important in ensuring long-term financial wellness. BPI works to provide risk mitigation tools for clients' businesses and assets through Bancassurance products.

In 2019, BPI/MS developed and started the distribution of the InsuranceKo Accident and Calamity Assist, which is a non-life insurance product specifically catering to BPI Banko clients. In 2021, the case count for this product grew to more than 133,000.

In 2020, BPI AIA (formerly BPLAC) launched the Bayan Family Protect Microinsurance Plan 30 (individual), Plan 60 (individual), and Plan 90 (family of 5). As of 2021 there are a total of 11,781 certificates for these.

ACCESS TO FINANCIAL SERVICES

We view digitalization as an efficient way to contain the cost and carbon footprint of servicing more and more Filipinos. In 2021, a total of 3.2 million unique users accessed us digitally through BPI Online and the BPI Mobile App which had an uptime of 99.7%. Digital access penetration is currently at 38.5% of our total retail customers.

INCREASING PURCHASING POWER

BPI Prepaid Cards provides a gateway for the unbanked into the world of financial services with reloadable cards. To date, there are about 891,000 Prepaid cardholders who can now conveniently and securely purchase goods and services in-store and online. In 2021 alone there were a total of three million Prepaid Card transactions.

Keeping in mind the various needs of our clients and the growing need for flexible payment terms, we continue to offer Special Installment Plans (SIP) for credit cards, such as SIP Loans for Hospitalization and Education, and SIP Merchant with low and fixed add-on rates. In 2021, there were a total of 1.4 million SIP transactions.

FINANCIAL EDUCATION AND MANAGEMENT

In order to improve financial literacy in the country, we educate Filipinos in managing and making informed decisions about their finances. Through our business units and subsidiaries, we have expanded our reach not only to our clients but also to the general public.

Since 2020, educational engagements have shifted to online platforms such as webinars and podcasts, as brought by restrictions imposed in consideration of the COVID-19 pandemic. Through this online presence, BPI was able to provide financial insights and relevant updates as the world went gradually healed from COVID-19.

BPI AMTC, BPI Securities, BPI/MS, Global Markets, and OF Segment all share insights on financial well-being through trainings, learning sessions, and briefings. BPI Foundation brings tailor-made programs about the basics of personal finance to underserved and underbanked groups.

In 2021, the BPI AMTC Spotify podcast series, Wealth Radio, which discusses daily updates on financial markets as well as personal financial management insights, had a cumulative total of over 12,000 listeners with 58,053 plays.



Extended financial services to more than
210,000 SEMEs to date



Disbursed **PHP 27 billion** microfinance loans to date



More than **516,000** **PondoKo** Savings account holders

RESPONSIBLE BANKING: SUPPORTING NATION BUILDING



The banking industry was classified as a critical industry allowed to operate during periods of Enhanced Community Quarantine due to the essential services it provides for the Filipino community. Banks must continue to operate even under the most difficult of circumstances, mobilizing funds towards productive uses to ensure that the economy continues to function.

SERVING OVERSEAS FILIPINOS

BPI's dedicated accounts for overseas Filipinos have become indispensable with the greater need to stay connected, through secure and convenient platforms, with their families at home during the community quarantine. The BPI Pamana Padala is a remittance account that offers a remittance continuation benefit through a life insurance coverage of up to PHP 300,000, while the BPI **Padala** Moneyger does not require a maintaining balance as long as the account receives four remittances in a year. The Bank currently has 140 international and seven local remittance partners that help us serve our over 741,000 overseas Filipino clients.



Over **50,000** BPI Pamana Padala accounts and **8,500** BPI Pamana Moneyger accounts

PROTECTION AGAINST UNCERTAINTIES

Long-term financial well-being requires preparation for unforeseen events such as the COVID-19 pandemic. BPI works to increase the community's awareness of risks and the importance of protecting assets through the provision of affordable and relevant Bancassurance products.

In 2020, BPI AIA launched MedLife Protect Plus and the free COVID-19 Life Insurance Coverage campaign. At the same time, BPI/MS started the Family PA 999 product and continues to offer affordable payment schemes for premiums and bonuses for motor insurance clients who did not have insurance claims in the past year.



PHP 52.3 billion total sums assured across over **56,000** certificates under BPI AIA



PHP 3.2 trillion total sums insured for catastrophes and natural hazards under BPI/MS

SCALING UP ENTERPRISES

Small and medium enterprises (SMEs) are dubbed as the economy's backbone, especially for developing countries. SMEs account for the majority of businesses and are important contributors to socioeconomic development in terms of GDP growth and widespread equal distribution of income through job creation.

We continue to cater to the specialized needs of SMEs by disbursing up to PHP 123 billion to more than 117,000 SME clients of Business Banking in 2021.

Addressing the working capital gap arising from credit terms, which is a typical characteristic of SME trading agreements, the Quick Assist Program provides SMEs access to credit while helping them comply with trading agreements by securing holdout on deposits for Letters of Credit and Standby Letters of Credit.

The Supplier Financing Program offers a low-risk financing option where a customer can extend its credit terms with the vendor while the vendor is able to receive early payment by selling their trade receivables to BPI.



PHP 142 million worth of transactions for **49** SMEs under the Quick Assist Program



Business Banking hosted **48** online learning sessions reaching **5,766** SMEs



PHP 16.3 billion financed trade receivables for **49** clients enrolled to the Supplier Financing Program

ROBUST SUPPORT SYSTEMS

BizLink, BPI's internet banking platform for business and corporate clients, has enabled continuous productivity for clients despite the physical restrictions of the community quarantine. With a 100% uptime in 2021, the system facilitated 79.8 million transactions of over 21,000 unique users amounting to over PHP 3.5 trillion.

MAXIMIZING CAPITAL RESOURCES

BPI supports the country's key economic players through landmark investment banking transactions. We significantly contribute to the development of the Philippine economy through various initiatives, especially in the infrastructure space.

In 2021, BPI Capital Corporation loaned PHP 903.9 billion to the government and helped them raise an additional PHP 97.7 billion. Total capital loaned to clients reached PHP 1.4 trillion while total capital raised for clients amounted to PHP 160.3 billion for the same period.



PHP 1.4 trillion total capital loaned to clients by BPI Capital



PHP 160.3 billion total capital raised for clients by BPI Capital



PHP 51.2 billion total underwriting for green, social, and sustainable bonds

RESPONSIBLE OPERATIONS:
ENVIRONMENTAL SUSTAINABILITY



While the financial sector is not an intensive user given the nature of its activities, BPI recognizes the need for the prudent use of all natural resources. We keep track of our environmental impact and encourage our stakeholders to do the same.

ENERGY CONSUMPTION

BPI’s energy consumption comes mainly from electricity requirements of our daily branch and office operations. Our monitoring is based on electricity billings received. Given increased economic activity in 2021 compared to 2020, primarily due to the lightened restrictions for economic activity and community movement, electricity consumption increased as expected.

For 2021, total electricity consumption¹ added up to 128,815 gigajoules, an 8% increase versus the previous year. Energy intensity for the current year is at 1,323 gigajoules per PHP 1 billion revenue.

The Facilities Services Group (FSG) handles all physical maintenance and construction-related works that support the Bank’s business activities. In line with the bank-wide strategy to shift from physical to digital, FSG’s initiatives focused less on building branches and more on reducing operating costs while maintaining the quality and integrity of our physical premises.

FSG supported preparations for the BPI and BPI Family Bank merger by ensuring the timely

completion of retrofitting works for co-locating branches. By mid-year 2021, the conversion to LED lights was completed for 100% of branches nationwide. By year end, 51% of branch air-conditioning units have been switched with inverter-types.

BPI also consumes fuel for generator sets during power interruptions and for armored vehicles for servicing our branches. In 2017, fuel consumed for generator sets was determined to be insignificant in the scale of our operations and so was deemed immaterial for reporting. In 2018, the Bank began outsourcing armored vehicle requirements from its previous leasing arrangement. This meant that fuel consumption was managed by the armored vehicle agency, which also served other clients, taking it out of BPI’s reporting scope.

GREENHOUSE GAS EMISSIONS

BPI’s greenhouse gas (GHG) emissions are computed based on the Bank’s electricity consumption and the Department of Energy’s (DOE) National Grid Emission Factors². This falls under Scope 2 of the GHG Protocol Corporate Accounting and Reporting Standard, which refers to indirect emissions from the generation of purchased energy.

Scope 2 GHG emissions increased by 8% in 2021 to 25,652 tonnes CO₂e, following the increase of total electricity consumption. GHG for the current year is at 263 tonnes CO₂e for every PHP 1 billion earned.

In May 2021, BPI signed up as an official supporter of the Task Force for Climate-Related Financial Disclosures (TCFD), showing our commitment to responsible business practices, particularly those climate-related.

Moving forward on our plans to reduce our carbon footprint, we have begun exploring new efficient branch designs, green-building certification, and the use of renewable energy for our facilities.

WATER CONSUMPTION

The Bank’s water consumption comes from pantry sinks, washrooms, and maintenance faucets in branches and offices. As with our electricity, our water is sourced from water distribution companies and is monitored through utility billings.

Total water consumption in 2021 amounted to 326,035 cubic meters, a 29% increase from our 2020 consumption. This is primarily due to regularized operations and utility billings in 2021 compared to 2020.

MATERIAL CONSUMPTION AND RECYCLING

The Centralized Operations Group (COG) continued its Electronic Statement of Account (eSOA) project in contribution to the Bank’s digitalization strategy. The initiative has helped improve customer experience with faster delivery of SOAs via email compared to physical delivery, and at the same time reducing costs for the Bank. In 2021, around 9 million BPI and BFB credit card accounts were enrolled

to the eSOA program, saving 35.8 million pages of paper equivalent to 4,293 trees³ saved from being cut for paper.

All employees are also encouraged to use resources, including office supplies, responsibly. Despite the hybrid work arrangement which significantly reduced the number of employees reporting to the offices, the Bank was still able to collect 860 kilograms of recyclables in 2021.

CAPACITY BUILDING ON ENVIRONMENTAL SUSTAINABILITY

As part of the management of BPI premises, FSG also facilitates the Bank’s compliance with government regulations on environmental impact such as energy, water, air, as well as solid and hazardous waste. This includes permits, reports, and other requirements of the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA), among others. Pollution Control Officers (PCOs) and engineers are assigned by geographic clusters and are continuously trained to stay up to date with the latest regulations and trends on environmental management.

The Sustainability Office continued to host online Learning Sessions on various sustainability themes based on the interests of employees, including environment-related topics on vegan recipes, zero waste living, and decluttering.

	2019	2020	2021
Electricity Consumption ¹ (gigajoules)	167,080	119,291	128,815
Scope 2 GHG Emissions ² (tonnes CO ₂ e)	33,234	23,760	25,652
Water Consumption (cubic meters)	380,734	252,975	326,035
Paper Consumption Avoided (number of pages)	12.09 million	31.5 million	35.8 million
Trees Saved Equivalent ³ (number of trees)	1,452	3,778	4,293
Recyclable materials collected (kilograms)	10,578	3,170	860

¹ Includes branches, head offices, and business centers in the Philippines, excluding BanKo branches and branch-lite units.

² GHG emissions are computed using the latest available National Grid Emission Factors from the Department of Energy (Source: DOE.gov.ph)

³ One tree makes 8,333.3 sheets (Source: Conservatree.org)

RESPONSIBLE OPERATIONS:
SOCIAL RESPONSIBILITY

Despite the continuation of the pandemic and its corresponding challenges, the tremendous effort of our employees allowed BPI to continue to serve the country while working safely, whether from the branch, a mobility hub, or from a home office.

In 2021, Human Resources (HR) focused on ensuring the safety and survival of the organization and its employees, operational efficiency and effectiveness, and being a key partner of the Bank in its transformation initiatives. The objective was to prepare the organization for the future of work, nurturing a culture that allows its people and the business to grow.

EMPLOYEE DEMOGRAPHICS

HEADCOUNT	2019	2020	2021
Direct Hires	21,429	19,952	19,181
By gender			
Male	7,022	6,605	6,351
Female	14,407	13,347	12,830
By age			
Over 50 years old	1,286	1,229	1,386
30-50 years old	8,255	9,061	9,429
Below 30 years old	11,888	9,662	8,366
By location			
NCR	12,611	11,538	10,951
Luzon	4,807	4,542	4,416
Visayas	2,324	2,248	2,174
Mindanao	1,687	1,624	1,594
Hong Kong ¹			34
London ¹			12
Indirect Hires	2,636	4,545	2,556

¹ Reporting started in 2021

DEMOGRAPHICS	2019	2020	2021
Senior Management	211	225	242
By gender			
Male	102	103	117
Female	109	122	125
By age			
Over 50 years old	133	139	150
30-50 years old	78	86	92
Below 30 years old	0	0	0
By region			
NCR	199	213	219
Luzon	6	6	9
Visayas	2	3	3
Mindanao	4	3	3
Hong Kong ¹			7
London ¹			1
Middle Management	7,141	6,723	6,527
By gender			
Male	2,500	2,349	2,283
Female	4,641	4,374	4,244
By age			
Over 50 years old	695	664	777
30-50 years old	4,605	4,783	4,708
Below 30 years old	1,841	1,276	1,042
By region			
NCR	4,815	4,371	4,194
Luzon	1,262	1,281	1,260
Visayas	619	614	590
Mindanao	445	457	462
Hong Kong ¹			16
London ¹			5
Rank-and-File	14,068	13,003	12,412
By gender			
Male	4,417	4,152	3,951
Female	9,651	8,851	8,461

DEMOGRAPHICS	2019	2020	2021
By age			
Over 50 years old	432	426	459
30-50 years old	3,972	4,192	4,629
Below 30 years old	9,664	8,385	7,324
By region			
NCR	7,607	6,953	6,538
Luzon	3,530	3,255	3,147
Visayas	1,718	1,631	1,581
Mindanao	1,213	1,164	1,129
Hong Kong ¹			11
London ¹			6
Project Hires	9	1	0
By gender			
Male	3	1	0
Female	6	0	0
By age			
Over 50 years old	0	0	0
30-50 years old	0	0	0
Below 30 years old	9	1	0
By region			
NCR	9	1	0
Luzon	0	0	0
Visayas	0	0	0
Mindanao	0	0	0
Hong Kong ¹			0
London ¹			0
New Hires	4,575	914	645
By gender			
Male	2,834	553	304
Female	1,741	361	341
By age			
Over 50 years old	9	2	4
30-50 years old	785	232	265
Below 30 years old	3,781	680	376
By region			
NCR	2,408	503	379

DEMOGRAPHICS	2019	2020	2021
Luzon	1,237	203	144
Visayas	473	122	57
Mindanao	457	86	54
Hong Kong ¹			8
London ¹			3
By employee category			
Senior Management	10	3	8
Middle Management	867	194	201
Rank-and-file	3,689	714	436
Project Hire	9	3	0
Turnover	2,069	2,391	1,463
By gender			
Male	1,306	781	619
Female	763	1,610	844
By age			
Over 50 years old	194	278	139
30-50 years old	570	692	610
Below 30 years old	1,305	1,421	714
By region			
NCR	1,424	1,568	920
Luzon	372	444	314
Visayas	156	213	127
Mindanao	117	166	91
Hong Kong ¹			10
London ¹			1
By employee category			
Senior Management	22	24	32
Middle Management	639	659	544
Rank-and-File	1,406	1,697	886
Project Hire	2	11	1
By type ²			
Voluntary		1,250	1,282
Involuntary		613	108
Retirement		517	72
End of contract		11	1

² Reporting started in 2020

	2019	2020	2021
Promotions			
To Middle Management	962	661	326
To Senior Management	27	35	25
Benefit Entitlements			
Maternity Leave	14,407	13,347	12,830
Paternity Leave	7,022	6,605	6,351
Solo Parent Leave	21,429	19,952	19,181
Collective Bargaining			
Employees covered by CBAs	8,522	9,541	8,985
Total rank-and-file employees	11,442	12,565	11,953
Percentage covered	74%	76%	75%
Total existing labor unions	25	25	25

EMPLOYEE HEALTH, SAFETY, AND WELL-BEING
BPI continued the implementation of its Safer and Stronger program for keeping employees safe, informed, and connected especially during the pandemic.

We assigned a dedicated COVID Care Team, a 24/7 team that will support COVID-positive and COVID-exposed employees. COVID Buddies were also identified, who were HR personnel assigned to each individual COVID patient to provide guidance on employee health benefits and work arrangements; liaise with local government units or health facilities, if needed; and provide emotional support during the isolation or confinement period.

Mobile, non-mobile, and hybrid work arrangements were made available to employees depending on job functions. Significant enhancements in work tools allowed sustained productivity while minimizing contact rates and COVID-19 transmission.

Employees who had to report on-site were provided with special meal and transportation allowances to help cover food and commuting expenses. Shuttle services were provided to over 3,500 employees in 36 routes nationwide since its inception in 2020.

Health protocols continued to be implemented for clearance before entering the workplace and

for ensuring safety during the work day. Despite requiring vaccination, social distancing is still observed and all premises are regularly sanitized throughout the day.

The umbrella wellness program, Be Well, was carried out in full force this year with the introduction of various programs targetting the holistic well-being of employees. Bi-monthly relevant webinars on physical, emotional, and mental health topics were conducted. A magazine show called “Be Well On Air” was developed with each business unit co-producing an episode every other month, covering various wellness topics. This activity fostered camaraderie and allowed employees to showcase their various talents.

In May 2021, BPI launched its VacctoNormal campaign to encourage employees to get vaccinated as a way to return to the “normal” way of living. This was launched with the Ayala Vaccine and Immunization Program (AVIP), which offered COVID vaccines (both the primary series and boosters) for free to our employees, and at cost to their dependents, through 31 vaccination sites nationwide.

The VacctoNormal campaign effectively cascaded information to employees through webinars with highly-regarded infectious disease specialists; infographic posters with facts about COVID and the vaccine; testimonials from “vaccine influencers;” a Facebook frame promoting the Bank’s VacctoNormal campaign; and live assistance and photo/video coverage at all AVIP sites.

Vaccinated employees received special metal VacctoNormal pins which, when worn with the BPI ID lanyard, provided a sense of security to co-workers and clients alike. WinVacc raffles were also drawn for employees who have signed their dependents up for the vaccination through the AVIP, with cash prize equivalent to one vaccine order.

TALENT DEVELOPMENT

Learning and training during the pandemic were convenient due the wide array of facilitator-led and self-paced e-learning channels such as Granite, Coursera, Degreed, and Percipio. In 2021, 99% of employees completed at least 5 training days among the 200 mandatory, functional, and leadership training modules. Employees underwent over 119,000 training hours.

The Bank’s Officership Training Program (OTP) was continued in virtual mode. Management 101 was a series of courses geared towards improving the

management skills of employees. Several functional development programs were institutionalized to match the curriculum with the actual competency needed by each employee.

Early in the year, all officers underwent annual performance appraisals based on pre-determined key result areas linked to their respective team’s business objectives. This facilitated performance

feedback conversations with the aim of developing an enriched career development plan for the employee being assessed.

BPI also launched leadership webinars, interactive brown bag sessions, noontime TV shows on a variety of special interest topics led by employees themselves, and information campaigns on code of conduct and employee discipline.

MANDATORY TRAINING COURSES



BPI Code of Business Conduct (includes anti-bribery, anti-corruption, and conflict of interest)



Legal Risk Awareness



Operational Risk Management



Data Privacy Awareness



Money Laundering and Terrorist Financing Prevention Program



Business Continuity Management



Financial Consumer Protection Program



Incident Management



Workers' Occupational Safety and Health Seminar



Law of Bank Secrecy



Enterprise Risk Management

EMPLOYEE ENGAGEMENT

In 2021, BPI conducted its biennial BPI Engage Survey covering all 19,000 employees. The objectives were to understand the workforce’s engagement levels and to continue initiatives that make BPI a better place to work in.

Conducted over a two-week period, the survey received the highest response rate on record at 99.8% and posted a 90% engagement score, an unprecedented 10% jump from the 2019 survey. This engagement score exceeds the Philippine Norm and the Global High Performing Companies Norm.

The 2021 survey includes a set of questions specifically crafted to capture the employees’ sentiments on the Bank’s initiatives related to the pandemic, which likewise garnered a 90% satisfaction score.

During BPI’s 170th Anniversary celebration in August 2021, over 1,000 employees participated in the video contest called Show Your Love in 170 Ways, where groups planted 170 seedlings, bikers rode a collective

170 kilometers, branch employees donated 170 food packs to community members, and many other displays of love for BPI. 97% of employees, as seen in the engagement survey results, expressed that they were proud to be associated with BPI.

In November 2021, the Bank was recognized by HR Asia as one of the Best Companies to Work for in Asia (Philippine chapter), the sole financial institution that was bestowed this honor this year. BPI was also recognized in the 2021 LinkedIn Awards as among the Top 3 in the Best Employee Brand category in the Philippines.

The HR team continued the use of the private Facebook group where announcements and latest developments were posted, aside from dissemination via email. The page also hosted several virtual events such as the BPI Excellence Awards, the BPI Virtual Year-Enders, various health and wellness webinars, as well as messages from the President and senior management.

98.8%

employee engagement survey response rate

90%

employee engagement score

90%

of employees are proud to be associated with BPI

BPI won

HR Asia's Best Companies to Work for in Asia (Philippine Chapter)

BPI recognized by

LinkedIn Awards as among the

Top 3 Best Employee Brands (Philippines)

EMPLOYEE WELFARE

To remain the employer of choice among Philippine banks, BPI offers competitive compensation and benefits package.

Job evaluation and salary benchmarking ensure that compensation is within industry standards. Benefits include bonuses, stock purchase plans for officers, and the Defined Contribution and Defined Benefit retirement plans.

Employees receive clothing and medical allowances on top of health and life insurance coverage. Standard vacation, sick, parental, and emergency leaves are also granted. Employees have access to car, housing, education, and multi-purpose loans, with terms depending on tenure and rank.

BPI fosters a work environment that encourages respect, equal opportunity, and non-discrimination based on gender, religion, age, race, ethnicity, color, disability, political views, or social background. We strictly enforce non-employment of minors and are against forced or labor.

We have an established grievance mechanism to promptly address and amicably settle grievances, if any. More information on this can be found in the BPI Code of Business Conduct and Ethics on the BPI website.

We comply with labor laws and regulations in the Philippines and uphold the rights and freedom of association and collective bargaining. In

2021, the Bank closed its Collective Bargaining Agreements (CBA) with its 25 constituent unions, covering around 9,000 or 75% of staff employees. Negotiations were closed between two to five sessions only, the quickest in CBA history.

We seek to ensure that our work practices involve dialogue between management and employees, through employee representative bodies. Regular Labor and Management Conferences are organized for this objective through in-person and virtual meetings.

Our deep concern for our people is likewise evident in the employees themselves. After the onslaught of Typhoon Odette in December 2021, BPI employees raised over PHP 1.2 million in donations, which was matched proportionately by the Bank to provide financial assistance to support affected fellow employees in the Visayas and Mindanao areas.

SAFETY AND SECURITY

A dedicated Safety and Disaster Management team was created under the HR group, which was previously handled by the Facilities Services Group. They developed a Disaster Response and Management Plan that provides recommended actions for handling disaster-related incidents to ensure the protection of BPI premises and safety of employees, clients, suppliers, and others within the premises during the time of emergency.

Several safety-related trainings have been conducted in 2021 for all employees, which include earthquake drills, emergency evacuation, typhoon preparation, as well as first aid and basic life support training. BPI supported the nationwide drills of the Office of Civil Defense and the Ayala Group Communications Exercises. All employees are also mandated to complete the three-module Occupational Safety and Health course on our e-learning platform.

The Central Security Office (CSO) is responsible for ensuring safety and security within the vicinity of BPI premises. CSO manages our security personnel, systems, and protocols. Bank employees and security personnel both undergo regular trainings to stay up to date on security issues and be reminded of proper handling of incident.



CUSTOMER SATISFACTION

The BPI Contact Center manages the main touchpoint of the Bank for clients to send their concerns, whether by calls or emails, instead of having to go through the branches. In 2021, we introduced technological enhancements to the customer feedback database that provides a holistic view for monitoring of outstanding clients concerns and their financial records.

There is a mechanism for elevating cases, when needed, including those referred to the Bank by the Bangko Sentral ng Pilipinas (BSP). Even when the team has reduced the turnaround time (TAT) versus the previous year, compliance to the TAT is at 98.9%. Complaint intensity or the number of complaints per transaction has continued to decrease over the years to 0.09 complaints for every 1,000 transactions.

Customer Assistance Officers (CAO) undergo regular specialized trainings that equip them with hard and soft skills needed to address customer concerns, in compliance with the Bank's Financial Consumer Protection (FCP) program and in accordance with the Consumer Protection Risk Management System. Information and education campaigns for all BPI employees, including non-client facing teams, are included in the FCP.

The Service Quality team provides support by analyzing the drivers of complaints received and collaborating with involved business units to determine areas for product, service, or process improvement. The objective is to determine interventions that will mitigate recurrences of each type of complaint. Training, such as the Service Excellence Training course, and recognition programs reinforce exemplary customer service.

	2019	2020	2021
Number of complaints for every 1,000 transactions	0.17	0.10	0.09
Number of complaints	415,978	300,937	321,168
Number of transactions (in billions)	2.4	2.9	3.5
Complaints resolved	88.4%	95.5%	98.9%

DATA PRIVACY

In response to the Data Privacy Act of 2021 (DPA) and the various circulars of the National Privacy Commission (NPC), BPI established the Data Privacy Office (DPO) to manage the fulfillment of data privacy requirements throughout the organization.

The Privacy Framework and Management Program details the Bank’s strategy for upholding our stakeholders’ right to data privacy. It also provides the duties and responsibilities of business units, guidelines for implementing the Framework, and assessing internal processes in ensuring the protection of clients’ personal information. Our Data Privacy Statement is posted on the BPI website.

All new products, services, and processes trigger the Privacy Impact Assessment (PIA), a due diligence tool containing a privacy risk assessment. In 2021, a total of 112 PIAs were reviewed by the team.

DPO is led by the Data Privacy Officer, who is concurrently the Enterprise Information Security Officer. The DPO regularly reports to the Board’s Audit and Risk Management Committees. All confirmed incidents, if any, must be reported to these Board committees and are used as references for assessing existing internal controls.

Data Privacy Awareness is a mandatory course for all employees of the Bank. DPO releases period awareness materials to promote privacy and cybersecurity to both internal and external audiences, including a live webinar for BPI employees via our private Facebook group.

We participate in nationwide observances of the annual Data Privacy Awareness Week in May and the Cybersecurity Awareness Month in October. During this period, DPO invites experts to conduct lectures to share data security best practices with the Bank. We also participated in the Ayala Group Data Privacy Training attended by employees of the Ayala Group.

PRODUCT SAFETY

The Bank complies with product and service information and labeling regulations and voluntary codes for consumer protection such as the Banking Code for Consumer Protection of the Bank Marketing Association of the Philippines (BMAP) and its Council of Advisors and product governance such as Markets in Financial Instruments Directive II (MiFID II).

We continuously take corrective and remedial action in case of any deficiencies or areas for improvement. In 2021, there were no confirmed incidents of non-compliance.

SUPPLY CHAIN

Our contracts with all services providers and suppliers follow established processes for accreditation, dis-accreditation, vendor selection, and audit, to assure qualified suppliers of equal opportunity when bidding for projects with the Bank. Potential business partners are screened for compliance with relevant government clearances, licenses, and permits covering financial, environmental, and social matters.

This also includes ensuring that all protocols and standards on conflict of interest, related party transactions intellectual property, data privacy, and confidential information are enforced and complied with.

The Facilities Services Group (FSG) handles vendor accreditation for the Bank. Proponent business units identify and suppliers based on their specific requirements. After following approval protocols, the unit endorses the chosen vendor to FSG for accreditation. FSG directly manages vendors for construction and maintenance of Bank premises; janitorial, messengerial, and security services; and other related trades.

In 2021, there were a total of 508 accredited suppliers of which 97% or 491 were local vendors and the remaining 3% or 17 were foreign vendors. This is a 25% increase versus 2020 due to accreditation of new suppliers to support the evolving operational needs of the Bank.

COMMUNITY

BPI Foundation (BPIF), the Bank’s social development arm, is dedicated to empowering underserved communities with financial knowledge and access, to spur responsible and sustainable growth and progress for Filipinos. Its programs are aligned with its key advocacies of financial wellness, sustainable positive change, and *bayanihan*.

Financial Education

FinEd Unboxed is a customized financial education program that seeks to improve the financial capability of underserved communities that include the migrant domestic workers and their families,



uniformed personnel as well as the teaching and non-teaching personnel of the Department of Education (DepEd). The program aims to help beneficiaries develop the proper mindset and

behavior towards becoming financially responsible through simplified lessons on personal money matters covering saving, budgeting, insurance, managing credit, retirement planning, and investing.

INITIATIVE	DESCRIPTION	PARTNER	BENEFICIARY
PinoyWISE iTV on Facebook and YouTube	Virtual education on family income management, reintegration mentoring and services, as well as investment and business opportunities	Atikha	Migrant Filipino Workers and Families
Saludo sa Serbisyo	Financial education seminars and training of trainers on managing and growing finances	Ayala Corporation	Uniformed Personnel (Armed Forces of the Philippines, Philippine National Police, Bureau of Fire Protection, and Philippine Air Force)
Personal Finance Management Program	Webinars on financial wellness, digital literacy, and module development	Department of Education	Department of Education Teaching and Non-teaching Personnel

Adopt-a-Beneficiary is a high-impact online mentorship program wherein volunteer BPI employees provide one-to-one mentoring of their assigned beneficiary with up to two meetings per month. Exercises are conducted based on the beneficiaries’ own finances, allowing financial advice to be tailored to the individual’s specific needs.

BPI Foundation’s Breakthrough, a financial education mobile gaming application launched in 2020, continues to be available for download at the Apple App Store and Google Play Store. The team conducts virtual game days mostly to college students to introduce the app and promote an alternative method of financial learning through “edutainment” or educational entertainment.

In 2021, a total of 58 literacy sessions were conducted under the Financial Education programs for over 798,000 beneficiaries.

Enterprise Development and Livelihood

BPI Sinag, BPI TechVoc, and Show Me Teach Me (SMTM) are long-standing programs of BPIF that are geared towards capacity-building, network development, and provision of access to finance, enabling beneficiaries to create prosperity and improve the quality of their lives.

BPI Sinag nurtures and empower social entrepreneurs (SEs) that focus on the triple bottom line of people, planet and profit through an MBA-like training, mentoring and cash grants. SMTM provides online learning sessions for small enterprises wanting to scale-up their businesses. BPI Tech-Voc provides skills training for unemployed and underemployed individuals and provides opportunities for employment or entrepreneurship.

In 2021, a total of 40 entrepreneurship development training sessions were conducted under the Enterprise Development and Livelihood programs for over 5,300 beneficiaries.

PROGRAM	NUMBER OF ENTREPRENEURSHIP DEVELOPMENT TRAININGS	BENEFICIARIES
BPI Sinag	11	124 SE applications for the business challenge 60 Social entrepreneurs 209 Sinag educators
BPI TechVoc	19	1,313 TechVoc scholars
Show Me Teach Me	10	3,728 micro and small enterprises



Environmental Sustainability

BPIF has a number of programs on environmental sustainability. Transforming the way the community values the environment promotes sustainable opportunities for progress.

Under the Balik-Kalikasan program, a total of 240 hectares have been reforested as of year-end 2021. Hineleban Foundation and D’Sustainable Planet, Inc. (Bambuhay) are BPIF’s partners in Lanao del Sur and Nueva Ecija, respectively.

In collaboration with AGREA Foundation, the Farm-to-Table program aims to transform the lives of select farmers in Laguna through a holistic approach that includes education, technology and innovation, market access, financial literacy and inclusion.

The BPI Climate Risk Assessment Initiative is a continuation of the assessment of climate vulnerabilities of select local government units (LGUs). With the help of WWF Philippines, the project intends to help them create sustainable and climate-resilient strategies in development-planning and by providing climate-risk mapping tools.

The Pagsibol and Sulong Pinoy programs were also made possible through collaboration with WWF Philippines. By providing technological and logistical equipment and establishing climate-resilient

foodsheds, we aim to address food security in low-income communities affected by the pandemic. Additionally, there are capacity-building sessions on foodshed management and financial literacy sessions.

BPIF also partnered with the National Resilience Council, Carlos P. Romulo Foundation, and the City Government of Manila for the Sustainable Cities: Adopt-A-City Program, which aims to strengthen scientific knowledge, leadership, and governance capacities of local government units to achieve human, economic, and environmental resilience, and sustainable development.



PROGRAM	PARTNER	BENEFICIARIES
Balik-Kalikasan: Mindanao Reforestation	Hineleban Foundation Inc.	13 IP families / 52 IP family members in Amai Manabilang, Lanao del Sur 93.71 hectares
Balik-Kalikasan: Lakbay Luntian	Bambuhay / DSPI	17 IP families / 68 IP family members in Pantabangan and Carranglan, Nueva Ecija 147 hectares
BPI Climate Risk Assessment Initiative	WWF Philippines	4 LGUs (Cabanatuan, Calbayog, Tarlac, Tagum)
Pagsibol Food Shed Farming Enterprises	WWF Philippines	470 farmers and over 1,800 family members
Project: Sulong Pinoy	WWF Philippines	2,536 fishermen and over 10,000 family members
Sustainable Cities: Adopt-a-City Program	National Resilience Council, Carlos P. Romulo Foundation, and City Government of Manila	Manila City
Farm to Table in Majayjay, Laguna	AGREA Foundation	150 farmers to start schooling in 2022

Despite the pandemic, program activities were implemented with the help of our partners on the ground. In 2021, there were a total of over 11,900 direct and indirect beneficiaries of the Environmental Sustainability programs.

Arts Management

Titled “BPI: Banking on the Arts,” BPI Foundation’s first-ever virtual art exhibit showed how Philippine culture evolved through the years and how Filipino values were reflected by the artists’ creativity. The event was launched to celebrate BPI’s 170th Anniversary celebration in August 2021.

In collaboration with Ayala Museum, the free virtual museum experience featured 58 carefully curated pieces from the BPI Art Collection, including works of renowned artists such as Juan Luna, Justiniano Asuncion, Oscar Zalameda, Justin Nuyda, and Arturo Luz.

By providing public access to some of the exquisite artworks from the BPI Art Collection, especially at a time when people could not visit museums, BPI Foundation was able to reach 920 virtual exhibit visitors nationwide and abroad. Aside from the exhibit, initiatives such as #KulturasaSerye, social media campaign that features the life and works of various Filipino visual artists, and Yugto ng Sining Art contest, an art competition for BPI employees were launched in 2021.

Employee Volunteerism

The BPI BAYAN employee volunteerism program marked its 10th year anniversary in 2021.

BPIF invited Philippine beauty queens, Venus Raj and Riana Pangindian, who are also active volunteers for their respective advocacies, to give a motivational talk encouraging more employees to join BPI BAYAN.

Gawad Kalinga conducted sessions to capacitate the employee volunteers, teaching them important skills such as how to interact with and determine the needs of the communities. Financial wellness training was also conducted to enhance the volunteers’ ability to facilitate their own training for their chosen beneficiaries.

In 2021, there were a total of 68 BPI BAYAN groups comprised of 4,876 members who implemented their projects addressing the needs of their local

communities. Their outstanding volunteer projects implemented within the year were recognized during the annual BPI BAYAN Awards.

Some employee volunteers were also tapped to support BPIF’s projects in Financial Education, Environmental Sustainability, as well as in Disaster Response and Recovery.

BPIF is currently working on a BAYAN database/ platform that aims to automate the volunteer documentation process including project registration, computation of volunteer hours, and impact reporting.

Disaster Response and Recovery

In response to the prolonged COVID-19 pandemic, BPIF worked with BAYO Foundation and Ramon Aboitiz Foundation to provide Personal Protective Equipment (PPEs) and meals to frontliners in select areas. The team also gave Christmas packs to uplift the spirits of indigent communities in Trece Martires, Cavite.

BPIF partnered with Ayala Foundation for the distribution of relief packs to communities affected by the Taal Volcano Alert Level 3 evacuation, as well as those affected by Typhoons Maring and Odette.

Recovery initiatives focused on equipping the victims of disasters with the means to return to normalcy after calamities. Through the Fleet of Hope project in collaboration with the Asia Pacific Alliance for Disaster Management, fishermen in Albay were given new motorized fishing boats to replace their original boats damaged by Typhoon Rolly. Through Project Salinong, BPIF helped St. Joseph the Worker Parish in Cagayan fund the construction of a low-cost disaster-resilient village, with a multipurpose hall or livelihood center for community activities, for families displaced by Typhoon Ulysses.



To support the next of kin of medical front liners who contracted COVID-19 or passed away in the line of duty during the pandemic, BPIF has chosen additional ten scholars, in addition to the five scholars in 2020, for its Pagpupugay Scholarship program. Each scholar was provided a maximum

of P100,000 scholarship fund per academic year to cover tuition fees and miscellaneous expenses. BPIF now has a total of 15 Pagpupugay scholars since its inception in 2020

DISASTER	PARTNER	RELIEF OR RECOVERY INITIATIVE
COVID-19	BAYO Foundation	2,000 PPEs to medical frontliners in Capiz
COVID-19	Ramon Aboitiz Foundation	Meals, PPEs, and half-face respirators to 449 healthcare workers in hospitals in Cebu City and Mandaue
COVID-19	Ateneo de Manila University, Cebu Institute of Technology University, Christ the King College – Gingoog City, De La Salle University (Manila), Far Eastern University (Manila), Holy Angel University (Pampanga), Lorma Colleges (La Union), Mapua University (Manila and Makati), Malayan Colleges Laguna, Malayan Colleges Mindanao, Mindanao State University – Iligan Institute of Technology, Miriam College, National Teachers College, Philippine Women’s University, PHINMA Republican College, PHINMA St. Jude College, Polytechnic University of the Philippines, Saint Louis University – Baguio, Silliman University, Southville International School and Colleges, St. Mary’s College of Baliuag (Bulacan), Technological Institute of the Philippines, University of Batangas, University of Northern Philippines, University of Nueva Caceres, University of Santo Tomas (Manila), University of San Carlos, University of the Immaculate Concepcion (Davao), University of the Philippines (Diliman), University of the Philippines (Manila), Xavier University – Ateneo de Cagayan	P100,000 scholarship fund per academic year for the ten (10) additional scholars who are next of kin of medical front liners who contracted or died of COVID-19 in the line of duty
Typhoon Odette (Dec 2021)	Ayala Foundation	Relief packs to 4,400 families or 22,000 individuals in Negros Oriental, Cebu, Bohol, and Surigao
Typhoon Maring (Oct 2021)	Ayala Foundation	750 relief packs to affected communities in Cagayan, La Union, and Benguet
Taal Volcano Alert Level 3 (Jul 2021)	Ayala Foundation	410 relief packs to affected communities in Batangas
Typhoon Ulysses (Nov 2020)	St. Joseph the Worker Parish of Baggao, Cagayan	82 disaster-resilient duplex houses for over 160 families in Cagayan
Typhoon Rolly (Oct 2020)	Asia Pacific Alliance for Disaster Management	40 motorized fiberglass boats to fishermen in Albay

More information on CSR programs can be found in the BPI Foundation website (www.bpifoundation.org).

BUSINESS REVIEWS AND CLIENT TESTIMONIALS



REINVENTING BANKING FOR A MORE INCLUSIVE AND SUSTAINABLE TOMORROW

In its 170th year, the Bank of the Philippine Islands affirms that the ability to change, to reinvent, has never been as crucial as it is today.

Behind BPI's long history of banking excellence is a succession of innovations, breakthroughs, and prescient strategic decisions formed by lessons learned from failures and supported by an unswerving commitment to give the best to clients.

Through its ability to reinvent itself throughout the years, BPI has thrived and excelled. Amid the pandemic that continues to stifle growth in many parts of the world, this ability to reinvent is helping BPI navigate new challenges and realities in the financial industry.

Once again, on its 170th anniversary, the Bank is reinventing itself through three strategic priorities: digitalization, customer service, and sustainability.

Digitalization will help us deliver the services that our clients need in a more convenient way and, at the same time, enhance our efficiency. A focus on customer service will allow us to transform customer experience through all customer touchpoints. Sustainability has also become a business imperative because it is the only way we can do good business with our clients for many years to come, while at the same time ensuring the welfare of future generations.

For BPI, reinventing banking means creating a more inclusive and sustainable society for Filipinos.

CONSUMER BANKING: INCLUSIVE BANKING THROUGH INNOVATION

In 2021, approximately 4.84 million BPI clients logged in to BPI Online to do over 20 million financial transactions. Over 3.2 million of those customers actively use our online portal, a 20% increase in digital banking users compared to 2020.

In the second year of the pandemic, our clients have adapted to digital financial transactions, and many Filipinos have come to know the benefits of banking facilitated by smartphones, apps, and websites.

Sending money, paying bills, shopping, and investing are just a few of the things we made possible and very convenient for our customers as they continue to spend more time in their homes because of the pandemic. Our app and website are key enablers.

"Everyday banking" is the ideal that we strive for—where customers use our services for virtually any transaction that involves money. We continue to shape a future where a digitally enabled lifestyle is the norm.

TRAILBLAZING DIGITAL PRODUCTS

The spirit of reinvention also led to the development of new products and features that delivered unparalleled convenience:

1) Four first-to-market digital products using the open banking infrastructure.

- BPI eGov: one-stop-shop digital portal for government payments via the BPI Mobile app
- BPI QuickPay: fit-for-purpose portal for quick and hassle-free bill payments
- BPI eADA: digital enrollment for auto-debit arrangements, now with 83 partner billers
- Pay on Delivery: allows clients to pay digitally for goods upon delivery, thereby enabling customers to see and check the items before paying

2) InstaPay via QR, registered email, and mobile number.

BPI pioneered this service in the first quarter of 2021. Customers can now send and receive money to and from other banks via QR, linked email address, or registered mobile number.

3) Digital account opening via BPI Mobile app. Over 33,000 fully verified, new-to-bank clients opened digital deposit accounts, namely #SaveUp and Saver Plus, through the app. The new feature allowed for an intuitive experience and easy online account opening for new BPI customers. A rigorous multi-level customer onboarding process also filtered out counterfeit IDs and false identities. In 2021, deposits from these new accounts totaled PHP 150 million.

4) New currency option for account opening via BPI Online. Online banking clients now have the option to open a peso or dollar account through our online portal.

5) Smarter digital banking security features.

Security remains a top priority, and these features allow for more financial transactions and improved device registration and risk-based authentication.

- More financial transactions have shifted to Mobile Key-only authentication. These features include Load E-wallet, Load Prepaid Phone, and Enroll Account for Third Party Transfers.
- Improved OTP messaging promoted cybersecurity awareness among clients.
- A unique, pre-composed secure SMS was introduced as a device registration improvement to ensure a seamless and secure process.



- Risk-based authentication strengthened the security framework by proactively detecting and thwarting fraudulent transactions.
- Lock My Access and User ID Retrieval features were introduced, allowing clients to secure their accounts on their own through the BPI Mobile app.

GROWING THE DIGITAL ECOSYSTEM

Open banking, a key value driver for BPI's digital banking services, makes use of the Bank's application program interface (API) capability, which allows customers to use their BPI Online credentials to access a growing list of non-traditional banking transactions.

Open banking transactions totaled 103.3 million in 2021, a 75% jump compared to the previous year. The total amount processed reached PHP 281 billion, which is a 15% increase over the previous year.

As a result of BPI's growing list of 83 API partners, covering 786 brands and services, clients were able to securely and conveniently execute transactions through the following:

- Cash sending via BPI to Cash — with Palawan Express, Cebuana Lhuillier, Mhuillier, LBC, RD Pawnshop
- Top eWallets — GCash, PayMaya, GrabPay, MegaPay, SquidPay
- Online purchases/shopping for goods and services— Lazada, Shopee, Zalora



- Prepaid phones — Globe, Smart, Sun, DITO
- Prepaid utilities — Meralco KLoad and Cignal Prepaid
- Highway tolls such as EasyTrip and AutoSweep RFID, and prepaid transportation — BEEP card loading and BEEP QR code
- Cashless on delivery with Transakto
- Government payments to SSS, BIR, PNP, Pag-IBIG, FDA, OWWA, among others.

BPI to Cash, in particular, allowed more Filipinos to send money through BPI Online and BPI Mobile. In 2021, more than 350,000 transactions totaling PHP 1.67 billion were completed.

SEAMLESS CUSTOMER EXPERIENCE THROUGH CO-LOCATION

As we continue to provide an “everyday banking” experience for our clients, we also aim to make it more and more seamless. Transactions started in traditional ways via the branch can be completed through our digital channels and vice versa.

This calls for the optimization of our traditional and digital channels. We continue to reimagine our storefronts, virtually and physically, in order to find an intuitive way to satisfy the needs of our clients.

With the decline in over-the-counter transactions and the shift to digital, we have begun optimizing our branch network by co-locating 56 of our branches for cost efficiency and higher productivity. Our employees, too, have learned new skills as more of them shift to providing trusted advisory services to our customers.

As approved by our regulators, our merger with BFSB took effect on Jan. 1, 2022.. This will allow us to seize and further optimize opportunities to enhance the quality of overall banking experience.

Over the next few years, the co-location of our branches and the reinvention of the branch experience will play a crucial role in transforming our customer service.

The slowdown in withdrawal volumes brought about by the pandemic presented an opportunity to rationalize and redeploy our ATMs. This resulted in a cost reduction on operations while providing better operational efficiencies, higher machine availability, and more strategic client access to our ATM network.

Today we have 2,457 ATMs and CAMs nationwide.



CLIENT TESTIMONIAL

SAYING “YES” TO OPPORTUNITIES

DR. JOSE JULIANO
Calamba Medical Center

Some 25 years ago, BPI took a chance on Dr. Jose Juliano, who wanted to make the Calamba Medical Center (CMC) a first-class private hospital in the south of Manila.

At that time, Dr. Juliano had little experience in the hospital industry, no medical degree (his doctorate is in nuclear chemistry), and no guarantees that his plans for the hospital would work. Also, he was already past retirement age at that time.

Today, at 89 years old, he looks back on those days with gratitude for the opportunity given to him by one bank, when no one believed in his vision.

“Without BPI, I wouldn’t be here,” said Dr. Juliano, who has been president and CEO of CMC since 1999.

CMC is the leading private hospital in Laguna. It has an advanced laboratory, diagnostic imaging, and ancillary facilities.

TAKING RISKS

He said that without the funds that BPI provided, the hospital wouldn’t grow. He was willing to take well-considered risks, even if, at that time, the other board members were afraid of borrowing money.

“They were asking, ‘Can we pay for it?’ I said to them, ‘I will pay for it.’ That’s how confident I was. To me, if you don’t do something to improve what you have, you will be left behind, you will lose,” he said.

“If the others can make it, why can’t you make it? That’s just how it is,” he said.

Dr. Juliano had stints in the academe teaching chemistry and physics in the US and in UP Diliman, wrote dozens of peer-reviewed scientific papers, worked on the country’s nuclear reactor, was selected as one of the first TOYM (Ten Outstanding Young Men) awardees in 1959, and served as

undersecretary for the Department of Trade and Industry under former President Fidel V. Ramos, to name only a few of his accomplishments.

VISIONARY LEADERSHIP

He never dreamt of being in the hospital business, and yet, he is now actively involved in shaping the future of one of the most innovative hospitals outside the metro.

“In just two months, I built a molecular lab and a testing facility for COVID at CMC,” he said. CMC was the first hospital in Laguna to do so, and it benefited the hospital at the peak of the pandemic.

RIGHT PARTNER

He attributes his success to working hard, having a clear vision, and building strategic partnerships.

BPI has been a reliable, strategic partner for Dr. Juliano in the last 25 years and is an institution that also believes in the value of constant reinvention and in helping the community in the best way possible.

“People tell me, ‘Oh, you’ve done a good job, growing CMC from such a small hospital.’ I said, ‘Yes, but then nobody helped me except for BPI.’ Many other banks want to help me now, but at that time when I needed support, there was none,” he said.

For BPI, saying “yes” to people like Dr. Juliano, who is ready to reinvent himself and his businesses, has led to a fruitful and satisfying partnership.



RETAIL LOANS: HARNESSING OPPORTUNITIES

For some Filipinos who have slowly overcome their fear of the pandemic in 2021, owning their own homes and driving their own cars have become predominant necessities. They reckoned that working from the safety of their home and getting to work with a minimal risk of getting COVID-19 were important.

It was a good year for retail lending, with total releases of auto loans 33% higher compared to 2020. While total car industry sales in 2021 improved by 5% versus 2020, the number of units that BPI financed grew even faster at 34%.

The performance of housing loans was even more impressive, with a 42% increase in loan releases compared to 2020. We have also exceeded our pre-pandemic 2019 business by 11% and have grown our portfolio by 9%.

For auto loans, the transition to a new system led to faster turn-around time in the loan process through the automation of several functions, such as office file checking, matching to existing loan programs, and more efficient credit scoring. Housing loan clients will experience the same benefits in 2022 with the shift to the same system.

Despite the ongoing issues with regard to the supply of microchips needed for automobiles, car manufacturers are bullish and have announced the roll-out of new models and new variants for 2022.

Top real estate developers continue to produce a steady supply of units, which should contribute to steady growth in the home loan business.

GROWING RELEVANCE OF CARDS

With digitalization becoming entrenched in our daily lives as a result of the pandemic, our credit, debit, and prepaid cards continue to deliver increasing volumes.

The convenience and security of transacting with cards have helped more Filipinos transform into a digitally empowered lifestyle, liberating them from the limitations of handling physical cash.

Our 1.6 million active credit cards generated a significantly higher customer billing amounting to of PHP 179 billion, which in turn resulted in PHP 76 billion in credit card loans.

Despite these achievements, there were also challenges. The interest rate cap on credit card loans implemented by the Bangko Sentral ng Pilipinas (BSP) took full effect in 2021, further compressing margins. The emergence of new COVID-19 variants led to mobility restrictions, which in turn affected card usage and new customer acquisitions.

BPI therefore continued on the journey it started in 2020, which was to make its offers more relevant to the new normal, and to keep on pushing its digitalization initiatives. New products were introduced, and a quicker credit approval process allowed customers to apply for a new card and get a decision in as fast as three minutes.

We also launched a digital acquisition partnership with GCash, effectively expanding the Bank's reach to the millions who adopted GCash during the pandemic.

As the companion card to all BPI and BFSB deposit accounts, the BPI Debit Mastercard gives clients a secure and convenient way to withdraw at the ATM, pay for goods and services at point-of-sale terminals, and make online purchases at e-commerce websites and apps.

Our commitment to transforming the Philippines into a cashless society is reflected in the annual growth of the debit card transaction volume which registered at 21% in 2020 and 29% in 2021 despite the pandemic. In 2021, PHP 84.84 billion worth of purchases were made through BPI Debit cards, approximately PHP 19 billion more than the previous year. Notably, this strong performance was best displayed by the transaction volume growth of our debit cards for online purchases, which grew by 287% in 2021 versus 2020.

Our BPI Prepaid Cards also facilitated online spending and became an alternative for the deposit account for some clients. Our encashable card variants gave clients the ability to withdraw at BPI ATMs as well as make purchases in-store, online, and abroad. In 2021, BPI launched the Virtual BPI ePay Mastercard. The virtual card is given as a companion card to BPI #SaveUp accounts and is offered as part of the fully digital account opening process.

Since its launch in June, 40,000 Virtual BPI ePay Mastercards have already been issued, with a 92% opt-in rate for new clients who opened a digital #SaveUp account. In 2022, we will focus solely on growing the Virtual BPI ePay Mastercard as we wind-down the physical prepaid cards.

The BPI Personal Loan — a multi-purpose cash loan with low interest rates, flexible terms, easy payment schemes, and no collateral requirement — allows clients to avail of cash of up to three times their monthly income, quickly and safely. In 2021, Personal Loans posted a 20% increase in accounts booked, equivalent to PHP 3.8 billion in total releases. We also launched our partnership with GCash to offer personal loans to their client base, making it possible to help more clients fund their “life projects”.

Furthermore, we continued to offer promos such as the Loan Now, Pay Later promo, which gives the client a 60-day grace period for monthly installments. We also had the Special Rate offer for healthcare workers who can enjoy as low as 0.55% interest rate per month.

INNOVATING REMITTANCES

New remittance products and services were introduced to ease the difficulties of sending money to loved ones during the pandemic. For our inward remittance business, which allows the transfer of funds from anywhere in the world to BPI, we have implemented transfers to any local bank, inclusive of e-wallets such as GCash.

We launched cash pick-up anywhere and sealed deals for eight new remittance tie-ups in the Middle East, Taiwan, and Guam.

Our inward remittance services now include credit to BPI account, cash pick-up, gift remittance (e.g., Jollibee Padala), bills payment, door-to-door delivery, credit to other local bank accounts, and loading of e-wallets.

We have three remittance centers in Hong Kong and representative offices in Tokyo, Japan, and Dubai,

United Arab Emirates. Our 140 remittance tie-ups and global partners ensure that Filipinos all over the globe will be able to send remittances almost real-time.

For our outward remittance business, which allows the transfer of funds from BPI to anywhere in the world, we have introduced additional currencies. We will continue to cater to retail and corporate customers who make payments and send money from their BPI accounts to the receiver's bank account overseas.

Our domestic remittance business also added two new partners, Bayad Center and PETNET, for sending money to BPI accounts. Sending and receiving funds to and from other banks is now possible using a QR code. Multi-proxy platforms have also been introduced, allowing BPI clients to transfer money to and from other local banks with just the registered mobile number or email address of the recipient.

ELEVATING INSURANCE SERVICES

With the ongoing pandemic, insurance continues to help alleviate fears and aid people in their recovery from unexpected events.

BPI AIA, which is the new identity of BPI Philam, continues to offer the free COVID-19 Life Insurance Coverage program. In 2021, approximately 34,000 customers were given PHP 200,000 life insurance coverage for three months.

There was a shift to savings and single-pay products. We also reopened the short-pay variants of BPI AIA's Build Life Plus, a variable life insurance product with investment features.

Digitalization remained a key feature of our operations. The My AIA application was introduced as an all-in-one platform where customers can access their policy details, conduct self-service, and access their AIA Vitality and health solutions.

Filing of claims has been made possible through the BPI AIA website. Customers can now submit documents digitally from the safety of their own homes.

As a result of offering world-class insurance products that fit the needs of clients, BPI AIA earned another accolade in 2021. For the fifth year in a row, it has been named the Best Life Insurance Company in the Philippines by the World Finance Global Insurance Awards.

BPI/MS, our non-life insurance business, continued to enhance its digital platforms to address the customers' need for contactless and cashless transactions. The BPI MS web app was launched, offering two products—Accident Secure Max and Hospital Income Protect Plus.

The online sales platform (OSP) was also launched to enable clients to buy insurance online with motor insurance being currently offered and other products such as personal accident and fire insurance to be offered soon.

Digital payment options through e-wallets such as GCash, PayMaya, and Bayad App also made transactions more convenient and secure.

Innovative products also offered customers more convenience. The Multi-Year Protect (MYP), a motor insurance product, allowed for a coverage period that coincided with the term of the customer's BPI auto loan. With this product, there is no need for the customer to renew the insurance policy every year.

Another web app offering is the Accident Secure Max, a personal accident insurance product for individuals and families.

HELPING MORE FILIPINOS INVEST WISELY

Offering easier ways to invest and launching more relevant investment products dominated the activities of BPI Investment Management Inc. (BIMI) and BPI Asset Management and Trust Corporation (BPI AMTC) in 2021.

BIMI has teamed up with Dragonpay and Payday allowing those who do not have a BPI account to invest in peso ALFM and PAMI (Philam Asset Management Inc.) mutual funds directly from their bank accounts at any time.

In Dec. 2021, the ALFM Global Multi-Asset Income Fund and Philippine Stock Index Fund were launched on GInvest, the investment feature of the GCash e-wallet. This is BIMI's initial foray into a purely digital platform that allows clients to open an account and invest in the funds for as low as PHP 50. With its increased presence in both traditional and digital channels, BIMI's retail client base increased by more than 80% to 199,000 unique investors in such a short time.

Today, BIMI is the largest mutual fund management company in the Philippines with more than 50% market share and an assets under management (AUM) of PHP 230 billion in 2021, up 19% increase compared to 2020.



BPI AMTC continued to offer solutions attuned to client interests and investment opportunities. In 2021, we launched the BPI Invest World Technology Feeder Fund, which invests predominantly in companies in the technology sector, such as Apple, Microsoft, Amazon, and Alphabet. Another new fund, BPI Invest Global Health Care Feeder Fund, focuses on stocks in the healthcare sector such as United Health Group, Pfizer, and AstraZeneca.

BPI AMTC, whose AUM stood at PHP 882 billion as of the end of 2021, has grown rapidly in terms of volume and number of clients in the past five years. Since 2016, AUM has grown by 56%, and the number of clients has more than doubled.

BPI Securities, BPI's equity securities brokerage arm, has over 88,000 accounts, making it one of the leading local brokerage houses in the country.

Despite the challenges in 2021, we were able to increase our volumes by 40.3%, driven by robust online trading and a sharp jump in block trades. Our business was also supported by a healthy deal pipeline as companies saw the opportunity to raise cash in the highly liquid equity capital market.

To support the growth of our business, we introduced enhancements to BPI Trade, our online trading platform, to further strengthen its robustness and availability. We will continue to implement enhancements that will include new products, trading tools, and a fully digital account opening experience, to name a few.

CORPORATE BANKING: ENABLING RECOVERY AND PROGRESS

BPI Corporate Banking aspires to be the preferred partner of its Philippine and Multinational corporate clients. Through the years, we have helped clients achieve their goals by providing solutions for managing their operations, growing their business, caring for employees, and mitigating risks.

It was no different in 2021 as we continued to provide support and expertise to help our clients recover and thrive, two years into the pandemic. Previous organizational strategies proved beneficial, as we saw sustained collaboration within the organization.

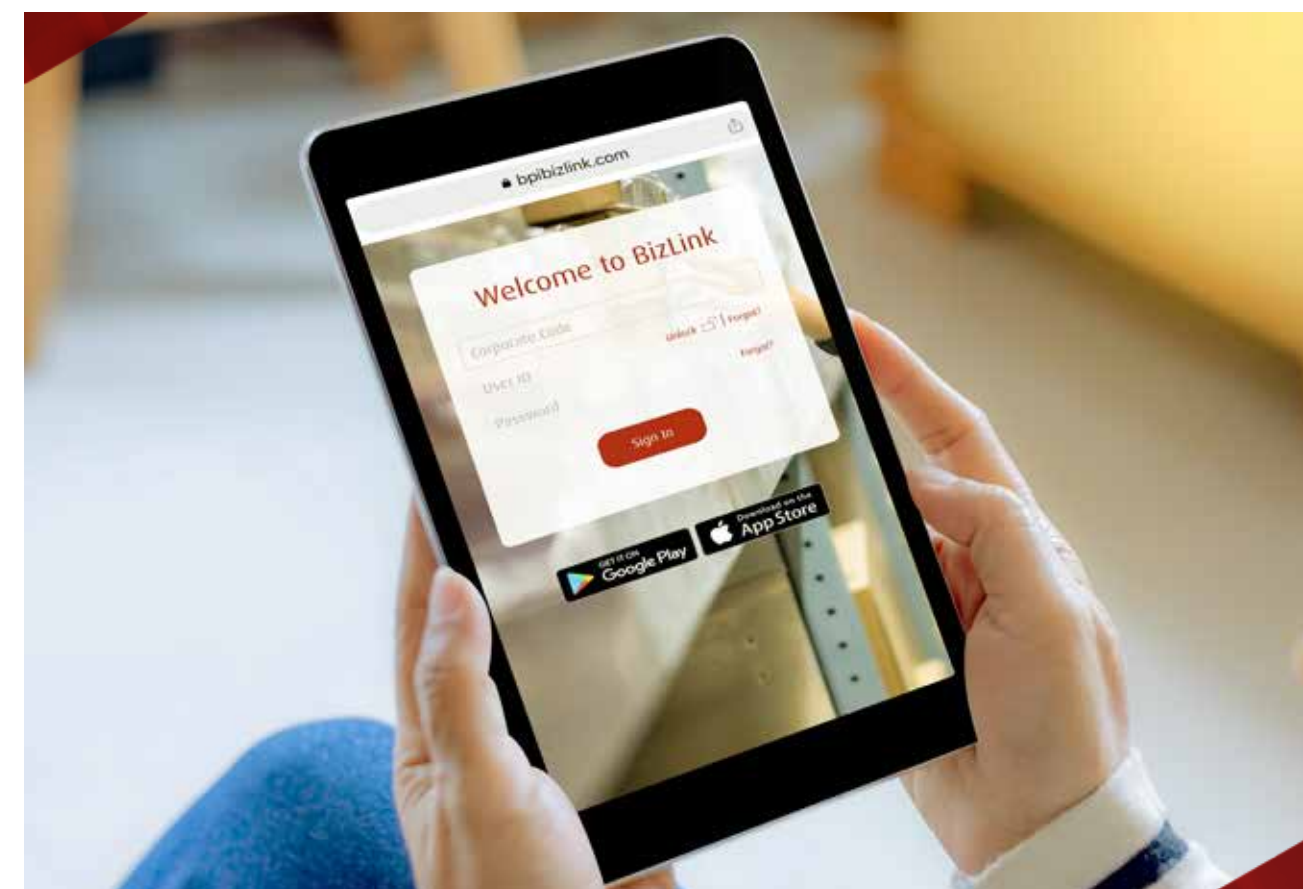
Coming from a year of nationwide business slowdown, we were more eager to manage our clients' portfolios and assist in finding opportunities for them. The general preference for digital alternatives in the "better normal" allowed us to actively provide support to clients via BizLink, our app for corporate clients' digital banking needs, and other products in line with the bank's digitalization imperative.

We also pioneered the use of electronic signatures in the banking industry by introducing DocuSign, a cloud-based electronic signature technology that facilitates the exchange and signing of documents. It also offers authentication services, identity management, and workflow automation.

DocuSign-affixed electronic signatures for letters of instructions and other BPI standard forms are now accepted as the basis for implementing certain financial transactions without requiring clients to submit wet-signed original documents. We also adopted Adobe Sign for client-initiated documents.

Our focus on digital cash management solutions and other deposit-building campaigns paid off quite well, with a remarkable CASA (current account and savings account) year-on-year growth of more than 20%. The deposit mix improved to 51:49 in favor of CASA, reversing the traditional dominance of bought funds in the corporate segment.

Corporate Banking remained supportive of clients who continued to face challenges, as well as those who saw opportunities amidst the pandemic. Our Corporate Credit Products Group met the steady



inflow of credit requirements with improvements in the evaluation process. Focusing on risk levels per industry allowed the group to arrive at informed decisions in terms of the appropriate financial support and advisory that could be extended to clients. We prioritized portfolio quality while loan growth was focused on essential industries. Loan outstanding balance grew by 5%, reflective of the improving business sentiment and climate towards the end of the year. Corporate Banking accounted for 75% of the bank's total loans in 2021. An addition to its significant contribution to the bank's intermediation business, Corporate Banking contributed 20% to non-interest income, mostly from Transaction Services and Remittance & Funds Transfers, further proof of the groups' success in providing viable digital solutions.

Corporate Banking's achievements were made possible by an energized team supported with adequate work tools that enabled them to remain effective while continuing to work in hybrid and mobile work arrangements. Online learning and development programs were embraced as the new norm. Virtual client meetings, economic briefings and social events curated for clients helped our frontliners to keep clients engaged.

With strong client-centered strategies, reinforced collaboration with the branch network, new game-changing digital solutions, and continuous employee support initiatives, we are well positioned to seize opportunities, post-pandemic, in the better normal era.

BUSINESS RESILIENCY AND CONTINUITY

BPI's goal is to be the trusted financial advisor and main operating bank of domestic Filipino companies and multinational firms in the country. Our Cash Management services focus on four key pillars to achieve this goal: 1) reliable and efficient platforms, 2) service level as a differentiating advantage, 3) comprehensive suite of competitive and premiere digital solutions, and 4) continuous offering of first-mover solutions.

We serve the needs of conglomerates, local corporations, multinational companies (MNCs), and micro, small, and medium enterprises (MSMEs). We have a cash management customer base of over 37,000 companies.

In 2021, the business continued to have a strong performance compared to 2020 as we leveraged on our cash management services and digital platform. Our customers' CASA increased by 19%, which is a result of our successful cross-sell and up-sell strategy, where we converted single-product customers into multiple-product customers. Our fee revenues increased 29% year-on-year as we continue to renegotiate the commercial arrangements with customers in 2021.

Our cash management customer penetration rate is at 38%. We aim to increase market share while improving our cost ratio by working with customers to digitalize their financial transactions on Bizlink, BPI's corporate digital banking platform.

Through BizLink, a portal we created for our corporate and MSME (micro, small, and medium enterprises) clients, we empower our customers to fulfill their financial obligations to their suppliers, employees, and government agency partners using one secure digital platform. By the end of 2021, Bizlink processed 69 million digital financial transactions with a value of PHP 3.5 trillion, an increase of 20% and 47%, respectively, year-on-year. Digital transactions processed in BizLink are the main drivers of cash management transactions, with a 70% share in 2021.

New features with a more intuitive user experience were also rolled out. Customers now have the capability to process multiple transactions in a single click and transfer funds to suppliers or pay bills without the need to enroll the account number and fill in biller details.

Because COVID-19 continues to bring challenges to many businesses nationwide, digital processes and infrastructure — especially in cash management, collections, and disbursements — have formed an integral part of business resiliency and continuity for many companies.

As a result, we introduced several innovations and enhanced other services in 2021:

- **Corporate Cash Deposit Machine (CCDM).** Introduced in 2017, the CCDM is an offsite cash acceptance machine installed at the corporate client's premises, allowing them to deposit cash into the machine and post said deposits to their

nominated BPI account intraday. Since then, the facility has found success in addressing the needs of our customers from cash-intensive industries. By the end of 2021, cash deposit volumes grew to PHP 12 billion with 76 machines deployed.

- **Corporate QR.** Launched in April 2021, the Corporate QR facility helps companies collect payments from businesses and individuals in real time. This facility rides on the retail version of the QR code fund transfer facility for individuals. The number of corporate accounts enrolled grew to 210 by the end of 2021. We registered 8,304 transactions through the enrolled corporate QR accounts with a total amount of PHP 35 million.
- **Pay BPI Unenrolled variant.** This is a new payment solution that allows BizLink customers to digitally complete bulk transfers to their payees (e.g., suppliers and service providers). With the Pay BPI Unenrolled variant, pre-enrollment of payees is not required. This speeds up the customers' payment process to their suppliers and service providers and ensures business continuity. As of December 2021, there are 1,790 active users of the Pay BPI facility on BizLink. This is a 105% increase from the previous year.
- **BizLink Banner.** This is a digital onboarding tool that allows for targeted advisories or notifications to pre-identified and qualified customers. This is particularly beneficial to clients who no longer have to undergo the cumbersome process of submitting documentary requirements when subscribing to additional digital facilities.
- **MT940 Host-to-Host facility.** MT940 is a format used for sending and receiving funds internationally through the SWIFT system used by banks worldwide. A bank statement in MT940 format can now be "pushed" or transmitted directly from the bank's system to the client's backend system using a host-to-host connection, eliminating the need for manual user logins and downloads from the BizLink platform.
- **Pay Bills facility.** This facility in BizLink was streamlined by removing the biller pre-enrollment requirement to make it easier and

more convenient for customers to pay their bills. By eliminating the biller pre-enrollment requirement, clients can directly pay their bills to over a thousand merchants available on the platform. An additional feature where clients may view their recently paid merchants in BizLink has also been made available.

- **Electronic Certificate of Withholding Tax (eCWT).** This is a new feature of the Pay BPI, Pay Bills, and PESonet facilities in BizLink. It eliminates the pain point for customers who used to process their CWT forms manually and sign each of the forms. Customers can now facilitate the end-to-end processing of all their payments on one platform through digitized CWT forms containing their digital signatures and send them automatically to their payees via email. They may also generate a printed copy.
- **Social Security System (SSS) Real-Time Processing of Loans.** Companies may now remit their employees' SSS loan payments using BizLink. The facility offers convenience to customers as they simply need to upload their employee loan list to the portal of SSS and get their Payment Reference Number (PRN). They can then remit the payment via BizLink using the SSS PRN. Customers can rest easy knowing that their employees' SSS loan payments will be processed on time, avoiding penalties for late remittances.

Promotions and campaigns, as well as intensive customer service training, also helped transform the business in 2021 as BPI endeavors to become the undisputed leader in digital banking services.

BUILDING MOMENTUM FOR SUSTAINABILITY

Sustainable Finance. In partnership with the International Finance Corporation (IFC) of the World Bank Group, BPI introduced Sustainable Energy Finance to the Philippine banking industry in 2008. The BPI SEF Program, which was renamed Sustainable Development Finance (SDF) in November 2019 to reflect BPI's commitment to the UN Sustainable Development Goals (SDGs), was used as a platform to help finance green and climate projects in the private sector.

BPI continues to expand the SDF program to reinforce the Bank's drive to spur sustainable business growth in the country. We help both

SMEs and large businesses reduce greenhouse gas emissions and climate-proof their businesses. At the same time, we help them generate savings and increase profitability via green and sustainable projects. With the new and expanded SDF Program, BPI has consolidated its financing activities for renewable energy (RE), energy efficiency (EE), climate resilience (CR), and sustainable agriculture (SA).

We provide free technical consultations that include energy consumption audits, reviews of the track record of vendors for equipment to be used, and other forms of assistance needed to ensure sustainability outcomes. For our loan evaluation, we now include the Environmental Risk Assessment (ERA), which shows levels of risk exposure to potential natural disasters, measured by the government's Hazard Hunter system. With this, we can propose risk-mitigating and compliance measures as well as appropriate insurance coverage.

As of December 2021, BPI has financed a total of 339 SDF projects: 158 Energy Efficiency projects (47%), 73 Renewable Energy projects (22%), and 108 Climate Resilience projects (32%). These projects total PHP 74.15 billion in cumulative disbursed loans, with the breakdown as follows: PHP 28.39 billion for Energy Efficiency projects (38%), PHP 10.60 billion for Renewable Energy projects (14%), PHP 35.16 billion for Climate Resilience projects (47%).

From 2008 to 2021, these sustainable energy projects have reduced greenhouse gas (GHG) emissions: 919.31 thousand tons of CO₂ per year from EE, RE, and Green Building projects, and 169.62 thousand tons of CO₂ from embodied energy from construction materials for green building projects.

As of 2021, 100% of the net proceeds of USD 300 million from the green bonds have been allocated to the financing or refinancing of projects in accordance with the bank's Sustainable Funding Framework. Approximately 80% of the eligible portfolio is allocated to renewable energy projects, and the balance of 20% to green buildings. GHG emissions reduction from energy by the whole portfolio is estimated at 3.4 million tCO₂ per year, almost entirely attributable to renewable energy projects. In addition, green buildings are projected to have achieved a 9,605 tCO₂ GHG emissions reduction from embodied energy from materials.

BPI actively participated in and organized webinars for knowledge-sharing activities and for promoting, discussing, and delivering solutions to key sustainability issues in the country.

As BPI continues to be at the forefront of sustainable financing in the Philippines, FinanceAsia, a leading finance publication in Asia, recognized the Bank, for the second time, as the Best Sustainable Bank in the Philippines in 2021.

Our Structured Finance Division (SFD) specializes in evaluating specialized loan deals, including project finance, cross-border, and various types of structured credit (e.g., asset-backed securities, structured bonds and loans, etc.). We will continue to contribute to nation-building, ESG, and green initiatives by funding infrastructure and renewable energy projects, namely, geothermal, solar, wind, and hydro. We likewise finance infrastructure developments such as airport upgrades, toll expressways, and bulk water facilities.

In 2021, SFD disbursed a total of PHP 27.10 billion for renewable energy projects, bringing total cumulative disbursements to PHP 147.20 billion for sustainable energy projects, which are estimated to reduce GHG emissions by 29.28 million tCO₂e per year.

Agribusiness Solutions. Since the 1980s, BPI has been one of the financial institutions supporting the country's agribusiness sector, primarily through loans to firms engaged in various agricultural activities such as piggery and other livestock, poultry farming, milling, trading, and processing.

Aside from helping "agripreneurs" in their day-to-day operations by providing working capital, BPI contributes to agricultural modernization by financing the construction of state-of-the-art facilities such as tunnel-ventilated houses for swine and poultry, high-tech cages and ponds for fish, crabs, and shrimp, and automated post-harvest processing plants and equipment. This leads to higher efficiency by having an increased production output with minimal input, generating a higher profit. The use of modern farm structures and equipment also helps in strengthening the biosecurity of the site, which is particularly even more important now with the risks brought about by the COVID-19 pandemic and the African Swine Fever (ASF) outbreak. Equally important is the modernization of agricultural facilities in order to minimize the impact caused by adverse environmental conditions and simplify the management of wastes.



From 1992 to 2021, BPI had a total accumulated disbursement of PHP 840.83 billion to agribusiness, extended to around 1,498 clients. Of that amount, PHP 157.25 billion was disbursed in 2021. Businesses engaged in post-harvest facilities received the biggest share, at 29.76% of the total disbursed amount in 2021. It was followed by disbursements for agricultural trading at 25.05%, and for various milling operations at 20.10%. Financing for poultry businesses received a share of 10.82%, while piggery and other livestock activities received 4.00% of the 2021 disbursement.

BPI Agribusiness collaborated with two of the major industry players not only locally but also globally, the Pig Improvement Company (PIC) and Charoen Pokphand Foods Philippines Corporation (CPF), for a series of webinars in 2021 about the swine industry and mitigating the impact of ASF as well as shrimp production and zero-waste emission.

Aside from its efforts to contribute to knowledge transfer through technical briefings and business forums, the BPI Agribusiness Division continues to provide tailor-fit financial solutions to qualified agribusiness projects.

UNWAVERING COMMITMENT TO SERVE THROUGH INVESTMENT BANKING

BPI Capital Corporation is a multifaceted investment banking firm that provides a comprehensive suite of client-focused and solutions-driven investment banking services.

We have invested in and built an investment bank that is strong and relevant in the core and key disciplines of investment banking: Project Finance, Energy Financing, Structured Finance, Debt and Equity Capital Markets, and Advisory.

As of end 2021, we are the #2 local investment bank in the Philippine Corporate Bonds League Table for Bond Issuances (ex-bank issuances), reinforcing our strength in raising debt for top companies in the domestic and offshore capital markets. We remain the only onshore investment house to take a leading role in arranging offshore capital market transactions for Philippine companies.

With our broad experience, wide investor network and commendable execution, BPI Capital Corporation has actively arranged, underwritten



and participated in one corporate notes issuance, 11 peso-denominated bond issuances, and four dollar-denominated issuances from October 2020 to October 2021. Total issuances were at PHP 323.85 billion (~USD 6.48 billion) and USD 2.1 billion, respectively.

BPI Capital's leadership in investment banking is further exemplified by its proven placement power and formidable track record in the equity capital markets. The leading performance in 2021 was underpinned by landmark transactions such as Monde Nissin's IPO, the largest ever in the Philippines, and the listing of RL Commercial REIT, Inc., the largest REIT IPO. BPI Capital's equity deals in 2021 have a cumulative issue size of ~USD 2,971 million. These deals also demonstrated BPI Capital's commitment to sustainability as several of these deals promoted the advancement of SDGs in the Philippines.

As of December 2021, we are the #1 overall investment bank in the Bloomberg League Table for Equity Issuances, reinforcing our strength in raising equity for top companies in the domestic capital markets.

BPI Capital's contribution to the Philippine capital markets has been recognized by a number of institutions in recent years. Among them are the awards given during the 15th Alpha Southeast Asia Awards 2021: Best Investment Bank in the Philippines, Best IPO Deal of the Year (Monde Nissin IPO), and Best Retail Dollar Bond Deal and Best Sovereign Bond Deal of the Year (Philippine Government USD 1.59 billion Retail Dollar Bond).

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CLIENT TESTIMONIAL

INVESTING IN A REGENERATIVE FUTURE

FRANCIS GILES PUNO
First Philippine Holdings Corporation



For Francis Giles B. Puno and the First Philippine Holdings Corporation (FPH), sustainability is top priority.

"We realized that we need to have a higher level or standard for sustainability. It is not just about sustaining anymore. We need to be regenerative," said Puno, the president and chief operating officer of FPH, a holding company that invests in clean and renewable energy, real estate, energy solutions, construction, healthcare, and education.

That thinking inspired FPH to redraft its mission statement in 2020— "We commit to forging collaborative pathways for a decarbonized and regenerative future."

Fortunately, BPI is just as committed to helping FPH achieve their goal.

REINVENTING PROCESSES

Part of making sure this happens is reinventing processes—digitizing paperwork, for instance, and using DocuSign—which resulted in greater convenience, a more efficient process, and fewer dead trees.

"I used to sign so many documents needing my wet signature. I don't think we will go back to physical documents. DocuSign made it a lot easier for us," he said.

"BPI agreed to use DocuSign for a majority of our transactions. It was the only bank to use DocuSign, while other banks continued to review their processes and alternative systems," he added.

BizLink, BPI's platform for corporate clients' digital banking needs, also helped FPH to transform how they do things. The company can now approve

payments with just one click. Checks don't have to go to all the signatories physically for approval.

FINANCING CLEAN AND RENEWABLE ENERGY

Through loans provided by BPI, FPH was able to implement projects that have contributed to renewable energy and the long-term energy needs of the country. These include the USD 70-million, secured term loan in May 2021 for the San Lorenzo plant of First Gen, a subsidiary of FPH. BPI also facilitated a PHP 1.8-billion, three-year loan deal signed in December of 2021, ensuring the continued operations of Prime Meridian PowerGen Corporation, another subsidiary of FPH.

COLLABORATION IS CRUCIAL

What makes the journey exciting for him is the chance to work with other like-minded people and organizations towards creative solutions.

"We believe this journey towards a regenerative future is not a solo venture but a collaborative one for all. It's really important for all of us to help one another to move towards a common goal of hitting net zero by 2050. Everybody has a choice, has a part to play," he said.

"We will need the continuing support of institutions like BPI to help finance all these projects to decarbonize. We'll have more investors coming in, more jobs created, and we can create a flywheel to propel the country forward," said Puno.

Indeed, BPI would like to spin this flywheel faster. And with clients like FPH, we may reach a net zero future sooner than we thought possible.



CLIENT TESTIMONIAL

SUSTAINABLE HOG AND PIG FARMING

ATTY. HILARIO VALDEZ
Venvi Agro Industrial
Ventures Corp.

Even before the pandemic, employees of Venvi Agro Industrial Ventures Corp. already knew what quarantines were like.

Those working in the farm follow a fixed monthly schedule, where they spend 26 straight days at the site for work, followed by four consecutive off days. They are only permitted to consume chicken, fish, and pork that have been slaughtered on the Venvi farm.

Industry partners who visit the farm must also go through stringent isolation procedures to safeguard the swine population.

These are just some of the biosecurity measures held sacrosanct at Venvi Agro's pig farm. And it only demonstrates the desire of the company to reinvent the usual practice of pig farming in the country right from the start.

"We just don't take care of the health of the animals; we also take care of the health of our people," said Atty. Hilario P. Valdez, Chairman and CEO of the Venvi Group of Companies, the parent company of Venvi Agro.

"When the pandemic started, we had to implement stricter quarantine controls for our people. Even before the other companies started their own virus testing, within the first month of the COVID breakout, we were already testing our people using RT-PCR tests and antigen tests," he said.

WORKING HAND IN HAND

"BPI came to us and asked about our difficulties. Nobody was spared the shock. BPI listened to our problems, and because of our long-term relationship, they still put their confidence in us," he said.

Despite the logistic difficulties, Venvi Agro did not have to restructure their loans. As a result of discussions with BPI, it was agreed that the best way to help Venvi Agro was to offer a postponement of payments.

There is great potential indeed for Venvi Agro, since it has long been committed to sustainability in its operations. This philosophy, partnered with the courage to reinvent the way things are normally done for better methods will undoubtedly get Venvi Agro back on their feet in no time.

"There is also the energy component since we use the waste of the animals and convert it to biogas for electricity," said Atty. Valdez. Around 15 percent of the farm's electricity needs are supplied by biogas. Other solid waste materials are made into fertilizer.

A large portion of Venvi Agro's investment is in facilities for catching rainwater during the rainy season and using the water for the farm during the dry season.

"If you visit the farm, you will see a lot of small lakes and water systems. What is good about this is that we do not draw water from underground and use renewable sources. We have our own filtration system," he said.

With BPI as a partner, Venvi Agro can further deepen its commitment to sustainable hog and pig farming.

"We have more than 18 years of partnership with BPI, who is a big part of our growth. We certainly appreciate the confidence and trust that they continue to give us, as they advise us on sound financial management and business practices," said Atty. Valdez.



CLIENT TESTIMONIAL

DELIVERING ON PROMISES

MATTHEW OPPENHEIMER
Remitly

"We believe it is our job to deliver peace of mind with every customer transaction. Remitly's mission is to tirelessly deliver on our promises to immigrants sending money across the world so they can deliver on their promises to loved ones back home," said Matt Oppenheimer, co-founder and CEO of Remitly, a leading digital financial services provider for immigrants and their families in over 150 countries around the world.

Indeed, Filipinos working abroad continue to keep their promises to their loved ones, especially with the help of BPI, which was one of Remitly's earliest partners when the company decided to disrupt the remittance industry.

"Our strong year over year transaction and volume growth is a testament to the trust our Filipino customers have in the BPI brand," said Oppenheimer.

BPI became Remitly's partner in 2012. Remitly, a fintech company that chose to rely fully on its technology-based solution to deliver funds across borders, focused on a method of sending and receiving money that is more affordable and faster.

"Remitly needed a partner on the recipient side of customer transactions, capable of distributing funds quickly and securely," said Oppenheimer. "BPI was not only able to meet those requirements, but also demonstrated an intentional focus on delighting

customers with outstanding experiences, which is very much in line with our own customer centric approach."

Just as BPI has reinvented banking in the Philippines over the years, Remitly is on a mission to transform global payments.

"Remitly is a digital-first financial services provider for immigrants around the world; we believe in harnessing the power of technology to help create more inclusive financial services and transform remittances, making them faster, more convenient, secure and transparent, all at a fair price for our customers," said Oppenheimer.

"As financial services continue to shift to digital, financial institutions must be ready to embrace and support these changes. BPI is well equipped to adapt," he added.

For as long as people send money across countries and continents, Remitly and BPI plan to continue innovating their services and processes to make things better for customers.

Theirs is an inspiring story of two innovators in finance working together to deliver on a promise that allows others to deliver on theirs.

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BUSINESS BANKING: PARTNERS FOR GROWTH OF SMES

Small and medium enterprises (SMEs) have a very important role in developing the Philippine economy, employing 62.66% of the national workforce and accounting for 35.7% of the national Gross Domestic Product (GDP).

Despite policies that aim to provide an enabling environment for SME development, the sector still faces many constraints that hamper its growth and potential, including technical capacity, difficulty in accessing outland markets, and most notably, limited access to financial support. BPI has responded to this opportunity through BPI Business Banking, a group within BPI that focuses on SMEs.

In order to support SMEs, especially in this time of pandemic, we provide financial instruments to help clients better manage their cash flows, not only by raising capital, but also by providing financial advisory to increase their economic potential. This, in turn, promotes progress, employment, and the expansion of their businesses.

BPI Business Banking has a wide array of solutions to offer SME clients for their various needs, from funding their working capital for their business expansion to securing their assets. We launched several credit facilities and term loan products geared towards selected anchor clients in 2021:

Merchant Loan Plus – a term loan for existing tenants and merchants of malls and commercial areas.

Business Technology (BizTech) Loan – a term loan for existing subscribers of telecommunication providers to finance connectivity, ICT solutions packages, and working capital requirements.

Investor Loan – a term loan that provides clients the option to use their investments as collateral for their loan. Clients of this program are existing individual and corporate subscribers of conservative to moderately conservative funds of BPI Asset Management and Trust Corporation (BPI AMTC) and BPI Investment Management Inc. (BIMI).

Suppliers Circle – a clean term loan for pre-selected existing supplier-payees of BPI anchor clients availing of cash management services.

Distributor Community Loan Solution – A credit facility for SME distributors or dealers of select anchor clients.



Supplier Community Loan Solution – A credit facility for SME suppliers of select anchor clients.

The BizTalk Online webinar series is the continuation of BPI Business Banking's promise to provide business insights and trusted advice to our clients. The pandemic has really changed and transformed how businesses operate, and BizTalk Online aims to equip clients with the knowledge and expertise to help them navigate the challenges amid the changing business environment. BizTalk Online provides an avenue where ideas, innovations, and best practices are shared among SMEs, while giving importance to their safety and wellbeing. In 2021, Business Banking was able to engage with over 2,100 SME clients through the continuation of 24 BizTalk Online webinars on topics that cover the economic outlook, cash flow management, e-commerce, digital marketing, digital banking, franchising, health for entrepreneurs, and business sustainability.

We also launched the Digital Loans Application System (DLAS) for the more efficient and seamless processing of loan applications. All these complement the Bank's initiative for digital transformation.

With the innovations and improvements implemented last year, BPI was recognized as the Best SME Bank in the Philippines in the Alpha Southeast Asia Awards and Global Finance Awards.

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CLIENT TESTIMONIAL

PARTNERING TOWARDS A SUSTAINABLE FUTURE

DR. MARIE FE CHIO
Stellar Eco Solutions Corporation



"Where does all this medical waste go?" Dr. Marie Fe Chio asked herself when she worked as a clinical pathologist in a laboratory.

In 2019, an alarming amount of infectious hospital waste, including used syringes, chemical bottles, kidney trays, and blood collection tubes, washed up in the riverbank and shores of Mactan Channel.

Dr. Chio was compelled to act. It happens that, at around that time, her son obtained a BS Medical Technology degree and wrote his thesis on medical waste.

"We did not know that we had the same interest. This led us to pursue a business venture that solves the problem of medical waste," said Dr. Chio, the founder of Stellar Eco Solutions Corporation which was established in 2019.

Stellar Eco Solutions Corporation is a pioneering clinical waste management company with the vision of changing the landscape in the management of clinical waste. With their experience in the healthcare sector, Dr. Chio and her husband helped each other launch their business.

It helped that they have a network of friends and colleagues in the medical sector and a trusted bank they can turn to for funding.

"BPI helped us start our business. It was there from the start. Through BPI, we were able to make a big impact on communities," said Dr. Chio.

She and her family have been long-term customers of the bank. Their relationship with BPI moved them to partner with the bank as they started their business.

"We have a good relationship with the BPI staff. It's really about the convenience and easy access that BPI

gives us. When we started our business, we knew that BPI was a bank that supported innovation. With that thought, we were hopeful that BPI would support us," she said.

The company is committed to setting a gold standard in clinical waste management services in terms of treatment and disposal. With the company's zero-waste decontamination technology and socially responsible treatment practices, they aim to contribute to a sustainable future.

"Our green technology allows our treated clinical waste to be a raw material for alternative residual derivative fuels," said Dr. Cho. "We're aiming for zero waste. We have been in the healthcare industry for years, and we really know what we are dealing with."

Contrary to what most businesses experienced amid the COVID-19 pandemic, the clinical waste management industry experienced easier processing in their services. It helped that the local government units became more aware of the importance of segregating and disposing of medical waste properly.

"Globally, people have developed an awareness of the need to mitigate the risk of highly infectious pathogens," said Dr. Chio.

This pandemic resulted in drastic changes in clinical waste management in a span of months. Stellar Eco Solutions had to keep up with the increasing demand.

"We look forward to continuing our partnership with BPI for the good of our nation, for the health of our community, and for the preservation of our natural resources. BPI's continued support is vital to us as we expand our business," she said.



CLIENT TESTIMONIAL

BAKING AND BANKING ON A LASTING PARTNERSHIP

JOHN GUIDON DELA CRUZ
Filbake Food Corporation

Back in the '80s, the Dela Cruz family traveled for more than eight hours to nearby cities and back to their hometown in Aklan just to sell bread. "Why not bake our own bread?" they asked. They saw a business opportunity that got them baking in their backyard for their neighbors as customers in mind.

This backyard bakery eventually turned into the Bread & Butter Bakeshop, a retailer of bakery products in Kalibo, Aklan and the Dela Cruz family's main source of livelihood in 1986. From a small community bakery, Bread & Butter Bakeshop has since become a full-grown commissary operations facility, retailing across Western Visayas and Southern Luzon islands through strong partnerships with its franchisees, employees, and communities.

Filbake Food Corporation was established by the Dela Cruz family in 2000 and serves as the principal manufacturer and supplier of bakery products to the chain of Bread & Butter Bakeshops, which has recently opened its 120th store. Filbake also serves as the mother company of the group.

With the business slowly expanding, it was time for them to find a reliable financial partner. The Dela Cruz family has been a BPI client since 1987, so onboarding their business with the bank was no problem.

"The local BPI branch manager visited our shop and asked me how many employees we had. He offered us a loan afterwards. Our succeeding loans with BPI were then used primarily for our capacity building," said John Guidon Dela Cruz, Filbake Food Corporation's President.

They built a bigger facility, started franchising, and exponentially grew their customer base. More outlets and employees also meant more transactions to monitor.

Bizlink, BPI's online platform for the digital banking needs of companies, allows Filbake to conveniently monitor and facilitate business transactions. It helps them keep track of how much money is coming in from each of their stores, pay suppliers and bills, and handle the payroll of more than 500 employees.

"BPI was one of the early adopters of digital banking here in Aklan. During that time, digital banking was a foreign concept to a lot of small-time entrepreneurs. We were one of those that felt very comfortable with BPI. They made sure that we were able to monitor our transactions conveniently online," said Josefina Lucille Dela Cruz, Executive Vice President of Filbake Food Corporation.

Filbake's dominant presence in the market is also a testimony to its strong partnership with BPI over the years.

"With BPI, the relationship is quite different. We can tell that, through the years, BPI really takes the time to make it easier for us and that counts a lot for us," said John.

He explained that the family puts a lot of value in relationships because it takes time to build.

"As a small business, we often feel like we're not as important as the bigger businesses in the city. So when we find a bank that values us no matter how small we are, it makes a big difference to us," said Josefina.

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BANKO: GIVING A HELPING HAND TO MICROENTREPRENEURS

BPI Direct BanKo Inc. (BanKo), the microfinance arm of BPI, has been helping thousands of Filipino self-employed micro-entrepreneurs (SEMEs) since 2016. It offers simple, affordable financing alternatives to help SEMEs grow their businesses. At present, the Bank has over 300 branches and branchlite units in 74 provinces and the NCR, disbursing billions in micro-business loans to more than 200,000 micro and small business owners.

BanKo collaborated with over 800 cash agents and payment centers across the country to make financial transactions accessible to its retail customers. Through these partners, the Bank has expanded its payment channels, enabling customers to fund their accounts, pay their bills or loans, and buy prepaid load.

The Bank's core product is the **NegosyoKo** Loan, a micro-loan aimed at supporting the growth of micro-businesses. BanKo is able to acquire, process, and service loans through its branch network located close to its target market. These loans are used as additional capital or investment in different industries: retail trading, manual services (hairdressers, car repair shop owners, tailors), food services (mini-bakeries and restaurants), manufacturing (furniture, handicrafts), and agriculture (animal product farming).

With a goal of providing a holistic customer experience to its customers, the bank offers insurance and deposit products on top of its loan offerings. **PondoKo**, a basic deposit account, makes saving easy and affordable for ordinary Filipinos. Through PondoKo, depositors can build up their funds as well as receive and make payments.

BanKo's branch employees, known as BanKo Mares and BanKo Pares, build connections with customers through high-touch customer service. These employees approve loans quickly based on interviews with local communities.

In 2021, BanKo granted PHP 8.99 billion in loans to micro-entrepreneurs. This demonstrates the bank's commitment to helping uplift the lives of small business owners as they recover from the effects of the pandemic.

Overcoming limitations through digitalization. Mobility restrictions implemented due to the pandemic affected the way BanKo clients did



business. To help clients cope, BanKo enhanced the functionalities of its BPI BanKo Mobile, an app that provides clients with 24/7 access to their accounts.

The enhanced BPI BanKo Mobile app allowed borrowers to pay their loans even during lockdowns when they could not visit the branch or when collectors could not visit them in their stores. The bank also partnered with Globe Telecom to allow borrowers to pay their loans via GCash.

A simple and affordable disbursement facility was also launched in order to streamline the payroll and payout processes for SEMEs. This enabled business owners to pay salaries, allowances, and supplies in real-time to employees and suppliers.

Always ready to help. BanKo has been providing support to customers since the pandemic began. In 2021, COVID-19 and a series of natural disasters proved to be challenging. BanKo was there to offer a payment moratorium to clients directly affected by government restrictions and natural calamities.

When Typhoon Odette struck Visayas and Mindanao, BanKo also offered a moratorium to qualified borrowers, in addition to the cash assistance provided to these customers whose properties were damaged by the typhoon. This was made possible via Secure Assist, an insurance product that is bundled with their loan.

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CLIENT TESTIMONIAL

A LOAN TO SWEET SUCCESS

MANELYN DELA CRUZ
Manelyn Ice Cream

When Manelyn dela Cruz and her husband started a family, they dreamed of having their own ice cream business. Her husband was no stranger to this trade because he had been a ‘mamang sorbetero’ for the past 15 years.

Fueled by this ambition, Manelyn took out a loan from informal lenders—known as “5-6” lenders who charge a 20% interest rate—to kickstart the business. They sold ice cream in carts and offered a variety of ice cream flavors—ube, chocolate, and cheese being the crowd favorites.

“When we were starting the business, we had to depend on informal lenders, or the 5-6 lenders, who would give us P10,000 at a time so that we could purchase the equipment needed for our business,” Manelyn said in Filipino.

This went on until she passed by BPI BanKo Biñan in their city market. After seeing the NegosyoKo loan poster plastered on the branch door, she asked close friends about it. Incidentally, one friend had just availed of a BanKo loan and recommended it to her.

In 2018, Manelyn used her first loan with BPI BanKo to purchase two ice cream coolers worth P25,000 each. It was the start of her transformation as an entrepreneur. Within no time, she took out another loan amounting to P100,000. With that, she was able to buy an ice cream machine that helped her produce more of her delicious products faster and easily.

“We were only able to purchase more carts when we availed of a bigger loan from BPI BanKo. We were able to buy three ice cream carts immediately,” she said.

When the COVID-19 pandemic hit, Manelyn’s business suffered a blow because going around the city and

subdivisions was prohibited. Pakikisama — a Filipino value that means loyalty, good fellowship, and a desire to help — saved her business. It was the pakikisama she had with her employees that made a difference.

Again, Manelyn had to reinvent her business because of the pandemic.

Despite the difficulties in 2019 and 2020, she took out a BanKo loan to finance her new lot purchase. She needed it to keep her business afloat and prepare for recovery. The lot now houses Manelyn’s family along with her 12 employees and their families. Her 12 ice cream carts continue to provide a good livelihood for all of them.

With her current loan term nearing its end, she now looks forward to availing another loan for a new business venture.

“We’re okay with 12 ice cream carts for now. I am looking forward to finishing the payment for our lot purchase. My next BanKo loan for 2022 will be for a new car, which I will also use for business,” Manelyn explained.

For Manelyn, BanKo is her perfect partner in growing her business and continually reinventing her business. With the convenience that BanKo provides and the mutual trust that has grown stronger since the start of their partnership in 2018, Manelyn is confident that the future will only get better.

“I never left BPI BanKo because the branch personnel are friendly, the loan process is quick, the loan size is bigger, and the payment terms are reasonable. Because of BPI BanKo, we are slowly realizing all our dreams,” she said.



CLIENT TESTIMONIAL

PLANTING THE SEEDS OF SUCCESS

CARLZEN DIAZ
Diaz Agricultural Farm

Okra, string beans, and tomatoes—these are what filled the one-hectare farm lot that Carlzen Diaz rented in 2018. Four years later, this small farm lot has grown to four hectares with more crops and a bed of colorful, flowering plants.

Carlzen, the owner of Diaz Agricultural Farm nestled in San Pablo, Laguna, relied on his own savings and borrowings from friends to start his business.

“When I started my agricultural farm business, I had a couple of friends who were willing to invest. It allowed me to borrow money fast, without requirements and processing. However, the interest was high. When I found out about BanKo, I grabbed the opportunity because the interest is lower,” said Carlzen.

When he was just starting out, he hired two people to help him on the farm. He also rented farming equipment. Later on, through BanKo’s NegosyoKo loan, he was able to rent four hectares and hire nine people to help him plant more varieties of crops which he supplied and delivered to Chinese and Korean restaurants.

“Korean restaurants became popular in 2018, so the demand for Korean vegetables also rose. I needed additional capital to meet the increasing demand for my crops, and BanKo gave me what I needed,” he said.

“A friend referred me to BanKo, then I was contacted by BanKo Santa Cruz for the loan availment. The process was quick,” Carlzen added.

Since he availed of his first BanKo loan, he has been renewing it yearly for the capital and operational expenses of his business.

His business grew over the years. In 2021, he saw an opportunity to expand and create a new income stream.

“In 2021, plantitos and plantitas became a trend so we thought of selling flowering plants. Luckily, it clicked. Our latest BanKo loan allowed us to start this flower business,” said Carlzen.

“We plan to change our business model by producing and delivering directly to customers instead of passing through middlemen,” he said. “It is going to be a farm-to-market or pick-and-pay setup where our customers can visit us and pick the vegetables and plants themselves.”

All this reflects his commitment to continually reinvent his business and call on a trusted banking partner to help him succeed.

“I’m not a techie, but I like studying trends to see how I can integrate them in my business. Aside from changing our business model, our team is also looking into opening a pick-and-pay café where people can pick their vegetables fresh from our farm and have them cooked for their dine-in meal,” he said.

“We will also look into delivery services. That way we can help not just the big delivery service companies, but also tricycle riders. I look forward to partnering with BanKo to turn these plans into reality.”

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GLOBAL MARKETS: NAVIGATING RISKS FOR CLIENTS

In order to optimize the Bank's financial resources, BPI Global Markets undertakes a wide range of responsibilities such as multi-currency funding and investments, trading and distribution of foreign exchange and multi-currency fixed-income investments, and providing hedging solutions through derivative products. It generates revenues mainly from interest rate differentials and non-interest income from trading and sales activities.

Global Markets ensures sufficient funding in various currencies to support the Bank's daily operating requirements and expected balance sheet growth. Furthermore, it deploys excess funds to optimize returns through strategic deployment in domestic and cross-border securities. The Bank also consistently complies with the reserve requirement mandated by the central bank, while at the same time minimizing excess reserves to reduce costs.

NOTABLE TREASURY SOLUTIONS

In order to help clients manage risks and maximize the returns on their investments amid global economic developments, Global Markets continues to work with clients to come up with tailor-fit solutions.

Type 1 Derivatives Authority License (Expanded Dealer Authority). In 2021, BPI was the first local bank to be granted the Type 1 Derivatives Authority License (Expanded Dealer Authority), enabling Global Markets to transact any type of derivatives and hedging solutions suitable for the evolving needs of clients.

Hedging Solutions. Treasury Dealers and Relationship Managers work together to understand clients' businesses, anticipate their needs, and when appropriate, offer hedging solutions such as Deliverable Forward contracts which amounted to USD 81 million in 2021 and Non-Deliverable Forward contracts which amounted to USD 27 million in 2021.

Hedged Investment Strategy. Over the past two years, the lending and borrowing rates of banks have declined due to the monetary easing of central banks as a response to the pandemic. This has led clients to seek investments that provide both yield enhancement and principal protection. In 2021, the Bank offered the hedged investment strategy institutional clients seeking a peso-denominated investment outlet that protects its principal and provides yield enhancement.



DIGITALIZING OPERATIONS

As the Bank ramps up digitalization efforts, BPI Global Markets upgraded its systems and platforms to enhance the customer experience. In 2021, the Bank added FXall to its growing list of multi-asset electronic trading platforms for over-the-counter FX and financial derivatives. These platforms enable the Bank to capture big-ticket deals and provide competitive pricing to clients.

BPI Global Markets has recently upgraded its internal systems for foreign exchange to increase operational efficiency. It also continues to enhance its Treasury Management System as it expands its product offerings to more complex and innovative treasury solutions after obtaining approval from the BSP for its Type 1 Derivatives License Authority.

BPI also continues to enhance its online electronic banking FX platform called Online FX, a secured facility available in BPI Online that allows retail clients to convert their US dollars into Philippine pesos online, in real-time, and free of charge using competitive foreign currency rates. This gives clients direct control and flexibility as they can sell their US dollars in the comfort of their homes. Additional features and enhancements are currently in the pipeline, including making the platform available to corporate clients as well as integrating the platform into the Bank's mobile application, among others.



CENTRALIZED OPERATIONS GROUP (COG): BUILDING RESILIENCE THROUGH DIGITALIZATION

After one year of learning from the pandemic, the COG, whose mandate is to enhance processes to support our digital channels and facilitate transactions, accelerated initiatives for long-term resiliency, efficiency, and maximization through outsourcing.

In order to prepare the Bank for future operations, the COG undertook the following initiatives in 2021:

DIGITALIZATION

The electronic statement of account (eSOA) was successfully expanded to include deposit products. The pandemic compelled organizations to digitalize transactions, and we saved approximately PHP 164 million in terms of statement printing and delivery costs.

The enterprise Robotic Process Automation (RPA) infrastructure and resources have been established in 2021. Pilot processes such as ATM and CAM reconciliation and others were successfully automated via RPA and deployed into production. We continue to explore automating financial and accounting processes, among others.

OPERATIONAL RESILIENCY

Expansion of Operations Split Sites — With the continuing threat from the surge of COVID cases in 2021, we fortified our work set and tools to better adapt to the new normal. Aside from continuing with shuttle services, hotel accommodations, and flexible work arrangements, COG worked with the Business Continuity Management team to expand and complete its operations split sites within and outside the National Capital Region (NCR) to allow our employees to work closer to their homes.

VPN (virtual private network) Connectivity — We further expanded our remote work capability by rolling out VPN connectivity for work-from-home employees. This is part of our failover setup in case work sites are compromised by COVID-19.

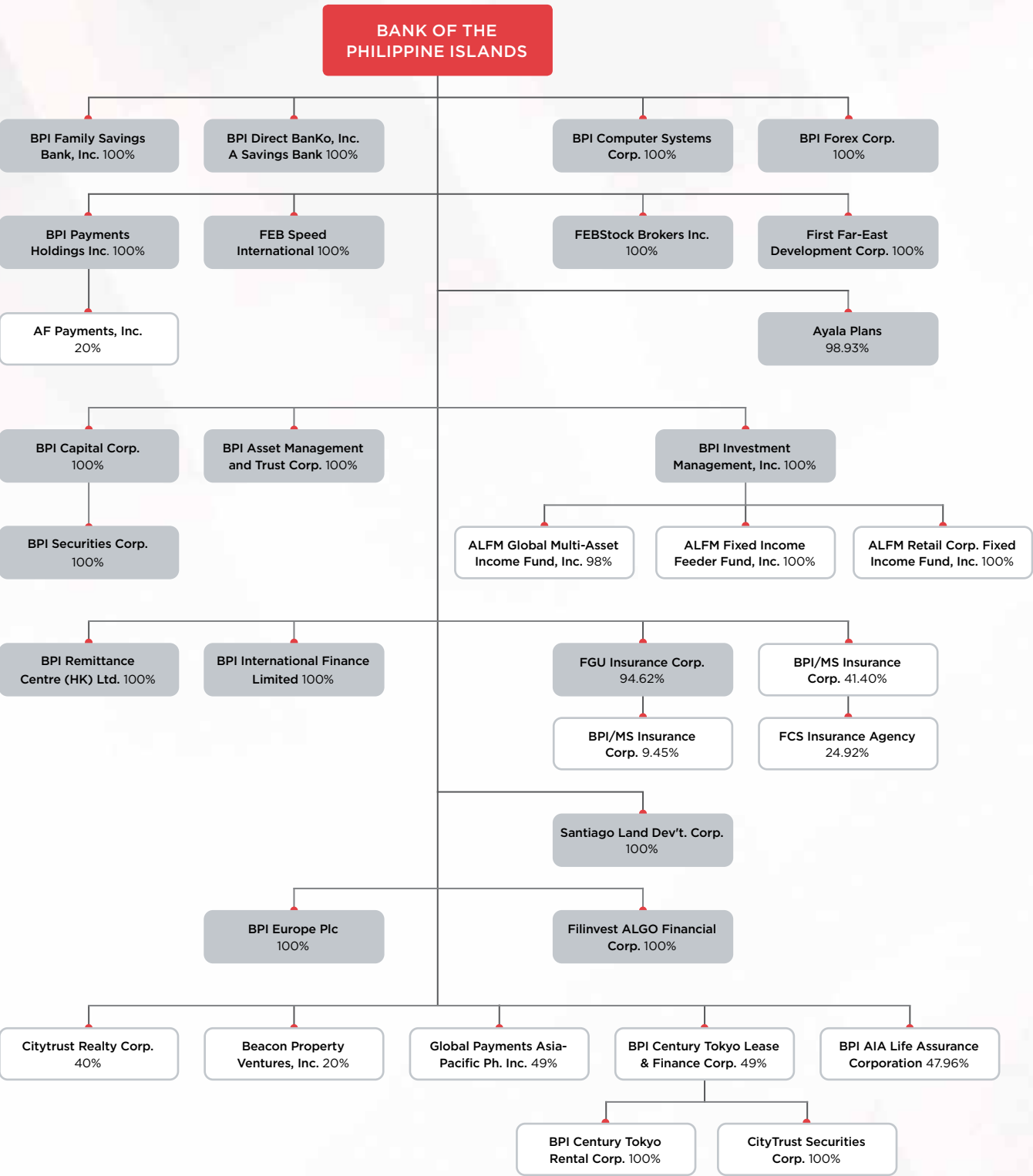
OUTSOURCING

Clearing Operations Outsourcing — In 2021, we had the opportunity to rethink and reinvent the outward clearing process, especially in terms of understanding value and non-value adding process, and as a result, we completed the outsourcing of the outward clearing function.

Cebu Cash Center Outsourcing — This move resulted in increased process efficiency and resiliency because the outsourcing partner is better equipped to invest in cash-servicing tools and resources.

BPI CONGLOMERATE MAP

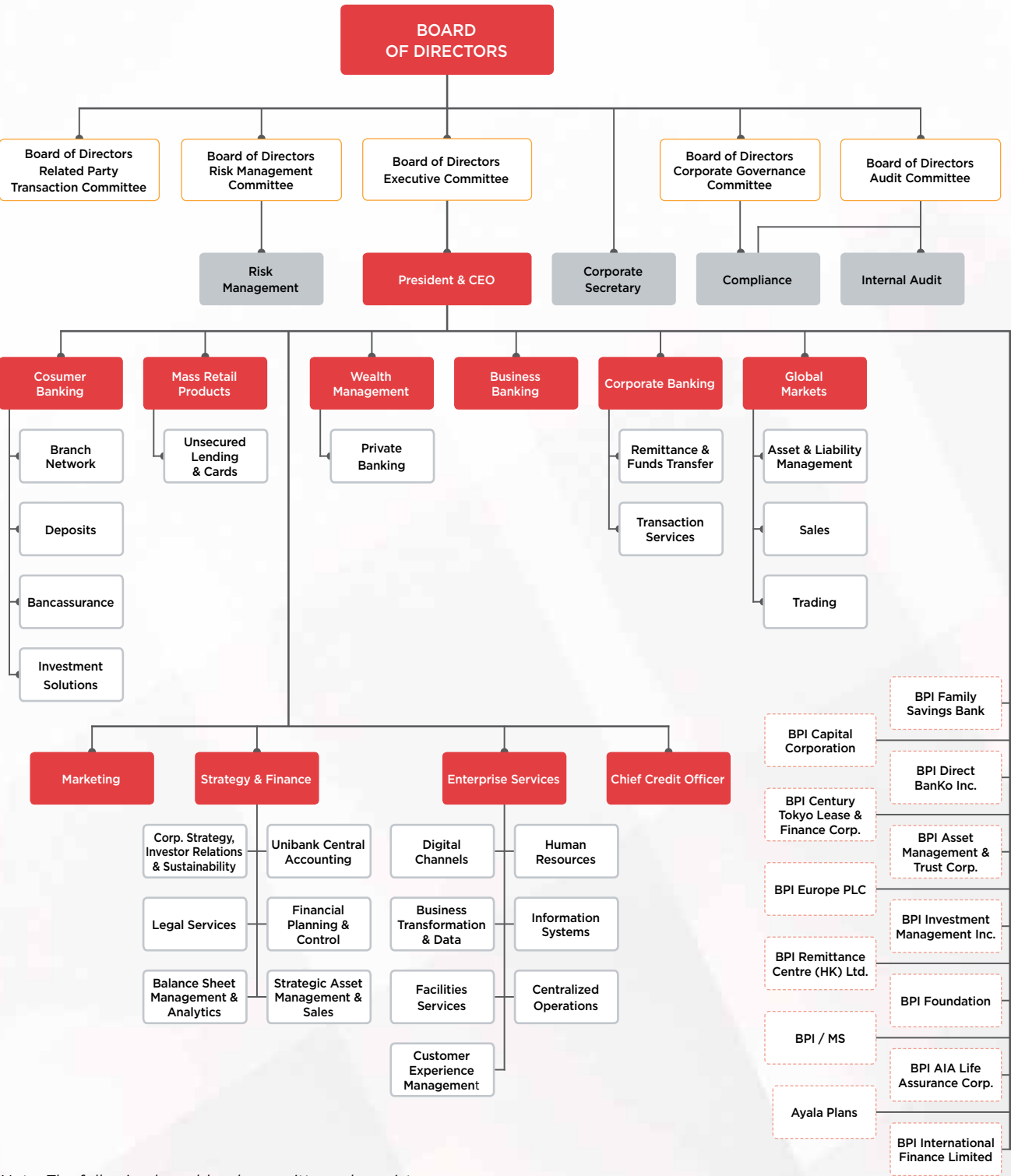
As of Dec. 31, 2021



BPI TABLE OF ORGANIZATION

As of Dec. 31, 2021

The following is an overview of the Bank's principal activities and its functional organization:



Note: The following board-level committees also exist: Retirement & Pension Committee, Personnel & Compensation Committee, and Nomination Committee

SENIOR MANAGEMENT

As of Jan. 10, 2022

BUSINESS BANKING

SENIOR VICE PRESIDENT
Luchangco, Eric Roberto M.
VICE PRESIDENT
Ampolitud, Mary Jane L.
Ballelos, Luisito R.
Catelo, Felices V.
Cruz, Katrina Joy G.
Liang, Adonis G.
Lualhati, Genaro N. IV
Pagulayan, Rhodora Adelaida C.
Paulino, Ma. Genalyn R.
Raneses, Nino Jesus B.
San Diego, Ma. Cristina L.
Sangco, Jose Martin S.

CHIEF CREDIT OFFICER

SENIOR VICE PRESIDENT
Alonso, Joseph Anthony M.
VICE PRESIDENT
Aniceto, Homer L.
Cortez, Marie Antoinette S.
Jalandoni, Carlos A.
Tan, Ma. Elizabeth V.

RISK MANAGEMENT

SENIOR VICE PRESIDENT AND CHIEF RISK OFFICER
Gayares, Marita Socorro D.
SENIOR VICE PRESIDENT
Asis, Ma. Cristina F.
VICE PRESIDENT
Amado, Frances S.
David, Jan Lenard S.
Lim, Steven S.
Sumagpang, Sylvia P.
Velasco, Josephine Eufemia P.

INTERNAL AUDIT

SENIOR VICE PRESIDENT AND CHIEF AUDIT EXECUTIVE
Cruz, Rosemarie B.
VICE PRESIDENT
Almazan, Jinky C.
Baisac, Michelle M.
Bobadilla, Anna Liza O.
Tan, Janice U.

COMPLIANCE

SENIOR VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER
Gealogo, Noravir A.
VICE PRESIDENT
Paz, Jonathan John B.
Villaflor-Balatan, Melissa B.

CORPORATE SECRETARY

VICE PRESIDENT
Maramag, Angela Pilar B.

CONSUMER BANKING

EXECUTIVE VICE PRESIDENT
Go, Ma. Cristina L.
SENIOR VICE PRESIDENT
Ang, Olga S.
Fronza, Dennis T.
Galvez, Marwin L.
Jereza, Jose Raul E. IV
Ocliasa, Dominique R.
Sta Ana, Ana Liza C.
Sy, Cristina J.
Zobel De Ayala, Mariana Beatriz E.
VICE PRESIDENT
Ang, Irene L.
Badua, Arrex S.
Barin, Diosdado B.
Braganza, Sonia S.
Catalan, Mari Margaret Z.
Catindig, Myra Liza D.
Cervantes, Miguel P. Jr.
Chee, Fitzgerald S.
Chua, Ma. Lea Jasmin O.
Cuajotor, Dexter Lloyd C.
Dionisio, Florisa F.
Facundo, Alan Ramil T.
Gasa, Jose Mari Israel V.
Gonzales, Glenda M.
Hasegawa, Edgar C.
Iringan, Ariel M.
Lopez, Redilberto V.
Lucero, Joseph L.
Mallari, Edward C.
Marquez, Ma. Carmina T.
Mercado, Roberto Isabelo P.
Montes, Vivian D.
Nicdao, Sheila M.
Ocampo, Bernadette B.
Panizales, Mark Launcel P.
Perez, Art Gerald B.
Quimbo, Joseph Sidney D.
Raterta, Francisco G. III
Saguindang, Isagani M.
Sampang, Jose P. Jr.
Sampang, Maya B.
Santos, Ma. Claudina C.
Santos, Mylene Riza C.
Segui, Maribeth G.
Soriano, Rhoda A.
Taguba, Janette B.
Teo, William C.
Tined, Edelinda R.
Trinidad, Jonathan V.
Ureta, Joy L.

CORPORATE BANKING

EXECUTIVE VICE PRESIDENT
Syquia, Juan Carlos L.
SENIOR VICE PRESIDENT
Cariaso, Reginaldo Anthony B.
Cruz, Luis Geminiano E.
Go, Raymond H.
Marcos, Noelito C.
Untalan, Barbara Ann C.
Veloso, Roland Gerard R. Jr.
VICE PRESIDENT
Basilio, Maria Cristina A.
Buensuceso, Maria Bella T.
Canlas, Mark Emmanuel L.
Casals, Sheree N.
Cirujano, Raymond Anthony M.
De Jesus, Marie Joan Socorro J.
De Paula, Noel Isabelo S.
Dela Paz, Cecile Catherine A.
Dulay, Melinda V.
Elefano, Ria Gloria B.
Felipe, Herman Rufino S.
Garcia, Emmanuel Gualberto R.
Garcia, Jeanette J.
Gozar, Carmencita Lilia B.
Guiang, Georgia V.
Jimenez, Jose Gregorio T.
Laquindanum, Mary Jane Y.
Lim, Maria Teresa Anna K.
Macapagal, Juan Jesus C.
Pandan, Michelle Therese B.
Ruelo, Arsenio B.
Santoyo, Kristine Joy V.
Saulog, Grace Pacita A.
Sison, Ana Maria C.
Sison, Rolando Antonio D.

ENTERPRISE SERVICES

EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
Jocson, Ramon L.
SENIOR VICE PRESIDENT
Abola, Joaquin Ma. B.
Eala, Maria Virginia O.
Mercado, Eugenio P.
Pineda, Teodoro S. Jr.
Santiago, Noel A.
VICE PRESIDENT
Aquino Jr., Jose Benjamin Augusto P.
Barroquillo, Ericson H.
Bednar, Maria Concepcion A.
Bernales, Dominador R. Jr.
De Jesus, Donna M.
Del Fierro, Anna Christina U.
Espiritu, Hazel Marie O.
Faustino, Frederick M.
Ferrer, Josephine B.
Garcia, Carlo Demetrius C.
Javier, Ivan Angelo E.
Lee, Eugene O.
Luna, Maria Ana M.
Lustre, Francisca Ann M.
Manalo, Andrae V.

Montenegro, Jose Victor G.
Ngo Sy, Sheryl G.
Paguntalan, Reygen C.
Poblete, Carlo Eduardo P.
Ramos, May Lita D.
Rocero, Anna Lyn J.
Segundo, Servillano R.
Sta Ana, Jose Antonio Rogelio P.
Taguibao, Domingo Digno A. Jr.
Treyes, Anthony Y.
Ugsimar, Joel L.
Umayam, Editha F.

GLOBAL MARKETS

SENIOR VICE PRESIDENT AND TREASURER
Gasmen, Dino R.
SENIOR VICE PRESIDENT
Fernandez, Rinaldo H.
Pineda, Donarber N.
VICE PRESIDENT
Arceo, Henry C.
Barrameda, Ma. Lourdes D.
Bernales, Jesse Allan B.
Cabral, Voltaire P.
Cayetano, Alan C.
Crisostomo, Mari Len S.
Figueroa, Susan C.
Garcia, Cyril S.
Gingco, Rowena M.
Go, Donna May P.
Javier, Marco Miguel M.
Leonen, Lionel F.
Neri, Emilio S. Jr.
Romagos, Christian Paolo E.
Salvan, Jose Esteban J.
Singian, Jennifer Gayle P.
Sorra, Jethro Daniel S.
Wee Sit, Clive Manuel O.

CUSTOMER AND MARKETING

SENIOR VICE PRESIDENT AND CHIEF CUSTOMER AND MARKETING OFFICER
Santamaria, Mary Catherine Elizabeth P.
VICE PRESIDENT
Aguilar, D'Artagnan M.
Melliza, Madeline H.
Valdez, Melissa Joy D.

MASS RETAIL PRODUCTS

EXECUTIVE VICE PRESIDENT
Ocampo, Marie Josephine M.
SENIOR VICE PRESIDENT
Gomez, Jesus Angelo O.
Lacerna, Jenelyn Z.
VICE PRESIDENT
Aldip, Alma G.
Bejar, Mary Catherine A.
Feranil, Catherine Y.
Florentino, Maria Angelica G.
Macatangay, Abraham Daniel J.
Okoye, Ranjit Kaur B.
Tiukinhoy, Anna Frederika B.
Villaraza, Carmel Ace Q.

STRATEGY AND FINANCE**EXECUTIVE VICE PRESIDENT,
CHIEF FINANCE OFFICER,
AND CHIEF SUSTAINABILITY OFFICER**

Marcial, Maria Theresa D.

SENIOR VICE PRESIDENT

Gatmaytan, Ma. Lourdes P.

Lukban, Maria Consuelo A.

Osalvo, Emmanuel Jesus G.

VICE PRESIDENT

Agdeppa, Maria Lourdes Valerie C.

Banta, Jeri Alanz A.

Barcelo, Alma L.

Campos, Lourdes Suzanne S.

Coloma, Cesar Bernard R.

Cruz, Feliciano S.

Eala, Jo Ann B.

Santiago, Richard M.

Sevilla, Christmas G.

Taco, Eliza May T.

Tan, Cherish Honey C.

Ysmael, Paul Roderick A.

WEALTH MANAGEMENT**SENIOR VICE PRESIDENT**

Back, Jonathan Paul

PRIVATE BANKING**SENIOR VICE PRESIDENT**

Chuidian, Tomas S.

VICE PRESIDENT

Ambito, Sabrina Rosario A.

Boon, Lorraine Dominique C.

Bustamante, Ma. Carmencita S.

Mapanao, Perlita S.

Mercado, Gerissa T.

Roxas, Vilma L.

Ty-Gosingco, Leslie Ann N.

Velez, Gemma T.

**BPI ASSET MANAGEMENT AND TRUST
CORPORATION****PRESIDENT**

Tan, Sheila Marie U.

SENIOR VICE PRESIDENT

Chua, Smith L.

De Peralta, Yvette Mari V.

Garcia, Maria Paz A.

VICE PRESIDENT

Alonzo-Velasco, Christiane B.

Ayson, Remarie Suzette A.

Balita, Jose Erwin B.

Bello, Ronald Bernard P.

Dee, Allen Martin O.

Evaristo, Mario Gerardo Z.

Gavino, Kenneth John C.

Sarreal, Lovell A.

Valdez, Amalia Lourdes S.

Zialcita, Luis Antonio P.

BPI CAPITAL CORPORATION**PRESIDENT**

Huang, Rhoda A.

VICE PRESIDENT

Gatmaitan, Jerome Matthew Y.

Jardeleza, Francis L.

Llige, Reinier A.

Ong, Lester

Tagle, Celso C. III

Guevara, Jenny C.

BPI INVESTMENT MANAGEMENT INC.**PRESIDENT**

Enrile, Roberto Martin S.

BPI SECURITIES CORPORATION**PRESIDENT**

Narvaez, Hermenegildo Z.

SENIOR DIRECTOR

Fajardo, John Kennard T.

BPI EUROPE, PLC**MANAGING DIRECTOR**

Yulo, Lizbeth Joan P.

BPI INTERNATIONAL FINANCE**MANAGING DIRECTOR**

Ng, Shui Shan Susanna

BPI DIRECT BANKO INC.**PRESIDENT**

Minglana, Jerome B.

SENIOR VICE PRESIDENT

Mabiasen, Rodolfo K. Jr.

VICE PRESIDENT

De Jesus, Ma. Cynthia Leticia S.

BPI FOUNDATION**EXECUTIVE DIRECTOR**

Cammayo, Owen L.

CORPORATE GOVERNANCE

While seismic shifts are rarely seen in the Corporate Governance landscape and policies and practices tend to evolve slowly, the year 2021 witnessed Philippine industries and companies needing to grapple with the effects of rapid shifts in the way of doing business, exacerbated not in the least by challenges of the pandemic and natural disasters. 2022 will undoubtedly be no exception, especially with the impending political exercise in May as well as the push for the country's economy and communities to gear up for re-opening and begin preparing pandemic exit strategies.

OVERVIEW

In the year 2021, companies and their boards were thrown curveball after curveball. Amidst first quarter efforts to shift to more relaxed quarantine restrictions in the National Capital Region and the rest of the country, from Enhanced Community Quarantine (ECQ) to General CQ and Modified GCQ in order to help affected business enterprises and workers generate income and boost the economy, the year started out on a hopeful note. Mid-year, vaccine roll-outs from both the public and private sectors renewed forward momentum albeit at a slow pace as vaccine demand outpaced supply.

However, momentum was dampened later in the year as outbreaks produced by new and more fatal COVID-19 variants like Delta caused spikes in hospitalizations and deaths. And during the holiday season in December, super Typhoon Odette caused almost PHP 4 billion in infrastructure damages, PHP 2 billion in agriculture losses and took 367 human lives, in an unfortunate cap to a roller-coaster year of wavering between survival, recovery and hope¹.

In an inaugural survey conducted last Dec. 13, 2021 by the Institute of Corporate Directors Malaysia in collaboration with ASEAN partners which included the Institute of Corporate Directors of the Philippines, entitled, "2022 ASEAN Board Trends: What Keeps You Awake at Night?"², directors and CEOs of companies from the seven ASEAN countries and 11 key industries provided responses on how the role of the board has changed over the past 12 months, how their businesses performed and the key focus areas for boards in 2022. Over half of the

¹ Data from National Disaster Risk Reduction and Management Council

² https://pulse.icdm.com.my/icdm_event/2022-asean-board-trends-what-keeps-you-awake-at-night/

114 respondents said that they were able to weather the COVID-19 pandemic while 44% are expecting to perform better or bounce back to pre-pandemic levels in 2022. The survey also revealed the top five things ASEAN companies did differently in the past year to safeguard organizational resilience: 1) re-evaluated risk, crisis and business continuity plans, 2) shifted to flexible working models, 3) increased operating efficiency, 4) improved business agility and diversification; and 5) accelerated the shift to digitalization and innovation; all of which were done by BPI, with greater focus on the last two.

It is therefore apt that in its 170th year, BPI has taken on the theme of "Reinvention". Technology and digitization signaled early on the potential opportunities for both old and new players in banking. Customers no longer look to one financial institution to meet all of their needs. Banks are expected to adopt ecosystem business models and deliver personalization capabilities essential for richer, highly-integrated experiences that retain relevance across all platforms, delivery channels, products, and services.

This fundamental theme of transition and transformation is also what ran through the inner workings of the Bank's corporate governance framework in 2021:

- 1. Director Succession.** The Board saw various changes in the membership and directorship classification in 2021 which gave credence to the robustness of the Bank's existing Board Succession Plan. This also highlighted the need to consider derivative board and committee structures as well as policies and practices that might support even greater board effectiveness, allowing directors to further raise the amount of time and preparation they devote for board service.
- 2. Board/Management Dynamic.** The Bank's transition, as well, under the first-year leadership of new President and CEO Jose Teodoro K. Limcaoco, called for a re-examination of directors' fiduciary commitments to further fortify the stability of the board/ management dynamic. In the 2021 Non-Executive Directors' Meeting, directors revisited their related roles, responsibilities and lines of authority after the past two years of crisis-level accommodations

on leadership, risk management, assurance and compliance-monitoring duties. Looking ahead to 2022, greater clarity is expected to be reached on how the Board's oversight duties might be rebalanced vis-a-vis its role as a resource to management.

3. Mission Critical Risks and Business Resiliency.

Without a doubt, the key operating words in the past two years of the pandemic have been "mission critical risks" and "business resilience". In this respect, both the Board and management reviewed corporate operations and arrived at a joint understanding on the management of mission critical risks, expanded strategic planning horizons as well as reoriented business resiliency efforts to re-imagine new levels of responsiveness under hopefully forthcoming alternative pandemic exit scenarios.

4. Customer Obsessed.

In 2021, both Board and management began reshaping their thought processes and operational approaches in order to revitalize and recalibrate the Bank's customer relationships and pivot beyond the traditional customer-centric operating model.

Because clear guideposts are the building blocks of a sound enterprise strategy, Board and management worked together to arrive at a consensus and articulate the Bank's new vision and mission statements and company values in November 2021. Looking ahead to a more dynamic financial services marketplace of the future, BPI has started retooling the entire organization, redesigning the way branches and employees will serve clients, defining a different level of customer experience connection and standards and dramatically re-energizing the Bank's customer-centric culture around a rebirth in its N.I.C.E. aspirations.

5. Merger towards OneBPI.

With the announcement of the merger of the two leading financial institutions in January 2021 and subsequent approval of stockholders in April, not only did the merger bring together the financial strength and technical expertise of the individual banks and create a combined network of touchpoints that expands geographical reach to individual – and now unified – customers of both BPI and BPI Family, it also highlighted "reinvention" and "transformation"

as the dominant themes that would be echoed throughout the year. The leading corporate governance practices in BPI, as a publicly-listed company, would also benefit customers of BPI Family with the integration as One BPI.

6. Driving an ESG Platform Agenda.

ESG has gone beyond being a mere business trend or investor criteria; it is where corporate governance also stands today. With the Board's approval of the Bank's Sustainability Agenda Policy and Sustainability Council Charter in 2021, an ESG platform agenda for continuous innovation and achieving scale was established. With an ESG platform agenda, the Bank is able to accelerate, in a holistic manner, the transformation of its business model and utilize mechanics of scale in driving operability of the Sustainable Finance Framework that the BSP mandated Philippine banks to have.

A robust ESG platform agenda approach is likewise more effective and efficient while global sustainability standards, i.e., SASB, GRI, and TCFD, are still being harmonized. Most recently, in November 2021, the International Financial Reporting Standards organization (IFRS) announced the creation of the International Sustainability Standards Board (ISSB), which will establish the first international accounting standards for ESG. In its press release, the ISSB aims to "deliver a comprehensive global baseline of sustainability-related disclosure standards."

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

LEADERSHIP

Advisory Council. We have an Advisory Council to the Chairman which was organized following the ASM in April 2016. Comprised of senior thought leaders, captains of industry, and luminaries in their respective fields, the Advisory Council expands the range of expertise, experience, and collective wisdom available to the Bank.

At the Organizational Meeting of the Board of Directors following the 2021 ASM, the following were re-appointed as members of the Advisory Council:

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

* Appointed as member of the Advisory Council effective May 19, 2021

** Appointed as member of the Advisory Council effective Dec. 16, 2021

BOARD OF DIRECTORS

The leadership and stewardship of the Board of Directors is one of the most important factors accounting for BPI's long-term growth and success.

In discharging its oversight responsibilities, the Board provides challenge, oversight, and advice to ensure that BPI continues to do the right things the right way.

Considering the Bank's role in the BPI group as parent and publicly listed company, the Board ensures that BPI maintains an effective, high-level risk management, and oversight process across all companies in the group, with due consideration for the group's business and reputation, the materiality of financial and other risks inherent in the business, and the relative costs and benefits of implementing specific controls.

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

Chairman. In adherence to Recommendation 2.3 of the SEC Code of Corporate Governance for Publicly-Listed Companies, the Board is headed by a competent and qualified Chairman.

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

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

Role and Independence of the Chairman. The Chairman and Vice-Chairman are both Non-Executive Directors. The Board does not encourage CEO duality. The Chairman, who has not served as CEO of the Bank within the past three years, is separately appointed from the President and CEO (Recommendation 5.4, SEC CG Code for PLCs). The Chairman and the President and CEO positions are currently held by two individuals who are not related to each other and have defined roles and responsibilities that are separate and distinct, as set in our Amended By-Laws and MCG.

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

Chief Executive Officer. The CEO reports directly to, and is accountable to, the Board for the performance of the Bank. As defined in the MCG, the CEO (1) leads the development and execution of short- and long-term strategies, (2) communicates on behalf of the Bank with shareholders, regulators, and the public, (3) evaluates the work of other executive leaders within the Bank, (4) implements the Bank's vision and mission, and (5) ensures that management's reports to the Board provide relevant, accurate, timely and clear information necessary for the Board to fulfill its duties. (Recommendation 5.4, SEC CG Code for PLCs).

Lead Independent Director. At the Organizational Meeting of the Board, following the 2021 ASM, Independent Director Ignacio R. Bunye was appointed as Lead Independent Director.

BPI's Manual on Corporate Governance states the duties and responsibilities for such a role and position in the Bank, if and when one is appointed – the Lead Independent Director shall act as the preferred point of contact for other Independent Directors on the Board (Recommendation 5.5, SEC CG Code for PLCs).

Board Charter. The charter of the Board articulates with specificity the governance and oversight responsibilities exercised by the directors and their roles and functions in the Bank. It includes provisions on board composition, Board Committees, and board governance, subject to the Bank's Articles of Incorporation, Amended By-Laws, and applicable laws. The charter does not limit, enlarge, or change in any way the responsibilities of the Board.

The charter, which is in adherence to Recommendation 2.12 of the SEC CG Code for PLCs, is incorporated in our MCG, both of which are reviewed annually. The Bank's updated and revised MCG was approved and adopted by our Board in its entirety on Sept. 15, 2021.

As stated in the charter, the Board's key areas of focus include:

- Governance – ensuring that corporate responsibility and ethical standards underpin the conduct of BPI's business; developing succession plans for the Board and CEO; and establishing the general framework of corporate governance for the Bank;
- Strategy - reviewing BPI's strategic and business plans; growing the business sensibly; and building resilience into the franchise (Recommendation 2.2, SEC CG Code for PLCs).
- Risk management – ensuring that effective risk management, compliance, and assurance processes undergird our business;
- Financial performance – monitoring management performance and achievement of goals and targets;
- Sustainability – considering environmental, social, and governance (ESG) issues and including these as part of the Bank's strategy.

In the Board strategy session last Nov. 29, 2021, the Board and the Senior Management committee reviewed and approved the Bank's mission and vision and strategic plans for the coming years. (Recommendation 2.1, 2.2, 2.12, 8.7 SEC CG Code for PLCs).

The Board Charter is disclosed in the MCG and on the company website at www.bpi.com.ph.

COMPOSITION AND QUALIFICATION

In pursuit of industry leading risk management and governance practices for the appropriate board size, BPI maintains a 15-member board. The size of the Board is deemed appropriate given the complexity of operations of the Bank and the entire BPI group, our risk appetite, the geographical spread of our business, and the significant time demands placed on the Directors.

Board Composition. The Bank adheres to Recommendation 1.2 of the SEC CG Code for PLCs with respect to the board composition so that no director or small group of directors can dominate the decision-making process. The only Executive Director is the Bank's President and CEO.

The General Banking Law, R.A. 8791 mandates that there be at least five (5) and a maximum of fifteen (15) members of the board of directors of a bank. The board shall determine the appropriate number of its members to ensure that the number is commensurate to the size and complexity of the bank's operations. Universal and commercial banks are deemed to operate complex business models by virtue of the scale and type of banking activities.

Certain factors also determine the complexity of a bank's operations such as:

- Size of total assets
- Extent of branch network
- Non-traditional products and services offered by virtue of special authorities (e.g., trust, quasi-banking, derivatives licenses), as well as distinctive products like credit cards, remittance, trade-related services, among other financial services;
- Use of non-conventional business model, such as those using non-traditional delivery platforms such as electronic platforms; and
- Business strategy that is characterized by risk appetite that is aggressive and risk exposures which are increasing.

The 15-member Board also ensures that directors are able to carry out their responsibilities efficiently, given the number of committees that they are appointed to. Global best practice surveys show that complex banks benefit from larger board sizes in the long-term, providing better oversight and risk management.

Board membership was reinvigorated during the Bank's ASM on Apr. 22, 2021, with 14 of the newly-refreshed 15-member board comprised of Non-Executive Directors, safeguarding independent oversight of management. This is in compliance with BSP Circular No. 969, "Enhanced Corporate Governance Guidelines for BSP-Supervised Institutions" and in adherence to Recommendation 1.2 of the SEC CG Code for PLCs.

In 2021, the following membership and director classification changes occurred:

- Election of Mr. Cesar V. Purisima as Independent Director (ID) and reclassification of Mr. Ramon R. del Rosario, Jr., from ID to Non-Executive Director (NED) on Jan. 20, 2021;
- Reclassification of Mr. Octavio Victor R. Espiritu and Mr. Antonio Jose U. Periquet as NEDs in April 2021 due to the maximum term limit of nine (9) years for IDs, reckoned from 2012 under SEC and BSP regulations;
- Election and appointment of a new President and CEO/Executive Director Jose Teodoro K. Limcaoco on Apr. 22, 2021;
- Appointment of ID Eli M. Remolona, Jr. as Chairman of Risk Management Committee on Apr. 22, 2021;
- Resignation of NED Mercedita S. Nollado, election of Ms. Janet Guat Har Ang as ID and appointment of NED Aurelio R. Montinola III as Chairman, Retirement and Pension Committee on May 19, 2021;
- Resignation of NED Rebecca G. Fernando and election of Mr. René G. Bañez as NED as well as his appointment to the Executive Committee, Related Party Transactions Committee and Retirement and Pension Committee on August 18, 2021;
- Resignation of NED Antonio Jose U. Periquet from the BPI Board of Directors effective Dec. 16, 2021.

Director Qualifications. The Board enjoys the trust and respect of the local and international business community. They are established professionals who provide perspective, objectivity, practical wisdom, and sound judgment in their oversight, recommendations, and evaluation of bank operations and management.

As a financial institution imbued with public interest, qualifications for membership in the Board are dictated by our Amended By-Laws, MCG, the Revised Corporation Code, and relevant regulations of the BSP and the SEC.

As a publicly-listed company, special care is taken to ensure that the Board composition and director qualifications, particularly with respect to independent directors, also meet the pertinent governance regulations, requirements, and standards of the PSE.

As required by the SEC, all of the Bank's annual reports contain comprehensive profiles of the Directors which disclose, among other information, the age, qualifications, date of appointment, relevant experience, and directorships in the BPI group as well as in other companies, listed or otherwise. In compliance with SEC Memo. Cir. No. 11, s2014, the Bank also posts biographical details of the Directors and Senior Management on the company website.

Directors comply with all fit and proper qualifications and requirements of the BSP, SEC, and PSE and remain qualified throughout the one-year term. This includes required working knowledge, experience or expertise, and competence relevant to the banking industry.

Statutory requirements on qualifications and disqualifications for directors are stated in our MCG published on our website, www.bpi.com.ph. See Appendix for full biographies of the Directors. (Recommendation 8.3 SEC CG Code for PLCs).

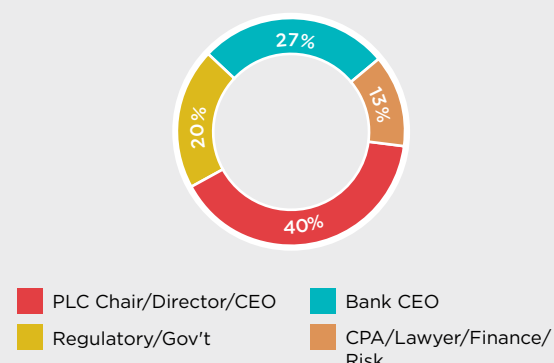
DIVERSITY

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

Our leadership model ensures an appropriate balance of power, accountability, and independence in decision-making.

Diversity—in terms of gender, age, cultural background, education, professional experience, engagement in sustainability and ESG initiatives, skills, knowledge, length of service, and other regulatory requirements—is duly considered in the design and selection of the Board's composition. (Recommendation 1.4 of the SEC CG Code for PLCs).

SKILLS & EXPERIENCE



The business of banking goes beyond loan and deposit volumes. It is the business of building trust and continually winning that trust as customer needs and preferences, the industry, products and services, and the regulatory regime evolve. Only a skillfully put together, diverse, and well-composed Board can accomplish the challenge of marrying this underlying sense of purpose with the passion and bias to action needed to move towards that vision.

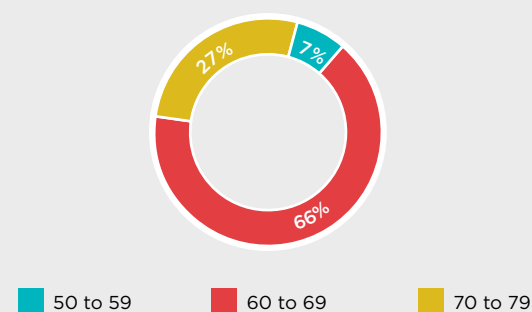
Apart from the President and CEO, BPI has four former bank CEOs on its Board. Collectively, they provide a wealth of technical, banking, and risk management experience. More importantly, they also embody prudent judgment and integrity characterized by sound decision-making and professionalism. As bank CEOs, they are also hardwired to understand what matters in the business and driven to build strategies to win that trust. (Recommendation 1.1, SEC CG Code for PLCs).

Forty percent of the Board are directors of publicly-listed companies that include business leaders at the helm of the country's top companies and conglomerates. Unchallenged in their depth of understanding and appreciation of what the Bank needs to do to continue its over 170-year legacy as the principal architect of the country's financial inclusion landscape, they also safeguard its listed status, protect shareholder rights, and strengthen investor relations.

Thirteen percent of the Board are astute professionals who can best assess and evaluate the risk and control policies, processes, and systems of the Bank. Including the four bank CEOs and directors with regulator experience, about 60% of the Board are equipped with specialist and generalist experience, training, and education to guide the most critical functions in the Bank.

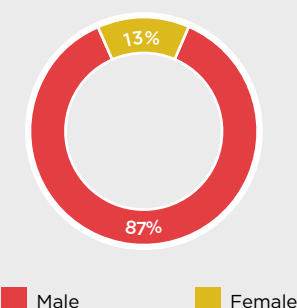
Last but not least, a healthy respect and cautious, heedful, and constructive regulatory perspective is also brought onboard by 20% of the directors.

AGE DIVERSITY



The Board recognizes that age diversity is an important factor to achieving diversity of thought. Its experienced directors bring to the Board the benefit of having seen several business cycles and thus provide unique perspective and insight. The Board also values having younger directors, who may be better attuned to the rapidly evolving environment, particularly when it comes to disruption and digitalization of financial services. While fine-tuning the composition of company boards to include younger directors may help a board stay more relevant, the Board also puts great value on the top two most prevalent skills of board members between the ages of 60 and 79: finance and governance³. Ninety-four percent of the directors on the Board fall in this age range.

GENDER DIVERSITY



³ <https://corpgov.law.harvard.edu/2018/04/04/how-boardskills-vary-by-director-age-groups/>

APPOINTMENT AND YEARS OF SERVICE OF BOARD OF DIRECTORS

As of Dec. 31, 2021

Director's Name	Type of Director ¹	Date First Elected ²	Date Last Elected	Manner of Election	No. of Years as Director of BPI
Jaime Augusto Zobel de Ayala	NED	03/13/1990	04/22/2021	Annual Meeting	31.8
Fernando Zobel de Ayala	NED	10/19/1994	04/22/2021	Annual Meeting	27.2
Janet Guat Har Ang	ID	05/19/2021	05/19/2021	Board Meeting	0.6
René G. Bañez	NED	08/18/2021	08/18/2021	Board Meeting	0.3
Romeo L. Bernardo	NED	02/1998	2001	Annual Meeting	3.0
	ID	08/21/2002	04/24/2019		15.7
	NED	04/25/2019	04/22/2021		2.7
Ignacio R. Bunye	ID	04/14/2016	04/22/2021	Annual Meeting	5.7
Cezar P. Consing	NED	02/1995	01/2000	Annual Meeting	5.0
	ID	08/18/2004	01/01/2007		2.3
		01/01/2007	04/18/2013		6.0
	ED	04/19/2013	04/21/2021		8.7
Octavio Victor R. Espiritu	NED	04/22/2021	04/22/2021	Annual Meeting	0.7
	NED	04/07/2000	04/03/2003		3.0
	ID	04/03/2003	05/19/2021		18.7
Rebecca G. Fernando ³	NED	05/20/2021	05/20/2021	Annual Meeting	0.8
	NED	10/18/1995	12/31/2007		12.2
Jose Teodoro K. Limcaoco	NED	03/31/2009	08/18/2021	Annual Meeting	13.4
	NED	02/20/2019	04/21/2021		2.8
Aurelio R. Montinola III	ED	04/22/2021	04/22/2021	Annual Meeting	0.7
	ED	01/12/2004	04/17/2013		9.3
Mercedita S. Nollado ⁴	NED	04/18/2013	04/22/2021	Annual Meeting	8.7
	NED	11/20/1991	05/19/2021		30.4
Antonio Jose U. Periquet ⁵	ID	04/19/2012	05/19/2021	Annual Meeting	9.7
	NED	05/20/2021	12/16/2021		0.6
Cesar V. Purisima	ID	01/20/2021	04/22/2021	Annual Meeting	1.0
Eli M. Remolona, Jr.	ID	04/25/2019	04/22/2021	Annual Meeting	2.7
Ramon R. Del Rosario, Jr.	NED	04/23/2020	04/22/2021	Annual Meeting	1.7
Maria Dolores B. Yuvienco	NED	04/10/2014	04/13/2016	Annual Meeting	1.7
	ID	04/14/2016	04/22/2021		6.7

¹Type: Executive (ED), Non-Executive (NED), Independent (ID)

²Based on Type of Director

³Resigned as of Aug. 18, 2021

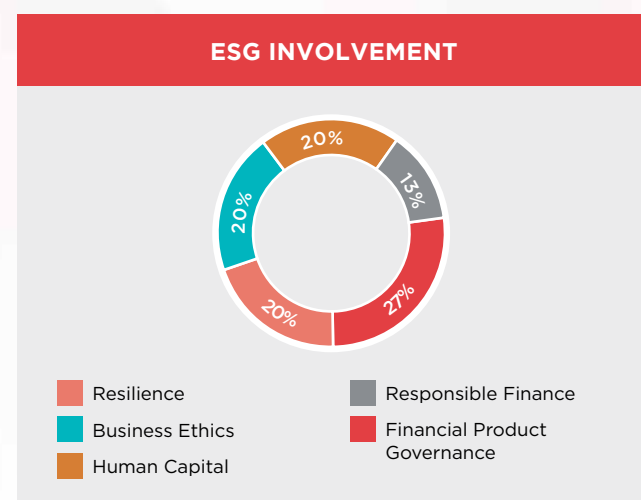
⁴Resigned as of May 19, 2021

⁵Resigned as of Dec. 16, 2021

The Bank believes it should rebalance the organization's Board in a manner that reflects the up-to-date operating requirements of the Bank, current resource levels for director talent, and long-term interests of the shareholders. Therefore, setting a target quota with respect to gender parity runs contrary to the foregoing and to meritocratic principles.

Nevertheless, the Board strives to ensure that there is appropriate representation of women, and female Independent Directors. (Recommendation 1.4 of SEC CG Code for PLCs).

In 2021, 2 out of 15 or 13% of the Board was comprised of women, which are both Independent Directors. This is in alignment with the Bank's Measurable Board Diversity Targets.



Based on global surveys on the environmental and social profile and vulnerabilities of companies in financial services, the key ESG issues for the banking sector include: Resilience, Business Ethics, Responsible Finance, Financial Product Governance, and Human Capital. Composition of our 2021 Board shows that there is a balanced distribution of our directors with respect to their skills, work experience, background and current involvement, knowledge and understanding of these key ESG issues, and preferences of stakeholders.

Measurable Diversity Objectives or Targets.

Best practice under the SEC Code of Corporate Governance for Publicly-Listed Companies recommends the establishment of measurable objectives or targets for achieving board diversity. In this respect, the following are the Board's diversity goals, approved in 2021 and considered as rolling targets over a 5-year period, that, together with the Board Skills and Expertise Matrix, are reviewed annually and updated as needed:

1. Number of Female Directors on the Board: At least 2.
2. Target Number of Independent Directors on the Board: At least 5.
3. At least 1 director with knowledge of IT systems and technology governance in the financial services industry.
4. At least 1 director with marketing and customer management expertise.

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

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

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

Security Ownership of Directors and Officers. Beneficial ownership and control structures of the Bank are disclosed, noting that such information is important in detecting and preventing tax evasion, corruption, money laundering, terrorist financing and other unlawful activities. This also guards against conflicts of interest and concentrated ownership such as when there are controlling beneficial owners with large voting blocks. None of the members of the Bank's Board of Directors and management owns 2.0% or more of the outstanding capital stock of the Bank. (Recommendation 8.2 SEC CG Code for PLCs).

As of Dec. 31, 2021, the following are known to BPI to be directly the record and/or beneficial owners of BPI voting securities:

Title of Class	Name of Beneficial Owner	Position	Dec 2021		Nature of Ownership (D) Direct (I) Indirect	Citizenship
			No. of Shares	% of Holdings		
Common	Jaime Augusto Zobel de Ayala	Chairman, NED	9,628	0.00%	D	Filipino
Common	Fernando Zobel de Ayala	Vice-Chair, NED	89,137	0.00%	D	Filipino
Common	Jose Teodoro K. Limcaoco	ED, President & CEO	291,416	0.01%	D/I	Filipino
Common	Janet Guat Har Ang	ID	10	0.00%	D	Singaporean
Common	René G. Bañez	NED	10	0.00%	D	Filipino
Common	Romeo L. Bernardo	NED	12	0.00%	D	Filipino
Common	Ignacio R. Bunye	ID	133,452	0.00%	D	Filipino
Common	Cezar P. Consing	NED	2,834,093	0.06%	D	Filipino
Common	Ramon R. Del Rosario, Jr.	NED	2,287	0.00%	D	Filipino
Common	Octavio Victor R. Espiritu	NED	1,225,110	0.03%	D	Filipino
Common	Aurelio R. Montinola III	NED	1,794,863	0.04%	D	Filipino
Common	Cesar V. Purisima	ID	10	0.00%	D	Filipino
Common	Eli M. Remolona, Jr.	ID	10	0.00%	D	Filipino
Common	Maria Dolores B. Yuvienco	ID	5,813	0.00%	D	Filipino
	SUB-TOTAL		6,385,851			

Title of Class	Name of Beneficial Owner	Position	Dec 2021		Nature of Ownership (D) Direct (I) Indirect	Citizenship
			No. of Shares	% of Holdings		
Common	Maria Theresa D. Marcial	EVP & CFO	284,994	0.01%	D	Filipino
Common	Ramon L. Jocson	EVP & COO	63,783	0.00%	D	Filipino
Common	Marie Josephine M. Ocampo	EVP	281,692	0.01%	D	Filipino
Common	Juan Carlos L. Syquia	EVP	8,982	0.00%	D	Filipino
	SUB-TOTAL		639,451			
	TOTAL		7,025,302			

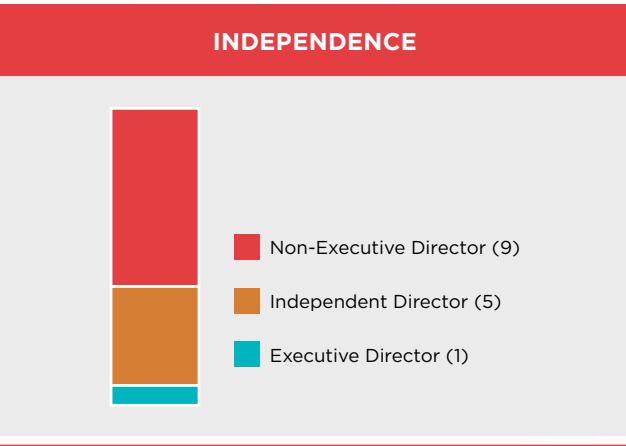
INDEPENDENCE

Independence is paramount for the BPI Board and key to engendering public trust. To ensure that the Board is able to maintain fairness, integrity, and balance among all stakeholder interests, Non-Executive Directors, which include Independent Directors, comprise 14 or 93% of the 15-member Board.

For the 2021 to 2022 Board term, five out of the 15-member board elected or 33% of the Board are classified as Independent, or having no interest or relationship with BPI at the time of election, appointment, or re-election. Fourteen or 93% of the Board are Non-Executive Directors, who are not involved in the day-to-day management of banking operations. (Recommendation 1.2, 5.1 of SEC CG Code for PLCs).

BPI meets both the minimum BSP regulatory and the SEC CG Code requirements for the number of Independent Directors in its Board, who must make up at least one- third and not less than two. (Recommendation 5.1 of SEC CG Code for PLCs).

The Bank also ensures compliance with the qualifications and requirements for Independent Directors as defined under the provision of SRC Rule 38 of the Securities Regulation Code, as amended, and as mandated in the BSP Manual of Regulations for Banks (MORB). In this regard, the Bank submits the required certifications of its Independent Directors annually to the BSP for confirmation of the election or appointment. (Recommendation 5.2 of the SEC CG Code for PLCs).



Term limits of Independent Directors. The MORB and SEC Mem.Cir.No. 9, Series of 2011 and No. 4, Series of 2017 set a maximum cumulative term of nine (9) years for Independent Directors, reckoned from 2012. This is also stated in Recommendation 5.3 of the SEC CG Code for PLCs. In this regard, on May 19, 2021, the Board noted the reclassification of Mr. Octavio Victor R. Espiritu and Mr. Antonio Jose U. Periquet from Independent Directors to Non-Executive Directors, following the expiration of their terms as independent board members.

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

Duties and Responsibilities. The Board bears the primary responsibility for creating and enhancing the long-term shareholder value of BPI, and generating reasonable and sustainable returns on shareholder capital by, among others, reviewing and approving the Bank’s mission, vision, strategies and objectives; appointing senior executives and confirming organizational structures; approving enterprise-wide policies and procedures; monitoring business and financial performance; overseeing risk management frameworks and risk appetite; and fostering regulatory compliance.

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

Board Nomination and Selection Policy. Following the Bank’s Amended By-Laws, MCG, Board Diversity Policy, Board and Committee Charters, rules provided for by the regulators (SEC, BSP and PSE) as well as the Corporation Code, all written nominations for directors are submitted to the Nomination Committee. These may be presented not later than the date prescribed by law, rules and regulations or at such earlier or later date before the date of the next annual meeting of the stockholders. All recommendations shall be signed by the nominating stockholders together with the written acceptance and conformity of the would-be nominees.

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

For this purpose, the Committee utilizes information from professional search firms or external director databases when possible and maximizes all available information resources to search for qualified candidates. Members of the Committee recuse themselves in case of deliberations on their renomination. (Recommendation 2.6 of SEC CG Code for PLCs).

In 2021, in accordance with the resolution of the Board dated Dec. 16, 2020, which was disclosed and reported to PSE and SEC, all nominations for election of Directors for the term 2021 to 2022 were required to be submitted to the Corporate Secretary not later than Mar. 05, 2021. As of said date, there were only 15 nominees to the Board received by the Corporate Secretary and all the nominees confirmed their acceptance of said nomination. Ms. Rebecca G. Fernando was nominated by the Roman Catholic Archbishop of Manila and the rest of the nominees were formally nominated by Ms. Josenia Jessica D. Nemeño, a long time stockholder of BPI who is not related to any of the nominees including the nominees for independent director. The nominations were subsequently processed and evaluated by the Nomination Committee of the Bank in a meeting called for that purpose and it was determined by the Committee that all the nominees (both regular Directors and Independent Directors) possess all the qualifications required by relevant law, rules, regulations and BPI’s By-Laws and MCG and no provision on disqualification would apply to any of them. None of the nominees, directors and officers of the Bank works for the government.

Vetting of Directors. In the case of incumbent directors, the Nomination Committee reviews each director’s overall service during his or her current term, including the number of meetings attended, level of participation, quality of performance, and, if any, transactions between the director and the Bank. Apart from the annual accomplishment reports of

all board-level committees, inputs to the Committee review include, but are not limited to, the results of the regular board self-assessment, updated directors’ biographies, written affirmation to the BPI Director’s Code of Conduct and MCG, and relevant disclosures such as conflicts of interest or related party transactions, if any.

In the case of new director candidates, the Committee first determines whether the nominee must be independent under BSP and SEC rules, then identifies any special needs of the current Board. The Committee then conducts a candidate assessment for a high level of personal and professional integrity, as well as to assess the nominee’s likely level of commitment to the organization, availability, other external commitments and possible conflicts of interest. The Committee also examines if there is mutual fit and gauges the candidate’s interest and conscientiousness to determine if he or she is suitable for the Board. This may include face-to-face meetings and interviews. Beyond the selection criteria, the Committee also vets candidates based on their full and voluntary disclosures.

Considering that today’s data trails can produce volumes of digital information on director candidates, it has become imperative for candidates themselves, to be forthright with relevant news articles, company reports, legal filings, as well as social media profiles, especially if there may be potential issues, résumé discrepancies and the like.

Selection Criteria. The Board, through the Nomination Committee, ensures the Fit and Proper requirements for the position of a director of a bank and assesses candidates in terms of integrity or probity, competence, education, diligence and experience or training. These are dictated by Banking Laws, BPI’s Amended By-Laws, MCG, Board Diversity Policy, Board and Committee Charters, the rules and regulations of the BSP, SEC, and PSE as well as the Corporation Code. A Skills and Expertise matrix prepared by the Corporate Governance Committee also provides recommendations for the desired competency profile of the Board, which includes the alignment of qualifications with the strategic direction of the Bank. The Board also reviews candidate directors with respect to their skills, engagement and past or present work or board experience that considers ESG factors. (Recommendation 1.1, 2.6 of the SEC CG Code for PLCs).

The General Banking Law of 2000 (R.A. No. 8791) provides the BSP with powers to prescribe, pass upon, and review the qualifications and disqualifications of individuals elected or appointed as bank directors or officers and the power to disqualify those found unfit for positions of bank directors and officers.

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

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

Electronic Voting in Absentia. In its meeting held on Feb. 24, 2021, the Board approved Management's recommendations for BPI to provide the Bank's shareholders with the option to vote in absentia in the 2021 ASM. Whether made in person or in absentia, the votes carry equal effect. This also allows shareholders who are unable to attend the ASM the opportunity to participate and vote. Hence, at the Apr. 22, 2021 ASM, stockholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.

Voting Process. No meeting of stockholders shall be competent to transact business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day or until such time as may be deemed proper. The Rules of Conduct, voting

and vote tabulation procedures are explained during the ASM. Votes are cast and counted for each agenda item. The Office of the Corporate Secretary tabulates all votes received and the Bank's external auditor validates the results. Voting results are presented for each agenda item during the meeting to inform the participants of such outcome. Voting results are likewise disclosed on the various exchanges where BPI's capital market issuances are traded and the company's website as soon as possible after the meeting. These are discussed in much greater detail in the section of the BPI Integrated Report on Shareholder Rights and Engagement.

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

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

In adherence to Recommendation 2.6 of the SEC CG Code for PLCs, these nomination and election policies are disclosed in the Bank's MCG as well as on the company website.

For more information, please read further on the Nomination Committee Charter at www.bpi.com.ph.

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

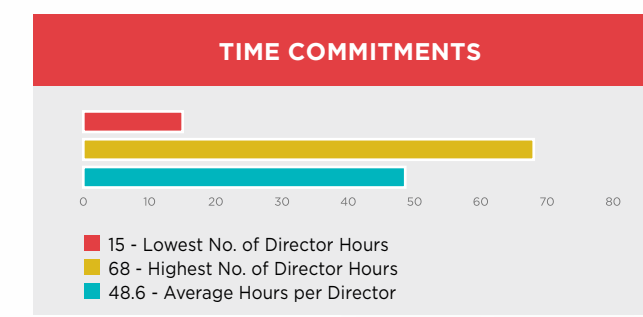
Policy on Directorships. With a rigorous nomination process, close monitoring and reporting of board and committee meeting attendance, an annual performance evaluation which includes affirmative determination of time commitments and an annual review of board committee chairmanships and memberships, adequate safeguards against overboarding or over commitment are in place. In adherence to Recommendation 4.3 the SEC CG Code for PLCs, directors must notify the Board of their intention to accept a directorship in another company.

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

Given the dearth in board professionals who might meet the stringent requirements for directors of banks, setting a limit in the number of directorships would reduce the pool of interested and qualified director candidates and increase difficulty in finding and retaining the most effective directors. The Bank also benefits greatly from stewardship of experienced directors who serve on other boards and provide guidance and independent perspective on multifaceted issues, and complex, strategic concerns in banking.

Directorships in PLCs. The Bank applies a limit of five on directorships of Non-Executive Directors and Independent Directors in publicly-listed companies and within conglomerates. (BSP Cir. 969 and Recommendation 4.2 SEC CG Code for PLCs). Application of the policy on directorships shall not impinge on or violate a shareholder's ownership rights and legal right to vote and be voted upon as directors.

Interlocking Directorships. The Bank also complies with the relevant provisions of the MORB on interlocking directorships. The Board regularly reviews interlocking board memberships to determine whether any of these create real or possible conflicts of interest or impair the ability of the involved directors to exercise independent judgment.



Time Commitments. A thematic review of Directors' 2021 time commitments, including a granular analysis of Board and Committee packs and minutes, shows that the total aggregate professional time commitment runs in excess of 720 hours a year, not including their commitments, if any, on other boards or organizations. On the other hand, the base time commitment of an individual Director is, on average, in the order of over 49 hours a year. Both figures do not include the significant time commitments of the Directors for preparation and review of documents for Board and Committee meetings, continuing education and training, and engagement with the executive team and stakeholders as needed. Factoring these in may easily double the estimated time spent in the performance of their duties and responsibilities as Director.

The total aggregate professional time commitment of all Directors as well as their base time commitments compares very favorably with peers and industry averages, ensuring that Directors are able to fulfill their Board roles to an appropriate standard and that the Board's quality of performance as a body, is high. In contrast, much higher levels of time commitment and committee memberships are regarded as risk indicators which triggers close monitoring and reassessment of Directors' commitments.

Only half of our Independent Directors hold more than two board level committee memberships each. Further, on average, our Directors have only 2.3 board-level committee memberships each. Best practice surveys dictate having no more than two committees per director as "busy" boards and directors tend to have worse long-term performance and oversight. This is especially important for Independent Directors who are mandated under BSP Cir. 969 to chair or be members of the risk and control board-level committees.

In the internal annual board effectiveness self-assessment exercise, Directors' time commitments are also reviewed to ensure that these are maintained at a level that allows legal obligations and responsibilities as board and committee members to be met and mitigates the potential risk that governance standards may be weakened. This strength was validated in the board effectiveness exercise conducted for the year 2021. (Recommendations 4.1, 4.2 and 4.3 of the SEC CG Code for PLCs).

Director Education and Training. The Board policy, as stated in the MCG, is to ensure that directors acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.

In adherence to Recommendation 1.3 and 1.5 of the SEC CG Code for PLCs, the Office of the Corporate Secretary, together with the Bank's Corporate Governance Department, Compliance Division, ensures that Directors, senior management and key officers, in their own capacity or as sponsored by the Bank, are able to attend the requisite programs, seminars and roundtables with accredited service providers during the year.

Continuing education of Directors includes internal meetings with senior executives and operational or functional heads, dedicated briefings on specific areas of responsibility within the business and special presentations on current issues or regulatory initiatives with respect to Data Privacy, Cyber Risk and Cyber Security, the Anti-Money Laundering and Terrorism Financing Prevention Program, Foreign Account Tax Compliance Act, Securities Regulations Code, Sustainability Issues and ESG Reporting, SEC memorandum circulars, and BSP regulations, among others.

The Bank brings in technical and subject matter experts as needed. Directors also regularly attend governance fora, conferences, and summits. New Directors are briefed on BPI's background, organizational structure, and in compliance with BSP Circular No. 758 on general and specific duties and responsibilities of the Board. They are given an overview of the industry, regulatory environment, business of banking, strategic plans of the Bank, its governance framework, i.e., MCG, Director's Code of Conduct, Board operations (schedules, procedures and processes), including support from the Corporate Secretary and Senior Management. (Recommendation 1.3, 2.1 of the SEC CG Code for PLCs). New directors are required to certify under oath that they have received a copy of the general responsibility and specific duties and responsibilities of the Board and of a Director. This certification is also submitted to the BSP together with the certification on their qualifications as a director.

In this respect, in fulfillment of the Corporate Governance Committee's charter responsibilities for the provision of on-boarding/orientation programs for first time directors and new members of the board, the Corporate Governance Department conducted several on-boarding/orientation sessions throughout 2021 on the following dates: April 16, May 6, June 15, and August 26, for Messrs. Cesar V. Purisima, Ramon R. del Rosario, Jr., and René G. Bañez and Ms. Janet Guat Har Ang.

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

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

Director	2020	2021
Jaime Augusto Zobel de Ayala	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Nov. 10	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21
Fernando Zobel de Ayala		
Maria Dolores B. Yuvienco		
Ignacio R. Bunye		
Cezar P. Consing		
Romeo L. Bernardo		Corporate Governance Orientation Program by Institute of Corporate Directors on Dec. 6 to 7
Jose Teodoro K. Limcaoco		
Antonio Jose U. Periquet		Corporate Governance Orientation Program by Institute of Corporate Directors on Nov. 9 to 10
Eli M. Remolona, Jr.		Not applicable
Octavio Victor R. Espiritu		Not applicable
Mercedita S. Nollado ¹	Not applicable	Ayala Integrated Corporate Governance Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21
Rebecca G. Fernando ²	Not applicable	
Janet Guat Har Ang ³	Not applicable	Corporate Governance Training by Risks, Opportunities, Assessment and Management (ROAM), Inc. on Sept. 24
René G. Bañez ⁴	Not applicable	
Aurelio R. Montinola III	Corporate Governance Training by Risks, Opportunities, Assessment and Management (ROAM), Inc. on Sept. 25	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21
Cesar V. Purisima	Advanced Corporate Governance Training conducted by the Institute of Corporate Directors (ICD) on 15 Oct. 2020 under Jollibee Foods Corporation	
Ramon R. Del Rosario, Jr.	Business Continuity Planning: Executive Briefing for Board Directors and Management by Center for Global Best Practices on Oct. 23	
Senior Management	2020	2021
Maria Theresa D. Marcial (EVP & CFO)	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Nov. 10	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 21
Ramon L. Jocson (EVP & COO)		
Marie Josephine M. Ocampo (EVP)		
Juan Carlos L. Syquia (EVP)		
Maria Cristina L. Go (EVP)		
Rosemarie B. Cruz (Chief Audit Executive)		
Marita Socorro D. Gayares (Chief Risk Officer)		
Noravir A. Gealogo (Chief Compliance Officer)		
Angela Pilar B. Maramag (Corporate Secretary)		

¹ Resigned as of May 19, 2021

² Resigned as of Aug. 18, 2021

³ Elected as BPI Director on May 19, 2021

⁴ Elected as BPI Director on Aug. 18, 2021

REMUNERATION

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

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

- Meets the Bank's needs and strategic objectives based on targets that are stretching, verifiable, and relevant;
- Accurately reflects recorded performance measures and promotes a pay-for-performance culture;
- Governs vesting of long-term incentives that are monitored and tied in to risk-assessments to align remuneration with the Bank's long-term strategy and shareholder interests and encourage the long-term commitment of employees. (Recommendation 2.5 of SEC CG Code for PLCs).;
- Reflects market rates and the challenge of attracting, retaining and competitively rewarding key staff with the ability, experience, skills, values, and behaviors to deliver bank goals.

These principles of paying competitively and paying for performance applies equally to the Board, President & CEO, officers, employees and staff.

Other remuneration policies include:

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

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

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

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

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

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

Director Remuneration. Under the Bank's Amended By-Laws, as approved by the shareholders, the Board, as a whole, determines the level of remuneration and/or benefits for Directors sufficient to attract and retain directors and compensate them for their time commitments and responsibilities of their role. (Recommendation 8.4 of SEC CG Code for PLCs). The Percom recommends to the Board the fees and other compensation for Directors, ensuring that compensation fairly remunerates Directors for work required in a company of BPI's size and scope.

- As provided by the Amended By-Laws and pursuant to a Board resolution, each director is entitled to receive fees and other compensation for his services as director. The Board has the sole authority to determine the amount, form, and structure of the fees and other compensation of the directors.

- In no case shall the total yearly compensation of the Board exceed 1% of the Bank's net income before income tax during the preceding year.

This relationship between remuneration and performance, which aligns remuneration of the Board of Directors with the long-term interests of the Bank, is in adherence to Recommendation 2.5 of the SEC CG Code for PLCs.

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

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

In 2021, the Board of Directors, as a whole, received a total of PHP 81 million as fees and other compensation for the services they rendered.

The total compensation for each director for 2021 is disclosed in Annex A-3(b) of the 2022 Definitive Information Statement. (Recommendation 8.4 SEC CG Code for PLCs).

President & CEO and Senior Management Remuneration.

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

Remuneration Structure. Remuneration for the President & CEO and Senior Management is set in the same way as for all employees being contractually fixed, based on the role, the skills and experience of the individual, and reviewed annually with reference to relevant market benchmarks. Remuneration for Senior Management, as reflected in the ratio between fixed and variable components of their total compensation, changes according to performance, rank, and function (Recommendation 8.4 of SEC CG Code for PLCs).

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

The remuneration of the Chief Risk Officer (CRO) and that of the Chief Compliance Officer (CCO) and Chief Audit Executive (CAE) are reviewed and endorsed by the Risk Management Committee and the Audit Committee respectively and subsequently approved by the Board. The performance of control functions (Audit, Compliance and Risk) are assessed independently from the business units they support to prevent any conflicts of interests.

Alignment with Long-term Shareholder Interests.

The Board, through the PerCom, also established long-term incentive programs, which are aligned with shareholder interests. The Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP) give officers the opportunity to buy shares of stock in BPI at a discounted price. (Recommendation 2.5 SEC CG Code for PLCs). Details on the ESOP and ESPP can be found in Note 18 of the Audited Financial Statements.

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

Name	Salary*	Bonuses*	Other Salary
Jose Teodoro K. Limcaoco**	PHP 187,848,883.51	PHP 72,813,500.00	None
Cezar P. Consing <i>President & CEO***</i>			
Ramon L. Jocson <i>EVP & Chief Operating Officer</i>			
Maria Theresa D. Marcial <i>EVP & Chief Finance Officer</i>			
Marie Josephine M. Ocampo <i>EVP</i>			
Juan Carlos L. Syquia <i>EVP</i>			

- * In as much as corporate governance best practices recommend that remuneration of the top five key officers be individually disclosed, the Bank believes that it would be disadvantageous to do so because of the competitiveness and high demand for talent in the industry. This is also consistent with banking industry practice in the local market.
- ** Appointed President and CEO in April 2021.
- *** The President and CEO/Executive Director receives remuneration as Officer and not as Executive Director of the company. There are no other Executive Directors other than the President and CEO.

Meetings and Attendance

Our Directors make significant time commitments, not only in preparing for and attending Board and board committee meetings, but also to initial induction, continuing education, training, and engagement with the executive team and stakeholders as needed. (Recommendation 4.1 of the SEC CG Code for PLCs).

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

Board Meetings in 2021 were held on the following dates:

Date of Meeting	Nature of Meeting
Jan. 20	Regular
Feb. 24	Regular
Mar. 17	Regular
Apr. 22	Regular
Apr. 22	Organizational
May 19	Regular
June 16	Regular
July 21	Regular
Aug. 18	Regular
Sept. 15	Regular
Oct. 20	Regular
Nov. 17	Regular
Nov. 29	Strategic Planning
Dec. 15	Regular
Dec. 17	Special (NED)

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

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

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

Director Attendance. In 2021, average attendance of elected Directors of the Board’s 15 meetings was 99%. When exigencies prevent a Director from physically attending a Board or board committee meeting, facilities for telephone conferencing are made available. In instances when a Director is unable to attend meetings even through teleconferencing due to prior commitments or unavoidable events, the said Director provides input to the chairman so that his views can be known and considered.

Meetings Held Remotely. Since the onset of the COVID-19 pandemic in 2020, the Bank has adopted virtual meeting platforms and invested in the necessary equipment, video and web conferencing software, including provision of training for Directors

and establishment of virtual meeting protocols for both the Board and Management. These alternative means of communication for Board and board committee meetings follow BSP and SEC guidance on the conduct of meetings held remotely by electronic means. Likewise, rules and procedures relating to presence of a quorum, notices, agenda setting, voting, conflicts of interest, when meetings can be called and held, etc., continue to follow rules and procedures for meetings held in person. All directors in attendance at the meetings held remotely by electronic means are able to hear, participate and communicate ‘live’ in the discussions and decisions made at the meetings.

No. of Meetings Attended in 2021		
Name	Attended/ Total	In Percentage (%)
Jaime Augusto Zobel de Ayala	15/15	100%
Fernando Zobel de Ayala	14/15	93%
Jose Teodoro K. Limcaoco	14/14	100%
Janet Guat Har Ang*	9/9	100%
Rene G. Bañez**	7/7	100%
Romeo L. Bernardo	15/15	100%
Ignacio R. Bunye	15/15	100%
Cezar P. Consing	15/15	100%
Octavio Victor R. Espiritu	14/15	93%
Rebecca G. Fernando***	8/8	100%
Aurelio R. Montinola III	15/15	100%
Mercedita S. Nollado****	6/6	100%
Antonio Jose U. Periquet*****	14/14	100%
Cesar V. Purisima*****	14/14	100%
Eli M. Remolona, Jr.	15/15	100%
Ramon R. Del Rosario, Jr.	14/15	93%
Maria Dolores B. Yuvienco	15/15	100%

- *Board member effective May 19, 2021
- **Board member effective Aug. 18, 2021
- ***Resigned as a Board member effective Aug. 17, 2021
- ****Resigned as a Board member effective May 18, 2021
- *****Resigned as a Board member effective Dec. 16, 2021
- *****Board member effective Jan. 20, 2021

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

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

Annual Strategic Planning Meeting. The Board and senior executives attend each year, a strategy session, held offsite when possible, to engage in dynamic and in-depth strategic discussion on the Bank’s medium and long-term plans. For last year, this was held on Nov. 29, 2021.

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

The NED meeting held on Dec. 17, 2021 facilitated an open discussion of ongoing initiatives and semestral performance of the Bank. The meeting was chaired by the Lead Independent Director and was also attended by the control heads – Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer as well as the external auditor.

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

ACCESS TO INFORMATION

The Board needs to have the right information at the right time, so that it can engage deeply on how the business is operating, how the executive team is performing and provide the proper check and balance.

The Board has separate and independent access to the Corporate Secretary, who serves as adviser to the Directors on their responsibilities and obligations and oversees the adequate flow of information to the Board prior to meetings (Recommendation 1.5 of the SEC CG Code for PLCs). To provide directors with all the information and assistance necessary to prepare for meetings or obtain clarification for any relevant matters, this access to the Corporate Secretary is unhampered, unlimited and direct. Directors may simply request such information by phone, email, written communication or in person, from the Corporate Secretary who in turn will give them all the information and assistance they will need to prepare for the meeting or clarification of any relevant matters.

Management also ensures adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and related documents, budgets, forecasts and monthly internal financial statements. In this respect, all Directors also have access to advice from Senior Management including C-Suite officers such as the Chief Operating Officer, Chief Financial Officer, Chief Audit Executive, Chief Risk Officer, Chief Human Resources Officer, Chief Information Officer, and Chief Compliance Officer.

All Directors and board committees also have unrestricted access to company records and information in addition to receipt of regular detailed financial and operational reports from Senior Management.

Board Access to External Advice. Considering the increasing complexity of market transactions and rapid rate of change in the regulatory sphere, the Board, if requested by the Chairman or other Directors, can call on external specialists or consultants for advice, briefings or assistance on specialized areas of focus such as accounting standards, related party transactions, capital, tax, listing, mergers and acquisitions, valuation, etc. Management can arrange for the external auditor, management services company or consultants to present to the Board.

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

- Serve as an adviser to the directors on their responsibilities and obligations;
- Keep the minutes of meetings of the stockholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and Directors as appropriate;
- Keep in safe custody the seal of BPI and affix it to any instrument requiring the same;
- Have charge of the stock certificate book and such other books and papers as the Board may direct;
- Attend to the giving and serving of notices of Board and shareholder meetings;
- Be fully informed and be part of the scheduling process of other activities of the Board;
- Prepare an annual schedule of Board meetings, including the regular agenda, and put the Board on notice of such agenda at every meeting;
- Oversee the adequate flow of information to the Board prior to meetings. Materials for approval or for information shall be given to the Directors in advance prior to the date of meeting to give them the chance to study and ask questions if necessary, even before the meeting itself; and
- Ensure the fulfillment of disclosure requirements to the SEC and PSE.

The Corporate Secretary is suitably trained and experienced in legal, accountancy, or company secretarial practices and is professionally qualified for these responsibilities. The present Corporate Secretary possesses the legal skills of a chief legal officer whose training is complemented by business, organizational, human relations, and administrative work skills. The Corporate Secretary is also the Corporate Secretary of various BPI subsidiaries and affiliates.

See Appendix for the full biography of our Corporate Secretary.

PERFORMANCE EVALUATION AND SELF-ASSESSMENT

The Board annually conducts a self-assessment to ascertain the alignment of leadership fundamentals and issues, validate the Board's appreciation of its roles and responsibilities and confirm that the Board possesses the right mix of background and competencies. (Recommendation 6.1 of the SEC CG Code for PLCs).

Board Self-Evaluation. In this regard, the Board, under the guidance of the Corporate Governance Committee, thoroughly reviews its performance, measured on the basis of what it delivers and how it delivers, how it meets its responsibilities to all BPI stakeholders, and how it addresses issues that impact the Board's ability to effectively fulfill its fiduciary duties.

Using a widely-advocated standard evaluation method of self-assessment and feedback review, performance is assessed across four levels: the Board as a body, Board Committees, individual Directors, and President and CEO. Key evaluation criteria are built on the Board's terms of reference and committee charters, and framed around broad leadership fundamentals and best practices.

The Corporate Governance Committee processes and tabulates the results of the self-assessments and communicates them to the Board. Areas for improvement are discussed by the Board, in order to agree on remedial actions. The Corporate Governance Committee may also develop recommendations and action plans for the Board, whenever necessary and desirable.

In this respect, the Board conducted its 2021 annual performance evaluation in early 2022. Directors assessed that the Board as well as its committees and individual directors had performed their duties and responsibilities effectively for the past year and that there were no material issues with respect to membership, governance, and operations. This also included an assessment of the President and CEO.

Third-Party External Performance Evaluation.

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

BSP Circular 969 states that the annual self-assessment of the Board may be facilitated by the corporate governance committee or external facilitators. The SEC Code of Corporate Governance for Publicly-Listed Companies, similarly states in Recommendation 6.1, that the conduct of the annual self-assessment of the Board is to be supported by an external facilitator every three years to improve objectivity of the assessment process. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution, or professional organization.

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

Board Performance Evaluation and Self-Assessment
(Recommendation 6.2 SEC CG Code for PLCs).

	Process	Criteria
Board of Directors	Self-Assessment by all directors The Board shall be given sufficient time to accomplish the self-assessments. Each individual director performs the four (4) levels of self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level. For the Board and Committee-level assessments, while the directors will be rating the Board's or Committee's performance as a body, the accomplishment of the assessment forms is meant to be done individually, on a per director basis. This is to secure an honest, unbiased, independent, and anonymous view from each director rather than a collective assessment that may already be subject to filtering and pre-agreement. Each director shall submit the completed forms on or before the deadline set by the Corporate Governance Committee or at such earlier or later date as the Board may agree upon. The Corporate Governance Committee processes the results of the assessments and communicates this to the Board through a Summary Report.	Strategy and Effectiveness Structure and Committees Meetings and Procedures Board and Management Relations Succession Planning and Training Performance Evaluation Value Creation General and specific leadership standards under the above criteria are considered in evaluating the Board as a body such as: adequacy of the processes which monitor business performance; board member interaction with management; adequacy of board knowledge; appropriateness of balance and mix of skills; size of board; contribution of individual directors; board's effectiveness in use of time; if board allows sufficient opportunity to adequately assess management performance; board's ability to keep abreast of developments in wider environment which may affect BPI; working relationship between chairman and chief executive officer; segregation of duties between board and management; ability of directors to express views on each other and to management in constructive manner, etc.
Board Committees	Self-Assessment by all Directors Submission of Accomplishment Reports to the Board by the different committees. In addition, the Audit Committee submits the "Self-Assessment in the Performance of the Audit Committee" to the SEC.	General and specific factors relating to Committee organization, meetings, processes and procedures, and overall effectiveness. Committee role Committee membership Procedure and practice Committee structure Collaboration and style Personal A sampling of factors under the above criteria include: use of committee time; adequacy of committee papers and frequency of meetings; ability to access resources; ability to keep informed in relevant areas; provision for continued development; working relationship between committee chairman and members; segregation of duties between committee and management; ability of directors to express views on each other and to management in a constructive manner, etc.
Individual Director	Each director is required to fill-up a Self-Assessment Form annually.	Leadership, Vision, Mission, and Values Effective Governance Strategic Thinking and Decision Making Teamwork Fulfillment of the Bank's Governance Attendance
CEO/President	Each director accomplishes an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The CEO/ President's performance is also evaluated at least once a year by the Personnel and Compensation Committee and Executive Committee	Leadership Working with the Board Managing Execution Communication/External Relations

Skills and Expertise Matrix Board Term: 2021 to 2022	
Competency Area	Competencies (Skills, Experience, Attributes) ¹
Core Personal Attributes	- History of ethical behavior (prior or current directorships in other publicly-listed companies or confirmation from regulatory bodies such as the BSP and SEC) - Availability (based on number of current directorships) - Relevant and distinguished professional career (as may be determined from bio-data)
Board/ Corporate Governance experience	- Knowledge and experience in a system for the oversight of decision-making, actions and behavior, and governance structures (as may be determined from candidate's bio-data/professional career) - Commitment to high standards of corporate governance (prior or current directorships and if publicly-listed companies, classification as a director)
Executive Leadership/ Management Skills	- Senior executive perspective of running a large organization or bank - Experience with stakeholder management (as may be determined from bio-data/ professional career)
Specialized Skills or expertise: - Accounting or Internal Control - Risk Management - Technology - Marketing/Sales and Customer Management - Organizational Development - Public and Regulatory - Banking - ESG Experience of Involvement	- Qualified financial expertise, education, and training - Ability to understand financial statements, assess adequacy and integrity of financial controls and reporting - Knowledge of and experience with risk management models and methods - Experience in information technology systems, or experience in technology governance in the financial services industry - Experience in organizational/talent development, including executive performance, change management, remuneration frameworks, etc. - Experience in public and regulatory policy or working in government, public administration (as may be determined from bio-data/professional career, education and training)

CEO and Senior Management. As stated in the Bank's Amended By-Laws and MCG, the board-level Personnel and Compensation Committee oversees the performance evaluation process within the Bank which includes annual review and approval of the corporate goals, strategic objectives, and standards relevant to the CEO, Senior Management, and other key officers of the Bank. Performance is generally measured on the performance of the officer, a business unit, or the Bank as a whole, or using a combination of all as the executive's responsibilities may dictate. (Recommendation 2.8, 2.9 SEC CG Code for PLCs).

The performance management framework considers strategies and goals or actual results of a given period's business objectives and core competencies. It also looks into the behavior, technical competencies, and soft skills exhibited by the officer during the period under review, as well as fitness and propriety. The performance of control function heads for audit, risk management, and compliance are also evaluated by the Audit Committee and Risk Management Committee. (Recommendation 2.8, 2.9 SEC CG Code for PLCs).

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

¹ Section X142.3.a.(1) of the MORB as amended by BSP Circular 969 "Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions"

SUCCESSION PLANNING AND TALENT MANAGEMENT.

Financial services today face many transformative factors— regulation, market disruption, new technologies and business models, competition—that affect the business in major and long-term ways. The Board understands that the Bank must continually evolve, adapt, and even restructure the business to remain ahead of strategic, market, technology, and regulatory shifts. In the same way, the Board and Senior Management leadership must also respond to and anticipate future changes.

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

Board Succession. In this regard, the Board is regularly refreshed in a continuing cycle. The Nomination Committee and the Corporate Governance Committee work within a general board succession plan framework to ensure that: 1) appropriate governance processes are in place and ongoing, for identifying, assessing, and monitoring future needs of the Board; 2) there is continuity and transfer of knowledge in the Board so that it may effectively fulfill its role and responsibilities to BPI, as that may evolve over time, and; 3) the Board is taking a prudent and structured approach to managing succession risk. (BSP Cir. 969 and Recommendation 2.4 SEC CG Code for PLCs).

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

Both committees also determine if there is reason to believe that one or more director slots shall become vacant in the following term of the Board or within the next 12 months after the current year's ASM. In addition, the Nomination Committee considers the long-term strategic goals and directions as well as requirements of the Bank and other companies

in the BPI group, moving forward. The Corporate Governance Committee may also review the Board's forecasted membership requirements over the next three to five years, based on factors such as directorship limits for PLCs, diversity policy, retirement policy for directors, and term limits for independent directors. The Corporate Governance Committee also utilizes a Skills and Expertise Matrix to proactively shape board composition, identify competency gaps, if any, and build the desired or required competency profile against which candidate directors will be assessed. The Board, through the Nomination and Corporate Governance Committees, also considers candidate directors with respect to their skills, engagement and past or present work, or board experience that considers ESG factors. Using a point system, succession planning priorities are then determined to guide the Nomination Committee in the assessment of candidates and in managing current and future requirements of the Board.

President & CEO Succession. As part of the executive planning process, the PerCom as a whole or a part thereof, in consultation with the Board, the Nomination Committee and the President and CEO, evaluates and nominates potential successors to the President and the CEO (Recommendation 2.4, 2.8 of the SEC CG Code for PLCs). Succession planning has effectively ensured leadership continuity in the last three decades, witnessing three President and CEO changes, marked by early planning and mentoring, smooth organizational and operational transitioning, and prudent but progressive institutional building at BPI and across the BPI group.

In this regard, the BPI Board of Directors, at its meeting held on Dec. 16, 2020, approved a succession plan for its President and CEO, as recommended by its Nomination Committee and Personnel and Compensation Committee. Jose Teodoro K. Limcaoco was nominated to succeed Cezar P. Consing as President and CEO of BPI at the next organizational meeting of the Board immediately following the Bank's Annual Stockholder's Meeting scheduled on Apr. 22, 2021.

Senior Management Succession. The Board, through its PerCom, manages the talent pipeline and assembles the required personnel capable of navigating such changes. In consultation with the President and CEO, the PerCom reviews the Bank's talent development process for proper management. Senior Management provides a report to this Committee on the results of its talent and performance review process for key management

positions and other high-potential individuals. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps, and proactive measures in the Bank's executive succession planning.

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

Retirement Policies

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

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

Retirement Age. Nevertheless, the Bank, in adherence to Recommendation 2.4 of the SEC CG Code for PLCs, has set a retirement age for Directors at 80 years old. In specific cases, the Board, in mutual agreement with the director, may opt to postpone said director's retirement depending on the following conditions:

- i. Consistent and robust application of more dynamic and constructive corporate governance practices such as the annual Board's performance evaluation, regular succession planning, an exhaustive nomination process, and annual Fit and Proper assessment for more effective board refreshment.
- ii. The Board also evaluates all facts and circumstances when considering a director's tenure in accordance with good governance practices, including (without limitation) to accommodate the transition of a new CEO or new directors or to provide continuity to further strategic objectives or address external factors affecting the Bank.

In its meeting on May 19, 2021, the Board approved the resignation of Ms. Mercedesita S. Nollado from the Board and her appointment to the Advisory Council.

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

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

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

Board of Directors
Bank of the Philippine Islands
Office of the Corporate Secretary
14/F Ayala North Exchange Tower 1,
Ayala Avenue cor. Salcedo St., Legaspi Village,
Makati City, Metro Manila 1229

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

BOARD COMMITTEES

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

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

In particular, the committees enhance the objectivity and independence of the Board's judgment, insulating it from undue influence of management and major shareholders. In 2021, the Bank had eight Board-level committees. The chairmen and members of the different committees were elected by the Board during the Organizational Meeting on Apr. 22, 2021, after the ASM. Any subsequent changes in membership of the respective committees are made upon approval by the Board (Recommendations 3.1-3.6 of the SEC CG Code for PLCs).

We strive to comply with the BSP regulations and the SEC Code of Corporate Governance for PLCs with respect to the chairmanships and memberships of the committees. All committee chairmanships and memberships are compliant with their respective committee charters and the Manual on Corporate Governance.

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

As part of the annual Board effectiveness review, committees conducted self-assessment exercises for 2021 in early 2022. The review found all committees to have performed their respective duties and responsibilities effectively. There were no material issues with respect to committee memberships, governance, and operations.

Attendance of the members of our Board in their respective committee meetings in 2021 are shown on page 125.

Committee Charters. All the board-level committees have Committee Charters which state their respective purposes, memberships, structures, duties and responsibilities, operations, reporting processes, resources, and other relevant information which may serve as a basis for performance evaluation of each committee. In 2021, all committees conducted the annual review of their charters as well as the self-assessment exercise. (Recommendation 3.6 of the SEC CG Code for PLCs).

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

Executive Committee. The Board appoints from its members an Executive Committee composed of not less than five (5) members and one of whom shall be an Independent Director.

With his election and appointment as the new President and CEO on Apr. 22, 2021, Mr. Jose Teodoro K. Limcaoco became the Executive Director on the Committee while Mr. Cezar P. Consing became a non-executive member of the Committee. With his subsequent reclassification due to the maximum term limit of nine (9) years for IDs, Mr. Antonio Jose U. Periquet also became a non-executive member of the Committee until his resignation in December. Later in the year, with the resignation of NED Rebecca G. Fernando. Mr. René G. Bañez was elected as nominee NED in her place on Aug. 18, 2021 and was appointed as well to the Executive Committee. Membership of the committee remained in compliance with its charter as revised in the latest version of the Manual on Corporate Governance (September 2021).

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

The Executive Committee serves as the operating arm of the Board in all matters related to corporate governance. It approves all major policies and oversees all major risk-taking activities. A majority of all the members of the Executive Committee shall constitute a quorum.

BPI BOARD AND BOARD-LEVEL COMMITTEES¹

	Board	Executive	Audit	Risk Management	Corporate Governance	Related Party Transactions	Personnel and Compensation	Nomination	Retirement/Pension
Number/Composition of Committee Members	15	7	3	3	3	3	5	4	3
Frequency of Meetings ¹	Monthly	Weekly	Monthly	Monthly	Quarterly	Monthly	As needed	At least twice a year	At least twice a year
Name of Members									
Jaime Augusto Zobel de Ayala	X-C	X-C						X	
Fernando Zobel de Ayala	X-VC	X-VC					X-C	X	
Jose Teodoro K. Limcaoco (President)	X	X							
Janet Guat Har Ang (ID) ²	X			X					
René G. Bañez ³	X	X				X			X
Romeo L. Bernardo	X								
Ignacio R. Bunye (ID)	X				X	X-C	X		
Cezar P. Consing	X	X		X					
Octavio Victor R. Espiritu	X		X	X					
Rebecca G. Fernando ⁴	X	X				X			X
Aurelio R. Montinola III	X	X					X		X-C
Mercedita S. Nollado ⁵	X				X				X-C
Antonio Jose U. Periquet ⁶	X	X					X	X-C	X
Cesar V. Purisima (ID)	X		X	X	X-C			X-C	
Eli M. Remolona, Jr. (ID)	X			X-C					
Ramon R. Del Rosario, Jr.	X				X				X
Maria Dolores B. Yuvienco (ID)	X		X-C			X	X		

¹Based on committee charter or current practice

²Elected as Director effective May 19, 2021

³Elected as Director effective Aug. 18, 2021

⁴Resigned effective Aug. 18, 2021

⁵Resigned effective May 19, 2021

⁶Resigned effective Dec. 16, 2021

In 2021, the Executive Committee approved major credit risks and major policies and corporate actions, i.e., approved contracts, sale of real properties, HR Matters (such as compensation, hiring, promotions, terminations), transfers and relocation of branches, approval of Bank policies, including all matters related to corporate governance.

Audit Committee. The Board appoints from its members an Audit Committee composed of at least three (3) NEDs, majority of whom are Independent Directors including the Chairman. Members of the committee must have accounting, auditing or related financial management expertise, or experience commensurate with the size, complexity of operations, and risk profile of the Bank. The Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other board-level committees. (Recommendation 3.2 of the SEC CG Code for PLCs).

In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, Independent Director Maria Dolores B. Yuvienco was appointed as chairperson while Mr. Octavio Victor R. Espiritu, reclassified as a Non-Executive director, was also appointed as member. Mr. Cesar V. Purisima, Independent Director, was appointed as a new member of the Audit Committee. As a result of the foregoing changes, membership of the Audit Committee remained in compliance with its charter in 2021.

For 2021, the Audit Committee monitored and evaluated the adequacy and effectiveness of the Bank's internal control systems, risk management, compliance, and governance practices. It provided oversight on the integrity of the Bank's financial statements and financial reporting process, performance of the internal and external audit functions and compliance with bank policies, applicable laws, and regulatory requirements. The Committee also approved the external auditor's annual audit plan and scope of work, and assessed its overall performance and effectiveness. In consultation with management, this Committee also approved the external auditor's terms of engagement and audit fees.

For more details, please read the Audit Committee Report for the year ended Dec. 31, 2021. The report is also posted on the company website at www.bpi.com.ph.

Corporate Governance Committee. The Board appoints from its members a Corporate Governance Committee composed of at least three (3) members of the Board, who shall all be NEDs, majority of whom are Independent Directors including the Chairman. (Recommendation 3.3 of the SEC CG Code for PLCs). In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, Independent Director Cesar V. Purisima was appointed as a new member and chairperson of the committee. Likewise, Mr. Ramon R. del Rosario, Jr., Non-Executive Director, was appointed as a new member of the committee. Independent Director Ignacio R. Bunye was also re-appointed as a member. Committee membership remained in compliance with its charter.

In 2021, the Corporate Governance Committee carried out its regular mandate as set in its charter, to offer recommendations for the Bank's corporate governance framework and to address, in particular, BPI's conformance to BSP Circular 969, BSP Circular 900, SEC Memorandum Circular 19, Series of 2016, as well as best practices espoused by the ASEAN Corporate Governance Scorecard (ACGS). This included remedial action for regulatory compliance, policy development, oversight of the corporate governance framework and practices as well as compliance testing of Bank subsidiaries. The Committee also provided guidance with respect to regulatory matters concerning the BSP and SEC.

Nomination Committee. The Board appoints from its members a Nomination Committee composed of at least three (3) directors, majority of whom are Independent or NEDs with a Chairman who is either an Independent or NED. In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, Independent Director Cesar V. Purisima was appointed as a new member and chairman of the committee. Mr. Antonio Jose U. Periquet, reclassified as a Non-Executive Director, remained as a member until his resignation in December while NED Ramon R. Del Rosario, Jr., on the other hand, was not re-appointed as a member of the committee. In this respect, membership of the committee remained in compliance with its charter.

During the year, the Nomination Committee convened to ensure that candidates for nomination to be elected at the 2021 ASM were made up of individuals of proven integrity and competence, and that each possesses the ability and resolve to effectively oversee the Bank in his or her capacity as Director and member of board-level committees. The Nomination Committee also guided election activities, appointments and re-composition of committee memberships as part of the succession planning process and to align with best practices.

Risk Management Committee. The Board appoints from its members a Risk Management Committee (RCom) composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. The Chairperson shall not be the Chairperson of the Board or of any other board-level committee (Recommendation 3.4, SEC CG Code for PLCs).

The RCom Charter is fully compliant with BSP Circulars 969 (Corporate Governance) and 971 (Risk Governance). In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, Independent Director Eli M. Remolona, Jr. was appointed as the new chairman of the committee. In addition, Mr. Cezar P. Consing and Mr. Cesar V. Purisima were appointed as new members of the Committee. NED Octavio Victor R. Espiritu remained as a member while NED Aurelio R. Montinola III, on the other hand, was not re-appointed as a member of the committee. Subsequently, on May 19, 2021, with the resignation of NED Mercedita S. Nollado, Independent Director Janet Guat Har Ang was also elected to the BPI Board and was appointed as member of the RCom. Membership of the Committee conformed with the RCom Charter for the year 2021.

The RCom is tasked with nurturing a culture of risk management across the enterprise. Amidst the COVID-19 pandemic which continued throughout 2021, it supported the Board by overseeing and managing the Bank's exposures to financial and non-financial risks, assessed new and emerging risk issues across the Bank, and regularly reviewed the Bank's risk appetite and limits, policies, methodologies, structures, and metrics. These were all done in support of the Bank's business strategies, and in compliance with regulatory and international standards on risk management. A more detailed report on the activities can be found in the Risk Management section of the annual report (Recommendation 3.4 of the SEC CG Code for PLCs).

Personnel and Compensation Committee. The Board appoints from its members a PerCom composed of four (4) members of the Board who are not officers of the Bank plus one (1) member who is an Independent Director. In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, no changes were made to the membership of the committee, only noting that Mr. Antonio Jose U. Periquet was subsequently reclassified as a Non-Executive Director upon expiry of his term as an independent and remained as a member until his resignation in December. Membership of the Committee remained in compliance with the PerCom charter.

In 2021, the PerCom directed and ensured the implementation of various programs of the Human Resources Management Group such as: Leadership and Talent Development, Compensation and Total Rewards Review, the 2021 Performance Level Ranking Program for officers, Collective Bargaining Agreements (CBA) settlements, as well as promotions and organizational changes during the year. More importantly, the PerCom continued to provide much needed guidance and oversight for the Bank's pandemic response plan with respect to employees' work arrangements under the various modes of quarantine, special assistance provided to employees, COVID-19 employee care and benefits case management, and compliance with IATF, DTI, DOLE interim guidelines on workplace prevention and control of COVID-19, among others.

Related Party Transaction Committee. The Board appoints from its members a Related Party Transaction Committee (RPTCom) composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairperson (Recommendation 3.5 of the SEC CG Code for PLCs). In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, no changes were made to the membership of the committee. However, due to the resignation of NED Rebecca G. Fernando in the second half of the year, Mr. René G. Bañez was later elected as a non-executive member of the Board and was appointed to the RPTCom in her place. Membership of the Committee remained in compliance with the RPTCom Charter.

For 2021, the RPTCom vetted and/or endorsed credit and non-credit transactions of the BPI Group involving accounts that reached established thresholds. The Committee formulated and approved the standards on RPTs exempted from vetting and other forms of vetting process. It also noted the quarterly-/post-reviews of RPTs by the Internal Audit (for significant RPTs) and Compliance Office (for below significant transactions), as presented by the Chief Audit Executive and Chief Compliance Officer, respectively, both of whom are non-voting members of the RPTCom. The Committee also noted the monthly reports on credit and non-credit RPTs that were below the materiality threshold on accounts vetted by the Management Vetting Committee (MVCom). Significant details of RPTs are disclosed in the audited financial statements. The RPTCom is supported in its vetting activities by the RPTCom Secretariat, which is under the Risk Management Office.

Retirement and Pension Committee. The Board appoints from its members a Retirement and Pension Committee composed of at least three (3) directors, majority of whom are Independent Directors or NEDs with a Chairman who is either an Independent Director or NED. The Human Resources Head shall also be a non-voting member of the Committee. In the Organizational Meeting of the Board of Directors immediately after the 2021 Annual Stockholders' Meeting, Mr. Ramon R. del Rosario, Jr., was appointed as a new member of the committee in place of Mr. Antonio Jose U. Periquet. In addition, the subsequent resignations of Chairperson and NED Mercedita S. Nollado as well as NED Rebecca G. Fernando saw the appointment of NED Aurelio R. Montinola III as Chairman and new member, together with NED René G. Bañez in place of Ms. Fernando. Membership of the Committee remained in compliance with its Charter.

For 2021, the Retirement and Pension Committee convened to oversee and discuss matters relative to its fiduciary, administrative, investment portfolio responsibilities under its charter, as well as manage the non-investment aspects of the Bank's retirement plan. the non-investment aspects of the Bank's retirement plan.

COMMITTEE APPOINTMENTS, ATTENDANCE AND YEARS OF SERVICE 2021

Committee	Office	Name	Date of Appointment	Attendance/ Meetings ¹	%
Executive Committee	Chairman (NED)	Jaime Augusto Zobel de Ayala	Apr. 06, 2006	29/35	83%
	Vice-Chairman (NED)	Fernando Zobel de Ayala	Apr. 06, 2006	31/35	89%
	Member (ED)	Jose Teodoro K. Limcaoco	Apr. 25, 2019	35/35	100%
	Member (NED)	Rene G. Bañez	Aug. 18, 2021	14/14	100%
	Member (NED)	Cezar P. Consing	Apr. 18, 2013	35/35	100%
	Member (NED)	Aurelio R. Montinola III	Mar. 25, 2004	31/35	89%
	Member (NED)	Antonio Jose U. Periquet	Apr. 18, 2013	35/35	100%
	Member (NED)	Rebecca G. Fernando ²	Mar. 31, 2009	20/21	95%
Audit Committee	Chairman (ID)	Maria Dolores B. Yuvienco	Oct. 21, 2020	17/17 ³	100%
	Member (NED)	Octavio Victor R. Espiritu	Apr. 15, 2010	15/17 ³	88%
	Member (ID)	Cesar V. Purisima	Apr. 22, 2021	10/10 ³	100%
	Member (NED)	Romeo L. Bernardo ⁴	Oct. 21, 2020	7/7	100%
Risk Management Committee	Chairman (ID)	Eli M. Remolona, Jr.	Apr. 25, 2019	14/14 ³	100%
	Member (ID)	Janet Guat Har Ang	May 19, 2021	9/9 ³	100%
	Member (NED)	Cezar P. Consing	Apr. 22, 2021	9/9 ³	100%
	Member (NED)	Octavio Victor R. Espiritu	May 15, 2000	12/13	92%
	Member (ID)	Cesar V. Purisima	Apr. 22, 2021	8/8	100%
	Member (NED)	Aurelio R. Montinola III ⁴	Apr. 07, 2005	4/5	80%
Corporate Governance Committee	Chairman (ID)	Cesar V. Purisima	Apr. 22, 2021	3/3	100%
	Member (ID)	Ignacio R. Bunye	Oct. 21, 2020	4/4	100%
	Member (NED)	Ramon R. Del Rosario, Jr.	Apr. 22, 2021	3/3	100%
	Member (ID)	Maria Dolores B. Yuvienco ⁴	Apr. 14, 2016	1/1	100%
	Member (NED)	Mercedita S. Nollado ⁵	Apr. 06, 2006	1/1	100%
Nomination Committee	Chairman (ID)	Cesar V. Purisima	Apr. 22, 2021	2/2	100%
	Member (NED)	Jaime Augusto Zobel de Ayala	Apr. 14, 2011	4/4	100%
	Member (NED)	Fernando Zobel de Ayala	Apr. 10, 2014	4/4	100%
	Member (NED)	Antonio Jose U. Periquet	Apr. 23, 2020	4/4	100%
	Member (NED)	Ramon R. Del Rosario, Jr. ⁴	Apr. 23, 2020	2/2	100%
Personnel and Compensation Committee	Chairman (NED)	Fernando Zobel de Ayala	Apr. 03, 2008	12/12	100%
	Member (ID)	Ignacio R. Bunye	Apr. 23, 2020	12/12	100%
	Member (NED)	Aurelio R. Montinola III	Apr. 18, 2013	11/12	92%
	Member (NED)	Antonio Jose U. Periquet	Apr. 25, 2019	12/12	100%
	Member (ID)	Maria Dolores B. Yuvienco	Apr. 23, 2020	12/12	100%
Related Party Transactions Committee	Chairman (ID)	Ignacio R. Bunye	Apr. 20, 2017	12/12	100%
	Member (NED)	Rene G. Bañez	Aug. 18, 2021	4/4	100%
	Member (ID)	Maria Dolores B. Yuvienco	Apr. 25, 2019	12/12	100%
	Member (NED)	Rebecca G. Fernando ²	Apr. 10, 2014	7/8	88%
Retirement Pension Committee	Chairman (NED)	Aurelio R. Montinola III	May 19, 2021	4/4	100%
	Member (NED)	Rene G. Bañez	Aug. 18, 2021	3/3	100%
	Member (NED)	Ramon R. Del Rosario, Jr.	Apr. 22, 2021	4/4	100%
	Member (NED)	Rebecca G. Fernando ²	Mar. 31, 2009	2/2	100%
	Chairman (NED)	Mercedita S. Nollado ⁵	Apr. 06, 2006	1/1	100%
	Member (NED)	Antonio Jose U. Periquet ⁴	Apr. 25, 2019	1/1	100%

¹ For the period of Jan. 01 to Dec. 31, 2021

² Committee member until Aug. 17, 2021

³ Includes BPI Joint AuditCom & RMCom Meeting

⁴ Committee member until Apr. 21, 2021

⁵ Committee member until May 18, 2021

OPERATING MANAGEMENT

Organization. BPI's President and CEO is responsible for formulating the business strategy and the overall management of the Bank in fulfilling objectives to achieve the desired outcomes of its strategy. The Bank's senior executive officers are each responsible for an area of the Bank's business and report directly to the President and CEO.

In 2021, the senior executive officers of the Bank included: Dino R. Gasmen, Senior Vice President, Treasurer and Head, Global Markets; Ramon L. Jocson, Executive Vice President, Chief Operating Officer and Head, Enterprise Services Segment; Juan Carlos L. Syquia, Executive Vice President and Head, Corporate Client Segment; Marie Josephine M. Ocampo, Executive Vice President and Head of the Mass Retail Segment; and Maria Theresa D. Marcial, Executive Vice President, Chief Finance Officer, and Head, Strategy and Finance.

The senior executive officers are responsible for ensuring development and expansion of the Bank's client relationships; service quality and innovation in its products and services; enterprise asset-liability management and flows business; reliability, productivity, and efficiency of our operating infrastructure; financial strategy formulation and execution; and sustainable investor and stakeholder relations.

Planning and Performance Management. BPI articulates its strategy in periodic planning exercises, realizes plans in formal budgets, and conducts periodic performance reviews against budget and past performance. We act in accordance with well-defined operating policies and procedures, and ensure the accuracy and transparency of operational and financial reporting to protect our reputation for integrity and fair dealing. We also strive to achieve accountability in revenue performance, efficiency in expenditure of resources, and high quality in the delivery of services and achievement of customer satisfaction. Management is regularly reviewed and rewarded according to their performance relative to innovation, initiatives, assigned targets, and feedback from customers, peers, and the Board.

We place strong emphasis on prudent risk-taking and risk management. Specific management committees ensure that major risks are identified, measured, and controlled against established

limits. These key management committees are the Credit Committees, Assets and Liabilities Committee, Operational Risk Management Committee, Crisis Resiliency Committee, Information Technology Steering Committee, Finance Committee, Anti-Money Laundering Evaluation Committee, Fraud and Irregularities Committee, Real and Other Properties Acquired (ROPA) Sales Committee, and Management Vetting Committee. Members of these committees are senior officers (in the case of the Information Technology Steering Committee, includes a non-executive Director) who are subject matter experts in areas of knowledge relevant to the respective committees. They include client specialists, product specialists, senior officers of the Risk Management Office, and other senior executives.

Control, Risk Management, and Compliance.

The Bank's control, risk management and compliance agenda is a key priority, and in recent years, BPI has devoted significant resources to adhering and adapting to the increasing number of heightened regulatory expectations and reporting requirements that guide the banking industry as well as publicly-listed companies.

In this respect, BPI continuously enhances governance and oversight of the control, risk management and compliance environment across the group and strives to simplify and appropriately de-risk operations. The Bank also continues to make substantial investments in financial, technology and human capital dedicated to these efforts.

BPI regularly partners and engages in constructive dialogue with our regulators, shares efforts and seeks proper clearance in the design of appropriate adjustments and remediation plans for the Bank's control, risk management and compliance environment.

The Bank takes extra effort to understand all legal and regulatory requirements and continuously builds and strengthens the culture and infrastructure to support risk management, compliance and assurance activities.

In 2021, the Board, through its various board-level committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively. (Recommendation 12.1 SEC CG Code for PLCs).

INTERNAL AUDIT AND CONTROL

Our Internal Audit Division is an independent body that supports the Audit Committee in fulfilling its oversight responsibilities by providing an objective assessment on the adequacy and effectiveness of the Bank's risk management, internal controls, and governance processes through well-established risk-based audit plans. Internal Audit also ensures that the Bank's operating and business units adhere to internal processes and procedures and to regulatory and legal requirements.

The assessment of controls, systems, and processes of the Bank is covered by the annual audit work plan, which is developed using the Audit Risk Assessment or scoring model, and reviewed and approved by the Board through the Audit Committee. The Committee of Sponsoring Organizations of the Treadway Commission (COSO)¹ internal control framework includes Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, and the Control Objectives for Information and Related Technology (COBIT). These frameworks are used in assessing the effectiveness of the internal control system.

This unit reports directly to the Board through its Audit Committee. It collaborates with other assurance providers such as the Risk Management Office, Compliance Office, external auditors, and other oversight units. Through this system for the comprehensive monitoring and review of risks and compliance in the institution, the Board ensures that the Bank and all business units proactively manage the risk and compliance exposures impacting the business. (Recommendation 2.10 and 12.2 of the SEC CG Code for PLCs).

¹ Joint initiative in the United States by five private sector organizations [the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and Financial Executives International (FEI)], dedicated to guide executive management and governance entities on relevant aspects of organizational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting.

The Audit Committee also ensures that the Internal Audit Division undergoes an external quality assessment review (EQAR) to confirm that audit activities conform to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The program includes periodic internal and external quality assessments and ongoing monitoring of the performance of the internal audit activity. Periodic internal assessments are conducted annually, while external quality assessments are conducted at least once every five years by a qualified independent validator. This unit maintains its "generally conforms" ratings on both internal and external assessments, which indicate that its activities have continuously conformed to professional standards, code of ethics, and other internal standards.

Internal Audit Charter. The internal audit function as empowered by the Internal Audit Charter includes free access to all records, properties, and personnel. In this respect, the Audit Committee reviews the internal audit function, including its independence and the authority of its reporting relationships. The Internal Audit Division continuously improves the capabilities of its auditors through continuous education on specialized areas of knowledge, auditing techniques, regulations, and banking products and services. As stated in the Manual on Corporate Governance, the Board, through the Audit Committee, periodically reviews and approves the Internal Audit Charter. (Recommendation 2.10, SEC CG Code for PLCs).

The Internal Audit Charter is published on the company website and may be read at www.bpi.com.ph.

Chief Audit Executive. The Internal Audit Division is headed by a Chief Audit Executive (CAE) who is appointed by the Board and reports functionally to the Board through the Audit Committee and administratively to the President and CEO. This ensures that the CAE is not dependent on any bank executive or operating officer for the security of his or her position. The CAE has unrestricted access to all functions, records, property, and personnel.

Additionally, the Audit Committee ensures that the CAE has access to the Board, on a confidential basis, and that the Internal Audit Division is independent of bank management, both by intent and actual practice. The Board, through the Audit Committee, evaluates the performance of the CAE. (Recommendation 2.8, 9.1, 9.2, 12.3 SEC CG Code for PLCs).

See page 191 for the full biography of the CAE.

Independent External Auditor. The Audit Committee recommends to the Board the appointment of a BSP-accredited external auditor for the purpose of preparing or issuing an audit report or other related work. The appointment, reappointment, and removal of the Bank’s external auditor is subject to the approval and endorsement of the Audit Committee, for subsequent confirmation and approval by the Board and, finally, the stockholders. (Recommendation 2.8, 9.1, 9.2, SEC CG Code for PLCs). The engagement of the external auditor is also done pursuant to the General Requirements of Securities Regulation Code (SRC) Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors).

The Audit Committee also assesses the external auditor’s effectiveness, independence, and objectivity, ensuring that key partners or the handling partner is rotated at appropriate intervals or changed every five years or earlier. The Committee also reviews the external auditor’s annual plan, scope of work, and, in consultation with management, approves the external auditor’s term of engagement and audit fees. They also oversee the resolution of disagreements between management and the external auditors in the event that these arise.

The Audit Committee ensures suitability and effectiveness of the external auditor through the following:

- No external auditor can be engaged by the Bank if he/she has any direct or material indirect financial interest in the Bank, or if his/ her independence is considered impaired under circumstances specified in the Code of Professional Ethics for Certified Public Accountants. In the case of partnership, this limitation shall apply to the partners, associates, and the auditor-in-charge of the engagement.
- The external auditor and the members of the audit team shall not have outstanding loans or any credit accommodation (except credit card obligations) with the Bank throughout the engagement.

- The external auditor and the members of the audit team adhere to the highest standards of professional conduct, integrity, and objectivity.

The external auditor reviews and discusses the financial statements and reports, including results of operations, with Management and the CAE, and endorses the same to the Board for approval. Audited Financial Statements are signed by the Chairman of the Board, the President and CEO, and the CFO. The Audit Committee also holds executive or private meetings with the external auditors without the presence of Management.

Audit and Audit-Related Fees. BPI has paid the following fees, inclusive of taxes, to its external auditors in the past two years:

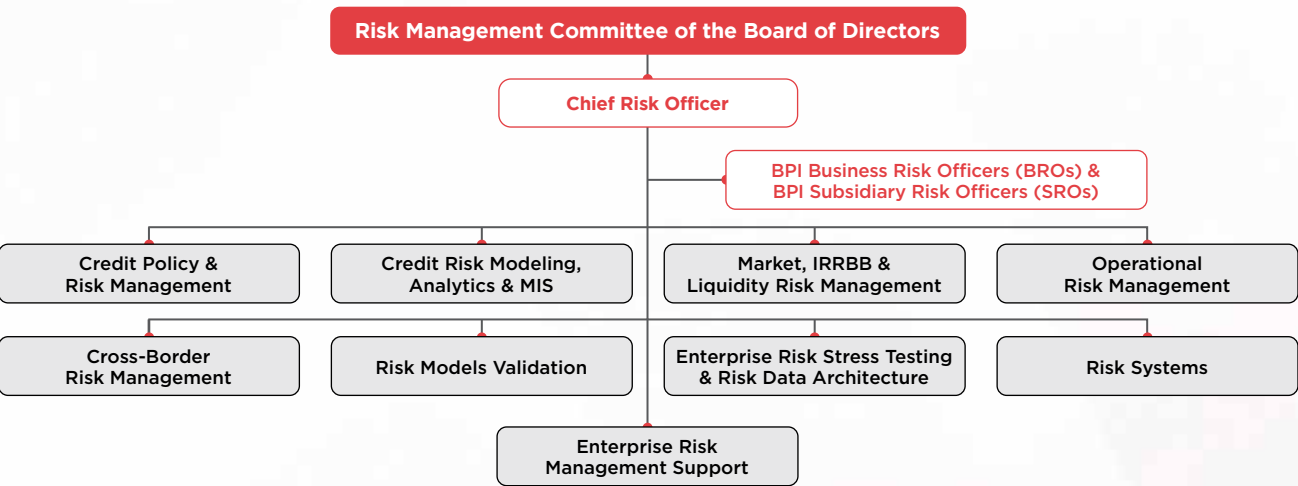
(In Million Pesos)	Approved Audit Fees	Other Audit-related Fees
2020	PHP 18.340	None
2021	PHP 21.010	None

None other related reviews and out-of-pocket expenses by the external auditor that are reasonably related to the performance of the audit or review of the Bank’s and its subsidiaries’ annual or interim financial statements. There were no non-audit fees (services not related to the review of the financial statements). (Recommendation of the SEC CG Code for PLCs).

The Audit Committee charter, as stated in the Bank’s Manual on Corporate Governance, provides that the Audit Committee is empowered by the Board to approve all audit and non-audit services, including fees, to be provided by the external auditor to the Bank and its subsidiaries. It is also tasked to review the external audit fees and recommend the same for approval by the Board.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. There were no disagreements with Isla Lipana & Co. on accounting and financial disclosures.

RISK MANAGEMENT



Comprehensive Framework. BPI pursues best practices in Enterprise Risk Management (ERM) across its businesses and processes. We have an established ERM and capital management framework that enables us to identify, measure, control, and monitor our significant financial and non-financial risk exposures, ensure adequate liquidity, and set aside sufficient amounts of capital to cover and mitigate such risks. The framework covers traditional risks that the Bank is exposed to such as credit, market, and operational and information technology (IT) risks, as well as emerging risks such as environmental and social risks (refer to ESRMS under Sustainability Agenda on page 34), and reflects our internal standards as guided by the regulatory directives issued by the BSP in promoting effective risk management governance, implementing robust business continuity and operational resiliency standards that are regularly tested, and performing the internal capital adequacy assessment and other risk management processes (Recommendation 2.11, 12.4 SEC CG Code for PLCs).

Risk management in BPI follows a top-down approach, with risk appetite setting and overall risk strategy emanating from the Board. The Board fulfills its risk management function through the Risk Management Committee (RMCom). The RMCom defines risk appetite statements at functional risk areas and on an enterprise level, reviews risk management structures, metrics, limits, and issues across the BPI Group of Companies (BPI Group), and directs our risk strategy framework

anchored on sound risk management governance, value-enhancing risk methods and processes, and risk-intelligent data and technology. It oversees and manages risks and monitors regulatory and internal capital adequacy vis-à-vis risk exposures. It promotes a strong risk culture and exercises oversight through the Subsidiary Board-level RMComs across the BPI Group. It manages risks through clearly-delineated functions to ensure effective risk management governance and control processes across the Bank using the “Three Lines of Defense” model. This model defines the risk management responsibilities of each unit owning and managing the risk (1st line), overseeing the risk management function (2nd line), or providing independent assurance on the quality and effectiveness of risk management and internal controls (3rd line).

Our risk culture is anchored on our vision of transparency and integrity in the workplace, creation of sustainable value, and delivery of maximum returns to stakeholders. In order to achieve our responsibilities to clients, employees, stakeholders, regulators, and country, we exercise proactive and prudent risk management.

Chief Risk Officer (CRO). The BPI Group CRO leads the formulation of risk management policies and methodologies in line with overall business strategy. The CRO, who is primarily responsible for the overall management of the BPI Group’s total risk, ensures that risks are prudently and rationally

taken, commensurate with returns on capital, and within our risk appetite. Our risk appetite is a careful measure of the amount of risk we are willing to assume in order to achieve business objectives. Risk appetite statements are regularly reviewed and approved by the Board through the RMCom (Refer to the full biography of the BPI CRO on page 189).

The CRO is supported by the Risk Management Office (RMO), a team of skilled risk managers dedicated to identifying, measuring, controlling, and monitoring the BPI Group's risk exposures. Our risk managers keep abreast of industry developments, emerging risks, and risk management best practices through continuous and adequate training. The CRO and the RMO actively engage the RMCom, Management, and business units to effectively communicate through various internal channels our risk culture, risk awareness campaigns and learning programs, and risk management best practices (Recommendation 12.5 of the SEC CG Code for PLCs).

We identify risks according to three major classifications:

- Credit Risk (including concentration and cross-border risks)
- Market (including foreign exchange, interest rate, and equity price risks) and Liquidity Risks
- Operational and IT Risks

Credit risk refers to the risk of default on obligations that may arise if a borrower fails to make required payments such as principal and/or interest on an agreed date; market risk due to price movements/fluctuations in trading and distribution activities of credit securities, foreign exchange, and derivative instruments (as allowed by regulation); liquidity risk from the management of our cash flows and balance sheet; and operational and IT risks from inadequate or failed internal processes, people, information technology and systems, and threats from external events that pose risks of financial losses and damage to our reputation. We are likewise cognizant of other emerging risks (e.g., environmental, social, and geopolitical risks) that we may be exposed to in our day-to-day business operations and these are identified, measured, controlled, and monitored accordingly.

We have established risk management processes and controls, and use various methodologies, metrics, tools, and systems to identify, measure, control, and monitor our risk exposures. We continuously invest in risk technologies and business-enabling systems, and enhance our processes to ensure completeness and

accuracy of data, 360° risk perspective, and timely reporting. With our Risk Data Architecture system leveraging on our Enterprise Big Data platform, the availability of automated risk data not only supports our risk management activities, but also enables risk data servicing to the various business units.

In compliance with BSP Circular 989 (Conduct of Stress Testing Exercises), the RMO together with the Corporate Strategy & Investor Relations Group have employed a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks under given stressed scenarios identified or developed by our experts, to assess financial and capital impact of such scenarios, and to facilitate the development of contingency and recovery plans.

Independent reviews are regularly conducted by our Internal Audit, external auditors, and regulatory examiners to ensure that controls and risk mitigation are in place and functioning as intended. We also engage various risk management experts to independently assess our risk maturity covering areas such as business continuity, cyber and information security, and ERM.

All these efforts have been undertaken and conscientiously practiced in recognition of BSP Circular 971 (Risk Governance), as well as benchmarked to the Committee of Sponsoring Organization's (COSO) ERM integrated framework. These have likewise proven indispensable with our reliance and belief in our established risk management system to ensure continued delivery of value to our stakeholders during unprecedented times brought about by the COVID-19 pandemic.

Credit Risk. BPI's Credit Policy and Risk Management (CPRM) Division is responsible for the overall management of the Bank's credit risk. CPRM is accountable to the RMCom in managing BPI's risk appetite and in the RMCom's oversight function on credit risk and asset quality. In addition, CPRM supports Senior Management in ensuring the quality of our loan portfolio by adopting proper risk control strategies and adequate monitoring and reporting. CPRM ensures that our stringent underwriting standards and rating parameters are complied with by the various lending units through the conduct of independent business portfolio and product credit reviews. The Bank also has a cross-border risk management team tasked to independently monitor and evaluate country and cross-border credit risks facing the BPI Group.

In 2021, we experienced a marginal decrease in loan volumes but slightly improved Non-Performing Loan Ratio as compared to the previous year, amidst the ongoing COVID-19 pandemic. We were able to manage overall credit risk and maintain asset quality, in general compliance with regulatory and prudential requirements relating to credit risk management (e.g., DOSRI and RPT compliance, single borrower's limits, credit concentration, and stress testing, amongst others). We continue to maintain a diversified loan portfolio with no significant concentrations. Top borrower-group exposures, which operate in diversified industries, remain within the internal single borrower's limit.

We regularly review the appropriateness of the credit risk ratings of non-default accounts and the classification and impairment rates of defaulted or impaired loan accounts. Corporate credit risk exposures are assessed individually using internal credit risk rating models that generate a probability of default per rating grade and take into account credit risk mitigation. Credit risk rating models are developed internally by our Credit Risk Modeling, Analytics and MIS (CRMA & MIS) Division using statistical methods on quantitative and qualitative risk factors, including credit judgment overlays to account for borrower-specific and such other factors that cannot be modeled statistically. The credit risk ratings of corporate accounts are generally updated on an annual basis. Each rating grade has a corresponding probability of default that exponentially increases as a rated account moves across the rating scale. The migration of accounts between rating grades is regularly monitored and analyzed. Loss provisioning also takes into account the rating grade of each exposure. Provisioning for non-default exposures is based on expected credit loss (ECL), while specific reserves are set up for defaulted exposures and reviewed regularly. For consumer loans, we adopted credit risk scorecards to assess borrowers' creditworthiness. Both financial and non-financial variables were considered in the scorecard development process, and all scorecards were subjected to expert judgment meetings with key business lending units. The models undergo independent validation, and are monitored regularly for their predictive power and performance.

We fully implemented Philippine Financial Reporting Standards 9 (PFRS 9)-based policies, models, and ECL methodologies for all of our credit portfolios, rendering it compliant to both the BSP and accounting standards on PFRS 9 implementation. Loss provisioning for corporate and consumer loan

exposures are based on ECL, which is a function of the Probability of Default, Loss Given Default, and Exposure at Default.

We also regularly conduct credit reviews to assess that the credit process—loan origination, credit analysis, approval, implementation, and administration—conforms to the standards set in the Bank's internal policies and complies with regulatory requirements. In 2021, various credit products and test programs were reviewed and were found to exhibit generally acceptable credit performance and portfolio qualities.

We measure our credit risk exposures in terms of regulatory capital requirements using the standardized approach in compliance with Basel III and BSP standards on minimum capital requirements. Using this approach, our credit exposures to sovereigns, corporates, and banks are risk-weighted to reflect the credit assessment from reputable credit ratings agencies (Fitch, Moody's, Standard & Poor's, and PhilRatings, where applicable). This approach also allows for the use of eligible collaterals (cash, financial instruments, and guarantees) to mitigate credit risk.

We continuously enhance our credit policies, processes, guidelines, and lending programs to conform with sound credit risk management.

We regularly conduct stress tests on our loan portfolio to determine the impact of changes in various macroeconomic and/or industry scenarios, surface any undue credit concentration risk, and comply with regulatory reporting. Assessment of stress testing impact to the Bank's financials is also performed simultaneously. In the most recent exercise, results showed that the Bank's capital adequacy ratio (CAR) and common equity tier 1 ratio (CET1) generally remain above or at about the minimum regulatory capital requirements, even with assumed write-down scenarios on the Bank's large exposures, COVID-19-affected industries, and consumer portfolios.

All these efforts have been undertaken in recognition of BSP Circular 855 (Sound Credit Risk Management Practices) and related standards.

Market, Interest Rate in the Banking Book (IRRBB), and Liquidity Risks. BPI's RMO exercises its market, IRRBB, and liquidity risk management duties and responsibilities through its Market, IRRBB, and Liquidity Risk Management (MRM) Division. The Division employs various risk metrics commensurate to the size and sophistication of its business operations which guide the Bank to effectively manage the risks arising from position-taking and investing strategies balanced by the Bank's overall risk appetite. Risk limits are continuously monitored, reviewed, and updated to align with our objectives, strategies, and overall risk appetite. MRM also provides forward-looking scenario analysis, simulations, and stress tests to complement the risk metrics and provide a broader and holistic risk perspective to the RMCom and Management. For 2021, amidst the effects of the ongoing COVID-19 pandemic, our market risk, IRRBB, and liquidity risk exposures were generally within the RMCom-approved limits.

We closely monitor the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk from our trading portfolios is measured using the Historical Simulation Value-at-Risk (HS VaR) model complemented by several risk metrics such as Stop-Loss and dollar duration (DV01). In terms of regulatory capital requirements, market risk exposures are measured using the standardized approach in compliance with Basel and BSP standards on minimum capital requirements. Currently, we have exposures in credit securities, foreign exchange, and financial derivatives such as interest rate swaps, currency swaps, futures, and securitization structures as part of our trading and position-taking activities. Financial derivatives are also used to hedge exposures to mitigate price risk inherent in our portfolios. Where hedging strategies are performed, hedge effectiveness assessments are regularly performed to ensure that the hedging relationship still meets the risk management objective set at the inception of the deal.

IRRBB is the current and prospective risk to our capital and earnings arising from adverse movements in interest rates that affect our banking book positions. Excessive levels of interest rate risks in the banking book can pose a significant threat to our earnings and capital base. Therefore, it is imperative for us to establish adequate risk

management policies and procedures, appropriate risk measurement models, risk limits structure, and a robust risk management system.

Interest rate exposures from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the next 12 months due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of future cash flows in the banking book due to changes in interest rates. BSVaR considers both principal and interest payments while EaR considers principal payments only. Both are built on the repricing profile of the balance sheet accounts. IRRBB risk levels are measured and monitored daily against RMCom-approved limits and regularly reported to the RMCom and Senior Management.

We ensure adequate levels of liquidity at all times and that contingency plans are in place in the event of liquidity stress. Our liquidity profile is measured and monitored through our internal metric – the Minimum Cumulative Liquidity Gap (MCLG), and the regulatory metrics – Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. This indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the Bank. The LCR determines the short-term resilience of our liquidity risk profile, requiring financial institutions to hold adequate levels of high-quality liquid assets to cover net cash outflows in the next 30 days. We, on a solo and consolidated basis, maintain adequate levels of liquidity to provide a sufficient buffer for critical liquidity situations. The NSFR complements the LCR by limiting the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts. Escalation procedures are in place to immediately report to Management and the RMCom when MCLG, LCR, and NSFR levels are approaching approved floor levels and the minimum regulatory limits. Corrective actions are identified and implemented to resolve possible and actual breaches, if any, in order to maintain a stable liquidity and funding environment. Scenario analyses and simulations provide forward looking liquidity conditions to anticipate potential liquidity and funding requirements.

We perform regular stress testing activities to determine our ability to withstand and evaluate the impact of financial crises and other types of stress events. We conduct price stress tests in both the trading and banking books using a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on our economic value, earnings and non-interest income. The design of the price and EaR stress tests includes various scenarios such as steepening and flattening yield curves, parallel up/down and short rate up/down scenarios, and other notable stressed events experienced by the financial industry. The interest rate shocks applied are calibrated for all significant currencies in which we have active positions. We also conduct liquidity stress tests using different risk events, scenario types, and stress horizons to assess our liquidity position and determine potential liquidity shortfalls during stress events.

The results of the stress tests are presented to the RMCom and Senior Management to integrate them to the overall risk management process of the Bank. In 2021, we conducted various portfolio and risk simulations to evaluate the impact of possible strategies and actions to address changing market conditions. All these initiatives were undertaken to ensure that the relevant market, IRRBB, and liquidity risks are identified and controlled.

The risk management process, including its various components, is subject to regular monitoring and periodic independent review (i.e., internal/regulatory audit and model validation), and regularly calibrated to ensure accuracy, propriety, and timeliness of data and assumptions employed. The assumptions and parameters used in developing these metrics are properly documented, and any change in the methodology and assumptions is approved by the CRO and noted by the RMCom.

Operational and Information Technology Risks.

BPI's Operational Risk Management (ORM) Division monitors risks arising from inadequate or failed internal processes, people, and systems or from external events such as natural disasters that damage physical assets and electrical or telecommunication failures that disrupt our operations. Operational risk is inherent in all banking products and services, and may include risks that give rise to adverse legal, tax, regulatory, or reputational consequences. Information Technology (IT) is a significant risk factor assumed in conjunction with operational risk, given the highly automated nature of our processes and services. We define IT

risk as the risk of any potential adverse outcome arising from the use of or reliance on IT (e.g., computer hardware, software, devices, systems, applications, and networks). IT risk includes, but is not limited to, information security, service availability, reliability and availability of IT operations, completion on specification of IT development projects, and regulatory compliance pursuant to the BSP's guidelines on Information Technology Risk Management. Our ORM Committee provides Senior Management oversight over the ORM Division, in accordance with regulatory requirements.

One of the significant resources that we employ are Business Risk Officers (BRO). We have over 20 BROs coordinating with and overseeing key functional areas and business units across the organization. Our BROs are responsible for promoting a sound risk management culture, implementing ERM best practices as determined by the RMO, and ensuring timely submission of operational and other risk reports in the first line of defense.

We have an established operational risk management framework that clearly defines responsibilities related to the performance of the risk management function, as well as the accountabilities, processes, and tools employed to identify and mitigate operational and IT risks in our operating units. Our tools include Key Risk Indicators (KRIs) that we regularly monitor, loss events reporting and analysis, Risk & Control Self-Assessment (RCSA), and operational risk management awareness and appreciation programs. KRIs are used to monitor risk profiles, trigger early-warning alerts, and instigate mitigating actions. Operational loss events data collection and analysis provide meaningful information in effectively managing risks. Operating units are required to conduct regular self-assessments to identify, assess, and mitigate risks, which include the assessment of inherent and residual risks, identification of controls, and the assessment of the design and performance effectiveness of these controls. To help us in the aggregation and reporting process, we also have set up risk categories and instituted the use of our risk and control library that provides an aligned taxonomy of risks and controls.

With our drive for digitalization, we have implemented an ORM System (ORMS) that fully integrates these tools and processes. Modules on Loss Events, Metrics/KRIs, Incident Management, Exception Approvals, and Findings have already been implemented, while Risk and Control Self-Assessment (RCSA) and Risk Aggregation are still in

progress. Through the ORMS, manual processes are eliminated and correlation with all tools is possible, thereby providing better visibility to Management.

Our exposures to operational risks are identified, assessed, and monitored as an integral part of the risk assessment processes. We are currently using the Basel II regulatory Basic Indicator Approach to quantify operational risk-weighted assets, using the historical total annual gross income as the main measure of risk.

We regularly perform operational risk stress tests, through scenario analysis, to support the internal capital assessment for operational and IT risks, as part of our initiatives to advance risk management methodologies. Through a series of stress scenarios, we can identify, analyze, and assess the impact of unexpected and severe operational risk events. This exercise ensures that the impact of high-severity events is captured during risk assessment, especially those not yet reflected in our existing historical loss data.

Our risk management processes are ingrained in all our business activities such as new product development and service offerings, process changes/enhancements, outsourcing, new markets, amongst others. From inception to launch, these business activities, as well as its related processes and systems, are subjected to rigorous risk assessments, design and testing activities aimed at safeguarding both us and our clients from the risks of economic loss, operational disruption, or compromise of personal or financial data.

Our Board-level RMCom is regularly apprised of operational and IT risks through comprehensive reporting and discussions during monthly meetings. The RMCom is likewise continually briefed on current cybercrime landscapes, emerging risks, and industry trends.

We continue to closely monitor established measurements and limits on risk indicators, and implement mitigating measures in view of increasing cyber-related risks and risks related to the COVID-19 pandemic, primarily on the health and safety of our employees and continuity of operations with the significant portion of the work force on work-from-home arrangements. Our strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enable the continued delivery of products and services to our clients.

For personnel safety and welfare, we fully complied with health and medical guidelines from the Department of Health (DOH) and Department of Labor and Employment (DOLE). Our participation in the Ayala Vaccine and Immunization Program (AVIP) resulted in the majority of our employees and their dependents being fully vaccinated. Recently, the administration of vaccination for minors and booster shots have also commenced as we continue to work towards 100% vaccination rate either via AVIP, Ayala – Local Government Unit (LGU), or LGU programs.

Business Continuity Risk. BPI maintains its business continuity capability and organizational resilience by means of an effective and sustainable Business Continuity Management (BCM) program. This program was self-assessed by the Bank, aligned with ISO 22301 and BSP Circular 951 (Business Continuity Management). Within this program are Business Impact Analysis (BIA) methodology, prioritization of products and services, recovery plans, and a response structure to provide adequate level of services until normal operations resume. The BIA methodology identifies products, services, processes, and resources that should be prioritized during a disruption. Risk Assessment for Business Continuity (RABCon) identifies the most probable threats to us, assesses the likelihood of their occurrences and their impact to key areas. Business Recovery Plan (BRP) provides a suitable solution that focuses on the impact of events and the timely restoration of building, equipment and supplies, technology and vital documents, human resources, and third-party vendors.

Resiliency structure is in place and functional areas have been identified to meet business continuity objectives and to support the agreed recovery solution. Each functional area has a designated Functional Business Continuity Coordinator who handles localized risk events impacting business units in the functional areas, with the support and guidance of tactical teams such as the Incident Management Teams and the Corporate BCM Unit. For incidents that rise to the level of a true crisis, the Crisis Resiliency Committee (CRCom), composed of our senior officers, is convened to establish command and control.

At the onset of the pandemic, the CRCom convened regularly to provide direction and to streamline critical parts of the operational approach for us to operate more effectively. We remain operational as we implemented split operations and activated alternate work sites and mobility areas to improve

our accessibility to office premises. Our business recovery sites in strategic locations proved to be helpful as it enabled us to immediately implement split operations (Team A and Team B), physical distancing, and decreased personnel density in the main corporate sites to contain infection. We have transitioned our employees to remote working, equipped with necessary access and tools that allow a flexible work arrangement.

Our foundational capabilities, which included anything from experience and relationships to frameworks and data, allowed us to be resilient in the face of the disruptions not only during natural disasters, but also during the pandemic.

Information and Physical Security Risks. BPI is vigilant about information and physical security. We maintain and regularly revalidate an inventory of the information assets that are in our possession or control, constantly monitoring, assessing, and reporting the information security risks that these are exposed to. We address the ever-evolving cyber-threat landscape by continuously improving our defenses, following our Information Security Program, and adhering to applicable laws and regulations such as the Data Privacy Act and BSP Circular 982 (Guidelines on Information Security Management). We have secured our computing environment by implementing technical and organizational controls meant to protect the confidentiality, integrity, and availability of our information assets and IT facilities. We subject these controls to periodic assessments to determine their continued effectiveness and relevance.

To complement continued investments in technical controls and recognizing the criticality of a cyber-aware organization in securing us from attacks, we have an established awareness program for employees that includes classroom trainings, e-learning courses that are accessible anytime, anywhere, roadshows, and periodic bulletins. We have awareness campaigns for clients to combat fraud, which has risen due to the increased adoption of online services by the public. We have also intensified such campaigns with sustained engagement also conducted extensively online via social media, the BPI website, press releases, and e-mail bulletins. The awareness program and campaigns are intended to make employees and clients aware of current cybercrimes, emerging risks and trends, and mitigating measures to protect not just our information assets, but personal information as well.

We are increasingly utilizing outsourced services to support business goals and operations which potentially expose us to operational, regulatory, and reputational risk. To reduce the probability of compromise due to the use of service providers and IT suppliers, we have an established third-party/vendor risk management program. It includes a stringent vetting process and regular monitoring and assessment to determine compliance with our information security and data privacy requirements.

BPI's Facilities Services Group (FSG) is at the forefront of ensuring a safe and secured environment within which our clients and personnel can conduct business at their convenience. Being the office responsible for the physical security of our facilities and the overall safety of our clients and employees, FSG implements a proactive and integrated approach to people, infrastructure, and information security to address the increasingly sophisticated threats on financial products and services fulfillment. In line with our sustainability agenda, we provide the physical enablers to reduce the impact of climate change such as calamity-proofing initiatives to selected typhoon prone branches.

Facilities security and monitoring are constantly evaluated and enhanced to achieve more advanced, dynamic, and resilient designs integrating traditional physical security system with value engineering of more advanced tools to stay ahead of the evolving physical and financial security landscape. Reinforcing this effort is capability development through physical security monitoring systems improvement and deployment of emergency communications at strategic areas for enhanced coordination. Amidst the COVID-19 pandemic, FSG provided several safety initiatives aligned with the Inter-Agency Task Force on Emerging Infectious Diseases (IATF) guidelines which include the employee shuttle services, disinfection of premises, deployment of portable air purifiers, distribution of Personal Protective Equipment (PPE) such as face masks and hand sanitizers, and conversion of idle workspaces for mobility or alternate sites. To further hasten the cadence of digitization of FSG processes, an electronic workflow called "Maximo" was introduced for facilities maintenance, construction & design, supply chain management, and payment to service providers and suppliers. With the foregoing and FSG's Physical Security and Safety Response Plan laying down the handling for all types of emergencies and calamities that is further supported by trained personnel and physical & technological assets, we are ready for any kind of eventualities and emergencies.

Legal and Tax Risks. BPI has two specialized legal services divisions composed of highly-trained legal professionals with experience in banking and corporate law that serve as BPI Group's main legal resource. These two legal divisions play critical roles in our operations especially during this time of the pandemic.

Our Corporate Legal Affairs unit composed of the Documentation, Legal Advisory, Legal Risk, Tax Compliance, Tax Advisory and Tax Risk Management units provides proactive guidance and support to effectively manage our legal and tax risks. The Documentation and Legal Advisory units ensure that our rights and obligations are protected in its contractual relations, and that we are abreast of legal developments and requirements, respectively. We also conduct a legal risk assessment of potential claims against us and recommend legal risk mitigation measures. We further empower our units by issuing legal and tax advisory bulletins and providing supporting training seminars that highlight legal and tax issues, new laws, and regulatory fiats that impact our products and services, and promote awareness of initiatives of various regulatory agencies.

During the pandemic, our Corporate Legal Affairs continued to provide legal direction and support, working closely with Management, Risk and Compliance Offices, and the various business segments in monitoring, interpreting, and implementing laws, government regulations and issuances in connection with the pandemic. These include the Bayanihan to Heal as One Act, Bayanihan to Recover as One Act, implementing rules and regulations issued by the BSP and SEC, various IATF resolutions, BIR issuances, and local government ordinances.

Our Dispute Resolution and Litigation unit plays a significant role in protecting our rights and interests and in avoiding losses when we are involved in disputes arising from client complaints before regulatory bodies to full blown litigation in all levels of the judicial proceedings as well as from trial courts to the Supreme Court. We handle cases that involve large enterprise loans, retail loans, and trade financing. The other units specialize in criminal cases, cybercrime cases and administrative cases (including BSP and SEC cases) filed on behalf of or against the Bank. We likewise handle defensive cases filed by any party against the Bank for any reason, and also play a significant role in the Bank's AMLA Compliance and the Labor Relations Compliance.

During the pandemic, the unit worked closely with HR to ensure compliance with all issuances of the DOLE, and other related regulatory issuances of the BSP. The unit also implemented safety health measures for our attorneys by opting for virtual court hearings whenever available and provided PPE when required by courts.

The Corporate Legal Affairs and Litigation units accomplished the following transformative initiatives in 2021: lectured in the Legal Advisory Webinar Series (LAWS) for the Bank's business units; created the electronic document vetting sheet; played a key role in electronic document/signature acceptance; continued providing regular updates on IATF and other COVID-related regulations including LGU ordinances; reviewed the Omnibus Terms & Conditions of the Bank; created the dacion checklist (foreclosure cases); assessed risks on red-tagged Real and Other Properties Acquired (ROPA); enhanced processing and monitoring of real property and local business tax; and provided Transfer Pricing guidance to the Bank.

Reputational Risk. BPI defines reputational risk as the risk of potential negative public perception or uncontrollable events and developments to have an adverse impact on our brand and reputation that can affect the ability to maintain existing or establish new business relationships and continued access to sources of funding.

We regard the Bank's reputation as a very valuable asset, since a negative reputation can harm client and investor trust, erode client base, and hinder sales. Poor reputation also correlates with increased costs for hiring and retention that can degrade operating margins and prevent higher returns. Furthermore, reputational damage increases liquidity risk which impacts stock price and ultimately slashes market capitalization.

We have an established reputational risk management framework that provides consistent standards for the identification, assessment, and management of reputational risk issues. While all our employees have a responsibility to protect our reputation, which forms part of our Code of Business Conduct and Ethics, the primary responsibility for managing and reporting reputational risk matters lies with our business and operating units in the first line of defense. The Corporate Affairs and Communications unit, on the other hand, is the risk control owner of reputational risk, promoting awareness and application of our

policies and standards regarding reputational risk and encouraging business units to take account of our reputation in all decision-making, including dealings with clients and suppliers, and among employees.

Our policies ensure reputational risk matters are managed in a consistent manner and aligned with our strategic priorities. We have established risk indicators for reputational risks that are regularly monitored and reported. These include events and developments related to products and services, channels, financial performance, human resources, and corporate social responsibility that are further amplified through traditional and social media coverage.

Model Risk. BPI's Risk Models Validation (RMV) Department is responsible for conducting the independent model validation activities of our risk, valuation, and stress testing models. The independent validation of these models is governed by our recently updated model risk management policy and governance framework, aimed at ensuring an active and effective model risk management across the enterprise. RMV conducts an annual inventory of the Bank's models to ensure relevance, comprehensiveness, and usability across functional risk areas. Given the increased regulatory expectations on model risk management, independent validation, and the necessity for business-enabling and risk-informed decision-making, RMV continuously tests the quality and robustness of our risk models, benchmarked to global best practices on model risk management, and consider the impact of the COVID-19 pandemic to current modelling methodologies employed.

CAPITAL ADEQUACY

The Bank's Corporate Strategy and Planning division oversees the *management of the Bank's capital adequacy*. Capital adequacy ratio, or CAR, is a measure of the Bank's total qualifying capital relative to its risk-weighted assets, and indicates the ability of its capital funds to cover various business risks.

This division also ensures *compliance with regulatory capital adequacy requirements*, as well as internal capital thresholds, referred to as the Bank's internal minimum Common Equity Tier 1 (CET1) ratio, or IMCET1, and the CET1 management action trigger, or CET1MAT, which incorporate the Bank's internal capital buffers and limit triggers, and capture risks beyond Pillar 1 (credit, market, and operational).

Furthermore, as the central planning unit of the Bank, this division is responsible for *assessing and raising the strategic capital needs of the Bank, as well as initiating approvals for dividend payments to shareholders*.

Sound Capital Management. Effective capital management supports the Bank's assets and absorbs losses that may arise from credit, market and liquidity, operational and IT, and other risk exposures. Our capital management framework ensures that on stand-alone and group bases, there are sufficient capital buffers at all times to support the respective risk profiles of the various businesses of the Bank, as well as changes in the regulatory and accounting standards and other future events.

BPI submits a comprehensive internal capital adequacy assessment process, or ICAAP, document annually to the Bangko Sentral ng Pilipinas, in accordance with the Pillar 2 guidelines of the Basel framework.

As of Dec 31, 2021, BPI's solo (parent) and consolidated CAR stood at 15.8% and 16.7% respectively, higher than the minimum regulatory requirement of 10.0%. The Bank's solo and consolidated CET1 capital ratio at 14.9% and 15.8%, respectively, likewise compare favorably with regulatory and internal limits and buffers.

The table below shows the Bank’s CAR components for December 2021 and 2020:

Risk (PHP million)	Regulatory Capital	
	2021	2020 ^{1/}
Credit Risk	147,402	135,576
Market Risk	1,430	1,321
Operational Risk	17,667	15,878
Total	166,499	152,776

Capital Adequacy (PHP million)		
	2021	2020 ^{1/}
CET1/Net Tier 1 ^{2/}	262,709	247,071
T2/Net Tier 2 ^{3/}	14,847	13,593
Total QC ^{4/}	277,556	260,663
Total CRWA ^{5/}	1,474,024	1,355,765
Total MRWA ^{6/}	14,296	13,212
Total ORWA ^{7/}	176,670	158,783
TRWA ^{8/}	1,664,989	1,527,759

Consolidated Ratios (%)		
CAR	16.67	17.06
CET1	15.78	16.17
CCB ^{9/}	9.78	10.17

Solo (Parent) Ratios (%)		
CAR	15.81	16.49
CET1	14.90	15.59
CCB ^{9/}	8.90	9.59

1/ Slightly differs from Note 27 - Capital Management of the Audited Financial Statements, due to an update made to the computation of Foreign exchange exposures under Market RWA post submission
2/ Common Equity Tier 1 Capital
3/ Tier 2 Capital
4/ Qualifying Capital
5/ Credit Risk-Weighted Assets
6/ Market Risk-Weighted Assets
7/ Operational Risk-Weighted Assets
8/ Total Risk-Weighted Assets
9/ Capital Conservation Buffer

RELATED PARTY TRANSACTIONS

In the normal course of business and under the overall purview of the Related Party Transactions Committee (RPTCom) of the Board, BPI transacts with related parties which include its directors, officers, stockholders and related interest, subsidiaries and affiliates (including those under the Ayala Group of Companies), as well as other related parties defined in our internal policy.

We maintain a registry of related parties (RPs) which is regularly updated based on the results of RP analyses, as part of the Know-Your-Customer process, conducted by the business units. Likewise, regular updating is done following the (a) annual preparation of the BPI and Ayala Group’s conglomerate map and (b) any Board composition changes effected during

the Annual Stockholders’ Meeting. Updates are also sourced from other information gathered from internal bank units and reputable external sources. Our electronic Related Party Database facilitates users’ access to the RP registry that serves as a tool in the RP identification process.

As in the past years, RPTs involve credit and non-credit exposures such as borrowings, guarantees, agreements for the periodic provision of leases or other services, asset purchases and sales, derivative transactions, trust transactions, and investments, amongst others, for which RPs are perceived to have significant influence. Vetting is done prior to implementation either by the RPTCom or the Management Vetting Committee (MVCom), depending on materiality and set thresholds, to ensure that transactions with RPs are normal banking activities and are done at arm’s length basis particularly on terms and conditions comparable to those offered to non-RPs or to similar transactions in the market. In 2021, in spite of the continuing challenges in the work arrangements resulting from the pandemic situation, both the RPTCom and the MVCom have fully and consistently carried out the Committees’ responsibilities in the evaluation of various RPT proposals and the monitoring and review of other RPT-related matters. All regular RPTCom meetings, including special meetings, were completed for the year, ensuring that business transactions with RPs are duly executed as needed with utmost independence and integrity.

The RPTCom is composed of three directors, majority of whom are independent including its Chairperson, and two non-voting members from Management (i.e., the Chief Audit Executive and the Chief Compliance Officer). Both the Internal Audit and the Compliance Office perform post-reviews to ensure compliance with prescribed RPT processes and proper implementation of RPTs. The RPTCom Secretariat, which is part of the Risk Management Office, assists the Committee in carrying out its role and responsibilities as defined in the RPTCom Charter, particularly on strengthening corporate governance and RPT practices. The MVCom, on the other hand, is composed of the Executive Vice Presidents of the Bank.

We are committed in ensuring strict compliance with laws, regulations, and reporting requirements relating to DOSRI and RPTs by instituting rigorous vetting processes and establishing adequate controls and oversight mechanisms. Improvements in the RPT framework are continuously pursued with the aim of enhancing corporate governance measures including an RPT benchmarking database and greater information awareness initiatives.

COMPLIANCE

We view compliance to mean not only adherence to laws, regulations, and standards but, more importantly, the consistent conduct of the affairs of the Bank within a culture of high integrity, conforming to ethical business practice, abiding by the principles of fair dealing, accountability, and transparency. This ensures that in all its areas of activity, the Bank and its stakeholders are protected from business risks as comprehensively as possible. We value our reputation most and the fact that we are trusted by our shareholders, clients, employees, partners, and members of the communities we serve.

As our second line of defense, the compliance function has also evolved in recent years to adapt to the shift towards more technology-heavy strategies, as it seeks to deliver the compliance risk management outcomes required in an era of digital transformation. While remaining a key advisory function, it has embraced a more forward-thinking, risk-based, and stress-tested approach to continuously monitor, evaluate, and improve its ability to ensure compliance in a banking landscape that is subject to disruption and rapid change.

Chief Compliance Officer. Oversight of the Bank’s compliance, ensuring that it operates in conformity with its outside regulatory and legal requirements, as well as with internal policies and bylaws, and implementation of its compliance function is the responsibility of the Board, through the Audit Committee (Recommendation 2.10 of the SEC CG Code for PLCs). At the management level, the compliance function is carried out by the Compliance Office, led by the Chief Compliance Officer (CCO).

Designated by the Chairman of the Board, the CCO is not a member of the Board and has the rank of a Senior Vice President. The CCO’s qualifications are subject to the applicable provisions of the Manual of Regulations for Banks, particularly considering Fit and Proper criteria such as integrity or probity, competence, education, diligence, and experience and training. The CCO annually attends training on corporate governance. (Recommendation 1.6 SEC CG Code for PLCs). See Appendix for the full biography of the CCO.

The Compliance Office oversees the implementation of our enterprise-wide compliance programs. These

programs take into account the size and complexity of the Bank, the relevant rules and regulations that affect its operations, and the business risks that may arise due to non-compliance. By using regulatory and self-assessment compliance matrices, compliance measures are formulated to mitigate identified business risks and tested to ensure effectiveness.

The Compliance Office routinely provides advice to individual business units on applicable laws, directives, standards, and regulations as well as provides compliance support to the Group Compliance Officer. It jointly develops guidance on operations and business processes in order to guard against potential compliance risk, and reviews and assists in interpretations of laws, implementing rules and regulations, standards and guidelines of the BSP, SEC, Anti-Money Laundering Council (AMLC), PSE, Philippine Deposit Insurance Corporation (PDIC), Insurance Commission (IC), National Privacy Commission (NPC), and other regulatory bodies for compliance, communicating them and verifying adherence.

The Compliance Office also helps achieve adherence to our internal confidentiality regulations; provides regular training and education for employees on the applicable regulations, rules, and internal standards; and leads the Bank’s business units in compliance risk assessment, rules-based testing and reporting.

The Compliance Office is currently organized to cover Regulatory Compliance, Corporate Governance, Anti-Money Laundering Compliance, FATCA Compliance, Compliance Analytics and the Data Privacy Office. Considering the rapid developments in the regulatory sphere, as well as the growing complexity of the Bank’s products, services, and transactions, the Compliance Office evolves in its coverage of compliance practice areas to anticipate and meet future challenges. Enhancement of our compliance function’s scope and domain is redefined for new and emerging sources of compliance risk.

The Compliance Office is also empowered by 26 Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank. The GCOs enforce Compliance Office initiatives, as well as provide timely reports to the Compliance Office.

The Compliance Office applies a three-layered compliance testing and monitoring process, which includes unit self-assessment testing conducted by GCOs and independent random testing performed by the Compliance Office. Independent periodic review is conducted by our Internal Audit Division. Results of compliance testing are reported regularly to the Audit Committee.

Overall enforcement is through self-regulation within the business units, and independent testing and reviews conducted by the Compliance Office and Internal Audit. Results of these reviews are elevated to the Board's Audit Committee and, with respect to governance issues, the Corporate Governance Committee.

The Compliance Office promotes adherence and awareness to laws, rules, and regulations by electronically posting information and documents in a compliance database that is accessible to all employees. Regular meetings are conducted by the Compliance Office with the GCOs to discuss the impact of new regulations, decide on the required compliance measures, and amend compliance matrices as necessary. Through continued liaison and dialogue with regulators, the Compliance Office ensures the prompt dissemination of new regulations and other developments affecting bank operations.

Regulatory Compliance. The Regulatory Compliance Department covers adherence to all relevant and applicable Philippine banking laws and regulations. They are in charge of regulatory compliance management with respect to the BSP's institutional compliance rating system, which comprehensively evaluates the effectiveness of a bank's compliance system in mitigating business risk.

Partnership-building with the regulators, external auditor, and industry organizations (Association of Bank Compliance Officers and the Bankers Institute of the Philippines) is also essential in regulatory compliance management.

Corporate Governance. The Corporate Governance Department covers the compliance aspect of the Bank's corporate governance framework and requirements externally, with respect to the laws relevant and applicable to BPI as a bank and as a PLC such as the Corporation Code, and the rules and regulations of the BSP, SEC, PDIC, and PSE, and internally, with respect to BPI's Articles of Incorporation, Amended By-Laws, Manual on Corporate Governance, Code of Business Conduct and Ethics, and all corporate governance-related

policies such as those on conflict of interest standards, insider trading, whistleblower, related party transactions and anti-bribery and anti-corruption.

The Corporate Governance Department also monitors compliance with regional corporate governance initiatives, jointly sponsored by the SEC and the ICD such as the ASEAN Corporate Governance Scorecard. Working closely with the Board-level Audit and Corporate Governance Committees, this department ensures that the Bank's corporate governance foundations can withstand rigorous tests and demands of more stringent supervision, regulation, disclosure, and bank governance best practices.

Anti-Money Laundering Compliance. The prevention of financial crimes is our top priority of BPI, not only because they pose a significant threat to its reputation, but because they weaken the integrity of the global financial system. Hence, the Compliance Office extends its ambit beyond the Bank, its policies, and its employees to ensure that its clients also act within the law and do not use the Bank for illegal activities.

The Compliance Office's Anti-Money Laundering Department is responsible for monitoring customer and counterparty transactions in compliance with the Anti-Money Laundering Law, its implementing rules and regulations, and BSP Circular 706 and all other amendments thereto. Developed under the guidance of the BSP's Money Laundering and Terrorism Financing Prevention Program, our anti-money laundering program covers all its subsidiaries and affiliates.

This program aims to implement sound anti-money laundering practices and combat terrorist financing and other financial crimes. It consists of conscientious customer due diligence and know-your-customer (KYC) processes; sanctions screening; automated tools to identify and detect financial transactions of a suspicious nature; and monitoring, testing, periodic review, and timely reporting of anti-money laundering-combating the financing of terrorism (AML-CFT) events to Senior Management. This program also includes regular and effective AML-CFT training and awareness programs for all personnel; maintenance of customer data and transaction documents within prescribed timelines; and timely updates of policies and procedures in accordance with changes in regulations and AML-CFT typologies.

With increasing global AML initiatives and numerous new regulations, the Bank recognizes that its AML processes and controls are changing from a stand-alone function under Compliance, to an increasingly complex and overarching function cutting across legal, risk and operations. We constantly review our program to ensure compliance with the latest legislative and regulatory developments. The Board and management support bank-wide efforts towards establishing strong AML assurance mechanisms and globally consistent standards.

The specialized IT system captures information required for covered transaction reports, and detects suspicious transaction patterns for reporting to the AMLC.

To promote awareness, knowledge, and understanding of AML concepts, principles, and requirements, all employees are required to attend training programs conducted by our AML Department or through e-Learning courses available with the BPI University, its in-house training academy.

FATCA Compliance. We recognize global movements to widen tax regimes across borders such as the enactment into law by the United States government of the Foreign Account Tax Compliance Act (FATCA). We value our ability to transact efficiently in US dollars and, in support thereof, established a FATCA Compliance Department to ensure consistent and effective compliance with FATCA regulations throughout the Bank and its subsidiaries.

As required under the rules of FATCA, we appointed an officer responsible to oversee our compliance with regulations, establish a program to ensure its effective implementation, and accomplish certain certifications with the U.S. Internal Revenue Service (IRS). The FATCA compliance program provides for additional requirements on customer due diligence and documentation and new reporting guidelines to relevant tax authorities.

We appear in the IRS official list of participating financial institutions with the Global Intermediary Identification Number (GIIN) of CUC041.00000. LE.608.

Type of Financial Institution (FI): Lead of an Expanded Affiliated Group

FATCA Classification and Date of Registration:

- Participating Foreign Financial Institution: Apr. 23, 2014
- Registered Deemed-Compliant Financial Institution/ Reporting Financial Institution under a Model 1 IGA: Mar. 23, 2015

Compliance Analytics. The Compliance Analytics Department supports the Compliance Division by providing proactive data science analytics in identifying and managing various risk and compliance issues to help create pre-emptive and sustainable environments for existing compliance functions. In particular, it is responsible for the over-all design and delivery of various data science analytics initiatives of the Division, which may cover AML, Data Privacy, and other compliance-related matters. The Department ensures continuous training and development of its Data Science Officers under Compliance Analytics to ensure high level tactical data analytics and models produced by the Department.

Manned by an Analytics Team Head and a Data Science Officer, the Compliance Analytics Department also helps BPI differentiate itself from industry peers by using the most advanced technologies as part of a comprehensive effort to improve regulatory compliance while protecting customers' funds and data, as well as the Bank's brand and reputation.

Data Privacy Office. Republic Act No. 10173, known as the Data Privacy Act of 2012, requires government and private sector entities to apply the principles of Transparency, Legitimate Purpose, and Proportionality in its processing of personal data so that the data is (1) only used in relevant and specifically stated ways, (2) not stored for longer than necessary, (3) kept safe and secure, (4) used only within the confines of the law, and (5) stored following people's data protection rights. Cybersecurity and data privacy and protection have become corporate governance and risk management concerns.

We have established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls, and technologies designed for risk reduction. We have a Data Privacy Office, headed by a Board-appointed Data Protection Officer (DPO), a senior management officer. The key focus of the DPO is to oversee data privacy compliance and manage data protection risks for the organization, consistent with the Data

Privacy Act rules and regulations, issuances by the NPC, and other applicable laws. Management has also appointed Compliance Officers for Privacy (COP) for major business units of the Bank to augment the Data Privacy Office and ensure the sustained implementation of the Data Privacy Management Program across business lines. To promote transparency and to comply in part with the Data Privacy Act, we published online and inside our branches the Data Privacy Statement that discloses how we collect, protect, use and share personal data across our operations.

The Bank’s Data Privacy Statement may be read at www.bpi.com.ph.

MANUAL ON CORPORATE GOVERNANCE

Our Manual on Corporate Governance (MCG) which, together with the board and board-level committee charters, supplements and complements our Articles of Incorporation and Amended By-Laws. It sets forth the underlying principles of good and transparent governance through a framework of policies, rules, systems, and processes for the Board and Management’s performance of their respective duties and responsibilities to stakeholders. The manual also discusses our sustainability initiatives which encapsulates the value created from our business model while innovating for operational efficiency, empowering people and society, using resources more efficiently, and strengthening stakeholder trust.

The Board commits itself to the principles and practices contained in the manual that are designed to ensure independence and effective oversight. The Board also undertakes every effort to create awareness of these principles and practices within the Bank to ensure proper internalization by every member of the organization. The manual is in our internal electronic database and published in our company website for easy access and viewing.

The MCG, reviewed annually, was last approved for amendment in September 2021. Upon amendment, we submit the updated MCG, bearing the signatures of the Chairman of the Board and the Chief Compliance Officer, to the SEC.

The MCG may be read on our website at www.bpi.com.ph. (Recommendation 8.7 SEC CG Code for PLCs).

Compliance with the SEC Code of Corporate Governance for PLCs. A certification on our full compliance with the BPI Manual on Corporate Governance, containing relevant provisions of the SEC Code of Corporate Governance for PLCs, signed and issued by the Chief Compliance Officer, is posted on the company website.

ASEAN CORPORATE GOVERNANCE SCORECARD

We actively measure our governance practices against our counterparts in the region. We have adopted the rigorous benchmarking framework of the ASEAN Corporate Governance Scorecard (ACGS), which rates how ASEAN PLCs’ governance practices fare against global standards.

Since the SEC and the Institute of Corporate Directors (ICD) jointly launched the scorecard initiative in 2012, we merited considerable success and continues to register marked improvement in its scorecard performance. In 2021, we garnered the ASEAN Asset Class Award, ranking among the top listed firms across the six participating countries, namely Indonesia, Malaysia, Singapore, Thailand, Vietnam, and the Philippines. In 2021, we were also a recipient of the ICD’s Golden Arrow Award as a Top Performing Company in the domestic assessment of the ACGS.

Our ASEAN Corporate Governance Scorecard is posted on the company website at www.bpi.com.ph.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

SEC Memorandum Circular No. 15, Series of 2017 and PSE Memorandum CN No. 2017-0079 mandate all companies listed in the PSE to submit the Integrated Annual Corporate Governance Report (I-ACGR) on or before May 30th of every year that the company remains listed on the PSE.

The I-ACGR covers (1) Recommendations from SEC CG Code for Publicly-Listed Companies, (2) Supplemental provisions from PSE CG Guidelines Disclosure Survey, (3) Additional requirements not in SEC CG Code/PSE CG Guidelines but expected of PLCs, and (4) Requirements from the ASEAN CG Scorecard (optional).

Our latest I-ACGR as well as that of previous years’ may be viewed on the company website at www.bpi.com.ph.

CODES OF BUSINESS CONDUCT AND ETHICS

Our Codes of Business Conduct and Ethics for its directors, officers, and employees that provide the key practices and behaviors. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Bank. (Recommendation 7.1 of the SEC CG Code for PLCs).

Employee Code of Business Conduct and Ethics. Built around our Mission and Vision, Credo and Core Values, the Code lists the high-level ethical principles that guide our business, how its employees must treat its clients, and the conduct expected from them. The Code also includes guidance on care for the environment, labor rights, customer service and protection, commitment to human rights, the right to privacy, and anti-bribery and anti-corruption. The Code of Business Conduct and Ethics is a declaration of principles and, more so, a vital part of the Bank’s risk management strategy. Annually reviewed, the Code was refreshed and approved by the PerCom in August 2017.

Through the Code, we desire to: (1) build a culture of integrity, accountability, and ethical behavior that encourages employees to abide by the Code and strive to protect the Bank’s reputation; (2) establish a system for detection and reporting of known or suspected ethical wrongdoing or violations of the Code, and; (3) emphasize BPI’s commitment to compliance with regulatory guidelines, rules, and laws. (Recommendations 7.1 and 7.2., SEC CG Code for PLCs).

Applicability of Code. The Code is applicable to and mandatory for all employees at all levels of the BPI group. As no code could address every situation an employee may encounter, all employees are required to follow both the spirit and the letter of the Code, its policies, and procedures. Annually, all BPI employees are required to read, understand, and comply with the Code of Business Conduct and Ethics.

All others who work for, or on behalf of, BPI are also required to demonstrate the highest standards of professional business conduct. In general, this includes consultants, agents, contract or temporary workers, and business partners.

THE CODE OF BUSINESS CONDUCT AND ETHICS
OUR CLIENTS
Values at work: Nurturing, Integrity, Customer-Obsessed, Excellence
- Building Client Relationships - Safeguarding Privacy and Security of Client Information - Promoting and Strengthening Consumer Protection
OUR EMPLOYEES
Values at work: Nurturing, Integrity, Excellence
- Adhering to Company Rules and Workplace Policies - Creating Dignity and Unity in the Workplace - Contributing to Workplace Health & Safety - Following Limits of Authority - Avoiding Conflict of Interest - Protecting Property and Assets of BPI and Others - Recognizing Privacy of Employee Information
OUR SHAREHOLDERS
Values at work: Integrity, Excellence
- Upholding the Bank’s Reputation, Service Quality and Trust - Transparency, Liaison and Coordination with Regulators - Maintaining Company Records and Reporting Requirements - Supporting Investors and the Market - Encouraging and Assisting Whistleblowing - Handling Related Party Transactions
OUR COUNTRY
Values at work: Nurturing, Integrity, Excellence
- Compliance with KYC, Anti-Money Laundering and FATCA Regulations - Preventing Insider Trading - Enforcing Anti-Corruption and Anti-Bribery - Dealing with Suppliers and Business Partners - Caring for Sustainability and Communities

Each employee's conduct is his or her own responsibility and decision. No employee should ever commit a violation even if directed to do so by a manager or colleague. Any disciplinary action shall be directed against the employee's wrongdoing and not against his person or personality.

The identity of an employee, who is the subject of a Code violation or disciplinary process, and information on such proceedings, shall be maintained in confidence to the extent possible, given the legitimate needs of law and the fact-finding process.

Guidance on the Code. Throughout the Code, employees will find information, key terms, and links to related policies on our internal electronic database, to guide them in making ethical decisions. However, the Code does not contain the answers to every question employees may encounter at work nor cover every violation. In the absence of a specific policy, employees have a responsibility to use good judgment, comply with the spirit of the Code, and seek help from their immediate superior, the Human Resources Management Group, or HR Employee Care Unit if they have any questions or concerns.

Reporting Violations. All employees must report to management any information they may have about any offense or Code violation which has been, is being, or is about to be committed. Failure to do so will subject the employee to the appropriate disciplinary action. Protection of the reporting party's identity will be maintained to the extent possible, within the legitimate needs of law and the fact-finding process. Where appropriate, BPI may apply the protected disclosure protocols of our Whistleblower Policy. Employees are also expected to cooperate with any investigation, inquiry, examination, or litigation related to the offense or Code violation.

Director's Code of Conduct. We have a Code of Conduct for its Board, adopted in September 2017, which applies to and is binding on all our directors. The Director's Code is intended to provide guidance to directors, whether executive, nonexecutive, or independent, with policies on standards for conduct of the business of the Bank, the protection of its rights and its stakeholders, maintaining our reputation for integrity, and fostering compliance with applicable laws and regulations. The principles outlined in the Director's Code of Conduct: (1) codify a standard of conduct for which directors are to abide throughout their term of service, from the date of their appointment; (2) set out a range of matters relating to the director's role and the behavior expected of them to properly undertake their fiduciary duties, protect the

business interests of BPI, and maintain its reputation for integrity, and; (3) emphasize BPI's commitment to compliance with regulatory guidelines, rules and laws. In contrast to the Board Charter and MCG, which sets out the qualifications, role, composition, duties, and responsibilities of the Board within the governance structure of the Bank, the Code governs the behavior and conduct of the directors.

The Director's Code, therefore, sets forth policies in several basic areas that commonly require directors to exercise sound and informed judgment, recognize and deal with ethical issues, report possible unethical conduct, and foster a culture of openness, fair dealing, diligence, and accountability. These basic areas include: (1) leadership and stewardship; (2) diligence, care, and skill; (3) upholding the law; (4) conflict of interest; (5) competition and fair dealing; (6) confidentiality; and (7) corporate disclosure. The Director's Code also discusses directors' time commitments, training and development, personal investments and insider trading, political activity and involvement, gifts policy, anti-bribery and anti-corruption, related party transactions, competition and fair-dealing, and public communication. These are all part of the key ESG issues for the banking sector, i.e., Resilience, Business Ethics, Responsible Finance, Financial Product Governance and Human Capital. (Recommendation 2.1 SEC CG Code for PLCs).

Dissemination of the Codes. Among others, our codes of conduct and policies on conflict-of-interest, insider trading, whistleblower, related party transactions, and other guidelines are embodied in our MCG and included in our Management and Operating Manual and Personnel Policy Manual, each of which is recorded in electronic databases readily accessible for all Bank employees. Bank policies are also regularly announced via internal e-mail facility to ensure constant top-of-mind awareness of employees of the need to comply with these policies. Directors are provided with hard copies as well as electronic copies of the Director's Code. Both the Employees' and Directors' Codes of Conduct are disclosed in the MCG and on the company website at www.bpi.com.ph. (Recommendation 7.1, 8.7 SEC CG Code for PLCs).

Training on the Codes of Conduct. The mandatory Code of Business Conduct (COBC) Course which includes training sections on other CG policies of the Bank such as the Insider Trading Policy, Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy, is uploaded onto Granite, an online portal that can be accessed by employees using their smart phone or tablet devices, to ensure that employees are able to take the mandatory training course anytime and anywhere.

Annual Affirmation to the Codes. All directors and employees acknowledge annually, through a Statement of Affirmation, that they have read and understood the employee Code of Conduct and/or the Director's Code, respectively, as well as the MCG, and fully comply and adhere to the principles, standards, and policies therein. The Annual Employee Affirmation exercise is accessible on Granite. Employees must first take and pass the mandatory COBC course before being able to accomplish the annual affirmation.

Notices on the Employee Affirmation and COBC Course are broadcast group and bank-wide to remind employees of their need to comply with the mandatory training and affirmation.

In adherence to Recommendation 7.2 of the SEC CG Code for PLCs, the Board, through the Personnel and Compensation, Audit, and Corporate Governance Committees, ensures that the Bank's Human Resources Management Group implements and monitors compliance with the Code.

COMPANY POLICIES AND STANDARDS

Major policies and standards are also in place to guide and support our employees' adherence to the Code of Business Conduct and Ethics and to internal company rules and regulations.

Conflict of Interest. We do not tolerate those who place their interest above that of the institution, its clients, or business partners. We have in place standards on conflict-of-interest that elevate the interest of the Bank above that of the personal interests of directors, officers, and employees. These standards prohibit directors and employees from using their position of authority or rank to directly or indirectly derive personal gain or advantage.

Our standards on conflict of interest expect all directors and employees to refrain from any conduct that could be viewed unfavorably by our clients, co-employees, competitors, suppliers, investors, regulators, or the public. The standards also require full cooperation and provision of complete and accurate information from employees during government, regulatory or internal enquiries, investigations, and audits. Directors are required to disclose any conflicts of interests such as cross-board memberships, cross-shareholdings with suppliers and other stakeholders, and related party issues. See Appendix for Board biographies.

The standards also cover specific conflict-of-interest situations such as receipt of gifts from third parties, respect for trade secrets, use of non-public information, and use of company funds, assets, and information.

The Conflict of Interest standards are disclosed in the MCG and on the company website at www.bpi.com.ph. (Recommendation 7.1, 8.7 SEC CG Code for PLCs).

Anti-Bribery and Anti-Corruption. Through our Anti-Bribery and Anti-Corruption (ABC) Policy, we put the highest premium on sound, responsible, and effective corporate governance. We advocate that directors and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducements in the course of any business dealing. (Recommendation 15.2 SEC CG Code for PLCs).

Aligned with our commitment to act fairly and with integrity in all business dealings and relationships, the ABC Policy complements our financial crime policies and programs such as the Money Laundering and Terrorism Financing Prevention Program (MTPP) and Whistleblower Policy.

Guidance on our ABC Policy is supplemented by the Standards on Conflict of Interest under Request or Acceptance of Fees, Commissions, Gifts. Monitoring of and compliance with the Code of Conduct and related policies are undertaken by the Human Resources Management Group and Corporate Governance Department of the Compliance Division.

For the year 2021, there are no confirmed incidents of bribery or corruption.

The ABC Policy is disclosed in the MCG and on the company website at www.bpi.com.ph. (Recommendation 7.1, 8.7 SEC CG Code for PLCs).

Insider Trading. We have an Insider Trading Policy which prohibits its covered persons or directors, employees, and other parties who are considered to have knowledge of material facts that have not been disclosed to the public, including any information that will likely affect the market price of BPI's securities, from buying or selling these securities for their own personal account. (Recommendation 8.2 of the SEC CG Code for PLCs).

Covered persons are strictly prohibited from trading during periods of structured and non-structured disclosure (trading blackout). This prohibition includes passing on material and non-public information relating to BPI or its clients to anybody who may buy or sell securities.

A trading blackout prohibits trading once the covered person receives material information before a structured or unstructured disclosure. Trading can only be done after said disclosure.

Office bulletins are regularly issued by the Compliance Office before, during, and after trading blackout periods to ensure compliance with the Insider Trading Policy.

All Directors and Senior Management are required to comply with regular reportorial requirements of and disclosure to the SEC and the PSE for the purchase and sale of BPI shares.

We expect every director, officer, and employee, including related covered persons, to comply with the Policy, and to use honesty and good judgment at all times when trading in the company's securities.

Violation of the policy shall be subject to disciplinary action as may be determined by management or the Board, without prejudice to any civil or criminal proceedings which BPI or the regulators may file. Under the law, insider trading may be subject to penalty for damages or fine and/ or imprisonment.

For the year 2021, there are no confirmed incidents of insider trading.

The Insider Trading Policy is disclosed in the MCG and on the company website at www.bpi.com.ph. (Recommendation 7.1, 8.7 SEC CG Code for PLCs).

Whistleblowing. We support a whistleblower program, an important mechanism to prevent and detect fraud or misconduct, and enable fast and coordinated incident responses, remedial actions, and damage control procedures. (Recommendation 15.3 of the SEC CG Code for PLCs).

Applicability of Policy. The Whistleblower Policy is applicable to both internal and external stakeholders. All directors and employees, as well as clients, suppliers, and other stakeholders can report any violation. These can include violations of policies, procedures, and applicable laws and regulations such as fraud, sexual harassment, theft, stealing, conflict of interest, information security breach, and any other acts which are inimical to the interests of the Bank and the BPI group.

Reporting Procedure. The whistleblower may approach any of the following officers who are the designated contacts for the Bank and the primary reporting line: Chief Human Resources Officer,

Chief Audit Executive, and Chief Risk Officer. Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President and CEO or the Chairman of the Bank's Audit Committee.

The whistleblower may report formally or anonymously to the primary contacts. Reporting can be done in writing, by telephone, in person, or through eye_report@bpi.com.ph.

Upon receipt of the whistleblower report, the personnel to whom the report was disclosed shall immediately initiate the investigation by turning over the details and documents, if any, to the investigating unit of the Bank. The investigation of the whistleblower report shall follow due process as stipulated in the Bank's manual of operations for handling fraud and irregularities.

Non-Retaliation. The Whistleblower Policy emphasizes the Bank's commitment to non-retaliation. It fosters and maintains an environment of utmost confidentiality where all whistleblowers may act appropriately without fear of reprisal, and be treated with utmost confidentiality. An individual who makes a protected disclosure shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subject to discipline, including termination.

In case the whistleblower believes he/she has been subjected to retaliation, he/she may seek redress or file a formal complaint to the three primary contacts for whistleblowing.

In 2021, we received a total of 19 reports through its BPI Eye Report Box, of which five (5) were queries or allegations but not substantiated or not valid, while the remaining 14 were verified and/or referred to concerned bank units for proper disposition and were fully resolved. The nature of the reports included: customer complaints (7%), administrative matters (58%), conflict of interest issues (21%) and operational lapses (14%).

The Whistleblower Policy is disclosed in the MCG and may also be read on our website at www.bpi.com.ph (Recommendation 7.1, 8.7 SEC CG Code for PLCs).

Related Party Transactions. Our Related Party Transactions Policy imposes stringent guidelines and measures to maintain arm's length integrity in all of our related party business transactions, operations, and activities. We vigilantly guards against improper

pricing policies, questionable manners of settlement, and ambiguous or disputable terms of transactions in any related party transactions. (Recommendation 2.7 of the SEC CG Code for PLCs).

Related Parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the latter in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, including affiliates. Related parties may also be individuals or corporate entities.

Because transactions with related parties can be abused, the terms of such transactions are of vital interest to shareholders. The interests of all stakeholders must likewise be fully protected.

Through this policy, we also institutionalized a sustainable framework for identification, assessment, and reporting of related party transactions, aimed at achieving an increased degree of transparency.

Related Party Transactions Committee. We established a Board-level Related Party Transaction Committee (RPTCom) to assist the Board in assessing material agreements of any kind with a related party and determine whether to approve, ratify, disapprove or reject a transaction. Currently composed of independent and non-executive directors, this Committee meets regularly to vet credit and non-credit related party transactions of significant amounts that meet the materiality threshold per transaction type as established per Bank's policy on RPTs. Our CAE and CCO also sit as non-voting members of the RPTCom. Internal Audit, under the CAE, performs post-reviews to ensure proper implementation of related party transactions approved by the RPTCom.

Vetting Process. The RPTCom is guided by the following:

- The Committee takes into account whether the RPT is entered into on terms no less favorable to the Bank than terms generally available to an unaffiliated third-party under the same or similar circumstances.
- For a transaction involving a sale of bank assets, the Committee reviews the results of the appraisal or valuation methodology used, as well as alternative approaches to valuation.

- The Committee assesses the extent of the related party's interest in the transaction:
 - Term of the transaction;
 - The related party's interest in the transaction;
 - Purpose and timing of the transaction;
 - Whether the Bank is a party to the transaction and, if not, the nature of the Bank's participation in the transaction;
 - If the transaction involves the sale of an asset, a description of the asset including date acquired and costs basis;
 - Information concerning potential counterparties in the transactions;
 - Approximated value of the transaction and the approximated value of the related party's interest in the transaction;
 - Description of provisions or limitations imposed as a result of entering into proposed transaction;
 - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Purpose of transaction; and
 - Potential benefits to the Bank.

The RPT Vetting Department, which is part of the Risk Management Office, acts as the RPTCom Secretariat, assisting the Committee in carrying out its responsibilities as defined in the RPTCom Charter.

In adherence to Recommendation 5.6 of the SEC CG Code for PLCs, the Bank's Related Party Transactions Policy, and Code of Conduct, directors with material interest in any transaction affecting the Bank abstain from taking part in deliberations for the same.

RPTs that are classified as a material transaction must be approved by the Board and submitted for confirmation by majority vote of the stockholders in the ASM.

Materiality Threshold. RPTs involving amounts below the materiality threshold must be approved by the proper authority and submitted for confirmation by the Board, or the subsidiary as the case may be. RPTs involving Directors, Officers, Shareholders, and Related Interests (DOSRI), subsidiaries, and affiliates, must at all times be submitted to the appropriate Board for approval.

SEC Material RPT Policy. In compliance with SEC Memorandum Circular 10 on Rules of Material RPTs for publicly listed companies, the Bank also incorporated additional guidelines on material threshold, defined as related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the

same related party, amounting to ten percent (10%) or higher of the company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company (e.g., BPI), the total assets shall pertain to its total consolidated assets.

Management Vetting Committee. We have a Management Vetting Committee (MVCom), currently composed of four Executive Vice Presidents of the Bank, to review related party transactions which are below the materiality threshold. The Compliance Office, under the CCO, is responsible for the post-review of all MVCom-approved transactions. The MVCom also submits all vetted transactions to the RPTCom for its information and confirmation.

All directors, officers, and employees are also required to disclose conflicts and potential conflicts, as well as relationships with clients, prospects, suppliers, and other interests.

Companies within the BPI group are also covered by this overarching Related Party Transactions Policy of the Bank.

Disclosure of Related Party Transactions. Related party transactions are properly disclosed in our audited financial statements, and other applicable filings in accordance with the relevant rules and issuances of the BSP, SEC, and other regulatory bodies. If needed, the RPTCom may also call on independent experts to help with valuation issues to ensure that the interests of the Bank and its stakeholders are protected.

A more detailed discussion on related party transactions can be found in Note 25 of the 2021 Audited Financial Statements. The Related Party Transactions Policy is disclosed in the Manual on Corporate Governance and may also be read on our website at www.bpi.com.ph (Recommendation 7.1, 8.5, 8.7 SEC CG Code for PLCs).

Financial Consumer Protection Program. The Board and Senior Management shall be responsible for the development of the Bank's consumer protection strategy and establishment of an effective oversight over the Bank's consumer protection programs.

The Board of Directors is ultimately responsible in ensuring that consumer protection practices are embedded in the bank's various business Operations. This includes the approval of the Bank's consumer protection policies as well as the mechanism to ensure compliance with the said policies, including policies and mechanisms related to the consumer assistance management process. Also performs

oversight on the implementation of and compliance with the Bank's consumer protection activities of the Bank. Promotes a culture of ethical behavior and adherence to the highest standards of fair and responsible dealing with consumers and relationships with third parties that may give rise to consumer protection risks. Further ensuring that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, as well as other material consumer related developments that will impact the Bank.

The Board may delegate other duties and responsibilities to a board-level Committee or to a Senior Management but not the function of overseeing compliance with the prescribed consumer protection framework / policies.

The Board's Executive Committee (ExCom), exercises the powers and fulfilling the duties and responsibilities of the Board in the management of the Bank's consumer protection activities, which also includes other duties and responsibilities delegated by the Board.

The Senior Management ensures that the approved policies and procedures on consumer protection risk management and consumer assistance mechanism policies and procedures are clearly documented, properly understood and appropriately implemented across all levels and business units. This includes the establishment of an effective monitoring and management information system to regularly measure, aggregate and analyze consumer related issues to determine level of consumer protection risk. This includes appropriate and clear reporting and escalation mechanism is integrated in the risk governance framework. Further 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.

Mergers, Acquisitions, and/or Takeovers. The Board and Senior Management exercise appropriate due diligence and good faith in the review and consideration of all material issues with respect to strategy, opportunities and risks, pricing or valuation, compliance and legal obligations, including diligence on the parties involved before entering into extraordinary transactions, such as mergers, acquisitions, and takeovers. We engage the service of independent and qualified third-party firms and consultants to evaluate the fairness of the transaction price and terms and conditions. (Recommendation 8.6 SEC CG Code for PLCs).

On Jan. 1, 2022, the merger between BPI and BPI Family Savings Bank, where BPI is the surviving corporation, approved by a majority vote of the Board of Directors on Feb. 24, 2021 and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock on Apr. 21, 2021 and Apr. 22, 2021, signed by their Presidents, and certified by their respective Corporate Secretaries, was effected, subject to the approval of the BSP, the SEC, and the Philippine Deposit Insurance Corporation and the subsequent issuance by the SEC of a Certificate of Merger. The Board of Directors of both banks deemed it prudent and in the best interests of each bank and its respective stockholders that BPI and BFSBI engage in a business combination in order to advance their long-term strategic business interests.

Suppliers and Contractors. We have established processes for accreditation, vendor selection, and suppliers audit to ensure qualified suppliers are given equal opportunity when bidding for projects with the Bank. All employees, departments, and divisions are also regularly advised to update and review their respective lists of suppliers to meet accreditation requirements. Employees must also review our detailed policies on outsourcing services where applicable. We comply with outsourcing regulations mandated by the BSP which requires banks to put in place appropriate processes, procedures, and information systems that can adequately identify, monitor, and mitigate operational risks arising from the outsourced activities.

In this regard, our Board and Senior Management established policies on outsourcing to ensure that all outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws, rules, and regulations.

From a governance standpoint, commercial transactions with suppliers should be economically beneficial to all parties involved and relationships should be based on the principle of fair and honest dealings. Compliance with internal policies must be in place to stop fraud, money laundering, bribery, and corruption and adhere to local or international laws and regulations. From an ESG standpoint, our goal is to work collaboratively with supply chain partners on sustainability. Our supply chain management policies ensure that our supply chain is not only sustainable but is also geared towards improving the lives of workers, their communities, and the environment. We also engage suppliers who promote sustainable development and who comply with national laws and internationally recognized standards and conventions for ethical, environmental, and social conditions.

Creditors. As a financial institution and an active participant in the capital markets, we respect the rights of our creditors. In 2021, we continued diversifying our funding sources and lengthening the maturity profile of our borrowings through a series of fundraising activities, focusing on the onshore debt market. For details of our issuances in 2021, please refer to pages 77 to 78.

We attribute the success of these issuances to the robust demand from both institutional investors as well as high-net worth and retail clients. These issuances support our drive to diversify its investor base and fund its asset expansion, particularly loan growth, digitalization initiatives, and general corporate purposes.

We comply with all covenants of our debt and equity issuances and respects the rights of our bondholders and stockholders. We also comply with statutory requirements with respect to post-issuance continuing disclosure, tax compliance, and other duties, responsibilities, or actions we are obligated to perform or is prohibited from performing, for the respective capital market issuance. We have an Investor Relations Office tasked to respond to investors' need for information. It keeps rating agencies informed of material events and responds to other requests for information.

Data Privacy. We have a strong Data Privacy Policy in place. This policy describes to whom it applies to, what personal data we collect, and how such data is collected, and how we may use personal data for core business and marketing purposes. The policy also covers how we may disclose and share such personal data, how such personal data is stored and retained, and how such data can be accessed or corrected. The Data Privacy Policy or Statement is posted on the company website and complies with the requirements of the Data Privacy Act and the NPC

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) MATTERS

We understand that ESG issues are tied directly to the Bank's operations, products, and services or indirectly through stakeholder actions across the entire value chain, which can also impact our financial performance. Volatility in the global business environment due to ESG shocks demand that companies build new capabilities to ensure business continuity. Left unmanaged, such ESG shocks can result in critical harm to any company's management, culture, and financial well-being. We and the entire financial sector, are key in driving and enabling sustainability in other sectors.

BPI Sustainability Agenda

The Board approval of the BPI Sustainability Agenda in December 2020 paved the way for several sustainability milestones. The Sustainability Agenda provides details of our Sustainability Strategy, ESG governance structure, management roles and responsibilities, and environmental and social (E&S) risk management. With the formal cascade and implementation of our Sustainability Agenda in 2021, the various business units began the process of identifying their respective short-, medium-, and long-term sustainability goals, action plans, and metrics (GAMs). Read more about the BPI Sustainability Agenda on pages 32-41.

Environmental and Social Risk Management System

We established our Environmental and Social Risk Management (ESRM) Policy to facilitate the full integration of environmental and social (E&S) risk management in our business activities. We recognize that E&S risks and our traditional risk pillars interact and have significant impacts on each other. Read more about the ESRM on page 34.

Environmental and Climate Risks

We acknowledge the societal and economic risks associated with environmental degradation and climate change. We have completed the mapping of our own and our clients' exposure to earthquake-, volcano- and weather-related hazards under the Environmental Risk Assessment (ERA) initiative. The results of the assessment has informed business decisions, allowing us to implement safeguards to environmental and climate hazards where applicable. Read more about the Environmental Risk Assessment on pages 24 to 25, 34, and 76.

In April 2021, we announced our commitment to reduce financing coal energy generation related projects by ceasing to finance new projects and reducing our outstanding loans to zero by 2032. In May 2021, we became the first Philippine bank to sign up as an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD). Discussions on net zero commitment are also in progress.

Social Risks

We have Codes of Business Conduct and Ethics for the Bank's directors, officers, and employees that provides guidance for all actions and decisions in the performance of our respective roles and responsibilities and towards proper handling of our relationships with all stakeholders. The Codes list high-level ethical principles on the conduct of business activities, as well as guidance on the care for the environment, commitment to human and labor rights, customer service, protection, and privacy, as well as anti-bribery and corruption, among others. Read more about the Codes of Business Conduct and Ethics on pages 143 to 149.

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

ESG Ratings and Accolades

In line with the global shift towards the importance of ESG, we are a recognized leader in this space with ESG ratings ahead of other Philippine banks. As of year-end 2021, we lead in 5 reputable rating agencies, comprised of both confidential and public assessments. See our ESG ratings/scores on page 163.



We are a member of the FTSE4Good Index Series, a series of benchmark and tradable indexes for ESG investors.

We are also the only Philippine bank to participate in the 2021 CDP Pilot Questionnaire on Climate and Forests, and one of

the first banks in the region to disclose on our forest impacts. Climate change and deforestation create risks to the stability of the financial system as well as opportunities in transitioning to a sustainable economy. CDP believes that data and disclosures can drive the effective management of these risks and the realization of these opportunities.

BPI also won as the **Best Sustainable Bank** in the Philippines in the 2021 FinanceAsia Country Awards and the **Outstanding Leadership in Resource Management (Bank)** in the 2021 Global Finance Sustainable Finance Awards, Regional Awards for Asia Pacific.

Disclosure and Transparency

We value opportunities to communicate our initiatives, policies, operations, financial, and non-financial performance, and goals to all our stakeholders. We believe that dialogue with stakeholders is essential in ensuring their active engagement with us. This provides them with timely, balanced, and understandable information, which is also integral in fulfilling our role and responsibilities as a global financial institution.

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

We practice regular disclosure of our financial performance. Quarterly and year-end financial statements and detailed management discussions and analyses are presented to the Audit Committee and the Board before disclosure. After approval, these are filed within the mandated 45 and 105 calendar days, respectively, from the end of financial period, if not earlier.

Our financial reporting disclosures are in compliance with BSP, SEC, PSE, PDEX, SGX, and SIX requisites. These reports are also made available to investors and analysts through the BPI website and the websites of the various exchanges where BPI capital market issuances are traded.

Our non-financial performance and management discussions are likewise disclosed regularly, primarily through the annual publication of the Integrated

Report and periodic updates of the BPI website. Sustainability disclosures are in accordance with the Integrated Reporting <IR> Framework, Global Reporting Initiative (GRI) Standards, and Sustainability Accounting Standards Board (SASB) Standards for Commercial Banks.

As in previous years, an external assurance provider has been engaged for our integrated reporting process and sustainability/non-financial disclosures. Read the Assurance Statement on pages 324 to 327.

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

Key Disclosure Principles

- We are committed to provide clear, timely, accurate, and balanced disclosure of all material information about the Bank and to provide fair and equal access to such information. We treat all information pertaining to the company, business transactions and operations, and products and services as strategic in nature. Therefore, we, in the provision of disclosures, safeguard our proprietary information and competitive position.
- The Board requires that management has processes in place to support its policy on full, comprehensive, understandable, and timely disclosure of financial and non-financial results, significant developments, and other material information to both its internal and external publics, such as clients, shareholders, regulators, employees, suppliers, rating agencies, analysts, and stock exchanges.
- Required disclosures of market-sensitive information are coursed through the proper regulatory agency and also released to the public through various cost-efficient and appropriate modes of communication.
- Disclosures should be consistent over time, unbiased, and comparable across the industry.
- We are guided by internal governance, risk, and compliance standards which serve to ensure information disclosure conforms with our established rules and procedures to identify, assess, and mitigate any possible risks or damages to the Bank, its counterparties, or partners as a result of any improper disclosure.

- We give due consideration to any matters related to the confidentiality of any information affecting clients’ or counterparties’ interests. We respect the rights of our clients and counterparties as related to the protection of confidential information.

Stakeholder Engagement and Materiality

We see the interdependence between business, society, and the environment, and the importance of our role in ensuring sustainable development. To achieve this, we maintain mutually beneficial relationships with our key stakeholders – our clients, shareholders, employees, government and regulatory agencies, suppliers and contractors, and communities.

Active engagement across various platforms allows us to regularly communicate with our stakeholders and help us identify environmental, social, governance, and economic issues we should address as well as opportunities that will allow us to continue to build long-lasting value.

The outcomes of our stakeholder engagement influence our products, services, systems, operational processes, and practices. The material topics identified are vital components of strategic business development and innovation. By adapting to the needs of our stakeholders, we are able to build a better, more resilient and valuable Bank. Read more about our Stakeholder Engagement and Material Topics on pages 317 to 320. (Recommendation 14.1, 14.2, 14.3, 16.1 SEC CG Code for PLCs).

Online Platforms

We maintain an official company website in accordance with the SEC-prescribed format and template. The website provides a comprehensive, cost-efficient, and timely communication channel for our corporate information, our various initiatives, products and services, and other relevant disclosures and reports for easy access to all stakeholders.

In 2021, the website was updated to include a new dedicated section on sustainability, which features its sustainability strategy and initiatives. We also maintain official company sites that utilize social media-based platforms.

We also have various mobile apps, which can be downloaded through IOS and Android. These apps are designed to meet the needs of the various client segments and allow them to make banking transactions safely and securely, anytime and anywhere. As with the company website, certain information on the Bank is also available on the mobile app.

Managing our Environmental Impact

Due to the nature of our operations, we require minimal input from natural resources. We monitor our electricity and water consumption, and calculate our corresponding greenhouse gas (GHG) emissions. We also provide information on our initiatives towards energy efficiency, paper use reduction, and recycling. In 2021, we had no violations, fines, or penalties related to environmental issues. Read more about our initiatives on Environmental Sustainability on pages 52 to 53.

We also manage our environmental impact in terms of the types of projects we finance. In Corporate Banking, the BPI Sustainable Development Finance (SDF) Program helps fund projects of large business and small and medium enterprises (SMEs) related to renewable energy, energy efficiency, and climate resilience, and sustainable agriculture. Our Structured Finance Division handles large renewable energy projects. We provide information on our energy portfolio as well as the use of proceeds and impact reporting for our green and social bonds. Read more about our initiatives on Financing Sustainable Development on pages 42 to 47.

The SDF team organizes regular webinars for clients featuring technical experts on the types of projects that are eligible for its portfolio.

In 2021, the Sustainability Office continued to provide Learning Sessions and other sustainability information campaigns to further instill the sustainability mindset in all employees. Some environment-related topics discussed include vegan recipes, zero waste living, and decluttering.

BPI Foundation (BPIF) also has several initiatives under its Environmental Sustainability program. Read more about BPIF’s initiatives on pages 63 to 64.

Managing our Social Impact

Human capital has business impacts in terms of operational and reputational risk. It is our responsibility to uphold human and labor rights and ethical business practices.

We aim to be the employer of choice among Philippine financial institutions. We continuously enhance our programs for employees that address motivation and productivity; talent attraction, retention, and development; good health and well-being; as well as safety and security, among others.

The Bank encourages every employee to undertake a minimum of five training days every year, ensuring continuous professional improvement and keeping them abreast of industry developments. For 2021, the Bank conducted at least 241 programs. Here are only some of the highlights of the above-mentioned recent trainings of the Bank:

Course Name	Number of Employees	
	2020	2021
Code of Business Conduct	19,501	18,340
BPI Service Plus	566	227
Information Security Awareness Program 1	19,808	18,511
Information Security Awareness Program 2	19,795	18,511
Operational Risk Overview	19,889	18,494
Values Orientation Workshop	585	31
Data Privacy 1	19,910	17,797
Data Privacy 2	19,895	

Trust and satisfaction are critical elements in our engagements with all of our external stakeholders --- our customers, shareholders, suppliers and vendors, and the community as a whole. We continue to be an active participant within the private and public sectors so as to contribute to nation building and sustainable development.

Timely and relevant adjustments to our business activities relative to the ongoing COVID-19 pandemic has allowed us to deepen our relationship with all stakeholders. Read more about our initiatives on our Social Responsibility to employees, clients, our supply chain, and the community on pages 54 to 65.

Good Governance

Governance provides the structure, principles, processes, and mechanisms for the safe and prudent management of the Bank. It promotes accountability and ensures alignment across the entire organization.

Ownership

Our share information and ownership details are stated in the Shareholder Rights and Engagement section on pages 160 to 161.

Board of Directors

The duties and responsibilities of the Board of Directors are detailed in the Corporate Governance section on pages 95 to 125. It also discusses the Board composition, qualifications, education, training, remuneration, tenure, and performance evaluation.

Details of Board-related policies, committee charters, and its processes such as nomination and the conduct of meetings are also provided. The Board’s ESG oversight is highlighted in the BPI Sustainability Agenda section on pages 32 to 33.

Compliance

For us, compliance refers not only to adherence to laws, regulations, and standards, but also to insuring integrity in our conduct of business. Our values protect the trust given by our shareholders, clients, employees, partners, and communities.

The Compliance section on pages 139 to 149 communicates our policies, processes, and standards on the following governance topics:

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

For 2021, there were no incidents of non-compliance for any of the above-mentioned policies.(Recommendation 15.1, 15.2, 15.3 SEC CG Code for PLCs).

Political Involvement

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

Internal and External Audit

Business units regularly provide reports to management and are examined periodically by the Internal Audit Division. In 2021, our financial disclosures were audited by Isla Lipana & Co. Read their assurance statement and information on audit fees on pages 127 to 128.

For the same period, our non-financial disclosures were audited by DNV and Sustainalytics. Read their assurance statements on pages 326 to 329 and on the BPI website.

Tax Strategy

BPI’s disclosures related to tax may be read in the Audited Financial Statements on pages 240, 303 to 304, 312 to 313.

Risk Management

Risk management in BPI is led by the Board, primarily its Risk Management Committee. They provide our Bank's overall risk strategy and risk appetites which are critical to the management of all business activities.

The BPI Enterprise Risk Management (ERM) enables us to identify, measure, control, and monitor its significant financial and non-financial risk exposures. It reflects our internal standards on risk management governance, business continuity, and operational resilience. Information on our traditional

risk pillars and related management approaches are disclosed in the Risk Management section on pages 129 to 138. (Recommendation 2.11, 12.1 SEC CG Code for PLCs).

A notable initiative in 2021 is the approval of our Environmental & Social Risk Management (ESRM) policy, which is discussed in the BPI Sustainability Agenda section on page 34.

More information on our sustainability initiatives and ESG disclosures are available on the BPI website at www.bpi.com.ph.



SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights

We treat capital as a most valuable asset and seeks to generate superior returns for our shareholders, while being prudent in risk-taking, spending, and investment. We treat all our shareholders equitably and equally, whether they have majority or minority interest. The Board is committed to respect the rights of shareholders, recognized in the Corporation Code, including, among others:

Voting rights. Shareholders have the right to elect, remove, and replace directors and vote on certain corporate acts.

- **Electronic Voting in Absentia.** In its meeting held on Feb. 24, 2021, the Board approved Management's recommendations for BPI to provide our shareholders with the option to vote in absentia in the 2021 ASM. Hence, at the Apr. 22, 2021 ASM, our shareholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.
- Cumulative voting is used in the election of directors, who may be removed with or without cause. Directors shall not be removed without cause if it would deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of our outstanding capital.
- No stockholders' meeting may conduct business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day until such time may be deemed proper.
- We strictly comply with the rules and regulations of the SEC and the BSP, in relation to sending out the notice of meeting at least two weeks prior to the meeting, right to vote, and right to appoint a proxy.
- We adhere to the "One Share, One Vote" rule. Its Amended By-Laws state that shareholders are entitled to voting rights equivalent to the number of shares they hold, i.e., voting is by shares of stock and not "per capita".

Pre-emptive rights. All shareholders have preemptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They have the right to subscribe to our capital stock. Our Articles

of Incorporation lays down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law as long as they are not in conflict with the Corporation Code.

Right of inspection. Shareholders shall be allowed, within certain reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with an annual report, including financial statements.

Right to information. Upon request and for a legitimate purpose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the directors and officers, and certain other matters such as their holdings of BPI's shares, dealings with BPI, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement and Proxy Forms where these are stated must be distributed to the shareholders before ASMs and in the Registration Statement and Prospectus in case of registrations of shares for public offering with the SEC.

Right to dividends. Shareholders have the right to receive dividends subject to the discretion of the Board. However, the SEC may direct us to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:

- When justified by definite corporate expansion projects or programs approved by the Board;
- When we are prohibited under loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without the creditors' consent, and such consent has not been secured; or
- When it can be clearly shown that retention of earnings is necessary under special circumstances, such as when there is a need for a special reserve for probable contingencies.

Appraisal right. In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any

respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

Alternative Dispute Mechanism. It is our policy to resolve disputes or differences with shareholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration. If the agreement between the Bank and third parties has an arbitration clause, arbitration is the ADR system being adopted. If none, we initiate conciliation-earnest effort to arrive at amicable settlement. If everything fails, and the dispute progresses into court litigation, we strictly adhere to and comply with Supreme Court A.M. No. 11-1-6-SC-PHILJA dated Jan. 11, 2011 [Consolidated and Revised Guidelines to Implement the Expanded Coverage of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR)]. (Recommendation 13.4 SEC CG Code for PLCs).

Relative to regulatory authorities, we adopt and comply with the alternative modes of dispute resolution they are using or promoting such as, but not limited to, mediation, conciliation, and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004).

More information on our policies and practices to protect and uphold shareholder rights are disclosed in the Manual on Corporate Governance and disclosed on the company website at www.bpi.com.ph. (Recommendation 13.1 SEC CG Code for PLCs).

Investor Relations. We believe that transparent and accurate reporting of operating and financial results, major business decisions, and developments gives shareholders and investors the relevant inputs to their investment decisions. In addition, such reporting provides the basis for the sound and robust market valuation of our shares and a proper view to all stakeholders of possible future losses or gains.

Our Investor Relations Office, which is part of the Corporate Strategy, Investor Relations and Sustainability Division, is tasked with a program of proactive, uniform, appropriate, and timely communication and reporting. Full disclosure is done

in compliance with the BSP, Securities Regulation Code (SRC), SEC, PSE, PDEX, SGX, and SIX rules, regulations, and disclosure guidelines in light of our capital market issuances. (Recommendation 13.5 SEC CG Code for PLCs). We also directly engage with our European investors who are covered by the Markets in Financial Instruments Directive II (MiFID II) regulations.

Apart from structured disclosures, we also disclose information not required under the disclosure rules if, in our estimation, such matters have an impact on investment decisions by interested parties. Such matters are disclosed as promptly and comprehensively as possible by appropriate methods.

Outside of the stockholders' meetings, we engaged and kept our investors, shareholders and stakeholders informed, through various disclosures and activities led by our Investor Relations Office.

Because of the protracted lockdowns as the COVID-19 pandemic continued into 2021, the virtual format, via video conferencing platforms such as Zoom, Microsoft Teams, and Cisco's Webex, remained as the main platform for engaging with both local and foreign analysts and investors. For the year, our senior leadership team and investor relations officers, hosted 54 one-on-one meetings, attended 33 investor conferences with 43 breakout sessions, and met a little over 600 individual participants in these events.

We also submitted about 125 structured and unstructured disclosures which were posted on various Exchanges throughout the year.

The Investor Relations Office also provides quarterly investor presentations and works with the Corporate Affairs and Communications Office for media briefings and press releases. Such information about us is shared regularly with the investing public, analysts, and members of the media. Statements in these presentations describing our objectives, projections, estimates, and expectations may be forward-looking. (Recommendation 11.1 SEC CG Code for PLCs) Actual results may differ from the statements made in the presentations, whether expressed or implied.

Select regulatory disclosures, all investor presentations and press releases distributed, including presentations of the Chairman and the President and CEO at the ASM, may be viewed at www.bpi.com.ph

Annual Stockholders' Meeting. We give great importance to effective, timely, and regular communication with our shareholders and the wider investment community and sees this systematic engagement as a critical component of our governance strategy. To this end, a number of means are used constructively to promote greater understanding, clarity, and dialogue with our shareholders, one of which is the ASM.

The ASM allows our shareholders to advise and adopt resolutions on important matters affecting us on which they have legal sovereignty, such as: the appropriation of profit; ratification of all acts and resolutions of the Board and Management adopted during the preceding year; approval of the Report of the President and Bank's Statement of Condition; amendments to the Articles of Incorporation or By-Laws; and election of Board of Directors and external auditor, as well as measures to amend the shareholders' equity.

The ASM also continues to be a key communications event for our Board and Management. It is a primary opportunity for meaningful discussion of the company's narrative, to engage with our shareholders and investors on the key issues facing us, review fiscal information for the past year, and respond to any questions regarding goals and directions our business will take in the future. Our Board, including the Chairman, Chairman of the Audit Committee, Independent Directors, and senior executive officers, led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, are always in attendance and available for informal discussion before and after the formal business of the ASM. The Chairman and members of the Board, chairmen and members of the Board-level Committees, and senior executive officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the Investor Relations Officer attended the 2021 ASM. (Recommendation 13.3, 13.5 SEC CG Code for PLCs).

For the benefit of all the stockholders, the Chairman of the Board and the Corporate Secretary discussed the Rules of Conduct and Procedures for the meeting after the requisite call to order, certification of notice of meeting, and determination of quorum. The Rules of Conduct and Procedures were also detailed in the explanations of agenda items in the Notice of ASM. All items in the agenda requiring approval by the shareholders, including the election of the Board, need the affirmative vote of shareholders representing at least a majority of

the issued and outstanding voting stock. Voting is considered on a poll, by shares of stock; that is, one share entitles the holder to one vote, two shares to two votes. Cumulative voting as provided for in the Corporation Code may be applied in the election of the Board. The Office of the Corporate Secretary tabulates all votes received and the Bank's external auditor validates the results.

We proactively encourage the full participation of our shareholders, including institutional shareholders, at the ASM. Shareholders may participate in person or through their authorized representative. For the 2021 ASM, only shareholders of record as of Mar. 05, 2021 were entitled to the notice and to vote at the meeting. Due to the pandemic and changing modes of community quarantine or alert levels in place, the Bank conducted a virtual ASM and shareholders could not physically attend the meeting. However, they could still participate through the livestreamed webcast of the meeting and the option to vote in absentia through an online electronic system or by appointing the Chairman of the meeting as their proxy.

Duly accomplished proxies were to be submitted to the Office of the Corporate Secretary, Ayala North Exchange Tower 1, 6796 Ayala Avenue cor. Salcedo St., Legaspi Village, Makati City or by email to bpi-asm@bpi.com.ph not later than 5:00 P.M. of Apr. 12, 2021. Validation of proxies was set for Apr. 13, 2021 at 2:00 P.M.

Shareholders are encouraged, recognized, and given sufficient time to ask questions at the ASM to ensure accountability and identification with the Board's and Management's strategy and goals of the Bank. Questions or comments of shareholders, as well as responses of the Board and management, were duly recorded in the Minutes of the Meeting.

The Board ensures that the ASM is held in an easy to reach and cost-efficient venue and location in Metro Manila. In 2021, however, the Annual Stockholders Meeting was conducted virtually via <http://www.ayalagroupshareholders.com/> Shareholders intending to participate by remote communication were requested to notify our Bank by email to bpi-asm@bpi.com.ph on or before Apr. 12, 2021.

Notice of ASM and Definitive Information Statement. We send the Notice of the ASM to our shareholders well before the meeting date to give them ample time to review the meeting's agenda as well as to provide them with sufficient information regarding issues to be decided on during the meeting.

The Bank's Notice of ASM and Definitive Information Statement is written in English as this is an official language in the Philippines. We provide the rationale and explanation for each agenda item which requires shareholders' approval in the Notice of ASM. In the same way, each resolution in the ASM deals with only one item, i.e., there is no bundling of several items into the same resolution. The profiles of directors seeking election or re-election (including information such as age, qualifications, date of first appointment, experience, and directorships in other listed companies) are included in the Notice of ASM. The external auditor seeking appointment or re-appointment is also clearly identified.

When dividends are one of the agenda items, an explanation of the dividend practice is also included. The Notice of ASM also includes proxy forms which can be downloaded by shareholders from www.bpi.com.ph. For the 2021 ASM, the proxy forms included instructions as well as the deadline for submission of proxies to the Office of the Corporate Secretary, which was on or before Apr. 12, 2021.

The Definitive Information Statement (DIS), or SEC Form 20-IS is issued in accordance with our Amended By-laws and SRC Rule 20. Shareholders as of record date of the annual or special stockholders meeting are sent the DIS or SEC Form 20-IS at least 15 business days before the meeting. As an issuer subject to the reporting requirements of SRC Section 17, we must issue the DIS to notify shareholders of the written notice of the date, time, place, and purpose of the meeting; the DIS provides other specific information relevant to the meeting.

We are always transparent on matters of this nature and encourages shareholders, including institutional investors, to attend the meeting by sending individual notices, publication in the newspaper, posting on our website, and notices to various Exchanges. The DIS or SEC Form 20-IS is deemed to have been given at the time when delivered personally, deposited in the post office, or sent via e-mail. Shareholders who prefer to receive hard copies of the DIS can request for paper copies.

In 2021, the Notice, including the DIS, was sent out to shareholders of record by Mar. 27, 2021, 27 days before the ASM. The SEC Form 20-IS was also sent out to shareholders of record by Mar. 30, 2021, and disclosed via PSE EDGE on the same date. No new item was included in the agenda at the 2021 ASM. Likewise, no amendments were made to the SEC Form 20-IS after the aforementioned disclosure on the PSE EDGE.

The Notice of ASM for the stockholder's meeting on Apr. 22, 2021, included explanations for all agenda items such as: (1) Certification of Notice of Meeting, Determination of Quorum, and Rules of Conduct and Procedures, (2) Approval of the Minutes of the Annual Meeting of the Stockholders on Apr. 23, 2020, (3) Approval of the Annual Report and Audited Financial Statements, (4) Election of the Board of Directors (including the Independent Directors), (5) Election of the External Auditor and Fixing of Remuneration and (6) Consideration of Such Other Business as May Properly Come Before the Meeting. (Recommendation 13.2 SEC CG Code for PLCs).

The Notice of ASM and DIS or SEC Form 20-IS for the current and prior years may be viewed at www.bpi.com.ph.

Minutes of the ASM. The Minutes of the ASM includes all information pertinent to the meeting: date, time, and location of the annual meeting; qualified participants, attendance, and quorum present to conduct business; approval of prior minutes; general report of the President and CEO; record of action items in the meeting including election of the Board, any pertinent discussions, and actual votes; and corporate resolutions that were adopted. The minutes also records the dialogue between shareholders and the Board and Management, facilitating Board and Management's responses to shareholders' questions and clarifications, as well as determining any follow up actions that need to be taken by the Board and Management in the future.

Minutes of the previous year's ASM are provided to shareholders prior to the start of the meeting of the current year. Minutes of the 2021 ASM were likewise posted on the company website within five calendar days from the date of the ASM. (Recommendation 13.3 SEC CG Code for PLCs).

Minutes of the ASM for the current and prior years may be viewed at www.bpi.com.ph.

Voting Results. The results of the voting of the ASM are counted and tabulated by an independent external third-party auditor. For the 2021 ASM, our independent external third-party auditor, Isla Lipana & Co., performed this task.

Voting results are submitted to the SEC and disclosed on the websites of the various Exchanges, where BPI capital market issues are traded, and made publicly-available on the company website as well by the next working day or sooner (Recommendation 13.3 of the SEC CG Code for PLCs). The voting results for the 2021 ASM, as well as that of prior years, may be viewed at www.bpi.com.ph.

Voting results for the 2021 ASM are as follows:

Total Number of Votes (Present and Proxy) - 3,485,260,728 Total Issued and Outstanding Shares - 4,513,103,261 Percentage of Attendees - 77.23%			
Resolution	For	Against	Abstain
Approval of Minutes of Annual Stockholders' Meeting held on Apr. 23, 2020	3,484,769,860 99.99%	-	-
Approval of Annual Report and Audited Financial Statements as of Dec. 31, 2020	3,479,735,872 99.84%	2,556,787 0.07%	2,467,202 0.07%
Ratification of the Acts of the Board of Directors and Officers	3,479,183,400 99.83%	308,392 0.01%	5,278,069 0.15%
Election of External Auditors and Fixing of their Remuneration	3,475,655,290 99.72%	7,301,133 0.21%	1,813,438 0.05%
Merger of BPI Family Savings Bank, Inc. into Bank of the Philippine Islands	3,482,168,596 99.91%	140 0.00%	2,601,125 0.07%
Increase in Authorized Capital Stock and Amendment of Article VII of the Bank's Articles of Incorporation	3,153,734,957 90.49%	140 0.00%	331,034,764 9.50%
Election of 15 Members of the Board of Directors			
Jaime Augusto Zobel de Ayala	3,358,946,454	54,101,931	71,721,476
Fernando Zobel de Ayala	3,285,477,633	54,122,068	145,170,130
Romeo L. Bernardo	3,378,426,821	57,234,835	49,108,205
Ignacio R. Bunye	3,474,264,228	4,230,315	6,275,318
Cezar P. Consing	3,421,790,936	31,031,313	31,947,612
Ramon R. del Rosario, Jr.	3,446,237,931	4,780,315	33,751,615
Octavio Victor R. Espiritu	3,344,590,502	35,633,105	104,546,254
Rebecca G. Fernando	3,445,422,544	32,065,219	7,282,098
Jose Teodoro K. Limcaoco	3,421,930,713	54,101,931	8,737,217
Aurelio R. Montinola III	3,405,084,537	54,101,931	25,583,393
Mercedita S. Nollado	3,445,265,681	32,222,082	7,282,098
Antonio Jose U. Periquet	3,323,518,493	35,415,922	125,835,446
Cesar V. Purisima	3,446,566,279	4,751,049	33,452,533
Eli M. Remolona, Jr.	3,482,977,361	-	1,792,500
Maria Dolores B. Yuvienco	3,478,494,543	-	6,275,318

Annual and Quarterly Reports. Our Annual, Quarterly, and Current Reports are its primary disclosure mechanisms used to impart knowledge about us to all our stakeholders in an informative, structured, and cost-effective manner. The Annual and Quarterly accountability reports effectively detail its performance during the period under review and put that performance in context of our objectives, our strategies, and future direction. The Current Reports similarly provide timely updates on significant corporate actions undertaken.

The Annual, Quarterly, and Current Reports are regularly submitted to the SEC pursuant to SRC Section 17, which also prescribes format and content.

These Reports are also disclosed on the websites of the various Exchanges, as previously mentioned. These may also be viewed at www.bpi.com.ph.

General Information Sheets. Under Sections 26 and 141 of the Corporation Code, corporations are required to submit the General Information Sheet (GIS) annually to the SEC, within 30 days after the corporation's annual or special stockholders' meeting. Containing, among other information, the names, nationalities, and addresses of the directors, trustees, and officers of the company, the GIS is accompanied by a certification under oath by the Corporate Secretary, President or CEO.

Our latest GIS, as well as that of prior years, may be viewed at www.bpi.com.ph.

SHARE INFORMATION

Stock Information. BPI common shares are listed in the PSE under the ticker symbol of BPI. At PHP 415.9 billion as of Dec. 31, 2021, its market capitalization is among the largest in the Philippine banking industry. BPI is a member of the benchmark Philippine Stock Exchange Composite Index (PSEi).

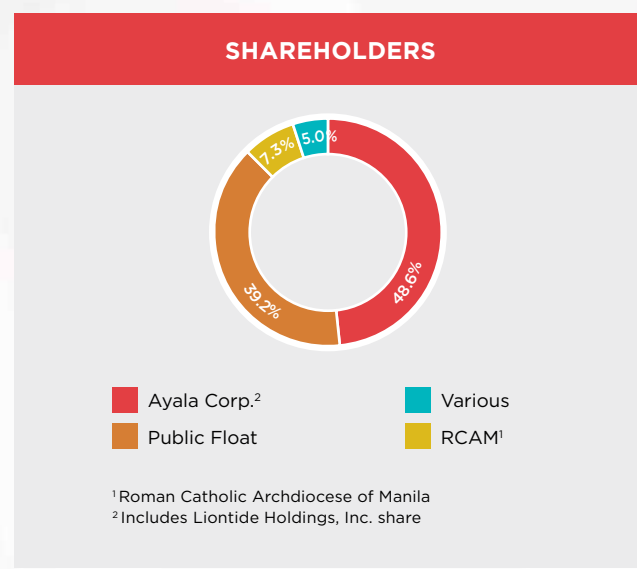
Listing Date: Oct. 12, 1971
 Class of Shares: Common shares
 Voting Rights: One vote per share
 Authorized: 5,000,000,000 shares
 as of Dec. 31, 2021
 Outstanding: 4,513,128,255 shares
 as of Dec. 31, 2021

Rights, obligations, and restrictions attaching to shares. The rights and obligations attaching to each class of ordinary, common, and non-cumulative preference shares in our share capital are set out in full in our Articles of Incorporation which may be amended by special resolution of the shareholders and can be found on www.bpi.com.ph.

Minimum Public Ownership. As of Dec. 31, 2021, listed securities held by the public were at 39.2% of our issued and outstanding shares. This is well above the minimum required public float level of 10%.

Ownership Structure. Our founding shareholders were primarily charities and endowments associated with the Roman Catholic Church, and its directors consisted of government officials and prominent businesspersons, including Antonio de Ayala, a partner in the predecessor firm of today's Ayala Corporation.

Restrictions on Ownership. Foreign ownership is subject to a limit of 40%.



Sharelots Statistics as of Dec. 31, 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 100	1,553	12.85%	57,667	0.00%
101 - 500	4,092	33.86%	1,067,633	0.02%
501 - 1,000	2,001	16.56%	1,458,238	0.03%
1,001 - 5,000	2,941	24.34%	6,376,829	0.14%
5,001 - 10,000	582	4.82%	4,014,339	0.09%
10,001 - 50,000	629	5.21%	13,490,445	0.30%
50,001 - 100,000	107	0.89%	7,327,501	0.16%
100,001 - 500,000	136	1.13%	27,332,480	0.61%
500,001 - 1,000,000	12	0.10%	8,253,385	0.18%
1,000,001 - 5,000,000	17	0.14%	42,921,689	0.95%
5,000,001 - 10,000,000	4	0.03%	26,812,497	0.59%
10,000,001 - 50,000,000	2	0.02%	63,481,023	1.41%
50,000,001 - UP	8	0.07%	4,310,534,529	95.51%
Grand Total	12,084	100.00%	4,513,128,255	100.00%

Equity Ownership of Foreigners on Common Shares as of Dec. 31, 2021

Nationality	No. of Shareholders	%	No. of Shares	%
Filipino	11,973	99.08%	3,240,254,228	71.80%
Non-Filipino	111	0.92%	1,272,874,027	28.20%
Grand Total	12,084	100.00%	4,513,128,255	100.00%

Shareholdings of Directors and Management as of Dec. 31, 2021. Please see table under Corporate Governance section which sets forth the beneficial ownership of shares of the Company's common stock as of Dec. 31, 2021 by the Bank's current directors and named executive officers and as a group.

Beneficial Ownership Reporting Compliance. Under SRC Section 23, the SEC requires a PLC's directors, and executive officers, and persons who beneficially own: (1) qualifying but not more than 100 shares; (2) more than 100 shares but less than 5% of the outstanding common stock; or (3) more than 5% but less than 10% of the outstanding common stock, to file reports with the SEC regarding initial ownership and changes in ownership of the common stock.

In this respect, the PSE also requires, under Section 13.1 of the Revised Disclosure Rules on Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities, that the Exchange be furnished with a copy of the respective SEC filing within five trading days.

As a practical matter, the Bank assists its directors and officers in the filing of the required SEC Form 23-A or B reports on their behalf.

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of Dec. 31, 2021

Title of Class	Name/Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares	Percent of Holdings
Common	PCD Nominee Corporation ¹ - Non-Filipino - Filipino 37/F Tower 1, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City	PCD Participants acting for themselves or for their customers	Various	879,864,113	19.4957%
			Filipino	793,575,325	17.5837%
				1,673,439,438	37.0794%
Common	Ayala Corporation 33rd Floor Ayala Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Stockholder	Ayala Corporation ³	Filipino	1,000,261,934	22.1634%
Common	Liontide Holdings, Inc. 33rd Floor Ayala Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Stockholder	Liontide Holdings, Inc. ⁵	Filipino	904,194,682	20.0348%
Common	AC International Finance Limited c/o Ayala Corporation 34th Floor Ayala Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Stockholder	Ayala Corporation ⁶	Cayman Islands	390,269,162	8.6474%
Common	Roman Catholic Archbishop of Manila 121 Arzobispo St., Intramuros Manila Stockholder	Roman Catholic Archbishop of Manila ⁷	Filipino	327,904,251	7.2656%

¹ PCD Nominee Corporation (PCD), now known as the Philippine Depository and Trust Corporation (PDTC), Non-Filipino and Filipino, is the registered owner of the shares beneficially owned by participants in the PDTC. The Board of Directors of each participant generally has the power to decide on how shares are to be voted. Out of the 1,673,439,438 common shares registered in the name of PCD, 492,674,355 shares or 10.9165%, 337,807,709 shares or 7.4850%, and 306,083,277 shares or 6.7821% are for the accounts of The Hongkong and Shanghai Banking Corporation, Citibank N.A., and Standard Chartered Bank, respectively.

² Mermac, Inc. owns 47.8657% of common shares and 57.2651% of total voting shares, while Mitsubishi Corporation owns 6.0952% of common shares and 6.9952% of total voting shares, respectively, of the outstanding shares of Ayala Corporation (AC).

³ The Board of Directors of AC has the power to decide how AC's shares in BPI are to be voted.

⁴ AC owns 84.16% of the outstanding shares of Liontide Holdings, Inc. (formerly Ayala DBS Holdings, Inc.), which translates to 78.07% effective ownership.

⁵ The Board of Directors of Liontide Holdings, Inc. ("Liontide") has the power to decide how Liontide's shares in BPI are to be voted.

⁶ Under a Voting Trust Agreement dated Oct. 12, 2017, the Board of Directors of AC International Finance Limited (AC International) has the power to decide how AC International's shares in BPI are to be voted.

⁷ The Archbishop of Manila has the power to decide how the Roman Catholic Archbishop of Manila's shares in BPI are to be voted.

Voting Trust Holders of 5% or More. AC has a Voting Trust Agreement with AC International.

Payment of dividends. Dividend declaration is ultimately the responsibility of our Bank and our Board which has the authority to declare dividends as it may deem appropriate. Under BSP regulations, no bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. The net amount available for dividends shall be the amount of unrestricted or free retained earnings less loss provisioning which takes into account relevant capital adjustments including losses, bad debts, and unearned profits or income.

Per BSP Circular 888, banks that meet the prequalification criteria including capital adequacy requirements and applicable laws and regulations of the BSP can declare and pay dividends without prior BSP verification. However, banks must ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

As approved by the Board, we declare cash dividends to our common shareholders. The dividend payout history shows a distribution of at least PHP 1.80 per share in annual dividends. This is designed to provide shareholders the balance that they seek between current income and capital appreciation. Our ability to return capital to shareholders, at the same time adhering to risk and capitalization standards, is a testament to our fiduciary prudence.

While we do not foresee any impediments to our ability to pay dividends on common equity in the medium-term, we evaluate dividend payments from time to time in accordance with business and regulatory requirements, and cannot make explicit warranties about the quantum of future dividend payments.

Historical Dividends (Cash and Stock)
Cash dividends declared and paid during the years 2019 to 2021 are as follows:

Date Declared	Date of Payment	Amount of Dividends	
		Per Share	Declared
May 15, 2019	Jun. 19, 2019	0.90	4,056
Nov. 20, 2019	Dec. 27, 2019	0.90	4,057
May 20, 2020	Jun. 26, 2020	0.90	4,062
Oct. 21, 2020	Nov. 26, 2020	0.90	4,062
May 19, 2021	Jun. 23, 2021	0.90	4,062
Nov. 18, 2021	Dec. 24, 2021	0.90	4,062

INVESTMENT RATINGS

Credit Ratings

Despite the challenges posed by our second year into the pandemic, all three major international Credit Rating Agencies have once more reaffirmed our Credit Ratings: S&P at BBB+ which is two notches above investment grade (same as the Philippine Sovereign), Moody's at Baa2 which is one notch above investment grade, and Fitch at BBB- which is investment grade.

In July 2021, Fitch revised its Outlook on BPI from Stable to Negative. This followed a similar revision by Fitch to the Outlook of the Philippine sovereign rating. Fitch cited the slower than expected economic recovery, sluggish business confidence and private consumption had challenged banking system asset quality, loan demand, and business opportunities. S&P also maintained its Negative Outlook on BPI for the year, after revising it in 2020.

Meanwhile, Moody's affirmed their Stable Outlook on BPI, recognizing our credit strengths as: (1) robust capital, which provides adequate buffer against financial shocks, and (2) strong funding and liquidity, underpinned by a solid franchise.

Finally, Capital Intelligence also affirmed our BBB rating with Stable Outlook for the year.

Provider	Rating	Date
S&P Global Ratings	BBB+	September 2021
Moody's Investors Service	Baa2	May 2021
Fitch Ratings	BBB-	July 2021
Capital Intelligence	BBB	July 2021

ESG Ratings

In line with the global shift towards the importance of ESG, we are a recognized leader in this space, with ESG ratings ahead of other banks in the Philippines.

Provider	Rating ¹	Date
MSCI	BBB	June 2021
Sustainalytics	27	October 2021
SAM (S&P affiliate)	51	November 2021
V.E (Moody's affiliate)	49	August 2021

¹ MSCI, Sustainalytics, and SAM/S&P: Ranks first among Philippine banks as of year end 2021.

BPI is a member of the FTSE4Good Index Series. We also participated in the 2021 CDP Pilot Questionnaire on Climate and Forest for Southeast Asian banks. Read more about our ESG ratings in ESG Matters on pages 150 to 154.

SUPPLEMENTAL SCHEDULES

SUPPLEMENTARY SCHEDULES ON CAPITAL AND RISK MANAGEMENT DISCLOSURES PURSUANT TO THE BANGKO SENTRAL'S MEMORANDUM M-2014-007

Capital Structure

The Bank's qualifying capital for the years ended 2021 and 2020 were PHP 277.6 billion and PHP 260.7 billion, respectively. The Bank's total qualifying capital for 2021 and 2020 were largely composed of CET1 capital at 94.7% and 94.8%, respectively.

The table below shows the composition of the Bank's capital structure and total qualifying capital.

Capital Structure (PHP million)	December 31, 2021			December 31, 2020		
	CET1/ Tier 1	Tier 2	TOTAL	CET1/ Tier 1	Tier 2	TOTAL
Core Capital	291,396	14,847	306,244	277,831	13,593	291,423
Paid-up common stock	45,131		45,131	45,045		45,045
Additional paid-in capital	74,854		74,854	74,684		74,684
Retained earnings	156,399		156,399	143,157		143,157
Undivided profits	23,786		23,786	21,306		21,306
Net unrealized gains or losses on AFS securities	-3,455		-3,455	218		218
Cumulative foreign currency translation	-26		-26	-360		-360
Remeasurement of net defined benefit liability (asset)	-5,293		-5,293	-5,927		-5,927
Gains/(Losses) on Fair Value Adjustments of Hedging Instruments	0		0	-291		-291
General loan loss provision ^{1/}		14,847	14,847		13,593	13,593
Deductions	28,688	0	28,688	30,760	0	30,760
Total O/S unsecured credit accommodations ^{2/}	474		474	501		501
Total O/S unsecured loans ^{3/}	44		44	39		39
Deferred tax assets	15,618		15,618	17,313		17,313
Other intangible assets	1,989		1,989	2,530		2,530
Defined benefit pension fund assets	66		66	55		55
Investments in equity ^{4/}	3,131		3,131	2,894		2,894
Significant minority investments ^{5/}	5,271		5,271	5,454		5,454
Other equity investments ^{6/}	2,096		2,096	1,975		1,975
TOTAL QUALIFYING CAPITAL	262,709	14,847	277,556	247,071	13,593	260,663
% to Total	95%	5%	100%	95%	5%	100%

^{1/} General loan loss provision, limited to a maximum of 1% of credit risk-weighted assets, and any amount in excess thereof shall be deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio

^{2/} Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)

^{3/} Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates

^{4/} Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable) and investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)

^{5/} Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases) and significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases)

^{6/} Other equity investments in non-financial allied undertakings and non-allied undertakings

Credit risk-weighted assets. Using the Basel regulatory standardized approach, our total credit risk-weighted assets as of Dec. 31, 2021 amounted to PHP 1.5 trillion, and are composed of on-book credit exposures after risk mitigation of PHP 1.5 trillion, off-balance sheet risk-weighted assets of PHP 21.2 billion, counterparty risk-weighted assets in the trading book of PHP 4.8 billion, and risk-weighted securitization exposures of PHP 891 million.

The table below provides a summary of the Bank's credit risk-weighted assets for 2021 and 2020:

Credit RWAs (PHP million)	Amount	
	2021	2020
Total RWA (On-balance sheet) ^{o/}	1,457,845	1,341,522
Total RWA (Off-balance sheet) ^{o/}	21,211	13,230
Total counterparty RWA (banking book) ^{1/}	0	0
Total counterparty RWA (trading book) ^{1/}	4,769	4,158
Total risk-weighted credit linked notes (banking book)	0	0
Total risk-weighted securitization exposures	891	354
Total Gross RWA	1,484,716	1,359,264
Deductions: General loan loss provision ^{2/}	-10,692	-3,500
Total Credit RWAs	1,474,024	1,355,765

^{o/} Risk-weighted assets

^{1/} For derivatives and repo-style transactions

^{2/} In excess of the amount permitted to be included in Tier 2

The Bank's credit risk exposures on both on- and off-balance sheet assets after mitigation, broken down by risk buckets, for 2021 and 2020 are as follows:

Schedule A

December 31, 2021								
(PHP million)	Risk Weights							
	Exposure after risk mitigation	0%	20%	50%	75%	100%	150%	Total CRWA ^{1/}
Cash on hand	34,822	34,822						34,822
Checks and other cash items	321		321					321
Due from BSP	268,851	268,851						268,851
Due from other banks	33,670		1,008	32,361		301		33,670
Available-for-sale (AFS)	132,207	87,581	349	2,457		41,820		132,207
Held-to-maturity (HTM)	338,670	236,991	4,514	44,273		52,891		338,670
UDSCL ^{2/}								0
Loans and receivables ^{3/}	1,476,804	17,840	125,925	184,430	0	1,133,305	15,304	1,476,804
Sales contract receivables								0
ROPA ^{4/}	2,396						2,396	2,396
Sub-total	2,287,741	646,086	132,117	263,522	0	1,228,318	17,699	2,287,741
Other assets	30,075					30,075		30,075
Total exposures, plus other assets	2,317,817	646,086	132,117	263,522	0	1,258,393	17,699	2,317,817
Total risk-weighted OBSA (no CRM) ^{o/ 5/}		0	26,423	131,761	0	1,258,393	26,549	1,443,127
Total risk-weighted OBSA (with CRM) ^{5/}		0	494	1	0	14,223	0	14,718
Total RWA (On-Balance Sheet)	0	26,918	131,762	0	1,272,616	26,549	1,457,845	

December 31, 2020								
(PHP million)	Risk Weights							
	Exposure after risk mitigation	0%	20%	50%	75%	100%	150%	Total CRWA ^{1/}
Cash on hand	37,021	37,021						37,021
Checks and other cash items	155		155					155
Due from BSP	223,998	223,998						223,998
Due from other banks	39,202		1,671	37,065		467		39,202
Available-for-sale (AFS)	129,597	100,357	1,783	5,645		21,812		129,597
Held-to-maturity (HTM)	244,653	148,276	5,572	59,167		31,638		244,653
UDSCL ^{2/}								0
Loans and receivables ^{3/}	1,389,832	20,850	119,092	184,956		1,048,170	16,765	1,389,832
Sales contract receivables								0
ROPA ^{4/}	2,102						2,102	2,102
Sub-total	2,066,561	530,502	128,274	286,832	0	1,102,086	18,867	2,066,561
Other assets	30,705					30,705		30,705
Total exposures, plus other assets	2,097,266	530,502	128,274	286,832	0	1,132,791	18,867	2,097,266
Total risk-weighted OBSA (no CRM) ^{0/ 5/}		0	25,655	143,416	0	1,132,791	28,301	1,330,163
Total risk-weighted OBSA (with CRM) ^{5/}		0	1,564	1	0	9,795	0	11,360
Total RWA (On-Balance Sheet)		0	27,218	143,417	0	1,142,586	28,301	1,341,522

^{0/} On-balance sheet assets^{1/} Credit risk-weighted assets^{2/} Unquoted debt securities classified as loans^{3/} Inclusive of loans and receivables arising from repurchase agreements, certificate of assignment/participation with recourse, and securities lending and borrowing transactions^{4/} Real and other properties acquired^{5/} Not covered by, and covered by credit risk mitigants, respectively**Schedule B**

December 31, 2021								
RWA (Off-Balance Sheet) (PHP million)	Risk Weights							
	CEA ^{0/}	0%	20%	50%	75%	100%	150%	Total CRWA ^{1/}
Direct credit substitutes ^{2/}	17,694	0	0	0	2,703	14,090	0	16,793
Transaction-related contingencies ^{3/}	2,227	0	1	0	245	1,893	0	2,139
Trade-related contingencies ^{4/}	2,377	0	5	0	234	2,040	0	2,279
Total RWA (Off-Balance Sheet)		0	6	0	3,182	18,022	0	21,211

December 31, 2020								
RWA (Off-Balance Sheet) (PHP million)	Risk Weights							
	CEA ^{0/}	0%	20%	50%	75%	100%	150%	Total CRWA ^{1/}
Direct credit substitutes ^{2/}	9,771	0	0	0	998	8,440	0	9,438
Transaction-related contingencies ^{3/}	1,721	0	1	0	256	1,372	0	1,630
Trade-related contingencies ^{4/}	2,241	0	5	0	183	1,974	0	2,161
Total RWA (Off-Balance Sheet)		0	6	0	1,438	11,786	0	13,230

^{0/} Credit equivalent amount^{1/} Credit risk-weighted assets^{2/} Such as general guarantees of indebtedness and acceptances^{3/} Such as performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions^{4/} Arising from movement of goods, such as documentary credits collateralized by the underlying shipments, and commitments with an original maturity of up to one year**Schedule C**

December 31, 2021							
Counterparty Assets Trading Book (PHP million)	Risk Weights						
	Net Amount ^{0/}	0%	20%	50%	100%	150%	Total CRWA ^{1/}
Derivative exposures:							
Interest rate	2,565			368	1,828		2,196
Exchange rate	3,723			1,156	1,405		2,561
Equity contracts	11				11		11
Credit derivatives							0
Total counterparty RWA ^{2/} of derivatives transactions		0	0	1,525	3,244	0	4,769

December 31, 2020							
Counterparty Assets Trading Book (PHP million)	Risk Weights						
	Net Amount ^{0/}	0%	20%	50%	100%	150%	Total CRWA ^{1/}
Derivative exposures:							
Interest rate	3,996		25	1,912	44		1,982
Exchange rate	3,565		3	1,388	775		2,166
Equity contracts	11				11		11
Credit derivatives							0
Total counterparty RWA ^{2/} of derivatives transactions		0	28	3,300	830	0	4,158

^{0/} Credit equivalent amount^{1/} Credit risk-weighted assets^{2/} Risk-weighted assets

Market risk-weighted assets. In terms of capital usage following the Basel standardized approach, total market risk-weighted assets stood at PHP 14.3 billion as of end-2021, of which foreign exchange exposures accounted for more than 72%, followed by interest rate exposures and equity exposures, respectively.

The table below presents the breakdown of the Bank's market risk-weighted assets for 2021 and 2020:

MARKET RWA (PHP million)	AMOUNT	
	2021	2020
Using standardized approach:		
Interest rate exposures	3,592	8,614
Equity exposures	377	139
Foreign exchange exposures	10,327	4,459
Options		
TOTAL MARKET RWA ^{0/}	14,296	13,212
^{0/} Risk-weighted assets		

Operational risk-weighted assets. BPI currently uses the Basel regulatory basic indicator approach to quantify operational risk-weighted assets, by using the historical total annual gross income as the main measure of risk. In 2021, the Bank's total operational risk-weighted assets stood at PHP 176.7 billion.

The table below presents the Bank's operational risk-weighted assets for the years 2021 and 2020:

OPERATIONAL RWA (PHP million)	AMOUNT	
	2021	2020
Gross income (a)	101,903	97,551
Capital requirement ^{1/}	15,285	14,633
Average capital requirement (b) ^{2/}	14,134	12,703
Adjusted capital charge (c) ^{3/}	17,667	15,878
TOTAL OPERATIONAL RWA ^{4/}	176,670	158,783

^{0/} Risk-weighted assets^{1/} (a) multiplied by 15 percent^{2/} Average of 15 percent of (a) for the past 3 years^{3/} (b) multiplied by 125 percent^{4/} (c) multiplied by 10

BOARD OF DIRECTORS



JAIME AUGUSTO ZOBEL DE AYALA
Chairman



FERNANDO ZOBEL DE AYALA
Vice Chairman



JOSE TEODORO K. LIMCAOCO
President and CEO

BOARD OF DIRECTORS



JANET GUAT HAR ANG
Independent Director



RENÉ G. BAÑEZ
Director



ROMEO L. BERNARDO
Director



IGNACIO R. BUNYE
Independent Director



CEZAR P. CONSING
Director



RAMON R. DEL ROSARIO, JR.
Director

BOARD OF DIRECTORS



OCTAVIO VICTOR R. ESPIRITU
Director

AURELIO R. MONTINOLA III
Director

ANTONIO JOSE U. PERIQUET
Director*



CESAR V. PURISIMA
Independent Director

ELI M. REMOLONA, JR.
Independent Director

MARIA DOLORES B. YUVIENCO
Independent Director

**Member of the Board until Dec. 15, 2021 and appointed to the Advisory Council effective Dec. 16, 2021.*

ADVISORY COUNCIL



DELFIN L. LAZARO
Member, Advisory Council



MERCEDITA S. NOLLEDO
Member, Advisory Council



**CHIEF JUSTICE
ARTEMIO V. PANGANIBAN**
Member, Advisory Council



OSCAR S. REYES
Member, Advisory Council

EXECUTIVE MANAGEMENT



RAMON L. JOCSON
Executive Vice President
Chief Operating Officer

MARIA THERESA D. MARCIAL
Executive Vice President
Chief Finance Officer
Chief Sustainability Officer

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



JUAN CARLOS L. SYQUIA
Executive Vice President
Head, Corporate Clients Segment

MARIA CRISTINA L. GO
President
BPI Family Savings Bank

EXECUTIVE MANAGEMENT



JOSEPH ANTHONY M. ALONSO
Senior Vice President
Chief Credit Officer

DINO R. GASMEN
Senior Vice President
Treasurer

MARITA SOCORRO D. GAYARES
Senior Vice President
Chief Risk Officer



ANGELIE O. KING
Senior Vice President*
Head, Branch Sales and Services

ERIC ROBERTO M. LUCHANGCO
Senior Vice President
Head, Business Banking

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

**Retired as of August 1, 2021*

LEADERS’ BIOGRAPHIES

BOARD OF DIRECTORS

JAIME AUGUSTO ZOBEL DE AYALA

Position: Chairman

Tenure

- Appointed Chairman March 2004 to Present
- Appointed Vice-Chairman 1995 to March 2004
- Appointed a Non-Executive Director March 1990

Board Committee Membership

- Chairman of the Executive Committee
- Member of the Nomination Committee

Age: 63, Born 1959

Nationality: Filipino

Career

Mr. Zobel serves in the Board of the following Philippine Stock Exchange (PSE) – listed companies, namely: Chairman of Ayala Corporation, Chairman of Globe Telecom, Inc. and Integrated Micro-Electronics, Inc., and Vice-Chairman of Ayala Land, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.). He is also the Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc.; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Limited.

Relevant Skills and Experience

Chairman Jaime Zobel de Ayala has a distinguished track record as an international businessman. Having been the CEO of Ayala Corporation, a holding company established in 1834, with diverse business interests, a legacy of pioneering the future and aspirations for sustainable national development, Mr. Zobel has received many honors including: World Economic Forum Global Leader for Tomorrow in 1995; Emerging Markets CEO of the year in 1998 (sponsored by ING); Philippine TOYM (Ten Outstanding Young Men) Award in 1999 and Management Association of the Philippines Management Man of the Year Award in 2006. He has a deep understanding of international strategic, commercial and environmental issues, and gained extensive experience as a member of the board

of directors of the companies in the Ayala Group in the areas of banking, telecommunications, property development, water distribution, health and education, renewable energy. During his time as Chair, he has been committed to developing and maintaining a strong dialogue with investors and other key stakeholders and has ensured that their views are considered during Board discussions and decision-making. He has also demonstrated a strong commitment to ensuring that the highest standards of corporate governance, ethics and compliance are maintained. Mr. Zobel has a strong commitment to national development, which is reflected in the thrust of the Ayala Group towards new capacity-building efforts in strategic sectors such as power and transport infrastructure. In 2007, he received the Harvard Business School Alumni Achievement Award, the school’s highest recognition. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service.

Outside Interests/Commitments

He is a director of Temasek Holdings (Private) Limited and a member of various international and local business and socio-civic organizations, including the JP Morgan International Council, JP Morgan Asia Pacific Council and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean’s Advisors, and HBS Asia Advisory Committee. He sits on the board of the Singapore Management University (SMU) and is the chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Philippines. Philippines National Advisory Council. He is the Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a trustee emeritus of Eisenhower Fellowships.

Environmental, Social, and Governance

In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He was formerly a chairman of the World Wildlife Fund Philippine Advisory Council.

Education

He received his B.A. in Economics (with honors) from Harvard University in 1981 and completed his MBA at Harvard Business School in 1987.

Other Philippine Stock Exchange-Listed Companies

- Ayala Corporation - *Chairman of the Board*
- Globe Telecom, Inc. - *Chairman of the Board*
- Integrated Micro-Electronics, Inc. - *Chairman of the Board*
- Ayala Land, Inc. - *Vice-Chairman of the Board*
- AC Energy Corporation - *Vice-Chairman of the Board*

FERNANDO ZOBEL DE AYALA

Position: Vice-Chairman

Tenure

- Appointed Vice-Chairman April 2013 to Present
- Appointed a Non-Executive Director October 1994

Board Committee Membership

- Vice-Chairman of the Executive Committee
- Chairman of the Personnel and Compensation Committee
- Member of the Nomination Committee

He is also a member of the Board of BPI Asset Management and Trust Corporation and Chairman of the Board of Trustees of BPI Foundation, Inc.

Age: 62, Born 1960

Nationality: Filipino

Career

Mr. Zobel has been a director of Ayala Corporation since May 1994 and President and Chief Executive Officer from April 2021 to present.

Relevant Skills and Experience

Vice-Chairman Fernando Zobel de Ayala also has a distinguished track record as an international businessman as the President and CEO of Ayala Corporation. He is Chairman of Ayala Land, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Co-Vice Chairman of Globe Telecom, Inc. and is a director of Integrated Micro-Electronics, Inc. and Manila Water Company, Inc.; and an Independent Director of Pilipinas Shell Petroleum Corp, all PSE-listed companies. He is Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. He is the Vice-Chairman of AC Industrial Technology Holdings, Inc., ALI Eton Property Development Corporation, Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc. He is a Director of Livelt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Altaraza Development, Corporation and Manila Peninsula.

Outside Interests/Commitments

He is a Director of INSEAD Business School and Georgetown University; Member of the International Advisory Board of Tikehau Capital and of the Hispanic Society Museum & Library International Advisory Council; Vice Chairman of the Philippine-Singapore Business Council, member of the World Presidents’ Organization and Chief Executives Organization.

Environmental, Social, and Governance

He is member of Habitat for Humanity International’s Asia-Pacific Development Council; Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum; and Member of the Asia Philanthropy Circle and The Metropolitan Museum International Council; and Co-Chair of the Tate Museum Asia-Pacific Acquisitions Committee.

Education

He holds a liberal arts degree from Harvard College and a CIM from INSEAD, France.

Other Philippine Stock Exchange-Listed Companies:

- Ayala Corporation – *Vice Chairman and President and Chief Executive Officer*
- Globe Telecom, Inc. – *Co-Vice Chairman of the Board*
- Integrated Micro-Electronics, Inc. – *Director*
- Ayala Land, Inc. – *Chairman of the Board*
- Manila Water Company, Inc. – *Director*
- AC Energy Corporation – *Chairman of the Board*
- Pilipinas Shell Petroleum Corp. – *Independent Director*

JOSE TEODORO K. LIMCAOCO

Position: Executive Director

Tenure

- Appointed Executive Director April 2021 to Present
- Appointed Non-Executive Director from February 2019 to April 2021

Board Committee Membership

- Member of the Executive Committee

Management Committee Membership

- Chairman of the Credit Committee
- Chairman of the Management Committee

Mr. Limcaoco serves as chairman of BPI's thrift bank, investment bank, asset management, property and casualty insurance, life insurance, and UK bank subsidiaries, and vice chairman of its leasing and rental, foundation.

Age: 60, Born 1962

Nationality: Filipino

Career

From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, and Chief Sustainability Officer and Finance Group Head of Ayala Corporation, a PSE-listed company. He was also the President and CEO of AC Ventures Holding Corp. He was also a Director of several Ayala companies, including publicly listed Globe Telecom, Inc., Integrated Micro-electronics Inc., and SSI Group, Inc. He Also served as a director of a number of Ayala group companies including those involved in and the education, energy, infrastructure, industrial technologies, and healthcare. He was also a director of the company that operates Zalora Philippines. He remains a director of Mynt, operator of GCash.

Relevant Skills and Experience

Previously, he served as President of BPI Family Savings Bank from 2010-2015 and President of BPI Capital Corporation from 2007-2010. He has also served as Officer-in-Charge for Ayala Life Assurance, Inc. and as Director and Chairman of Ayala Plans, Inc.

Mr. Limcaoco joined Ayala Corporation as a Managing Director in 1998. His responsibilities prior to his secondment to BPI in 2007 included assistant treasurer of Ayala Corporation, Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. He served as the President of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. in Singapore and New York and with BZW Asia.

Outside Interests/Commitments

He is the President of FTL Holdings Corporation and a Director of AC Energy International, Inc. (formerly Presage Corporation), Olimpia Condo Corporation, Gym & Sports Pte Ltd., Globe Fintech Innovations Inc. and Just For Kids, Inc., a family business.

Environmental, Social, and Governance

He is a Trustee of Ayala Group Club, Inc. and a Past President of the Rotary Club of Makati West.

Education

He graduated from Stanford University with a BS Mathematical Sciences degree (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988

Other Philippine Stock Exchange-Listed Companies:

- None

JANET GUAT HAR ANG

Position: Independent Director

Tenure

- Appointed Independent Director from May 2021 to Present

Board Committee Membership

- Member of the Risk Management Committee

Age: 62, Born 1959

Nationality: Singaporean

Career

Ms. Janet Guat Har Ang is currently the Chairperson of SISTIC.com and Independent Director at Singapore Press Holdings Limited.

Relevant Skills and Experience

Ms. Ang spent 37 years with IBM Singapore and was a member of the IBM Industry Academy. Her last executive role was a IBM Vice President, Head of Industry Solutions and Smarter Cities & Industry Solutions for Asia Pacific from 2015 to 2019. Prior to that she was a Managing Director of IBM Singapore from 2001 to 2015. She is a veteran in the technology industry and has lived and worked in Japan and China for over a decade.

Ms. Ang was awarded The Public Service Medal in 2019. She was also awarded the NUS Business School Eminent Alumni Award in 2014, the NUS Distinguished Alumni Service Award in 2015, and the Singapore Computer Society IT Leaders Award – Hall of Fame in 2018.

Outside Interests/Commitments

She is the Deputy Chairman of the Singapore Business Federation Foundation, and Member of the Board of the Esplanade Company Ltd, and the Home Team Science & Technology Agency (HTX), and the Cenacle Mission Singapore.

Environmental, Social, and Governance

She serves as Chairman of the NUS Institute of Systems Science, the Caritas Singapore Agape Fund Board of Trustees, SISTIC.com, and the Singapore Polytechnic Board of Governors.

Ms. Ang serves on the Council for Board Diversity as well as the Singapore Business Federation, and is a Senior Advisor of the RGE Group and board member of the Tanoto Foundation. She is a Fellow of the Singapore Computer Society, a Fellow of Singapore Institute of Directors and a Member and Past President of the International Women's Forum (Singapore), and an alumnus of the IBM Industry Academy. She has been appointed as Singapore's Non-Resident Ambassador (Designate) to the Holy See and Nominated MP of the Parliament of Singapore.

Education

Ms. Ang graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore

Other Philippine Stock Exchange-Listed Companies:

- None

RENÉ G. BAÑEZ

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director August 2021 to Present

Board Committee Membership

- Member of the Executive Committee
- Member of the Related Party Transaction Committee
- Member of the Retirement and Pension Committee

He is also a member of the Board of Directors of BPI Capital Corporation, BPI Family Savings Bank, Inc., and BPI Asset Management and Trust Corporation.

Age: 66, Born 1955

Nationality: Filipino

Career

Atty. Bañez served in the government as the Commissioner of the Bureau of Internal Revenue (BIR) from February 2001 to August 2002 and as Deputy Commissioner from June 1993 to November 1995. Apart from serving the government, Atty. Bañez also served in the private sector and held senior level positions in Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), Metro Pacific Investment Corporation and PLDT. He was a faculty member at the Ateneo de Manila University College of Law, handling Taxation, from 1990 to 2007.

Relevant Skills and Experience

Atty. Bañez spent more than 11 years at accounting firm Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), starting as a Tax Consultant in 1982 until he became Tax Principal (Partner) from 1990 to 1993. Until his retirement from PLDT in 2016, he was Senior Vice President and Head of the Supply Chain, Asset Protection and Management Group, from 2008 to 2016; Senior Vice President and Chief Governance Officer from 2004 to 2007; Corporate Governance Advisor from 2003 to 2004; Senior Vice President, Support Services and Tax Management from 2000 to 2001; and First Vice President, Support Services and Tax Management from 1998 to 2000. Prior to joining PLDT, he was Group Tax Director of Metro Pacific Investment Corporation until 1998.

Outside Interests/Commitments

He is senior lecturer at the Ateneo de Manila School of Law.

Environmental, Social, and Governance

He is also affiliated with the Equestrian Order of the Holy Sepulchre, and is a Member of the Finance Board of the Archdiocese of Manila and Diocese of Pasig. He is also a Board Member/Trustee of Radio Veritas Corporation, Pope Pius Foundation, Catholic Travel Inc., Mirador Jesuit Villa & Retreat House Corporation, Loyola School of Theology Corporation, and Unitas Asia Corp. (a subsidiary of Radio Veritas Asia).

Education

Atty. Bañez graduated with a Bachelor of Laws degree in 1981 and his Bachelor of Arts degree in 1976 both from Ateneo de Manila University.

Other Philippine Stock Exchange-Listed Companies:

None

ROMEO L. BERNARDO

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director April 2019 to Present
- Appointed Independent Director from August 2002 to April 2019
- Appointed Non-Executive Director February 1998

Until 2019, he also served as Independent Director of BPI Capital Corporation, BPI/MS Insurance Corporation, BPI AIA Life Assurance Corporation (formerly BPI-Philam Life Assurance Corporation) and BPI Asset Management and Trust Corporation.

Age: 67, Born 1954

Nationality: Filipino

Career

Mr. Bernardo is a former undersecretary of the Department of Finance and founded his consultancy practice, Lazaro Bernardo Tiu & Associates in 1997.

Relevant Skills and Experience

Mr. Bernardo has been advisor to various multilateral institutions such as the World Bank, International Finance Corporation, Asian Development Bank, and Japan International Cooperation Agency. He has also worked with government institutions and the National Economic Development Authority (NEDA) in policy matters involving pension reform, capital markets reform, and fiscal and debt management.

Outside Interests/Commitments

He is the Chairman of the Board of Directors of the ALFM. family of mutual funds. He also serves as a Board Director of the Management Association of the Philippines and the Finex Foundation.

Environmental, Social, and Governance

Mr. Bernardo is a public advocate of good corporate and national governance and frequently writes on the subject in his capacity as Vice-Chairman and Co-Founder of the Foundation for Economic Freedom and the Philippine Partner of GlobalSource Partners, Inc., a worldwide network providing insights on emerging markets.

Education

Mr. Bernardo graduated with a B.S. Business Economics degree (magna cum laude), from the University of the Philippines in 1974. He obtained his M.A. Development Economics (Valedictorian) at Williams College, Williamstown, Massachusetts in 1977.

Other Philippine Stock Exchange-Listed Companies:

- RFM Corporation - *Independent Director*
- Globe Telecom, Inc. - *Non-Executive Director*
- Aboitiz Equity Ventures, Inc. - *Independent Director*

IGNACIO R. BUNYE

Position: Lead Independent Director

Tenure

- Appointed Independent Director April 2016 to Present
- He was first appointed as lead independent director in April 2021

Board Committee Membership

- Chairman of the Related Party Transaction Committee
- Member of the Corporate Governance Committee
- Member of the Personnel and Compensation Committee

He serves as an Independent Director of BPI Asset Management and Trust Corporation and BPI Direct Banko, Inc., A Savings Bank, and BPI Capital Corporation

Age: 77, Born 1945

Nationality: Filipino

Career

Mr. Bunye was a member of the Monetary Board of the Bangko Sentral ng Pilipinas from 2008 to 2014. He previously held the positions of Presidential Political Adviser in 2008, Presidential Spokesperson in 2003, and Press Secretary in 2002. He began his government service in the City of Muntinlupa (then a municipality) as officer-in-charge and mayor between 1986 and 1998. In a concurrent capacity, he also served as Chairman of the Metropolitan Manila Authority (now Metropolitan Manila Development Authority) between 1991 and 1992, and was a member of the House of Representatives representing Muntinlupa between 1998 and 2001.

Relevant Skills and Experience

In earlier years, he worked at the Filipinas Foundation Inc. as Assistant Corporate Secretary from 1970 to 1975, Assistant Vice President of BPI Investment Corporation from 1976 to 1983 and Assistant Vice President for Corporate Banking and Treasury at the Bank of the Philippine Islands from 1983 to 1985. He also held various executive positions at the Ayala Group of Companies, including Assistant Vice President of the Ayala Investment and Development Corporation. Significant awards and recognition received by Mr. Bunye include the Asian Institute of Management Honor and Prestige Award, the Bangko Sentral Service Excellence Medal, the Gran Oden de Isabela Catolica, and the Order of Lakandula (rank of Bayani).

Outside Interests/Commitments

A former print and broadcast journalist, he now writes a regular weekly column for Manila Bulletin, Tempo, People's Tonight, Sun Star, BusinessWeek Mindanao, Panay News and Filipino Reporter (in New York).

Environmental, Social, and Governance

During his 12-year stewardship in Muntinlupa, Mr. Bunye founded the Muntinlupa Polytechnic College (now Pamantasan ng Lungsod ng Muntinlupa) and laid the foundation for the establishment of the Ospital ng Muntinlupa (hospital).

Education

Mr. Bunye is a member of the Philippine Integrated Bar. He obtained his Bachelor of Arts degree and Bachelor of Laws degree from the Ateneo de Manila University in 1964 and 1969 respectively. He passed the Philippine Bar Examination in 1969.

Other Philippine Stock Exchange-Listed Companies:

- None

CEZAR P. CONSING

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director April 2021 to Present
- Appointed Executive Director April 2013 to April 2021
- Appointed a Non-Executive Director February 1995 to January 2000
- Appointed Independent Director from August 2004 to January 2007 and from April 2010 to April 2013

Mr. Consing has served on BPI's Board of Directors for 19 years (1995 - 2000, 2004 - 2007, 2010 - present)

Board Committee Membership

- Member of the Executive Committee
- Member of the Risk Management Committee

Mr. Consing is a member of the Board of Directors of BPI Asset Management and Trust Corporation, BPI Capital Corporation, and BPI Direct Banko, Inc., A Savings Bank.

Age: 62, Born 1959

Nationality: Filipino

Career

Mr. Consing served as President and Chief Executive Officer of Bank of the Philippine Islands (BPI) for eight years from 2013 to 2021, and was also a Senior Managing Director of Ayala Corporation, BPI's controlling shareholder. Mr. Consing is the chairman of Philippine Dealing System Holdings and its three operating subsidiaries, a position he has held since 2019. Mr. Consing is a director of the following listed companies, namely: Ayala Corporation, Globe Telecom, Inc., and AC Energy Corporation. He is also a director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Limited.

Relevant Skills and Experience

Mr. Consing first worked for BPI, in corporate planning and corporate banking, from 1981-1985. He worked for J.P. Morgan & Co., based in Hong Kong and Singapore, from Singapore from 1985-2004. He headed the firm's investment banking business in Asia Pacific from 1997 - 2004, the last five years as President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director of J.P. Morgan, He was a member of the firm's global investment banking management committee and its Asia Pacific

management committee. He was a partner at The Rohatyn Group from 2004 - 2013, headed its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, energy, and infrastructure private equity investing subsidiaries.

Outside Interests/Commitments

Outside his association with BPI and the Ayala Group, Mr. Consing serves on the board FILGIFTS.com, SQREEM Technologies and Endeavor Philippines. He has also served as an independent board director of the following companies: Jollibee Foods Corporation (2010 – 2021), CIMB Group Holdings (2006 – 2013), First Gen Corporation (2005 – 2013), and National Reinsurance Corporation (2014 – 2019), where he also served as Chairman (2018 – 2019).

Environmental, Social, and Governance

Mr. Consing has also served on the board of the Hong Kong-based Asian Youth Orchestra. He is a board director of the US-Philippines Society and the Philippine-American Educational Foundation, and a trustee of the College of St. Benilde, La Salle Greenhills, and the Manila Golf Club Foundation. Mr. Consing has been a member of the Trilateral Commission since 2014.

Education

Mr. Consing received an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University, Manila, in 1979. He obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Other Philippine Stock Exchange-Listed Companies:

- Ayala Corporation - *Director*
- AC Energy Corporation – *Director*
- Globe Telecom, Inc. – *Director*

RAMON R. DEL ROSARIO, JR.

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director from April 2020 to Present

Board Committee Membership

- Member of the Corporate Governance Committee
- Member of the Retirement/Pension Committee

Age: 77, Born 1944

Nationality: Filipino

Career

Mr. del Rosario is the President and Chief Executive Officer of Phinma Corporation; President and Chief Executive Officer of Philippine Investment Management, Inc.

Relevant Skills and Experience

He has managed Phinma since 2002 and brings with him a wealth of experience in leading a diversified conglomerate. He is Chairman of Araullo University, University of Iloilo, University of Pangasinan, Cagayan de Oro College, Southwestern University, St. Jude College, Republican College, Rizal College of Laguna, Union College of Laguna, United Pulp and Paper Co., Inc., PHINMA Microtel Hotels, Inc. and PHINMA Hospitality, Inc. He is ViceChairman of Phinma Foundation, Inc. and Phinma Property Holdings Corp., director of Philcement Corp. and other PHINMA managed companies.

Outside Interests/Commitments

He is a former Chairman of the Ramon Magsaysay Award Foundation and Makati Business Club, where he remains a Trustee; and former Chairman of the National Museum of the Philippines.

Environmental, Social, and Governance

He is Chairman of Philippine Business for Education; and Vice-Chairman of Caritas Manila and Philippine Business for Social Progress.

Education

Mr. del Rosario graduated from De La Salle College in 1967 with degrees in BSC-Accounting and AB Social Sciences (Magna Cum Laude) and from Harvard Business School in 1969 with a Master in Business Administration degree

Other Philippine Stock Exchange-Listed Companies:

- Phinma Corporation - *Vice-Chairman and President & CEO*

OCTAVIO VICTOR R. ESPIRITU

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director April 2021 to Present
- Appointed Independent Director April 2003 to April 2021
- Appointed Non-Executive Director April 2000

Board Committee membership

- Member of the Risk Management Committee
- Member of the Audit Committee

Age: 78, Born 1943

Nationality: Filipino

Career

Mr. Espiritu was the former President and Chief Executive Officer from 1984 to April 2000 of Far East Bank & Trust Company (FEBTC), a commercial bank established in 1960 which became a publicly-listed company in 1991. In 2000, BPI acquired FEBTC. He was also the president of the Bankers Association of the Philippines for three consecutive terms from March 25, 1991 to March 28, 1994. He served as the chairman of the board of trustees of Ateneo de Manila University for 14 years.

Relevant Skills and Experience

Mr. Espiritu was the former Treasurer and President of FEBTC, and was an exemplary Chair for the BPI Risk Management Committee (RMCom) for several years. His expertise in markets, credit as well as banking operations particularly during the 1997 Asian financial crisis and 2008 Global financial crisis also serves as a solid grounding for his membership in BPI’s Audit Committee. During his term as Chair of the RMCom, BPI Risk Management was thrice recognized by international bodies as Risk House of the Year for the Philippines in 2014, 2018, and 2020, and as Bank Risk Manager in 2020 by Asia Risk, and as Asean Risk Champion at the Asean Risk Awards in 2019.

Outside Interests/Commitments

Mr. Espiritu is a member of the Board of Directors of Philippine Stratbase Consultancy, Inc., Pueblo de Oro Golf & Country Club, and The Country Club, Inc. He is the Chairman of GANESP Ventures, Inc. and MAROV Holding Company, Inc. He is also a trustee and board member of the Carlos P. Romulo Foundation.

Environmental, Social, and Governance

He was the President of the Bankers Association of the Philippines for three consecutive terms from March 25, 1991 to March 28, 1994. He was also the Chairman of the Board of Trustees of Ateneo de Manila University for 14 years.

Education

Mr. Espiritu graduated with an A.B. Economics degree from the Ateneo de Manila University in 1963 and obtained his M.A. Economics degree from Georgetown University, U.S.A in 1966.

Other Philippine Stock Exchange-Listed

Companies:

- Manila Water Company, Inc. – *Independent Director*
- Bloomberg Resorts Corporation – *Independent Director*

AURELIO R. MONTINOLA III

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director from April 2013 to Present
- Appointed Executive Director from January 2005 to April 2013
- Appointed Non-Executive Director from January 2004 to December 2004

Board Committee Membership

- Chairman of Retirement/Pension Committee
- Member of the Executive Committee
- Member of the Personnel and Compensation Committee

Among the several BPI subsidiaries and affiliates, Mr. Montinola serves as member of the Board of Directors of the following: BPI Capital Corporation, BPI Direct BanKo, Inc., A Savings Bank, BPI Family Savings Bank, Inc., BPI/MS Insurance Corporation, and BPI Foundation, Inc.

Age: 70, Born 1951

Nationality: Filipino

Career

Mr. Montinola served as President and Chief Executive Officer of BPI for eight years from 2005 to 2013, and BPI Family Savings Bank, Inc. for twelve years from 1992 to 2004.

Relevant Skills and Experience

Significant awards received by Mr. Montinola include Management Man of the Year 2012 (Management Association of the Philippines), Asian Banker Leadership Award (twice), and Legion d’Honneur (Chevalier) from the French Government.

Outside Interests/Commitments

Mr. Montinola is also the Chairman of the Roosevelt Colleges, Inc., East Asia Computer Center Inc., and Amon Trading Corporation. He is also President of the Management Association of the Philippines.

Environmental, Social, and Governance

Mr. Montinola is the Chairman of Ramon Magsaysay Award Foundation and a member of the Board of Trustees of BPI Foundation Inc. He also sits as Vice-chairman of Philippine Business for Education Inc. Significant awards received by Mr. Montinola include Management Man of the Year 2012 (Management Association of the Philippines), Asian Banker Leadership Award (twice), and Legion d’Honneur (Chevalier) from the French Government.

Education

He obtained his Bachelor of Science in Management Engineering degree at the Ateneo de Manila University in 1973 and his MBA from the Harvard Business School in 1977.

Other Philippine Stock Exchange-Listed

Companies:

- Far Eastern University, Incorporated – *Chairman of the Board*
- Roxas and Company, Inc. – *Independent Director*

ANTONIO JOSE U. PERIQUET*

Position: Non-Executive Director

Tenure

- Appointed Non-Executive Director April 2021 to December 2021
- Appointed Independent Director April 2012 to April 2021

Board Committee Membership

- Member of the Executive Committee
- Member of the Nomination Committee
- Member of the Personnel and Compensation Committee

He is also a director of BPI Family Savings Bank, Inc.

Age: 61, Born 1961

Nationality: Filipino

Career

Mr. Periquet spent the early part of his career doing equity research, sales and trading for several firms in London, eventually joining Deutsche Bank as head of the Asian Equities desk. In 2000, he established Deutsche Regis Partners, Inc., a joint-venture with Deutsche Bank, which became the largest stockbroker in the Philippines where he as Chairman, Managing Director & Head-Research.

Relevant Skills and Experience

He also, at one time, served on three government boards: the Development Bank of the Philippines, the DBP Leasing Corp., and the Metro Rail Transit Corp.

Outside Interests/Commitments

He is also an Independent Director of Albizia ASEAN Tenggara Fund, Chairman of the Campden Hill Group, Inc. and Pacific Main Holdings.

Environmental, Social, and Governance

He is a trustee of Lyceum University of the Philippines, a member of the finance committees of the Ateneo de Manila University and the Philippine Jesuit Provincial and a member of the Dean’s Global Advisory Council at the University of Virginia’s Darden School of Business.

Education

Mr. Periquet graduated from the Ateneo de Manila University with an AB Economics degree in 1982. He also holds a Master of Science degree in Economics from Oxford University and an MBA from the University of Virginia.

Other Philippine Stock Exchange-Listed

Companies:

- Ayala Corporation – *Independent Director*
- DMCI Holdings, Inc. – *Independent Director*
- Semirara Mining Corporation – *Independent Director*
- Max’s Group of Companies – *Independent Director*
- Philippine Seven Corporation – *Independent Director*
- Universal Robina Corporation – *Independent Director*

*Member of the Board until Dec. 15, 2021 and appointed to the Advisory Council effective Dec. 16, 2021.

CESAR V. PURISIMA

Position: Independent Director

Tenure

- Appointed as Independent Director January 2021 to Present

Board Committee Membership

- Chairman of the Corporate Governance Committee
- Chairman of the Nomination Committee
- Member of the Risk Management Committee
- Member of the Audit Committee
- Board representative to the BPI IT Steering Committee

Age: 62, Born 1960

Nationality: Filipino

Mr. Purisima is also an Independent Director of BPI Capital Corporation.

Career

Mr. Purisima served in the government of the Philippines as Secretary of Finance and Chair of Economic Development Cluster of the President’s Cabinet from July 2010 to June 2016 and as Secretary of Trade and Industry from January 2004 to February 2005. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to serving the government, he was the Chairman & Country Managing Partner of the Philippines’ largest professional services firm SGV & Co.

Relevant Skills and Experience

Mr. Purisima is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. Apart from his private sector experience, he also previously served on the boards of a number of government institutions, including as a member of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP), Governor of the Asian Development Bank and World Bank for the Philippines, Alternate Governor of the International Monetary Fund for the Philippines, and Chairman of the Land Bank of the Philippines. He was conferred the Chevalier dans l’Ordre national de la Legion d’Honneur (Knight of the National Order of the Legion of Honour) by the President of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the President of the Philippines in 2016, and the Chevalier de l’Ordre national du Merite (Knight of the National Order of Merit) by the President of the French Republic in 2001.

Outside Interests/Commitments

Mr. Purisima is also a founding partner of Ikhlas Capital Singapore Pte. Ltd., a pan-ASEAN private equity platform. He is a member of the Board of AIA Group Limited, the Global Advisory Council of Sumitomo Mitsui Banking Corporation. He is also a member of the Board of Advisors of ABS-CBN Corporation.

Environmental, Social, and Governance

Mr. Purisima is a member of Singapore Management University’s International Advisory Council in the Philippines. He is also a member of the board of trustees of the World Wildlife Fund- Philippines, De La Salle University, and the International School of Manila. He is an Asia Fellow at the Milken Institute, a global, non-profit, non-partisan think tank.

Education

Mr. Purisima obtained his Bachelor of Science in Commerce (Majors in Accounting & Management of Financial Institutions) degree from De La Salle University (Manila) in 1979, Master of Management degree from J.L. Kellogg Graduate School of Management, Northwestern University in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation (Philippines) in 2012.

Other Philippine Stock Exchange-Listed

Companies:

- Ayala Land, Inc. – *Independent Director*
- Universal Robina Corporation – *Independent Director*
- Jollibee Foods Corporation – *Independent Director*

ELI M. REMOLONA, JR.**Position:** Independent Director**Tenure**

- Appointed Independent Director April 2019 to Present

Board Committee Membership

- Chairman of the Risk Management Committee

Age: 69, Born 1952**Nationality:** Filipino

Mr. Remolona has served as an independent director of BPI/MS Insurance Corporation since December 2020.

Career

Until October 2018, he was the Chief Representative for Asia and the Pacific of the BIS. He also served as Secretary of the Asian Consultative Council, which consists of the Governors of the 12 leading central banks in the region. Until 2008, he was Head of Economics for Asia and the Pacific of the BIS.

Relevant Skills and Experience

Mr. Remolona joined the BIS in 1999 and for six years served as Head of Financial Markets in Basel and Editor of the BIS Quarterly Review. Before that, he was Research Officer of the Federal Reserve Bank of New York. He has extensive policy experience in financial markets, sovereign risk, international finance, central banking, and monetary policy.

Outside Interests/Commitments

Mr. Remolona is currently a Professor of Finance and Director of Central Banking at the Asia School of Business in Kuala Lumpur. The school is a collaborative effort with the MIT Sloan School of Management.

Environmental, Social, and Governance

He has taught at Columbia University, New York University, Williams College, and the School of Economics of the University of the Philippines.

Education

Mr. Remolona obtained his Bachelor's Degree in Economics from Ateneo de Manila University and has a Ph.D. in Economics from Stanford University.

Other Philippine Stock Exchange-Listed**Companies:**

- None

MARIA DOLORES B. YUVIENCO**Position:** Independent Director**Tenure**

- Appointed Independent Director April 2016 to Present
- Appointed Non-Executive Director April 2014

Board Committee Membership

- Chairman of the Audit Committee
- Member of the Related Party Transaction Committee
- Member of the Personnel and Compensation Committee

Ms. Yuvienco is an Independent Director of BPI Asset Management and Trust Corporation. She is also Chairman of the AMTC Corporate Governance Committee and member of the AMTC Risk Oversight Committee

Age: 74, Born 1947**Nationality:** Filipino**Career**

Ms. Yuvienco worked for 41 years with the Bangko Sentral ng Pilipinas (formerly known as Central Bank of the Philippines) under various capacities until her compulsory retirement in March 2013. She held the post of Assistant Governor in the Supervision and Examination Sector when she retired.

Relevant Skills and Experience

Her exposure at the BSP was largely in bank supervision where her responsibilities ranged from the crafting of policies/regulations on banking supervision to onsite examination and off-site monitoring of BSP-supervised entities. As a ranking official in the BSP, she had opportunities to meet and share ideas with her counterparts in other central banks in the region. She is a Certified Public Accountant and a Career Executive Service Professional.

Outside Interests/Commitments

In April 2018, Ms. Yuvienco was elected as Independent Director of First Consolidated Bank (Thrift Bank), and was chosen to chair the Nomination and Governance Committee.

Environmental, Social, and Governance

Owing to her experience, she was tapped as a resource speaker in various training programs of the Southeast Asian Center for Banking in Kuala Lumpur.

Education

Ms. Yuvienco graduated from St. Theresa's College, Quezon City in 1967, with a degree of Bachelor of Science in Commerce, major in Accounting. She took up post graduate studies at the University of the Philippines Diliman.

Other Philippine Stock Exchange-Listed**Companies:**

- None

ANGELA PILAR B. MARAMAG**Position:** Corporate Secretary

Filipino, 51 years old, was appointed Corporate Secretary on Apr. 8, 2015. She is also the Corporate Secretary of BPI subsidiaries and affiliates, including BPI Family Savings Bank, BPI Capital Corporation, BPI Asset Management and Trust Corporation, BPI/MS Insurance Corporation, BPI Direct Banko, Inc., and BPI Foundation. Prior to joining BPI, Ms. Maramag was Senior Counsel at the Bank for International Settlements (BIS) in Basel, Switzerland, from 2001 to 2008, and Head of Finance and Administration at the BIS Representative Office in Hong Kong from 2008 to 2011. She was a Legal Officer at the United Nations Compensation Commission in Geneva, Switzerland, from 1998 to 2001. Ms. Maramag was admitted to the Philippine Bar (1995) and New York State Bar (1998). She received her Master in Laws (LL.M) from the University of Chicago in 1997, Juris Doctor (J.D) in 1994 from Ateneo de Manila School of Law, and AB Honors Program in Economics in 1990 from Ateneo de Manila University.

EXECUTIVE MANAGEMENT

RAMON L. JOCSON**Executive Vice President and Chief Operating Officer**

Filipino, 62 years old, Mr. Jocsos heads BPI's Enterprise Services Group which serves as the backbone of the organization that includes Human Resources, Centralized Operations, Information Systems, Digital Channels, Business Transformation & Data Science, Facilities Services, and Client Experience Center. He also chairs the Bank's IT Steering Committee.

He is also currently the Vice Chairman of the CyberSecurity Committee of the Bankers Association of the Philippines and a Member of Yoma Bank's (Myanmar) Technology Advisory Committee.

Mr. Jocsos began his career as a Systems Analyst with IBM Manila in 1982, subsequently assumed different positions, including Information Systems Manager, Systems Engineering Manager and Manager of Quality. In 1995, he was assigned in Singapore where he led IBM's Applications/Systems Integration business in ASEAN and South Asia. In 1996, he was appointed as Managing Director for IBM Philippines. In 2000, he took on a new assignment as Vice President and GM of IBM Global Services, ASEAN and South Asia. He was then appointed as Vice President and GM of IBM Global Services for Industrial Sector for Asia Pacific in 2005. Two years later, in 2007, he took on the role of Vice President and GM of Application Services for the Growth Market Unit, where he led IBM's Applications Management and Application Integration Services in Asia Pacific, Central and Eastern Europe, Latin America and Middle East/ Africa. He was then appointed as VP & GM of Integrated Technology Services for Asia Pacific in 2010. In 2013, he was appointed as VP & GM of IBM Global Services for Central and Eastern Europe based in Prague, Czech Republic. In this capacity, he was responsible for IBM's services portfolio in Russia/CIS, Turkey, Poland & Baltics, Central Europe and South East Europe. From January 2015 until he joined BPI in September 2015, he was in Singapore IBM Asia Pacific VP & GM for Strategic Outsourcing which catered to major regional banks, telcos and airlines as major clients. He was also a member of IBM's Growth & Transformation Team, which is composed of the top senior leaders in IBM which worked directly with the Chairman on key/strategic initiatives. He has served on several external boards, including the Economic Development Board of Singapore, Philamlife and iPeople.

Mr. Jocsos graduated with a B.S. Industrial Engineering degree from the University of the Philippines Diliman in 1982 and obtained his MBA from the Ateneo Graduate School of Business.

MARIA THERESA D. MARCIAL**Executive Vice President, Chief Finance Officer and Chief Sustainability Officer**

Filipino, 51 years old, Ms. Marcial heads BPI's Strategy and Finance Group and is also the Bank's Chief Sustainability Officer. She is responsible for strategic planning and sustainability, central accounting, financial control, balance sheet management and analytics, corporate legal affairs, strategic management and sales of bank assets, and investor relations. She chairs the Finance Committee.

Ms. Marcial is a board director of BPI MS Insurance Corporation, BPI Europe Plc, AF Payments Inc, and BPI Global Payments Asia Pacific Philippines Inc. She is a fellow of Foundation for Economic Freedom, trustee and treasurer of World Wide Fund for Nature (WWF) Philippines, member of WWF Asia Pacific Council, treasurer of BPI Foundation, and board director of the Philippines Inter-Island Sailing Federation.

She joined BPI in 1995 through the Bank Officers Development Program. She has 27 years of banking experience with expertise in strategic planning and finance, corporate banking, debt and equity capital markets, portfolio management, trust, and retail wealth management. She previously served on the BPI Trust Committee and the board of BPI Investment Management Inc. Prior to her banking career, she worked for the National Economic and Development Authority, and the Agricultural Policy Credit Council.

She previously served as President of the Fund Managers Association of the Philippines, President of the Trust Officers Association of the Philippines, vice-chairman of Capital Markets Development Committee of FINEX, alternate governor of the Market Governance Board of Philippine Dealing and Exchange Corporation, and member of the National Advisory Council of WWF Philippines. She was recognized as one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor and Most Outstanding Alumnus of the University of the Philippines Los Baños.

Ms. Marcial obtained her Master's Degree in Economics in 1995 from the University of the Philippines Diliman and BS Economics, cum laude, from the University of the Philippines Los Baños in 1990. She completed the Advanced Management Program at Harvard Business School in 2010 and the CFA Institute Investment Management Workshop also at Harvard Business School in 2006.

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

Filipino, 59 years old, Ms. Ocampo, as Head of the Mass Retail Segment of the Bank, oversees BPI's credit, debit and prepaid card portfolios, personal loans and microfinance businesses.

Ms. Ocampo is currently the Chairman of the Board of BPI Direct Banko, the Bank's micro-finance subsidiary. She is a member of the Board of BPI Payments Holdings Inc., Global Payments Asia Pacific Philippines, Inc., AF Payments Inc., Zalora Philippines, and CARD MRI Rizal Bank Inc.

Ms. Ocampo started her career in BPI as Vice President for Marketing and Sales of BPI Credit Cards in 1996. She soon took the position of President for BPI Card Corporation, the Bank's credit card subsidiary where she won the prestigious Agora Award-2000 Marketing Company of the Year. In 2005, Ms. Ocampo was then cross posted to BPI's Consumer Banking Group as Head of Kiosk Banking and Head of Personal Banking. She also became the Chief Marketing Officer of BPI from 2008 until 2014 where she was responsible for retooling the Bank's data warehouse and customer analytics capabilities into its distinct competitive advantage.

Ms. Ocampo also developed the Bank's CRM initiatives on top of driving the Bank's advertising and digital initiatives across the breadth of products, channels, and services. In 2015, she became the Payments and Remittance group head, and was tasked to grow fee revenue via expanding existing businesses and developing new payment platforms.

Prior to joining BPI, Ms. Ocampo gained over 10 years of marketing experience in Procter & Gamble and Johnson & Johnson Australia and the Philippines, where she led the expansion of J&J's Health Care, Baby Care, and Sanitary Protection business.

Ms. Ocampo graduated magna cum laude and received her Bachelor of Science in Business Management, Honors Program at Ateneo de Manila University. She also completed the Advanced Management Program at the Harvard Business School in 2007.

JUAN CARLOS L. SYQUIA**Executive Vice President Head, Corporate Clients Segment**

Filipino, 55 years old, Mr Syquia as Head of Corporate Banking is responsible for managing the Corporate Banking Relationship Management, Corporate Credit

Products, Transaction Services (Cash Management and Trade), Remittance and Fund Transfer, Investment Banking (BPI Capital Corporation) and Equity Brokerage (BPI Securities Corporation). He is also a member of the Board of Directors of BPI's merchant acquiring joint venture company, Global Payments Asia-Pacific Philippines Incorporated and Mediacard Philippines Inc. Prior to taking on this role in 2018, he was the President of BPI Capital Corporation and Co-Head for Investment Banking for the Bank. He has over 30 years of work experience in the financial services industry.

Prior to joining BPI Capital Corporation in June 2016, Mr. Syquia was the Country Head of Corporate Clients for Standard Chartered Bank in the Philippines serving in that role from late 2011. In that role, he was principally responsible for wholesale banking strategy and operations of the bank in the Philippines.

Mr. Syquia spent 17 years with the ING Group where he started with Baring Brothers & Co. in 1994. Within the banking group of ING, he took on various roles in relationship management, corporate finance origination, and investment banking execution. His last role in ING Bank was as the Head of Corporate Finance at ING Bank Manila. In 2007, he moved to a regional role as Head of Strategy and Business Development at ING Asia Pacific Ltd., the regional hub of ING Group's life insurance and asset management practice (then based in Hong Kong). He held Board of Director positions at ING Insurance Bhd. (Malaysia), Pacific Antai Life Insurance Co. (Shanghai, China), ING Vysya Life Insurance (India).

Mr. Syquia is a product of BPI's Officer Training Program which he completed in 1990 during his first stint at the Bank. In 1991, he was assigned to Cebu where he formed part of a two-man team that established the Corporate Banking Division desk in Cebu. He holds a MBA Degree (Honors) with a concentration in Finance and International Business from Fordham University, NY as well as an AB degree in Management Economics from the Ateneo de Manila University.

MARIA CRISTINA L. GO**President, BPI Family Savings Bank**

Filipino, 52 years old, Ms. Go had been the President of BPI Family Savings Bank (BFSB) since June 1, 2017. Under her leadership, BFSB focused on transforming processes, products and culture to be resilient and relevant given changes in the economic, industry and customer landscape. She focused on reinforcing organizational capability to manage risks and drive quality business growth by putting in place scorecard models, data-driven decision making, depositor lending programs, a diversified and stable funding source

through its maiden bond issuance, and a performance-driven, collaborative culture. These allowed BFSB to effectively and confidently navigate the pandemic to continue to grow core businesses, improve market shares and maintain a strong capital position. On the strength of its industry position in the thrift bank industry, she took leadership of the bank's OneBPI merger with parent bank, BPI, in response to increasing digitalization and the need to provide a more seamless customer experience. Post-merger, Ms. Go now heads BPI Consumer Banking, directly managing customer strategy, branch network, digital platforms, products and support services for this growing market segment.

Prior to assuming leadership of BFSB, she served as Group Head of BFSB Retail Loans after heading BPI's Payments and Unsecured Lending Group where she led initiatives and innovations that differentiated BPI in the industry, such as the launches of the first EMV-compliant credit cards and Real Thrills, the first instant rewards program. Before joining BPI, Ms. Go was Vice President at Citibank Philippines managing the bank's Retail Bank Marketing then at Citibank Credit Cards Cross Sell Division in New York. She also worked in Ayala Land, Inc. to establish and head its Market Planning and Development Division where she became part of the team responsible for the company's foray into the middle-market. She started her career in Procter & Gamble as Brand Assistant then was promoted to Assistant Brand Manager, managing brands such as Mr. Clean, Perla, Star and Dari Crème.

She served as the Secretary and Trustee of the Chamber of Thrift Banks. She remains as Chairman of the BPI Payments Holdings, Inc., a Director of the Board of TransUnion Philippines and a Director of HealthNow. She is part of the Ayala Group's Innovation Advisory Council since it was organized in 2013. She serves as a mentor for high-impact entrepreneurs in Endeavor Philippines and writes for the Philippine Star's Property Report. She is currently a member of the Management Association of the Philippines, Harvard Global Club of the Philippines, Filipina CEO Circle and NextGen Organization of Women Corporate Directors

She graduated magna cum laude with a degree in BS Business Administration and Accountancy from the University of the Philippines Diliman, was awarded one of the Ten Outstanding Students of the Philippines, placed first in the CPA licensure exam in 1991, and earned a Master's degree from the Harvard Business School with honors in 1996. She was also awarded as one of the UP College of Business Administration's Distinguished Alumni in 2012 and one of the Most Influential Filipina Women by the Global Filipina Women's Network in 2016.

JOSEPH ANTHONY M. ALONSO **Senior Vice President and Chief Credit Officer**

Filipino, 56 years old, Mr. Alonso as Chief Credit Officer, is responsible for managing the aggregate risk in the BPI Group's loan portfolio - ensuring that portfolio quality and profitability is maintained across the lending units within the BPI Group through establishment of procedures and guidelines that facilitate effective decision making based on overall risk appetite and compliance with internal policies and regulatory requirements. He also serves as Vice Chairman of the Bank's Credit Committee and a member of the Fraud Committee. He was a Board member of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation until July 2019.

Mr. Alonso was involved with Corporate Relationship Management for most of his 24-year career in BPI, having started as a Market Head in the Asian Division and eventually becoming Division Head of the Asian Corporates/PEZA Division. The Division also included the Special Projects Team under the Financial Institutions Group, BPI Leasing Corporation, and BPI Rental Corporation prior to its merger with Tokyo Century Corporation of Japan.

Mr. Alonso started his banking career with The Mitsubishi Bank, Ltd. in Tokyo in 1990 as a management trainee, holding positions in branch, treasury and international operations, and SME and multinational relationship management. Prior to joining BPI in January 1997, Mr. Alonso headed the Japan Desk in the World Corporation Group of Citibank, N.A. Manila Branch from 1994. Mr. Alonso obtained his BS Business Administration degree at the Faculty of Economics of Oita University in Japan in 1990 under a scholarship grant from the Japan Ministry of Education. He was also a scholar of the National Science and Technology Authority while attending the College of Engineering at the University of the Philippines Diliman.

DINO R. GASMEN **Senior Vice President and Treasurer**

Filipino, 55 years old, Mr. Gasmen serves as Treasurer and Head of the Bank's Global Markets Segment. He is responsible for optimizing the Bank's resources through management of interest rate and liquidity gaps, as well as its fixed income, and foreign currency trading and distribution business. Mr. Gasmen is Chairman of the Bank's Asset & Liability Committee and is a member of the Management Committee.

Prior to joining BPI in 2014, Mr. Gasmen spent 17 years at HSBC Global Markets covering various roles, such as

heading the Rates Trading Business in the Philippines, Indonesia, Vietnam, and Sri Lanka, as well as Balance Sheet Management for HSBC Philippines. He also worked in HSBC Bank PLC in the United Kingdom as Asian Product Manager where he helped local sales teams in the distribution of Asian markets products.

In BPI, Mr. Gasmen has been at the helm of various divisions in Global Markets. He was the Head of Asset & Liability Management (ALM) in 2014. In this role, he was responsible for ensuring multi-currency liquidity and optimizing portfolio investments. Mr. Gasmen also served as the Head of the Treasury Trading Division from 2015 until 2018, leading the Foreign Exchange (FX) Trading, Foreign and Local Fixed Income Trading, and Derivatives Trading Desks. In 2018, he reassumed the role of Head of ALM until his assignment as the bank's Treasurer in 2020.

Mr. Gasmen served as the President of the Money Market Association of the Philippines (MART) in 2006, and ACI Financial Markets Association Philippines in 2018.

He holds a B.S. in Electrical Engineering and a Master's Degree in Business Administration from the University of the Philippines Diliman.

MARITA SOCORRO D. GAYARES **Senior Vice President and Chief Risk Officer**

Filipino, 60 years old, Ms. Gayares is the Chief Risk Officer (CRO) of the BPI Group of Companies and Head of its Risk Management Office since January 2018. As CRO, she is primarily responsible for the overall management of our enterprise risks - ensuring that all relevant financial and non-financial risks are appropriately identified, measured, controlled, and monitored within our approved risk appetite and commensurate to returns on capital. She provides executive and strategic risk support to the Board of Directors, through the Risk Management Committee (RMCom), in fulfilling its risk management function and ensuring that we have an established, sound, and robust enterprise risk management (ERM) framework. She works closely with the Chief Audit Executive and Chief Compliance Officer for effective risk management governance, compliance, and control processes across the Bank. She currently serves as a Member of our Fraud and Irregularities Committee (Chairperson), Data Steering Committee (Co-Chairperson), Crisis Resiliency Committee (Deputy Commander), Sustainability Council (non-voting member), Enterprise and Information Technology Steering Committee (advisory capacity), Finance Committee (non-voting member), and Operational Risk Management Committee.

With career stints in the areas of Corporate Banking, Credit and Transaction Banking, Loans Operations, Project Management, Systems, and Financial Control, and having previously served as our Chief Compliance Officer, Ms. Gayares' extensive and diverse 36-year banking experience has been instrumental in transforming our compliance, anti-money laundering, corporate governance, and data privacy frameworks, methods, and processes, and helping us become one of the leading financial institutions in the Philippine banking industry in the areas of governance, risk management, and compliance (GRC).

Ms. Gayares is a graduate of the University of the Philippines Diliman with a Bachelor's degree in Business Economics. She completed her Master's degree in Business Administration (major in Finance and Investments) at George Washington University in Washington, D.C. She has successfully completed the Strategic Compliance in the Banking Industry certificate course by the Association of Bank Compliance Officers (ABCOMP) and De La Salle University (DLSU) Manila, as well as completed corporate governance modules facilitated by the Institute of Corporate Directors (ICD). She currently serves as Member of the Risk Management Committee of the Bankers' Association of the Philippines (BAP), and Executive Committee Member of the Enterprise Risk Management (ERM) Council of the Ayala Group of Companies.

ANGELIE O. KING **Senior Vice President*** **Head, Branch Sales and Services**

Filipino, 60 years old, Ms. King is the Head of Sales and Service Channels of BPI. She leads the entire branch infrastructure, ensuring optimal use of assets and resources. She is responsible for the strategic decisions related to the operations, including rationalization of the branch network based on strategic data analytics.

She also oversees the enhancement of branch systems, development of branch personnel through sales and service training and engagement programs, operational efficiency and regulatory compliance through regular review and updating of branch service policies and procedures resulting to the highest branch audit passing rate on record. She also strengthened the branch sales force to enable the bank to offer the appropriate solutions for client requirements and aspirations.

Ms. King has 36 solid years of sales and branch service management experience. She joined the Bank through the Citytrust merger in 1996. She began her career in Citytrust as a contractual specialist hire Field Sales

**Retired as of August 1, 2021*

Account Manager. Successfully introducing innovation and exceeding performance benchmarks, she was promoted through the ranks holding different positions to lead and take on bigger areas of responsibility. After the merger in 1996, Ms. King continued to take on expanded areas of responsibility and more senior roles in the organization. She had close to 10,000 employees across the Bank under her management. In 2021, the Sales and Service Channels group had an all-time high, excellent sustainability employee engagement score above all comparable norms.

She pioneered the WOW Program in BPI to highlight the value of customer service. She also continually thinks of programs to improve overall customer experience. Over the years, she served as BFSB Director (2015-2017), Chairman of BPI Remittance Centre (HK), Ltd. (2016-2018) and chaired the Committees on the Unibank WOW Program and the Unibank Excellence Retail Awards.

She is an advocate of social responsibility and has spearheaded fundraising programs to support public schools and orphanages, cleft palate surgery for children, rehabilitation programs for individuals and families affected by Typhoon Yolanda and the Marawi siege. And for the Taal Volcano eruption, fundraising proceeds helped in building a multipurpose facility for the community in Barangay Malainin, Ibaan, Batangas City.

Ms. King obtained her BS Commerce major in Management of Financial Institutions from De La Salle University in 1983. She also completed the Ayala Leadership Acceleration Program in 2011.

ERIC ROBERTO M. LUCHANGCO
Senior Vice President
Head, Business Banking

Filipino, 51 years old, Mr. Luchangco was appointed to his current position as Head of Business Banking for BPI in June 2019. He is overseeing the expansion of BPI's presence within the SME space, which has been identified as a growth area for the Bank. Business Banking has the vision of becoming the partner of choice for SMEs in the Philippines, and looks to achieve this by customizing their product offerings and processes to the needs of the customers.

He joined the BPI Group in 2013, starting with BPI Capital Corporation, BPI's investment banking unit, as Head of Debt Capital Markets. He subsequently expanded his responsibilities to concurrently become Head of Execution and Treasurer of BPI Capital. In June 2017, he moved to BPI Parent Bank as the Head of Corporate Credit Products, where his team managed the credit

reviews and renewals of all the accounts under the Corporate Bank, as well as some specialized credit products and an industry analysis team.

Prior to joining BPI, he worked at Daiwa Capital Markets, spending time in their Manila, Hong Kong and Singapore offices, originating and executing a wide variety of investment banking transactions.

Mr. Luchangco graduated Management Economics from Ateneo de Manila University, and received his MBA degree from the Ross School of Business at the University of Michigan.

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

Filipino, 55 years old, Ms. Santamaria as the Chief Customer and Marketing Officer of BPI, is responsible for CRM and Loyalty, Institutional Brand Marketing and Digital, Market Research and Competitive Intelligence, e-Wallet, Project Program Management & Systems Development Support, Corporate Affairs and Communication and BPI Foundation and the newly created Customer Program Office. She joined the Bank in 2011 and is currently a member of the Management Committee.

With over 30 years of marketing experience, Ms. Santamaria began her career in the advertising industry with Adformatix, where she was awarded as rookie of the year. Throughout her career she has worked with leading companies such as Philippine Airlines, Monterey and Wyeth-Suaco. Most notable among these was her stint at Kraft Foods Philippines where she held different marketing positions and was appointed Marketing Director with added responsibility for Southeast Asia's consumer insighting projects with major interfaces across Sales, Operations, Research & Development, Finance, Supply Chain and the region office. While here, she received the prestigious Asia Pacific's President Award and Kraft Foods International's President Award, Best Asia Pacific Advertising in Cheese, and achieved "Super Ads" across campaigns developed. She was then appointed to Kraft Foods International headquarters as Director, Business Development where she identified business opportunities for specific market categories across Central Eastern Europe, Brazil, Australia, China and Saudi Arabia. She was also subsequently appointed as General Manager for Kraft Foods Jaya, leading Singapore, Malaysia and Brunei. Prior to joining BPI, Ms. Santamaria was Head of Touch Mobile at Globe Telecom which she successfully repositioned. She was also appointed as Segment Head for the Mobile Business and led the Globe rebranding. She

also defined a more effective spending, put together a Marketing Leadership Academy and reformed marketing processes for the telecom leader.

At BPI, she leads the branding reinvention and takes on the transformation for customer delight experiences. Her team was awarded the Best Innovation Project - Employee category in 2016, and continues to be recognized in the Unibank Excellence Awards program as finalist in 2018, 2019, 2020 and 2021.

She served as Vice President for the Bank Marketing Association of the Philippines (BMAP) in 2018.

Ms. Santamaria obtained her Bachelor of Science in Business Administration (Cum Laude) from the University of the Philippines in 1988. She also has a Certificate of Strategic Business Economics (with Distinction) and Master Business Economics from the University of Asia and the Pacific (Philippines) in 2001. She also took a course from the Chicago Business School in February 2006) and completed a Telecoms Marketing Mini MBA from Informa Telecoms and Media in London in April 2006.

ROSEMARIE B. CRUZ
Senior Vice President and Chief Audit Executive

Filipino, 59 years old, Ms. Cruz has been the Chief Audit Executive of BPI since January 2012 and leads the Bank's Internal Audit Division. She also serves as the Chief Audit Executive for BPI subsidiaries including BPI Family Savings Bank, BPI Capital Corporation, BPI Securities Corporation, BPI Century Tokyo Lease and Finance, BPI Century Rental Corp, BPI Direct Banko, BPI Asset Management and Trust Corporation, BPI Investment Management Inc., BPI International Finance Ltd., BPI/MS Insurance, and BPI Ayala Plans. As such, she oversees the audit of the different units, systems and processes of BPI and these subsidiaries and provides assessment on the adequacy and effectiveness of their internal control systems, risk management, and governance processes. She supports the Audit Committee in the discharge of its oversight function and also works closely with the Chief Risk Officer, Chief Compliance Officer, external auditor and other assurance units for a comprehensive review of risks and compliance systems in the Bank. She also sits as non-voting member in the board level Related Party Transaction Committee and the management level Fraud and Irregularities Committee.

Ms. Cruz joined BPI in 2000, when the Bank acquired Far East Bank and Trust Company, where she was previously in charge of the audit of the retail banking, lending operations and other backroom support operations. She also headed the special examination unit in charge of investigation of fraud and irregularities.

Ms. Cruz is a Certified Public Accountant and obtained her BSBA Accounting degree from Philippine School of Business Administration. She completed her Advanced Bank Management program at Asian Institute of Management in 1996.

NORAVIR A. GEALOGO
Senior Vice President and Chief Compliance Officer

Filipino, 58 years old, Atty. Gealogo is the Chief Compliance Officer of BPI and Head of the Bank's Compliance Division which oversees the implementation of the Bank's enterprise-wide compliance programs and is composed of the following departments: Regulatory Compliance, AML Compliance, AML Systems and Special Projects, FATCA Compliance, Corporate Governance, Data Privacy Office, and Compliance Analytics. The Compliance Division is also empowered by 26 Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank.

Having started her banking career with Far East Bank and Trust Company (FEBTC) in 1991 which merged with BPI in 2000, she has more than 30 years of banking experience. Previously a legal officer of FEBTC, the Head of the Legal Advisory Department of BPI and Legal Advisory Officer and Head of Compliance of BPI Capital Corporation, she has extensive business, legal and compliance exposure in the areas of corporate and retail banking, corporate finance, project finance, securities distribution, mergers and acquisition, correspondent banking, remittance, and trade finance. She is currently a non-voting member of BPI's board-level Related Party Transaction Committee and chairs the management level Money Service Business (MSB) Governance Committee and Money Laundering Evaluation Committee (MLEC).

Atty. Gealogo obtained her Bachelor of Laws from the University of the Philippines Diliman in 1988 and AB History from the same university in 1984. She completed the Development Lawyers Course at the International Development Law Institute in Rome, Italy in 1994 and the Certificate Course in Strategic Compliance for the Banking Industry at the Center for Professional Development in Business of the De La Salle University in 2017. She has regularly undergone corporate governance courses and training provided by the Institute of Corporate Directors (ICD), Bankers Institute of the Philippines (BAIPHIL), Good Governance Advocates and Practitioners of the Philippines (GGAPP) and Association of Bank Compliance Officers of the Philippines (ABCOMP).

She is currently also the Treasurer and a Member of the Board of Directors of ABCOMP.

SUMMARY OF FINANCIAL PERFORMANCE

In 2021, BPI realized Net Income of PHP 23.9 billion, higher by 11.5% or PHP 2.5 billion from the PHP 21.4 billion recorded in 2020. The increase in loan loss provisions booked by the Bank due to faster NPL formation in 2020, allowed for the recognition of significantly lower provisions in 2021 which, in addition to the record fee income, drove the increase in earnings.

The Bank's Comprehensive Income increased by PHP 3.0 billion to PHP 21.27 billion, largely due to the net income recorded for the year, increases in actuarial gains on retirement plan and remeasurement of liabilities.

Total Revenues declined by 4.4% to PHP 97.40 billion. Net Interest Income stood at PHP 69.58 billion, lower by 3.7% compared to the previous year, as NIM contracted by 19 bps from 3.49% to 3.30% driven by lower yields across most loan portfolios and treasury assets. Non-Interest Income declined by 6.2% to PHP 27.82 billion due to lower trading income but this was tempered by a 23.2% boost in fee income, with most business lines reporting rebound in performance, surpassing 2019 levels.

Operating expenses were higher by PHP 2.6 billion, or 5.4%, to PHP 50.7 billion driven by higher technology cost in line with the Bank's continued digitalization thrust. Compensation and Fringe Benefits also posted an increase PHP 522 million, or 2.9%, to PHP 18.5 billion largely due to CBA related payouts. Occupancy and equipment-related expenses was up PHP 1.40 billion, 9.6%, to PHP 16.01 billion on higher janitorial, security, repairs, insurance, and depreciation and amortization expenses. Other operating expenses were up PHP 652 million, 4.2%, to PHP 16.20 billion mainly on higher marketing expenses. This brought Cost-to-Income ratio at 52.1% compared to 47.2% in 2020.

Total Assets stood at PHP 2.4 trillion, higher by 8.4% year-on-year, as total funding increased by PHP 182 million or 9.7% to PHP 2.1 trillion.

Total loans ended at PHP 1.48 trillion, a 4.9% increase year-on-year, with all segments, corporate, consumer SME, and microfinance posting growth. The Bank booked provisions of PHP 13.14 billion, 53.1% lower compared to the PHP 28.00 billion recorded last year. NPL ratio was at 2.49%, with NPL coverage ratio at 136.1%.

Treasury securities increased by PHP 82.7 billion or 20.1% to PHP 494.7 billion from 2020's PHP 412.0 billion. Of this amount, 68.5% was booked in Financial Assets at Amortized Cost which increased by 38.4% year-on-year to preserve NRFF via deployment of excess funds in government securities and other high-quality liquid assets (HQLA) amidst persistently weak industry loan growth levels. Total Deposits grew 13.9% to PHP 2.0 trillion versus the level recorded in 2020. Current and Savings Account Deposits and Time Deposits grew 10.3% or PHP 140.4 billion and 28.2% or PHP 98.6 billion, respectively. The Bank's CASA Ratio was 77.0%, while the Loan-to-Deposit Ratio was 75.5%. Other Borrowings declined by 37.5% to PHP 95 billion due to the maturities of peso and CHF bonds issued by BPI Parent and decline in short-term interbank borrowings.

The Bank paid a total of PHP 8.1 billion cash dividends or PHP 1.80 per share to its shareholders in 2021.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

For Financial Statements

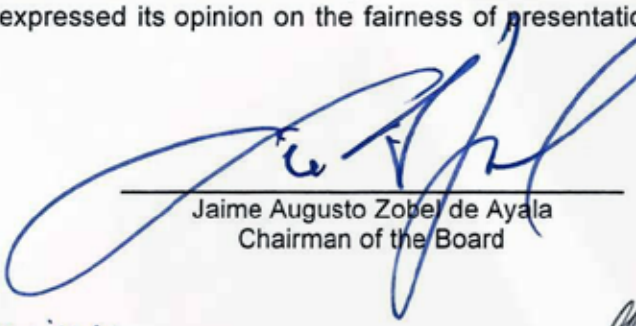
The management of Bank of the Philippine Islands (the "Bank") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

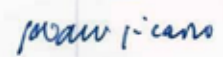
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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


Jaime Augusto Zobel de Ayala
Chairman of the Board


Jose Teodoro K. Limcaoco
President and Chief Executive Officer


Maria Theresa Marcial Javier
Executive Vice President
and Chief Finance Officer

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 16 2022,
affiants exhibited to me their Passport with the following details:

Name	Passport No.	Date/Place of Issue	Valid Until
Jaime Augusto Zobel de Ayala	P9640299A	Nov. 21, 2018/DFA Manila	Nov. 20, 2028
Jose Teodoro K. Limcaoco	P6682433A	Apr. 05, 2018/DFA Manila	Apr. 04, 2028
Maria Theresa Marcial Javier	P7958774A	Jul. 16, 2018/DFA Manila	Jul. 15, 2028

Doc. No. 707;
Page No. 67;
Book No. TX;
Series of 2022.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

The role and responsibilities of the Audit Committee are defined in the Board-approved Audit Committee charter. In accordance with this charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to with respect to:

- systems of internal controls, risk management, and governance process of the Bank
- integrity of the Bank's financial statements and its financial reporting process
- performance of the internal audit function and the external auditor
- compliance with bank policies, applicable laws, rules and regulatory requirements

The Committee is composed of three (3) qualified non-executive directors, of which two (2) are independent directors including the Chairman. All members have the necessary background, knowledge, skills, and/or experience to carry out their functions.

The Committee held 12 regular and 5 special meetings in 2021. Highlights of its activities were as follows:

1. Financial Statements:

- Reviewed and discussed with Management and the external auditor, Isla Lipana & Co., PwC, the audited consolidated financial statements of Bank of the Philippine Islands (BPI) and the related disclosures for the year ended December 31, 2021, including the assessment of the internal controls relevant to the financial reporting process. The review was performed in the following context:

- that Management is responsible for the preparation and fair presentation of the financial statements in accordance with the prescribed financial reporting framework, and
- that Isla Lipana has audited the financial statements in accordance with the Philippine Standards on Auditing and is responsible for expressing an opinion on the fairness of the presentation, including the results of its independent review of the Bank's business models and valuation techniques particularly on the recalibrated PFRS9 model and loss provisioning in relation to the COVID 19 pandemic and the accounting treatment relative to the BPI and BPI Family Bank merger.

After obtaining assurance on the external auditor's independent review of the financial statements, the Committee endorsed the audited financial statements for approval of the Board.

- Discussed with Management and the internal auditors, the quarterly unaudited consolidated financial reports of BPI Group including the results of operations and endorsed the financial statements to the Board of Directors for approval.

2. External Audit:

- Reviewed the audit plan and the scope of work of the external auditors, ensuring that areas of focus were appropriately covered and there were no significant gaps in the scope between external and internal audits to ensure effective use of resources.

The Committee also discussed the external auditor's report, focusing on the items with material financial impact and key control issues through its Management Letter of Comments. The Audit Committee also held an annual executive session and special meeting with the external auditor to discuss any concern relative to its engagement and assessment on the key areas of focus and ensuring that risks identified in these areas are appropriately addressed.

- Assessed the overall performance of the external auditor, Isla Lipana and its audit process. The Committee ensures that lead audit partner is rotated every five (5) years and that Isla Lipana & Co. had reaffirmed its independence from BPI and its subsidiaries and has complied with the ethical and professional standards.
- In consultation with Management, the Audit Committee endorsed for approval by the Board of Directors and the stockholders, the re-engagement of Isla Lipana & Co. for BPI and its subsidiaries/ affiliates for year 2021 and the related audit fees. There were no non-audit services performed for 2021.

3. Internal Audit:

- Reviewed and approved the annual work plan of Internal Audit including its charter, risk assessment model and rating framework. The Committee ensures that the internal audit function is independent, has adequate and competent resources, and has appropriate authority to be able to effectively discharge its duties.
- Reviewed and discussed the reports from internal audit and other management assurance units ensuring that Management is taking the appropriate corrective actions on the issues on a timely manner and open/outstanding issues are tracked and monitored until full resolution.

(Internal Audit – cont'd)

- Discussed periodic updates from Management on the major systems implementation, cyber security threats and/or other relevant information technology issues ensuring that risks had been adequately addressed or mitigated.
- Reviewed the minutes of meetings of the different Audit Committees of the BPI subsidiaries and discussed the significant control, risk and compliance issues and ensuring that these are monitored and acted upon.
- Evaluated the performance of Chief Audit Executive. The Committee also ensures that Internal Audit activities continuously conform with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics through internal and external quality assessment reviews.

4. Regulatory Compliance:

- Reviewed and approved the annual compliance and AML plan of the Group Compliance Office including amendments of its manuals. The Committee also discussed the quarterly compliance update reports and the 2020 BSP Report of Examination, including Management's responses and corrective action plans on the issues and recommendations.
- Discussed the results of the post-implementation reviews of related party transactions (RPTs), ensuring that any significant issues had been appropriately addressed.

In compliance with the SEC requirement and the BPI Corporate Governance Manual, the Audit Committee:

- Attended the required annual SEC accredited workshop on corporate governance, risk management and sustainability and training on the Anti-Money Laundering, Counter-Terrorist Financing and Financial Crime Compliance. The Committee also received updates on the new relevant law and regulations, accounting standards and tax rules.
- Reviewed the Audit Committee Charter to ensure that it is updated and aligned with the regulatory requirements.
- Performed the annual self-assessment and reviewed its performance against its charter and other regulatory mandates. The result was validated by the Compliance Officer and discussed in the Corporate Governance Committee. The process confirmed a satisfactory performance of the Audit Committee.

Based on the results of the assurance activities performed by the Bank's Internal Audit, compliance reviews and the external auditor's unqualified opinion on the financial statements, the Committee assessed that the Bank's systems of internal controls, risk management, and governance processes continue to be adequate and generally effective. This overall assessment states, among others, that the audit scope and coverage are sufficient, comprehensive, and risk-based, that Management is aware of its responsibility for internal control, and that there is no interference with the accomplishment of audit activities and reporting of issues and other relevant information to Management, Audit Committee, and the Board of Directors.

Ma. Dolores B. Yvuenco
MA. DOLORES B. YUVIENCO
Chairman

Octavio V. Espiritu
OCTAVIO V. ESPIRITU
Member

Cesar V. Purisima
CESAR V. PURISIMA
Member

Bank of the Philippine Islands

Financial Statements

As at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021



Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala North Exchange
Ayala Avenue corner Salcedo Street, Legaspi Village,
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of the Bank of the Philippine Islands and Subsidiaries (the "BPI Group") and the parent financial statements of the Bank of the Philippine Islands (the "Parent Bank") present fairly, in all material respects, the financial position of the BPI Group and of the Parent Bank as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards ("PFRSs").

What we have audited

The financial statements comprise:

- the consolidated and parent statements of condition as at December 31, 2021 and 2020;
- the consolidated and parent statements of income for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of total comprehensive income for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of changes in capital funds for each of the three years in the period ended December 31, 2021;
- the consolidated and parent statements of cash flows for each of the three years in the period ended December 31, 2021; and
- the notes to the consolidated and parent financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Isla Lipana & Co.



Isla Lipana & Co.

Independent Auditor’s Report
To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Page 2

Independence

We are independent of the BPI Group and the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated and parent financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and parent financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and parent financial statements as a whole, taking into account the structure of the BPI Group and the Parent Bank, the accounting processes and controls, and the industry in which the BPI Group and the Parent Bank operate.

Key audit matters

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

The key audit matter identified in our audit pertains to the impairment losses on loans and advances, which applies to both the BPI Group’s and the Parent Bank’s financial statements.



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Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment losses on loans and advances	
We focused on this account because of the complexity involved in the estimation process, and the significant judgments that management makes in ascertaining the provision for loan impairment. The calculation of impairment losses is inherently judgmental for any bank. As at December 31, 2021, the total allowance for impairment for loans and advances amounted to PHP53,764 million for the BPI Group and PHP40,864 million for the Parent Bank while provision for loan losses recognized in profit or loss for the year then ended amounted to PHP12,765 million for the BPI Group and PHP10,226 million for the Parent Bank. Refer to Notes 10 and 26 of the financial statements for the details of the impairment losses on loans and advances.	We assessed the design and tested the operating effectiveness of key controls over loan loss provisioning. These key controls included: - governance over the development, validation and approval of the BPI Group’s ECL models to assess compliance with Philippine Financial Reporting Standard (PFRS) 9, <i>Financial instruments</i>; including continuous re-assessment by the BPI Group that the impairment models are operating in a way which is appropriate for the credit risks in the BPI Group and the Parent Bank’s loan portfolios; - review and approval of key judgments, assumptions and forward-looking information used in the ECL models; - review of data from source systems to the detailed ECL model analyses; - assessment of credit quality of loans and advances relative to the established internal credit risk rating system; - the review and approval process for the outputs of the impairment models; and - the review and approval process over the determination of credit risk rating, performance of credit reviews and calculation of required reserves for loans assessed as credit-impaired.
Provision for impairment losses on loans that are assessed to be individually credit impaired is determined in reference to the estimated future cash repayments and proceeds from the realization of collateral held by the BPI Group and the Parent Bank.	
For other loan accounts which are not individually credit impaired, they are included in a group of loans with similar risk characteristics and are collectively assessed on a portfolio basis using internal models developed by the BPI Group and the Parent Bank.	Our work over the impairment of loans and advances included: - assessment of the methodology applied by the BPI Group and the Parent Bank in the development of the ECL models vis-a-vis the requirements of PFRS 9; - testing of key assumptions in the ECL models such as PD, LGD, EAD built from historical data. Our assessment included the involvement of our internal specialist;



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Key Audit Matter	How our audit addressed the Key Audit Matter
<i>(cont’d.)</i>	
Key elements in the impairment of loans and advances include: - the identification of credit-impaired loans, and estimation of cash flows (including the expected realizable value of any collateral held) supporting the calculation of individually assessed provisions; and - the application of appropriate impairment models for the collectively assessed accounts. This include the use of key assumptions in the impairment models (i.e., staging of accounts, significant increase in credit risk, forward-looking information), the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD). The impairment losses include both quantitative and qualitative components. In calculating the loan loss provisioning, the BPI Group and the Parent Bank applied the expected credit loss (ECL) model prescribed by PFRS 9, which is a complex process that takes into account forward-looking information reflecting the BPI Group and the Parent Bank’s view on potential future economic events.	- assessment of the appropriateness of the BPI Group’s and the Parent Bank’s definition of significant increase in credit risk and staging of accounts through analysis of historical trends and past credit behavior of loan portfolios; - independent comparison of economic information used within, and weightings applied to, forward-looking scenarios in the ECL models against available macro-economic data; - testing of the accuracy and completeness of data inputs in the ECL models and in the ECL calculation by comparing them with the information obtained from source systems; - testing the accuracy and reasonableness of the outputs of the ECL models through independent recalculation; - for a sample of individually assessed loans identified as credit-impaired, examined relevant supporting documents such as the latest financial information of the borrower or valuation of collateral used as a basis in estimating the recoverable amount and measuring the loan loss allowance; and - recalculation of the collective loan loss allowance for selected accounts and portfolios at reporting date using the ECL models adopted by the BPI Group and the Parent Bank.



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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated and parent financial statements and our auditor’s report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent financial statements in accordance with PFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent financial statements, management is responsible for assessing the ability of each entity within the BPI Group and of the Parent Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entities within the BPI Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BPI Group’s and the Parent Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated and parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BPI Group's and of the Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the BPI Group and the Parent Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entities within the BPI Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent financial statements, including the disclosures, and whether the consolidated and parent financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent financial statements of the current period and is therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required by the Bangko Sentral ng Pilipinas (BSP) and the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 32 and BIR Revenue Regulations No. 15-2010 in Note 33 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the BPI Group and the Parent Bank. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is
John-John Patrick V. Lim.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner

CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1775-A, Category A; effective until September 4, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024
financial statements
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
February 22, 2022

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CONDITION
December 31, 2021 and 2020
(In Millions of Pesos)

		Consolidated		Parent	
	Notes	2021	2020	2021	2020
ASSETS					
CASH AND OTHER CASH ITEMS	4	35,143	37,176	33,868	35,912
DUE FROM BANGKO SENTRAL NG PILIPINAS	4	268,827	223,989	197,435	197,974
DUE FROM OTHER BANKS	4	34,572	40,155	27,734	36,605
INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	4,5	30,852	30,251	30,023	26,622
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,7	21,334	37,210	15,575	33,865
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8	134,741	130,186	115,541	120,300
INVESTMENT SECURITIES AT AMORTIZED COST, net	9	338,672	244,653	333,193	216,810
LOANS AND ADVANCES, net	10	1,476,527	1,407,413	1,233,052	1,175,071
ASSETS HELD FOR SALE, net		3,282	2,971	505	357
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net	11	17,525	18,832	15,243	16,131
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net	12	7,165	7,510	15,556	11,039
ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS	2	17,563	18,726	-	-
DEFERRED INCOME TAX ASSETS, net	13	15,819	17,525	11,953	12,838
OTHER ASSETS, net	14	19,893	16,846	21,648	14,412
Total assets		2,421,915	2,233,443	2,051,326	1,897,936

(forward)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CONDITION
December 31, 2021 and 2020
(In Millions of Pesos)

		Consolidated		Parent	
	Notes	2021	2020	2021	2020
LIABILITIES AND CAPITAL FUNDS					
DEPOSIT LIABILITIES	15	1,955,147	1,716,177	1,675,785	1,470,210
DERIVATIVE FINANCIAL LIABILITIES	7	3,632	5,657	3,545	5,657
BILLS PAYABLE AND OTHER BORROWED FUNDS	16	95,039	151,947	82,550	140,348
DUE TO BANGKO SENTRAL NG PILIPINAS AND OTHER BANKS		953	1,491	814	1,491
MANAGER'S CHECKS AND DEMAND DRAFTS OUTSTANDING		6,931	7,108	5,243	5,447
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		8,413	8,902	6,127	6,510
LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS	2	13,242	14,347	-	-
DEFERRED CREDITS AND OTHER LIABILITIES	17	43,402	45,857	33,762	37,103
Total liabilities		2,126,759	1,951,486	1,807,826	1,666,766
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI	18				
Share capital		45,131	45,045	45,131	45,045
Share premium		74,934	74,764	74,934	74,764
Reserves		564	416	160	196
Accumulated other comprehensive loss		(8,670)	(5,899)	(6,825)	(4,288)
Surplus		181,101	165,509	130,100	115,453
Total capital funds		293,060	279,835	243,500	231,170
NON-CONTROLLING INTERESTS		2,096	2,122	-	-
Total capital funds		295,156	281,957	243,500	231,170
Total liabilities and capital funds		2,421,915	2,233,443	2,051,326	1,897,936

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Notes	Consolidated			Parent	
		2021	2020	2019	2021	2020
INTEREST INCOME						
On loans and advances		72,225	82,312	86,056	53,426	63,599
On investment securities		10,436	12,052	12,709	9,949	10,786
On deposits with BSP and other banks		1,956	1,944	1,722	1,271	1,343
		84,617	96,308	100,487	64,646	75,728
INTEREST EXPENSE						
On deposits	15	10,168	18,986	28,874	5,587	12,777
On bills payable and other borrowed funds	16	4,866	5,058	6,038	4,396	4,595
		15,034	24,044	34,912	9,983	17,372
NET INTEREST INCOME		69,583	72,264	65,575	54,663	58,356
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	26	13,135	28,000	5,562	10,591	21,394
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES		56,448	44,264	60,013	44,072	36,962
OTHER INCOME						
Fees and commissions		11,204	8,899	9,068	9,051	7,763
Income from foreign exchange trading		2,384	2,155	2,111	2,206	2,022
Securities trading gain		97	3,310	3,882	4	2,657
Income attributable to insurance operations	2	1,854	1,506	1,223	-	-
Net gains on disposals of investment securities at amortized cost	9	1,513	4,647	128	1,166	4,078
Other operating income	19	10,770	9,142	10,275	13,026	13,459
		27,822	29,659	26,687	25,453	29,979
OTHER EXPENSES						
Compensation and fringe benefits	21	18,528	18,005	17,369	14,094	13,870
Occupancy and equipment-related expenses	11,20	16,010	14,606	14,736	13,352	12,544
Other operating expenses	21	16,195	15,543	16,239	12,220	11,788
		50,733	48,154	48,344	39,666	38,202
PROFIT BEFORE INCOME TAX		33,537	25,769	38,356	29,859	28,739
INCOME TAX EXPENSE	22					
Current		8,328	10,751	9,975	6,701	9,272
Deferred	13	1,099	(6,845)	(620)	375	(5,144)
		9,427	3,906	9,355	7,076	4,128
NET INCOME FROM CONTINUING OPERATIONS		24,110	21,863	29,001	22,783	24,611
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS	12	-	(211)	82	-	-
NET INCOME AFTER TAX		24,110	21,652	29,083	22,783	24,611

(forward)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos, Except Per Share Amounts)

	Note	Consolidated			Parent	
		2021	2020	2019	2021	2020
(forwarded)						
Basic and diluted earnings per share attributable to the equity holders of BPI during the year from:						
Continuing operations	18	5.29	4.79	6.38	5.05	5.45
Discontinued operations		-	(0.05)	0.01	-	-
Income (loss) attributable to equity holders of BPI arising from:	18					
Continuing operations		23,880	21,620	28,761	22,783	24,611
Discontinued operations		-	(211)	42	-	-
		23,880	21,409	28,803	22,783	24,611
Income attributable to the non-controlling interests arising from:						
Continuing operations		230	243	240	-	-
Discontinued operations		-	-	40	-	-
		230	243	280	-	-
Income attributable to Equity holders of BPI		23,880	21,409	28,803	22,783	24,611
Non-controlling interests		230	243	280	-	-
		24,110	21,652	29,083	22,783	24,611

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Note	Consolidated			Parent	
		2021	2020	2019	2021	2020
NET INCOME FROM CONTINUING OPERATIONS		24,110	21,863	29,001	22,783	24,611
OTHER COMPREHENSIVE (LOSS) INCOME	18					
Items that may be subsequently reclassified to profit or loss						
Share in other comprehensive (loss) income of associates		(728)	640	1,286	-	-
Net change in fair value reserve on investments in debt instruments measured at FVOCI, net of tax effect		(548)	428	262	(506)	428
Fair value reserve on investments of insurance subsidiaries, net of tax effect		(209)	195	545	-	-
Currency translation differences and others		627	(238)	(202)	291	(167)
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit obligation		608	(3,383)	(1,402)	431	(2,798)
Share in other comprehensive income (loss) of associates		448	(1,242)	(32)	-	-
Net change in fair value reserve on investments in equity instruments measured at FVOCI, net of tax effect		(3,041)	215	(313)	(2,753)	565
Total other comprehensive (loss) income, net of tax effect from continuing operations		(2,843)	(3,385)	144	(2,537)	(1,972)
Total comprehensive income for the year from continuing operations		21,267	18,478	29,145	20,246	22,639
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS		-	(211)	82	-	-
Total other comprehensive loss, net of tax effect from discontinued operations		-	(3)	(16)	-	-
Total comprehensive (loss) income, for the year from discontinued operations		-	(214)	66	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,267	18,264	29,211	20,246	22,639
Total comprehensive income (loss) attributable to equity holders of BPI arising from:						
Continuing operations		21,109	18,163	28,735	20,246	22,639
Discontinued operations		-	(214)	34	-	-
		21,109	17,949	28,769	20,246	22,639
Total comprehensive income attributable to the non-controlling interest arising from:						
Continuing operations		158	315	410	-	-
Discontinued operations		-	-	32	-	-
		158	315	442	-	-
Total comprehensive income attributable to:						
Equity holders of BPI		21,109	17,949	28,769	20,246	22,639
Non-controlling interests		158	315	442	-	-
		21,267	18,264	29,211	20,246	22,639

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Consolidated							
	Attributable to equity holders of BPI (Note 18)					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Surplus	Accumulated other comprehensive income (loss)			
Balance, January 1, 2019	44,961	74,181	4,096	127,459	(2,176)	248,521	3,017	251,538
Comprehensive income								
Net income for the year	-	-	-	28,803	-	28,803	280	29,083
Other comprehensive income (loss) for the year	-	-	-	-	(34)	(34)	162	128
Total comprehensive income (loss) for the year	-	-	-	28,803	(34)	28,769	442	29,211
Transactions with owners								
Exercise of stock option plans	38	268	30	-	-	336	-	336
Cash dividends	-	-	-	(8,113)	-	(8,113)	-	(8,113)
Total transactions with owners	38	268	30	(8,113)	-	(7,777)	-	(7,777)
Transfer from surplus to reserves	-	-	2,002	(2,002)	-	-	-	-
Transfer from reserves to surplus	-	-	(1,020)	1,020	-	-	-	-
Other movements	-	-	293	(229)	64	(2)	62	62
	-	-	982	(689)	(229)	64	(2)	62
Balance, December 31, 2019	44,999	74,449	5,108	147,460	(2,439)	269,577	3,457	273,034
Comprehensive income								
Net income for the year	-	-	-	21,409	-	21,409	243	21,652
Other comprehensive (loss) income for the year	-	-	-	-	(3,460)	(3,460)	72	(3,388)
Total comprehensive income (loss) for the year	-	-	-	21,409	(3,460)	17,949	315	18,264
Transactions with owners								
Exercise of stock option plans	46	315	47	-	-	408	-	408
Cash dividends	-	-	-	(8,124)	-	(8,124)	-	(8,124)
Total transactions with owners	46	315	47	(8,124)	-	(7,716)	-	(7,716)
Transfer from reserves to surplus	-	-	(4,739)	4,739	-	-	-	-
Other movements	-	-	-	25	-	25	(1,650)	(1,625)
	-	-	(4,739)	4,764	-	25	(1,650)	(1,625)
Balance, December 31, 2020	45,045	74,764	416	165,509	(5,899)	279,835	2,122	281,957
Comprehensive income								
Net income for the year	-	-	-	23,880	-	23,880	230	24,110
Other comprehensive loss for the year	-	-	-	-	(2,771)	(2,771)	(72)	(2,843)
Total comprehensive income (loss) for the year	-	-	-	23,880	(2,771)	21,109	158	21,267
Transactions with owners								
Exercise of stock option plans	86	170	(41)	-	-	215	-	215
Cash dividends	-	-	-	(8,124)	-	(8,124)	(184)	(8,308)
Total transactions with owners	86	170	(41)	(8,124)	-	(7,909)	(184)	(8,093)
Transfer from reserves to surplus	-	-	190	(190)	-	-	-	-
Other movements	-	-	-	25	-	25	-	25
	-	-	190	(165)	-	25	-	25
Balance, December 31, 2021	45,131	74,934	564	181,101	(8,670)	293,060	2,096	295,156

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

	Parent (Note 18)					
	Share capital	Share premium	Reserves	Surplus	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2019	44,961	74,181	3,977	76,958	(921)	199,156
Comprehensive income						
Net income for the year	-	-	-	26,218	-	26,218
Other comprehensive loss for the year	-	-	-	-	(1,395)	(1,395)
Total comprehensive income (loss) for the year	-	-	-	26,218	(1,395)	24,823
Transactions with owners						
Exercise of stock option plans	38	268	43	-	-	349
Cash dividends	-	-	-	(8,113)	-	(8,113)
Total transactions with owners	38	268	43	(8,113)	-	(7,764)
Transfer from surplus to reserves	-	-	1,892	(1,892)	-	-
Transfer from reserves to surplus	-	-	(1,020)	1,020	-	-
Other movements	-	-	-	35	-	35
	-	-	872	(837)	-	35
Balance, December 31, 2019	44,999	74,449	4,892	94,226	(2,316)	216,250
Comprehensive income						
Net income for the year	-	-	-	24,611	-	24,611
Other comprehensive loss for the year	-	-	-	-	(1,972)	(1,972)
Total comprehensive income (loss) for the year	-	-	-	24,611	(1,972)	22,639
Transactions with owners						
Exercise of stock option plans	46	315	43	-	-	404
Cash dividends	-	-	-	(8,124)	-	(8,124)
Total transactions with owners	46	315	43	(8,124)	-	(7,720)
Transfer from reserves to surplus	-	-	(4,739)	4,739	-	-
Other movements	-	-	-	1	-	1
	-	-	(4,739)	4,740	-	1
Balance, December 31, 2020	45,045	74,764	196	115,453	(4,288)	231,170
Comprehensive income						
Net income for the year	-	-	-	22,783	-	22,783
Other comprehensive loss for the year	-	-	-	-	(2,537)	(2,537)
Total comprehensive income (loss) for the year	-	-	-	22,783	(2,537)	20,246
Transactions with owners						
Exercise of stock option plans	86	170	(36)	-	-	220
Cash dividends	-	-	-	(8,124)	-	(8,124)
Total transactions with owners	86	170	(36)	(8,124)	-	(7,904)
Other movements	-	-	-	(12)	-	(12)
Balance, December 31, 2021	45,131	74,934	160	130,100	(6,825)	243,500

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

		Consolidated			Parent	
	Notes	2021	2020	2019	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before income tax from:						
Continuing operations		33,537	25,769	38,356	29,859	28,739
Discontinued operations	12	-	(246)	79	-	-
		33,537	25,523	38,435	29,859	28,739
Adjustments for:						
Impairment losses	26	13,135	28,000	5,822	10,591	21,394
Depreciation and amortization	11,14	6,249	6,023	7,132	5,213	4,860
Share in net income of associates	12	(1,086)	(487)	(372)	-	-
Dividend and other income	19	(30)	(57)	(77)	(6,939)	(7,792)
Share-based compensation	18	(41)	47	30	(36)	44
Interest income		(84,617)	(96,308)	(101,583)	(64,646)	(75,728)
Interest received		85,450	98,573	100,293	64,866	77,998
Interest expense		15,345	24,401	35,638	10,229	17,651
Interest paid		(15,352)	(25,768)	(35,300)	(10,214)	(18,749)
(Increase) decrease in:						
Interbank loans receivable and securities purchased under agreements to resell		(2,167)	320	1,898	(2,117)	201
Financial assets at fair value through profit or loss		16,134	(13,270)	(8,472)	18,548	(16,339)
Loans and advances, net		(82,837)	39,921	(125,028)	(68,754)	35,369
Assets held for sale		(355)	173	400	(168)	63
Assets attributable to insurance operations		450	(351)	287	-	-
Other assets		(4,046)	(3,084)	5,611	(4,556)	(5,609)
Increase (decrease) in:						
Deposit liabilities		238,976	20,827	109,598	205,581	13,744
Due to Bangko Sentral ng Pilipinas and other banks		(232)	(150)	(1,041)	(371)	(150)
Manager's checks and demand drafts outstanding		(177)	(1,191)	1,368	(204)	(974)
Accrued taxes, interest and other expenses		(707)	315	303	(582)	(42)
Liabilities attributable to insurance operations		(1,290)	286	5	-	-
Derivative financial instruments		(2,025)	2,780	(38)	(2,112)	2,780
Deferred credits and other liabilities		(337)	(5,668)	8,806	(1,735)	(4,832)
Net cash from operations		213,977	100,855	43,715	182,453	72,628
Income taxes paid		(7,497)	(11,601)	(10,363)	(6,008)	(10,080)
Net cash from operating activities		206,480	89,254	33,352	176,445	62,548

(forward)

BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2021
(In Millions of Pesos)

		Consolidated			Parent		
	Notes	2021	2020	2019	2021	2020	2019
(forwarded)							
CASH FLOWS FROM INVESTING ACTIVITIES							
(Increase) decrease in:							
Investment securities, net	8,9	(101,885)	(46,513)	(4,343)	(114,316)	(37,113)	(3,574)
Bank premises, furniture, fixtures and equipment, net	11	(4,806)	(768)	(13,400)	(4,331)	(4,397)	(10,285)
Investment properties, net	14	(12)	6	(57)	(14)	4	(55)
Investment in subsidiaries and associates, net	12	1,432	(1,926)	933	(4,516)	(1,321)	(89)
Assets attributable to insurance operations		804	(481)	(1,368)	-	-	-
Dividends received	19	30	57	77	3,400	7,792	3,794
Net cash used in investing activities		(104,437)	(49,625)	(18,158)	(119,777)	(35,035)	(10,209)
CASH FLOWS FROM FINANCING ACTIVITIES							
Cash dividends paid	17,18	(8,124)	(8,124)	(12,167)	(8,124)	(8,124)	(12,165)
Proceeds from share issuance	18	256	361	306	256	361	306
Increase (decrease) in bills payable and other borrowed funds	16	(56,908)	1,110	(16,064)	(57,798)	13,819	(24,351)
Payments for principal portion of lease liabilities		(1,900)	(1,458)	(1,471)	(1,478)	(1,108)	(1,151)
Net cash (used in) from financing activities		(66,676)	(8,111)	(29,396)	(67,144)	4,948	(37,361)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		35,367	31,518	(14,202)	(10,476)	32,461	(9,778)
CASH AND CASH EQUIVALENTS							
January 1	4,5	330,586	299,068	313,270	295,805	263,344	273,122
December 31		365,953	330,586	299,068	285,329	295,805	263,344
Non-cash financing and investing activities 11,16,18							
Cash flows from discontinued operations 12							

(The notes on pages 1 to 101 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021 and 2020 AND FOR EACH OF THE THREE YEARS
IN THE PERIOD ENDED DECEMBER 31, 2021

Note 1 - General Information

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

In 2019, the Parent Bank’s office address, which also serves as its principal place of business, was transferred to Ayala North Exchange, Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City. Prior to 2019, BPI’s registered office address and principal place of business were both located at BPI Building, Ayala Avenue corner Paseo de Roxas, Makati City.

BPI and its subsidiaries (collectively referred to as the “BPI Group”) offer a whole breadth of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution, and insurance services. At December 31, 2021, the BPI Group has 18,619 employees (2020 - 19,952 employees) and operates 1,176 branches (2020 - 1,173 branches) and 2,457 automated teller machines (ATMs) and cash accept machines (CAMs) (2020 - 2,707) to support its delivery of services. The BPI Group also serves its customers through alternative electronic banking channels such as telephone, mobile phone and the internet.

The Parent Bank is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On January 22, 2021, BPI announced that its Board of Directors (BOD) has approved on January 21, 2021, the plan to merge with BPI Family Savings Bank, Inc. (“BFB”), with the Parent Bank as the surviving entity. Subsequently, the BOD and shareholder of BFB approved the proposed merger at their respective meetings held on February 24, 2021 and April 22, 2021, respectively (Note 30.1).

Coronavirus pandemic

The BPI Group has successfully adapted to the challenges posed by the coronavirus disease (COVID-19) to its business model, including compliance with the country’s evolving regulatory impositions and mobility restrictions.

Reinforcing the BPI Group’s operational resilience, management has put in motion business continuity plans and a pandemic response plan and protocol for the entire organization. These include, but are not limited to, changes in the workforce arrangements and set-up of corporate offices, allowing for rotational schedules, split operations, and alternative work sites, all duly supported by the use of mobility tools and virtual communications. The BPI Group’s accelerated shift to digitalization has also ensured continuous client service through its various distribution platforms with maintained back-office efficiency during the nationwide implementation of community quarantines. Along with this new operating environment, new threats and vulnerabilities identified have been mitigated by both technical and organizational process controls. As such, while cybersecurity risks are theoretically heightened by remote access, a robust risk management process enables the Bank to effectively manage these changes.

The Bank has seen an increase in the level of non-performing loans since December 2019. Notwithstanding the impact of COVID-19 on businesses, e.g. temporary/permanent closure of certain businesses, suspended operations, limited travel and exchange of goods, the Banks’s asset quality remained better than initially expected and more favorable than industry averages. To mitigate risks arising from the pandemic, the Bank has taken a pro-active stance by constantly monitoring vulnerable industries and sectors that have been affected by COVID-19, identifying new opportunities in other industries and sectors, and having regular conversations with its clients. Asset quality is constantly monitored and the Bank continues to uphold its stringent credit process while also enhancing aspects of its underwriting, monitoring, and collections, in consideration of the changes in regulatory, economic, and customer behaviors post-crisis. The Bank’s robust capital and liquidity levels also serve as sufficient buffers for any adverse scenario during the ongoing pandemic.

Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the BOD on February 22, 2022.

The consolidated financial statements comprise the financial statements of the Parent Bank and the following subsidiaries:

Subsidiaries	Country of incorporation	Principal activities	% of ownership	
			2021	2020
BPI Family Savings Bank, Inc.	Philippines	Banking	100	100
BPI Capital Corporation	Philippines	Investment house	100	100
BPI Direct Banko, Inc., A Savings Bank	Philippines	Banking	100	100
BPI Asset Management and Trust Corporation	Philippines	Asset management	100	100
BPI International Finance Limited	Hong Kong	Financing	100	100
BPI Europe Plc.	England and Wales	Banking (deposit)	100	100
BPI Securities Corp.	Philippines	Securities dealer	100	100
BPI Payments Holdings Inc.	Philippines	Financing	100	100
Filinvest Algo Financial Corp.	Philippines	Financing	100	100
BPI Investment Management, Inc.	Philippines	Investment management	100	100
Santiago Land Development Corporation	Philippines	Land holding	100	100
BPI Operations Management Corp.	Philippines	Operations management	-	100
BPI Computer Systems Corp.	Philippines	Business systems service	100	100
BPI Forex Corp.	Philippines	Foreign exchange	100	100
BPI Remittance Centre (HK) Ltd.	Hong Kong	Remittance	100	100
First Far - East Development Corporation	Philippines	Real estate	100	100
FEB Stock Brokers, Inc.	Philippines	Securities dealer	100	100
FEB Speed International	Philippines	Remittance	100	100
Ayala Plans, Inc.	Philippines	Pre-need	98.93	98.93
FGU Insurance Corporation	Philippines	Non-life insurance	94.62	94.62
BPI/MS Insurance Corporation	Philippines	Non-life insurance	50.85	50.85

Note 2 - Assets and Liabilities Attributable to Insurance Operations

Details of assets and liabilities attributable to insurance operations at December 31 are as follows:

	Note	2021	2020
		(In Millions of Pesos)	
Assets			
Cash and cash equivalents	4	412	321
Insurance balances receivable, net		4,797	5,512
Investment securities			
Financial assets at fair value through profit or loss		2,306	5,300
Financial assets at fair value through other comprehensive income		6,982	4,835
Financial assets at amortized cost		269	224
Investment in associates		167	169
Accounts receivable and other assets, net		2,423	2,203
Land, building and equipment		207	162
		17,563	18,726
		2021	2020
		(In Millions of Pesos)	
Liabilities			
Reserves and other balances		11,307	12,565
Accounts payable, accrued expenses and other payables		1,935	1,782
		13,242	14,347

Details of income attributable to insurance operations before income tax and minority interest for the years ended December 31 are as follows:

	2021	2020	2019
	(In Millions of Pesos)		
Premiums earned and related income	3,071	3,607	3,841
Investment and other income	1,504	1,026	712
	4,575	4,633	4,553
Benefits, claims and maturities	1,502	1,720	1,942
Decrease in actuarial reserve liabilities	(486)	(315)	(412)
Commissions	856	879	938
Management and general expenses	817	822	838
Other expenses	32	21	24
	2,721	3,127	3,330
Income before income tax and minority interest	1,854	1,506	1,223

Note 3 - Business Segments

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (CEO), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the BPI Group individually meet the definition of a reportable segment under Philippine Financial Reporting Standards (PFRS) 8, *Operating Segments*.

The BPI Group has determined the operating segments based on the nature of the services provided and the different clients/markets served representing a strategic business unit.

The BPI Group's main operating business segments follow:

- Consumer banking - this segment serves the individual and retail markets. Services cover deposit taking and servicing, consumer lending such as home mortgages, auto loans and credit card finance as well as the remittance business. The segment also includes the entire transaction processing and service delivery infrastructure consisting of network of branches and ATMs as well as phone and internet-based banking platforms.
- Corporate banking - this segment caters both high-end corporations and middle market clients. Services offered include deposit taking and servicing, loan facilities, trade and cash management for corporate and institutional customers.
- Investment banking - this segment includes the various business groups operating in the investment markets and dealing in activities other than lending and deposit taking. These services cover corporate finance, securities distribution, asset management, trust and fiduciary services as well as proprietary trading and investment activities.

The performance of the Parent Bank is assessed as a single unit using financial information presented in the separate or Parent only financial statements. Likewise, the CEO assesses the performance of the insurance business as a standalone business segment separate from the banking and allied financial undertakings. Information on the assets, liabilities and results of operations of the insurance business is fully disclosed in Note 2.

The BPI Group and the Parent Bank mainly derive revenue within the Philippines; accordingly, no geographical segment is presented.

The segment report forms part of management's assessment of the performance of the segment, among other performance indicators.

There were no changes in the reportable segments during the year. Transactions between the business segments are carried out at arm's length. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. Inter-segment revenues, however, are deemed insignificant for financial reporting purposes, thus, not reported in segment analysis below.

The BPI Group's management reporting is based on a measure of operating profit comprising net interest income, impairment charge, fees and commission income, other income and operating expenses.

Segment assets and liabilities comprise majority of operating assets and liabilities, measured in a manner consistent with that shown in the statement of condition, but exclude items such as taxation.

Following the loss of control of the Parent Bank over BPI CTL BPI Century Tokyo Lease and Finance Corporation (BPI CTL) effective December 23, 2020 (Note 12), the BPI Group's segment reporting was updated to exclude the contribution of BPI CTL. The details of the BPI Group's reportable segments as at and for the years ended December 31 follows:

2021				
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	36,478	27,934	8,988	73,400
Provision for credit and impairment losses	3,157	10,118	(172)	13,103
Net interest income after provision for credit and impairment losses	33,321	17,816	9,160	60,297
Fees, commissions and other income, net	15,846	2,703	7,333	25,882
Total income	49,167	20,519	16,493	86,179
Compensation and fringe benefits	13,911	2,280	1,053	17,244
Occupancy and equipment-related expenses	5,988	112	472	6,572
Other operating expenses	20,075	3,295	1,566	24,936
Total other expenses	39,974	5,687	3,091	48,752
Operating profit	9,193	14,832	13,402	37,427
Income tax expense				9,427
Net income				24,110
Share in net income of associates				1,086
Total assets	495,878	1,205,841	679,536	2,381,255
Total liabilities	1,334,077	667,821	101,686	2,103,584

2020				
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	43,564	26,112	5,909	75,585
Provision for credit and impairment losses	13,325	14,491	183	27,999
Net interest income after provision for credit and impairment losses	30,239	11,621	5,726	47,586
Fees, commissions and other income, net	12,659	2,365	13,166	28,190
Total income	42,898	13,986	18,892	75,776
Compensation and fringe benefits	14,512	2,513	1,037	18,062
Occupancy and equipment-related expenses	9,064	545	330	9,939
Other operating expenses	16,975	3,374	1,755	22,104
Total other expenses	40,551	6,432	3,122	50,105
Operating profit	2,347	7,554	15,770	25,671
Income tax expense				3,906
Net income from				
Continuing operations				21,863
Discontinued operations				(211)
Share in net income of associates				487
Total assets	478,439	1,129,281	578,047	2,185,767
Total liabilities	1,251,744	511,995	162,255	1,925,994

2019				
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	41,494	16,791	11,860	70,145
Provision for credit and impairment losses	3,489	2,068	5	5,562
Net interest income after provision for credit and impairment losses	38,005	14,723	11,855	64,583
Fees, commissions and other income, net	14,314	2,199	8,329	24,842
Total income	52,319	16,922	20,184	89,425
Compensation and fringe benefits	14,373	2,479	1,108	17,960
Occupancy and equipment-related expenses	10,147	681	314	11,142
Other operating expenses	15,057	3,066	1,721	19,844
Total other expenses	39,577	6,226	3,143	48,946
Operating profit	12,742	10,696	17,041	40,479
Income tax expense				9,355
Net income from				
Continuing operations				29,001
Discontinued operations				82
Share in net income of associates				372
Total assets	539,093	1,208,553	427,571	2,175,217
Total liabilities	1,211,212	552,549	145,398	1,909,159

Reconciliation of segment results to consolidated results of operations:

2021			
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	73,400	(3,817)	69,583
Provision for credit and impairment losses	13,103	32	13,135
Net interest income after provision for credit and impairment losses	60,297	(3,849)	56,448
Fees, commissions and other income, net	25,882	1,940	27,822
Total income	86,179	(1,909)	84,270
Compensation and fringe benefits	17,244	1,284	18,528
Occupancy and equipment-related expenses	6,572	9,438	16,010
Other operating expenses	24,936	(8,741)	16,195
Total other expenses	48,752	1,981	50,733
Operating profit	37,427	(3,890)	33,537
Income tax expense	9,427		9,427
Net income	24,110		24,110
Share in net income of associates	1,086		1,086
Total assets	2,381,255	40,660	2,421,915
Total liabilities	2,103,584	23,175	2,126,759

	2020		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	75,585	(3,321)	72,264
Provision for credit and impairment losses	27,999	1	28,000
Net interest income after provision for credit and impairment losses		(3,322)	44,264
Fees, commissions and other income, net	47,586	1,469	29,659
Total income	75,776	(1,853)	73,923
Compensation and fringe benefits	18,062	(57)	18,005
Occupancy and equipment-related expenses	9,939	4,667	14,606
Other operating expenses	22,104	(6,561)	15,543
Total other expenses	50,105	(1,951)	48,154
Operating profit	25,671	98	25,769
Income tax expense	3,906		3,906
Net income from			
Continuing operations	21,863		21,863
Discontinued operations	(211)		(211)
Share in net income of associates	487		487
Total assets	2,185,767	47,676	2,233,443
Total liabilities	1,925,994	25,492	1,951,486

	2019		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	70,145	(4,570)	65,575
Provision for credit and impairment losses	5,562	-	5,562
Net interest income after provision for credit and impairment losses		(4,570)	60,013
Fees, commissions and other income, net	64,583	1,845	26,687
Total income	89,425	(2,725)	86,700
Compensation and fringe benefits	17,960	(591)	17,369
Occupancy and equipment-related expenses	11,142	3,594	14,736
Other operating expenses	19,844	(3,605)	16,239
Total other expenses	48,946	(602)	48,344
Operating profit	40,479	(2,123)	38,356
Income tax expense	9,355		9,355
Net income from			
Continuing operations	29,001		29,001
Discontinued operations	82		82
Share in net income of associates	372		372
Total assets	2,175,217	29,813	2,205,030
Total liabilities	1,909,159	22,837	1,931,996

*Consolidation adjustments/Others” pertain to amounts of insurance operations and support units and inter-segment elimination in accordance with the BPI Group’s internal reporting.

Note 4 - Cash and Cash Equivalents

The account at December 31 consists of:

	Notes	Consolidated		Parent	
		2021	2020	2021	2020
		(In Millions of Pesos)			
Cash and other cash items		35,143	37,176	33,868	35,912
Due from Bangko Sentral ng Pilipinas (BSP)		268,827	223,989	197,435	197,974
Due from other banks		34,572	40,155	27,734	36,605
Interbank loans receivable and securities purchased under agreements to resell (SPAR)	5	26,999	28,945	26,292	25,314
Cash and cash equivalents attributable to insurance operations	2	412	321	-	-
		365,953	330,586	285,329	295,805

Note 5 - Interbank Loans Receivable and SPAR

The account at December 31 consists of transactions with:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
BSP	16,163	19,450	15,800	15,819
Other banks	14,733	10,836	14,267	10,839
	30,896	30,286	30,067	26,658
Accrued interest receivable	2	6	2	5
	30,898	30,292	30,069	26,663
Allowance for impairment	(46)	(41)	(46)	(41)
	30,852	30,251	30,023	26,622

As at December 31, 2021, Interbank loans receivable and SPAR maturing within 90 days from the date of acquisition amounting to P26,999 million (2020 - P28,945 million) for the BPI Group and P26,292 million (2020 - P25,314 million) for the Parent Bank are classified as cash equivalents in the statements of cash flows (Note 4).

Government bonds are pledged by the BSP as collateral under reverse repurchase agreements. The aggregate face value of securities pledged approximates the total balance of outstanding placements as at reporting date.

The range of average interest rates (%) of interbank loans receivable and SPAR for the years ended December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Peso-denominated	2.00 - 8.28	2.00 - 8.28	2.00 - 8.28	2.00 - 8.28
US dollar-denominated	0.02 - 0.47	0.07 - 0.30	0.02 - 0.47	0.07 - 0.30

Note 6 - Financial Assets at Fair Value through Profit or Loss (FVTPL)

The account at December 31 consists of:

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		(In Millions of Pesos)			
Debt securities					
Government securities		14,343	29,942	11,872	28,784
Commercial papers of private companies		3,250	2,410	183	365
Listed equity securities		188	70	-	-
Derivative financial assets	7	3,553	4,788	3,520	4,716
		21,334	37,210	15,575	33,865

All financial assets at FVTPL held by the BPI Group and the Parent Bank are classified as current.

Note 7 - Derivative Financial Instruments

Derivatives held by the BPI Group consist mainly of the following:

- Foreign exchange forwards represent commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. Settlement can be made via full delivery of forward proceeds or via payment of the difference (non-deliverable forward) between the contracted forward rate and the prevailing market rate at maturity.
- Foreign exchange swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future.
- Interest rate swaps refer to agreement to exchange fixed rate versus floating interest payments (or vice versa) on a reference notional amount over an agreed period.
- Cross currency swaps refer to an exchange of notional amounts on two currencies at a given exchange rate where the parties on the transaction agree to pay a stated interest rate on the received notional amount and accept a stated interest rate on the delivered notional amount, payable and receivable or net settled (non-deliverable swaps) periodically over the term of the transaction.

The BPI Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the BPI Group assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative financial instruments as at December 31 are set out below:

Consolidated

	Assets		Liabilities	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	232	851	310	1,699
Currency forwards	1,488	560	1,584	806
Interest rate swaps	1,821	3,088	1,738	3,152
Warrants	2	1	-	-
Equity option	10	10	-	-
Held for hedging				
Cross currency interest rate swap	-	278	-	-
	3,553	4,788	3,632	5,657

Parent

	Assets		Liabilities	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	232	851	310	1,699
Currency forwards	1,465	498	1,497	806
Interest rate swaps	1,821	3,088	1,738	3,152
Warrants	2	1	-	-
Held for hedging				
Cross currency interest rate swap	-	278	-	-
	3,520	4,716	3,545	5,657

The Parent Bank was granted a Type 1 Derivative License by the BSP allowing it to issue options and hedged investments, among others.

Cash flow hedge of foreign currency-denominated bond

Consistent with its established risk management framework and asset liability management strategies, the Parent Bank decided to hedge the foreign currency exposure arising from the CHF-denominated debt (hedged item) issued in 2019 (Note 16).

The Parent Bank aims to minimize or reduce the volatility in the overall portfolio brought about by the movement of CHF against the US Dollar through a hedging instrument - cross currency interest rate swap (CCIRS). Under the terms of the CCIRS, the Parent Bank agrees to receive CHF in exchange for US Dollar at settlement date which coincides with the maturity date of the hedged item. The volatility arising from movement of US Dollar against the functional currency (Philippine Peso), however, is managed in conjunction with the Parent Bank's overall foreign currency risk management. The hedge ratio of 1:1 is observed so as not to create an imbalance that would create hedge ineffectiveness.

On September 24, 2021, the Parent Bank's CCIRS hedging instrument matured resulting in a net gain of P290 million attributable to the net cash inflow from receive leg of CHF100 million or P5,493 million and pay leg of USD 102 million or P5,203 million. The hedged item matured on the same date resulting in a cash settlement of CHF100 million or P5,493 million.

Critical accounting estimate - Determination of fair value of derivatives and other financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The BPI Group considers that it is impracticable, however, to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active markets.

Note 8 - Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Debt securities				
Government securities	122,966	100,063	105,369	91,971
Commercial papers of private companies	7,869	26,092	7,869	26,006
	130,835	126,155	113,238	117,977
Accrued interest receivable	555	696	475	646
	131,390	126,851	113,713	118,623
Equity securities				
Listed	1,982	1,784	1,517	1,369
Unlisted	1,369	1,551	311	308
	3,351	3,335	1,828	1,677
	134,741	130,186	115,541	120,300

The BPI Group has designated a small portfolio of equity securities from listed and unlisted private corporations as financial assets at FVOCI. The BPI Group adopted this presentation as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Debt securities classified as financial assets at FVOCI are classified as follows

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Current (within 12 months)	34,060	42,777	26,921	41,472
Non-current (over 12 months)	97,330	84,074	86,792	77,151
	131,390	126,851	113,713	118,623

The range of average effective interest rates (%) of financial assets at FVOCI for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Peso-denominated	1.58 - 8.57	1.70 - 7.18	1.58 - 7.18	1.70 - 7.18
Foreign currency-denominated	0.01 - 4.41	0.06 - 5.73	0.01 - 4.41	0.06 - 5.73

Interest income from debt instruments recognized in the statement of income for the year ended December 31, 2021 amounts to P2,473 million (2020 - P3,398 million; 2019 - P1,937 million) and P2,306 million (2020 - P3,124 million; 2019 - P1,871 million) for the BPI Group and Parent Bank, respectively.

Dividend income from equity instruments recognized in the statement of income under other operating income for the year ended December 31, 2021 amounts to P30 million (2020 - P57 million; 2019 - P76 million) and P16 million (2020 - P48 million; 2019 - P48 million) for the BPI Group and Parent Bank, respectively.

Note 9 - Investment Securities at Amortized Cost, net

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Government securities	293,751	166,907	292,573	150,209
Commercial papers of private companies	42,039	75,411	37,809	64,522
	335,790	242,318	330,382	214,731
Accrued interest receivable	2,888	2,348	2,817	2,092
	338,678	244,666	333,199	216,823
Allowance for impairment	(6)	(13)	(6)	(13)
	338,672	244,653	333,193	216,810

The range of average effective interest rates (%) for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Peso-denominated	1.61 - 8.13	1.67 - 4.20	1.61 - 8.13	1.67 - 4.20
Foreign currency-denominated	0.13 - 4.88	2.45 - 2.61	0.16 - 4.88	2.45 - 2.61

In 2021, the BPI Group and the Parent Bank recognized a net gain on derecognition of P1,513 million (2020 - P4,647 million) and P1,166 million (2020 - P4,078 million), due mainly to its disposal of a portfolio of debt securities in response to an impending change in tax regulations and as part of disposal of the entire portfolio of investments securities at amortized cost of a significant subsidiary. Consistent with the allowed sales of investments under the hold-to-collect business model following the requirements of PFRS 9, Financial Instruments, and BSP Circular 708, the circumstances resulting in the disposals are deemed isolated and non-recurring events that are beyond the BPI Group's control and could not have been reasonably anticipated at the time that the business model has been established. In 2019, the BPI Group and the Parent Bank sold an insignificant amount of debt securities, which resulted in a gain of P128 million and P104 million, respectively.

Interest income from these investment securities recognized in the statement of income for the year ended December 31, 2021 amounts to P7,657 million (2020 - P8,398 million; 2019 - P10,318 million) and P7,347 million (2020 - P7,386 million; 2019 - P9,675 million) for the BPI Group and the Parent Bank, respectively.

Investment securities at amortized cost are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Current (within 12 months)	29,061	46,389	28,384	33,404
Non-current (over 12 months)	309,611	198,264	304,809	183,406
	338,672	244,653	333,193	216,810

As at December 31, 2021, the Parent Bank has P4,421 million (2020 - P1,755 million) outstanding securities overlying securitization structures (SOSS) measured at amortized cost. The securities are held for collection of contractual cash flows until maturity and those cash flows represent solely payments of principal and interest.

Critical accounting judgment - Classification of investment securities at amortized cost

The BPI Group classifies its financial assets at initial recognition as to whether it will be subsequently measured at FVOCI, at amortized cost, or at FVTPL. The BPI Group determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The BPI Group determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at FVTPL.

Note 10 - Loans and Advances, net

Details of this account at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Corporate loans				
Large corporate customers	1,169,551	1,112,069	1,151,417	1,092,514
Small and medium enterprise	66,594	66,869	48,678	49,699
Retail loans				
Credit cards	76,048	68,057	74,125	65,686
Real estate mortgages	153,303	140,552	10	10
Auto loans	51,182	51,045	3	-
Others	11,952	11,616	283	616
	1,528,630	1,450,208	1,274,516	1,208,525
Accrued interest receivable	7,819	8,976	5,447	6,180
Unearned discount/income	(6,158)	(5,013)	(6,047)	(4,838)
	1,530,291	1,454,171	1,273,916	1,209,867
Allowance for impairment	(53,764)	(46,758)	(40,864)	(34,796)
	1,476,527	1,407,413	1,233,052	1,175,071

As at December 31, 2021 and 2020, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 16).

Loans and advances include amounts due from related parties (Note 25).

Loans and advances are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Current (within 12 months)	520,838	520,304	488,979	489,943
Non-current (over 12 months)	1,009,453	933,867	784,937	719,924
	1,530,291	1,454,171	1,273,916	1,209,867

Finance lease operations (the BPI Group as the lessor)

In December 2020, certain receivables from finance lease arrangements of BPI Century Tokyo Lease and Finance Corporation (BPI CTL) amounting to P5,669 million were assigned to BPI and BFB. These loan accounts are subsequently grouped as part of "Corporate loans" and "Auto loans" categories for BPI and BFB, respectively. Guaranteed deposits related to the assigned receivables were not transferred to BPI and BFB and have been retained by BPI CTL.

Until December 22, 2020, the BPI Group, through BPI CTL is engaged in the leasing out of transportation equipment under various finance lease arrangements which typically run for a non-cancellable period of five years. The lease contracts generally include an option for the lessee to purchase the leased asset after the lease period at a price that approximates to about 5% to 40% of the fair value of the asset at the inception of the lease. Likewise, the lease contract requires the lessee to put up a guarantee deposit equivalent to the residual value of the leased asset at the end of lease term. In the event that the residual value of the leased asset exceeds the guaranteed deposit liability at the end of the lease term, the BPI Group receives additional payment from the lessee prior to the transfer of the leased asset.

Effective December 23, 2020, the majority ownership in BPI CTL was transferred to Tokyo Century Corporation (TCC) (Note 12). The loss of control of the Parent Bank over BPI CTL resulted in the deconsolidation of the finance lease operations in the books of the BPI Group as at December 31, 2020.

The range of average interest rates (%) of loans and advances for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Commercial loans				
Peso-denominated loans	4.33 - 4.59	4.53 - 5.20	4.30 - 4.56	4.75 - 5.25
Foreign currency-denominated loans	2.50 - 2.97	2.32 - 3.98	2.50 - 2.97	2.41 - 3.98
Real estate mortgages	5.65 - 6.20	6.50 - 8.05	-	-
Auto loans	8.86 - 9.63	8.97 - 9.87	-	-

Details of the loans and advances portfolio at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Secured loans				
Real estate mortgage	268,427	257,311	138,333	132,600
Chattel mortgage	51,878	51,821	6	8
Others	122,943	203,629	120,803	201,013
	443,248	512,761	259,142	333,621
Unsecured loans	1,079,224	932,434	1,009,327	870,066
	1,522,472	1,445,195	1,268,469	1,203,687

Other collaterals include hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

Note 11 - Bank Premises, Furniture, Fixtures and Equipment, net

The details of and movements in the account are summarized below:

Consolidated

	2021				
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	Total
(In Millions of Pesos)					
Cost					
January 1, 2021		3,013	24,305	17,038	44,356
Additions		47	2,306	1,504	3,857
Disposals		(13)	(286)	(1,601)	(1,900)
Transfers		1	(24)	(2)	(25)
Other changes	20	-	(109)	2	(107)
December 31, 2021		3,048	26,192	16,941	46,181
Accumulated depreciation					
January 1, 2020		-	11,084	14,440	25,524
Depreciation and amortization		-	2,946	1,313	4,259
Disposals		-	(187)	(924)	(1,111)
Transfers		-	-	(2)	(2)
Other changes	20	-	(16)	2	(14)
December 31, 2021		-	13,827	14,829	28,656
Net book value, December 31, 2021		3,048	12,365	2,112	17,525

	2020				
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment for lease	Total
(In Millions of Pesos)					
Cost					
January 1, 2020		3,019	21,956	17,023	48,129
Additions		-	857	1,733	3,662
Disposals		(6)	(4)	(1,684)	(2,536)
Transfers		-	2	(9)	(20)
Effect of deconsolidation	12	-	(2)	(25)	(6,375)
Other changes	20	-	1,496	-	1,496
December 31, 2020		3,013	24,305	17,038	44,356
Accumulated depreciation					
January 1, 2020		-	8,179	14,357	24,381
Depreciation and amortization		-	847	1,523	3,696
Disposals		-	(2)	(1,424)	(1,990)
Transfers		-	-	(5)	(12)
Effect of deconsolidation	12	-	(8)	(11)	(2,619)
Other changes	20	-	2,068	-	2,068
December 31, 2020		-	11,084	14,440	25,524
Net book value, December 31, 2020		3,013	13,221	2,598	18,832

Parent

	2021				
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	Total
(In Millions of Pesos)					
Cost					
January 1, 2021		2,668	20,783	15,160	38,611
Additions		46	1,978	1,296	3,320
Disposals		(13)	(278)	(1,542)	(1,833)
Transfers		2	(20)	-	(18)
Other changes	20	-	(2)	-	(2)
December 31, 2021		2,703	22,461	14,914	40,078
Accumulated depreciation					
January 1, 2021		-	9,563	12,917	22,480
Depreciation and amortization		-	2,326	1,083	3,409
Disposals		-	(181)	(873)	(1,054)
December 31, 2021		-	11,708	13,127	24,835
Net book value, December 31, 2021		2,703	10,753	1,787	15,243

	2020				
	Notes	Land	Buildings and leasehold improvements	Furniture and equipment	Total
(In Millions of Pesos)					
Cost					
January 1, 2020		2,668	18,956	15,177	36,801
Additions		-	750	1,547	2,297
Disposals		-	-	(1,564)	(1,564)
Other changes	20	-	1,077	-	1,077
December 31, 2020		2,668	20,783	15,160	38,611
Accumulated depreciation					
January 1, 2020		-	7,232	12,974	20,206
Depreciation and amortization		-	640	1,286	1,926
Disposals		-	-	(1,343)	(1,343)
Other changes	20	-	1,691	-	1,691
December 31, 2020		-	9,563	12,917	22,480
Net book value, December 31, 2020		2,668	11,220	2,243	16,131

As at December 31, 2021, the BPI Group has recognized construction-in-progress amounting to P475.1 million in relation to the redevelopment of its main office. This is recorded as part of “Buildings and leasehold improvements” category in the table above.

Other changes pertain to additions and remeasurement of right-of-use assets due to renewal of lease agreements, extension of lease terms and deferral of escalation clause on existing lease contracts. The impact of remeasurement is presented in Note 20.

Depreciation and amortization charges are included in “Occupancy and equipment-related expenses” category in the statements of income.

In 2021, the Parent Bank realized a gain of P78 million (2020 - P77 million) (Note 19) from the disposal of certain bank premises, furniture, fixtures and equipment.

Critical accounting estimate - Useful lives of bank premises, furniture, fixtures and equipment

The BPI Group determines the estimated useful lives of its bank premises, furniture, fixtures and equipment based on the period over which the assets are expected to be available for use. The BPI Group annually reviews the estimated useful lives of bank premises, furniture, fixtures and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of bank premises, furniture, fixtures and equipment.

Note 12 - Investments in Subsidiaries and Associates, net

This account at December 31 consists of investments in shares of stock as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Carrying value (net of impairment)				
Investments at equity method	7,165	7,510	-	-
Investments at cost method	-	-	15,556	11,039
	7,165	7,510	15,556	11,039

Investments in associates accounted for using the equity method in the consolidated statement of condition are as follows:

Name of entity	Place of business/ country of incorporation	Percentage of ownership interest		Acquisition cost	
		2021	2020	2021	2020
		(in %)		(In Millions of Pesos)	
Global Payments Asia-Pacific Philippines, Incorporated	Philippines	49.00	49.00	1,342	1,342
AF Payments, Inc. (AFPI)	Philippines	20.00	20.00	940	880
BPI AIA Life Assurance Corporation (formerly BPI- Philamlife Assurance Corporation)	Philippines	47.96	47.96	389	389
BPI CTL	Philippines	49.00	49.00	316	316
Beacon Property Ventures, Inc.	Philippines	20.00	20.00	72	72
CityTrust Realty Corporation	Philippines	40.00	40.00	2	2
				3,061	3,001

The movements in investments in associates accounted for using the equity method in the consolidated financial statements are summarized as follows:

	2021	2020
	(In Millions of Pesos)	
Acquisition cost		
At January 1	3,001	2,829
Additions during the year	60	60
Reclassification	-	(204)
Effect of deconsolidation	-	316
At December 31	3,061	3,001
Accumulated equity in net income		
At January 1	4,201	3,007
Share in net income for the year	1,086	487
Dividends received	(1,211)	(343)
Reclassification	-	(302)
Effect of deconsolidation	-	1,352
At December 31	4,076	4,201
Accumulated share in other comprehensive income (loss)		
At January 1	448	1,050
Share in other comprehensive income for the year	(280)	(589)
Effect of deconsolidation	-	(13)
At December 31	168	448
Allowance for impairment	(140)	(140)
	7,165	7,510

No associate is deemed individually significant for financial reporting purposes. Accordingly, the relevant unaudited financial information of associates as at and for the years ended December 31 are aggregated as follows:

	2021	2020
	(In Millions of Pesos)	
Total assets	129,058	128,719
Total liabilities	114,717	113,630
Total revenues	24,044	19,042
Total net income	2,629	1,484

The details of equity investments accounted for using the cost method in the separate financial statements of the Parent Bank follow:

	Acquisition cost		Allowance for impairment		Carrying value	
	2021	2020	2021	2020	2021	2020
	(In Millions of Pesos)					
Subsidiaries						
BPI Europe Plc.(BPI Europe)	7,181	3,160	-	-	7,180	3,160
BPI Direct BankKo, Inc., A Savings Bank (BanKo)	2,009	1,509	-	-	1,392	1,509
BPI Asset Management and Trust Corporation	1,502	1,502	-	-	1,502	1,502
Ayala Plans, Inc.	864	864	-	-	864	864
BPI Payments Holdings Inc. (BPHI)	693	633	(672)	(612)	21	21
BPI Capital Corporation	623	623	-	-	623	623
FGU Insurance Corporation	303	303	-	-	303	303
BPI Forex Corp.	195	195	-	-	195	195
BPI Family Savings Bank, Inc.	150	150	-	-	150	150
BPI Remittance Centre (HK) Ltd. (BERC HK)	132	132	-	-	132	132
First Far-East Development Corporation	91	91	-	-	91	91
FEB Stock Brokers, Inc.	25	25	-	-	25	25
BPI Computer Systems Corp.	23	23	-	-	23	23
Others	317	321	-	-	935	321
Associates	2,120	2,120	-	-	2,120	2,120
	16,228	11,651	(672)	(612)	15,556	11,039

In 2021, the Parent Bank made additional capital infusions to BPI Europe, BanKo and BPHI amounting to P4,021 million (2020 - P1,250 million), P500 million (2020 - P500 million) and P60 million (2020 - P60 million), respectively.

Likewise, the Parent Bank in 2021, recognized an impairment loss of P60 million (2020 - P313 million) on its investment in BPHI due to financial losses incurred by BPHI's associate, AFPI, as disclosed above. In computing for its recoverable amount, the Parent Bank used a discount rate of 13.08% (2020 - 11.63%) in assessing its value in use, which amounts to P21 million in 2021 (2020 - P21 million).

No non-controlling interest arising from investments in subsidiaries is deemed material to the BPI Group.

Critical accounting judgment and estimate - Impairment of investments in subsidiaries and associates

The BPI Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the BPI Group considers important which could trigger an impairment review include the following:

- significant decline in market value;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The BPI Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Management has not identified any indicators of impairment as at December 31, 2021 and 2020 in its subsidiaries apart from BPHI.

For the 2021 and 2020 reporting periods, the recoverable amount of the subsidiary was determined based on the higher between fair value less cost to sell and value-in-use (VIU) calculations which require the use of assumptions. The VIU calculations use cash flow projections based on financial budgets approved by management.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the recoverable amount of the subsidiary.

Discontinued operations

On November 18, 2020, the Board of Directors approved the transfer of the Parent Bank's majority ownership via the sale of its 2% share in BPI CTL effective December 22, 2020, to TCC, resulting in a 49% and 51% ownership structure between BPI and TCC. The consideration paid by TCC is equivalent to the price-to-book value multiple of 1.06x of BPI CTL's book value as at December 31, 2019.

Accordingly, the sale of shares resulting in a loss of control of the subsidiary was presented as discontinued operations. The financial performance and cash flow information presented below are for the period from January 1, 2020 to December 22, 2020 (2020 column), and for the year ended December 31, 2019.

	2020	2019
	(In Millions of Pesos)	
INTEREST INCOME		
On loans and advances	370	1,095
On investment securities	-	-
On deposits with BSP and other banks	1	1
	371	1,096
INTEREST EXPENSE		
On bills payable and other borrowed funds	271	726
NET INTEREST INCOME	100	370
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	418	260
NET INTEREST (EXPENSE) INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	(318)	110
OTHER INCOME		
Fees, commissions, and other operating income	949	1,867
Income (loss) from foreign exchange trading	28	(9)
	977	1,858
OTHER EXPENSES		
Compensation and fringe benefits	63	118
Occupancy and equipment-related expenses	727	1,543
Other operating expenses	115	228
	905	1,889
(LOSS) PROFIT BEFORE INCOME TAX	(246)	79
INCOME TAX EXPENSE		
Current	90	62
Deferred	(125)	(65)
	(35)	(3)
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	(211)	82

	2020	2019
	(In Millions of Pesos)	
Net cash flows from operating activities	3,791	941
Net cash flows from investing activities	3,539	3
Net cash flows from financing activities	(7,326)	(884)
Net increase in cash flows from discontinued operations	4	60

The carrying amounts of assets and liabilities of BPI CTL as at the date of sale (December 23, 2020) are as follows:

	Amount
	(In Millions of Pesos)
Due from other banks	1,769
Investment securities at amortized cost, net	12
Loans and advances, net	2,610
Bank premises, furniture, fixtures and equipment, net	3,756
Other assets, net	3,747
Total assets	11,894
Bills payable and other borrowed funds	5,472
Accrued taxes, interest and other expenses	170
Deferred credits and other liabilities	3,231
Total liabilities	8,873
Net assets	3,021

The details of the sale of the 2% ownership in CTL are as follows:

	Consolidated	Parent
	(In Millions of Pesos)	
Cash consideration received	72	72
Carrying amount of net assets sold	(62)	(13)
Gain on sale	10	59

The resulting gain is recorded as part of miscellaneous income under other operating income (Note 19).

Note 13 - Deferred Income Taxes

Details of deferred income tax assets and liabilities at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Deferred income tax assets				
Allowance for credit and impairment losses	14,222	15,067	10,579	10,675
Pension liability	1,794	2,558	1,525	2,368
Provisions	304	307	225	251
Others	(102)	155	23	144
Total deferred income tax assets	16,218	18,087	12,352	13,438
Deferred income tax liabilities				
Unrealized gain on property appraisal	(395)	(476)	(395)	(476)
Others	(4)	(86)	(4)	(124)
Total deferred income tax liabilities	(399)	(562)	(399)	(600)
Deferred income tax assets, net	15,819	17,525	11,953	12,838

Movements in net deferred income tax assets are summarized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
At January 1	17,525	9,706	12,838	6,653
Amounts recognized in statement of income	(1,099)	6,845	(375)	5,144
Amounts recognized in other comprehensive income	(607)	974	(510)	1,041
At December 31	15,819	17,525	11,953	12,838

Details of deferred income tax items recognized in the statements of income are as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
	(In Millions of Pesos)					
Allowance for impairment	(1,816)	(6,637)	(946)	(1,541)	(4,992)	(718)
Pension	(131)	(45)	18	(121)	(55)	9
NOLCO	(6)	17	83	-	-	-
Others	3,052	(180)	160	2,037	(97)	126
	1,099	(6,845)	(685)	375	(5,144)	(583)

The deferred income tax benefit recognized in the statement of income of the BPI Group as presented above includes the portion of BPI CTL for the year ended December 31, 2020 and 2019 amounting to P125 million and P65 million, respectively (Note 12).

Critical accounting judgment - Realization of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

Note 14 - Other Assets, net

The account at December 31 consists of the following:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Sundry debits	9,458	6,456	9,367	6,098
Accounts receivable	2,928	2,690	6,405	2,402
Intangible assets	1,989	2,530	1,770	2,178
Prepaid expenses	1,426	984	1,153	705
Rental deposits	762	762	647	650
Accrued trust and other fees	715	703	136	141
Creditable withholding tax	216	330	76	193
Investment properties	165	150	153	139
Miscellaneous assets	3,333	3,224	2,849	2,728
	20,992	17,829	22,556	15,234
Allowance for impairment	(1,099)	(983)	(908)	(822)
	19,893	16,846	21,648	14,412

Sundry debits are float items caused by timing differences in recording of transactions. These float items are normally cleared within seven days.

Accounts receivable includes non-loan related receivables from merchants and service providers, litigation related receivables and receivables from employees.

Intangible assets comprise computer software costs, contractual customer relationships and management contracts.

Residual value of equipment for lease pertains to refundable operating and finance lease deposits held under BPI CTL.

Miscellaneous assets include postage stamps, stationery and supplies.

The allowance for impairment pertains mainly to accounts receivable. The reconciliation of the allowance for impairment at December 31 is summarized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
At January 1	983	515	822	310
Provision for impairment losses	269	684	214	614
Transfer/reallocation	13	-	21	(29)
Write-off	(166)	(216)	(149)	(73)
At December 31	1,099	983	908	822

Other assets are expected to be realized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Current (within 12 months)	18,758	15,079	20,624	12,907
Non-current (over 12 months)	2,234	2,750	1,932	2,327
	20,992	17,829	22,556	15,234

Note 15 - Deposit Liabilities

The account at December 31 consists of:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Demand	369,079	314,853	356,398	304,140
Savings	1,137,124	1,051,069	1,012,722	925,409
Time	448,944	350,255	306,665	240,661
	1,955,147	1,716,177	1,675,785	1,470,210

Deposit liabilities include amounts due to related parties (Note 25).

Deposit liabilities are expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	2020	2019
	(In Millions of Pesos)			
Current (within 12 months)	1,087,175	731,596	957,669	646,179
Non-current (over 12 months)	867,972	984,581	718,116	824,031
	1,955,147	1,716,177	1,675,785	1,470,210

In 2019, the Parent Bank issued the first tranche of long-term negotiable certificates of deposit (LTNCD) amounting to P3 billion out of the established P50-billion LTNCD program approved by the BSP. The LTNCDs pay interest on a quarterly basis at a rate 4% per annum and carry a tenor of 5.5 years maturing on April 25, 2025. The proceeds from the LTNCD issuance are included in “Time deposits” category.

Related interest expense on deposit liabilities is presented below:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Demand	377	625	359	578
Savings	3,419	6,053	2,841	4,944
Time	6,372	12,308	2,387	7,255
	10,168	18,986	5,587	12,777

BSP reserve requirement

The Parent Bank and its bank subsidiaries should comply with a minimum reserve requirement on deposit and deposit substitute liabilities in local currency.

In 2020, the BSP approved the reduction in reserves which brought the requirement down to 12% for universal and commercial banks effective April 3, 2020 by virtue of BSP Circular 1082. For thrift banks, the BSP approved reduction in reserves which brought the requirement from 4% down to 3% effective July 31, 2020 by virtue of BSP Circular 1092. These rates continue to be consistent throughout 2021.

Reserves must be set aside in deposits with the BSP. As at December 31, 2021, the reserves (included in Due from BSP) amounted to P175,759 million (2020 - P154,696 million) for the BPI Group and P167,530 million (2020 - P147,618 million) for the Parent Bank. The BPI Group is in full compliance with the reserve requirement as at December 31, 2021 and 2020.

Note 16 - Bills Payable and Other Borrowed Funds

The account at December 31 consists of:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Bills payable				
Local banks	-	5,406	-	5,406
Foreign banks	2,906	18,190	-	16,136
Other borrowed funds	92,133	128,351	82,550	118,806
	95,039	151,947	82,550	140,348

Bills payable

Bills payable include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As of December 31, 2021, the Parent Bank no longer holds any bills payable as they all matured within the year. The average payment terms of these bills payable is 1.12 years (2020 - 0.59 years).

The range of average interest rates (%) of bills payable for the years ended December 31 follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Private firms and local banks - Peso-denominated	-	0.89 - 4.30	-	0.89 - 4.00
Foreign banks - Foreign currency-denominated	0.77 - 1.44	0.11 - 2.85	0.77 - 1.44	0.11 - 2.85

Other borrowed funds

This represents funds raised via the BPI Group’s debt issuance programs as follows:

a) Peso Bond and Commercial Paper Program

In 2018, the Parent Bank established a Peso Bond and Commercial Paper Program in the aggregate amount of up to P50,000 million, out of which a total of P25,000 million notes were issued with a coupon of 6.797% per annum, payable quarterly which matured on March 6, 2020. On November 20, 2019, BPI’s Board of Directors approved the issuance of peso-denominated bonds and commercial papers of up to P100 billion, in one or more tranches, under an updated Bank Bond Issuance Program with drawdowns as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount	
					2021	2020
Fixed rate bonds, unconditional, unsecured and unsubordinated bonds	January 24, 2020	4.24%	January 24, 2022	15,328	15,328	15,251
Fixed rate bonds, unconditional, unsecured and unsubordinated bonds	March 27, 2020	4.05%	September 27, 2021	33,896	-	33,724
BPI CArE bonds, unconditional, unsecured and unsubordinated bonds	August 7, 2020	3.05%	May 7, 2022	21,500	21,463	21,391

Likewise, on October 31, 2019, the BOD of BFB, a wholly-owned subsidiary, approved the establishment of a Peso Bond Program in the aggregate amount of P35,000 million. In line with the said program, on December 16, 2019, BFB issued P9,600 million with a coupon of 4.30% per annum, payable quarterly to mature on June 16, 2022 and with a carrying amount of P9,584 million as at December 31, 2021 (2020 - P9,545 million).

The Parent Bank’s fixed rate bonds with a coupon rate of 4.05% matured on September 27, 2021 resulting in a cash settlement of P33,896 million.

b) Medium-Term Note (MTN) Program

On June 21, 2018, the BOD of the Parent Bank approved the establishment of the MTN Program in the aggregate amount of up to US\$2,000 million with drawdowns as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount	
					2021	2020
(In Millions of Pesos)						
US\$ 600 million, 5-year senior unsecured Bonds	September 4, 2018	4.25%	September 4, 2023	32,000	30,519	28,695
US\$ 300 million, 5-year senior unsecured Green Bonds	September 10, 2019	2.50%	September 10, 2024	15,572	15,240	14,330
CHF 100 million, 2-year senior unsecured Green Bonds	September 24, 2019	-	September 24, 2021	5,250	-	5,415

The CHF-denominated bonds are designated as hedged items in a cash flow hedge initiated by the Parent Bank in 2019 (Note 7). These bonds matured on September 24, 2021, resulting in a cash settlement of CHF100 million or P5,493 million.

Interest expense for the years ended December 31 is summarized as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
			(In Millions of Pesos)			
Bills payable	77	471	2,823	59	458	2,834
Other borrowed funds	4,789	4,587	3,215	4,337	4,137	3,197
	4,866	5,058	6,038	4,396	4,595	6,031

The movements in bills payable and other borrowed funds are summarized as follows:

Note	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
At January 1	151,947	150,837	140,348	126,529
Additions	87,461	233,553	74,530	185,258
Maturities	(147,618)	(221,404)	(135,539)	(165,879)
Amortization of discount	462	(238)	424	(275)
Exchange differences	2,787	(5,329)	2,787	(5,285)
Effect of deconsolidation	12	(5,472)	-	-
At December 31	95,039	151,947	82,550	140,348

Bills payable and other borrowed funds are expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Current (within 12 months)	48,261	57,955	36,791	55,901
Non-current (over 12 months)	46,778	93,992	45,759	84,447
	95,039	151,947	82,550	140,348

Note 17 - Deferred Credits and Other Liabilities

The account at December 31 consists of the following:

Note	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Bills purchased - contra	9,989	12,802	9,989	12,801
Lease liabilities	7,326	7,811	6,248	6,559
Accounts payable	5,396	5,984	3,397	4,661
Other deferred credits	4,129	2,718	342	400
Outstanding acceptances	2,842	934	2,842	934
Due to the Treasurer of the Philippines	1,182	942	1,031	823
Withholding tax payable	632	604	519	438
Miscellaneous liabilities	11,906	14,062	9,394	10,487
	43,402	45,857	33,762	37,103

Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the BPI Group to its clients.

Accounts payable consists of unpaid balances arising from transfer tax payments, settlement fees and operating expenses.

Other deferred credits pertain to discount on purchased contract-to-sell receivables from developers. These are being amortized on a monthly basis over the life of the receivable using the effective interest rate method.

Miscellaneous liabilities include pension liability, allowance for credit losses for undrawn committed credit facilities and other employee-related payables.

The account is expected to be settled as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Current (within 12 months)	32,810	32,332	24,770	25,677
Non-current (over 12 months)	10,592	13,525	8,992	11,426
	43,402	45,857	33,762	37,103

Note 18 - Capital Funds

a) Share capital

Details of authorized share capital of the Parent Bank follow:

	2021	2020	2019
	(In Millions of Pesos, except par value per share)		
Authorized capital (at P10 par value per share)			
Common shares	50,000	49,000	49,000
Preferred A shares	600	600	600
	50,600	49,600	49,600

Details of the Parent Bank's subscribed common shares are as follows:

	2021	2020	2019
	(In absolute number of shares)		
Common shares			
At January 1	4,513,101,605	4,507,071,644	4,502,449,501
Subscription of shares during the year	26,650	6,029,961	4,622,143
At December 31	4,513,128,255	4,513,101,605	4,507,071,644
	(In absolute amounts)		
Subscription receivable	-	85,612,950	71,637,390

The BPI common shares are listed and traded in the PSE since October 12, 1971.

On February 10, 2014, additional 370,370,370 common shares were listed as a result of the stock rights offer. Likewise, on April 25, 2018, BPI completed its P50 billion stock rights offer, which paved the way for the issuance of 558,659,210 new common shares at P89.50 per share. The new shares were issued to shareholders as of record date April 6, 2018, at a ratio of 1:7.0594, or 1 new common share for every 7 shares held, or 14.2% of BPI's outstanding common shares. These new shares were listed on the Philippine Stock Exchange (PSE) on May 4, 2018.

As at December 31, 2021, 2020 and 2019, the Parent Bank has 12,084, 12,306 and 12,396 common shareholders, respectively. There are no preferred shares issued and outstanding at December 31, 2021, 2020 and 2019.

Preferred A shares shall have pre-emptive rights with respect to additional issues of Preferred A shares of the Parent Bank.

On June 8, 2021, the BSP approved the amendment to the Parent Bank's Articles of Incorporation reflecting the increase in its authorized share capital from 4.9 billion shares to 5 billion shares. The SEC approved the amendment on December 21, 2021.

b) Reserves

The account consists of:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
	(In Millions of Pesos)					
Reserve for trust business	389	199	199	-	-	-
Executive stock option plan amortization	141	183	136	126	162	119
Reserve for self-insurance	34	34	34	34	34	34
General loan loss provision	-	-	4,739	-	-	4,739
	564	416	5,108	160	196	4,892

General loan loss provision (GLLP)

In 2018, the BSP issued Circular 1011 which mandates among others, banks to set up GLLP equal to 1% of all outstanding “Stage 1” on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. Under the said Circular, if the PFRS 9 “Stage 1” loan loss provision is lower than the required GLLP, the deficiency shall be recognized as an appropriation of retained earnings or surplus. Until December 31, 2019, the BPI Group has appropriated P4,739 million (2018 - P3,867 million) representing the excess of GLLP over PFRS 9 loan loss provision out of surplus to meet the requirements of the BSP. As at December 31, 2021 and December 31, 2020, the GLLP appropriation is nil as the loan loss provision for both periods are higher than the required GLLP.

Reserve for trust business

In compliance with existing BSP regulations, 10% of BPI AMTC’s income from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business reaches 20% of the authorized capital of BPI AMTC.

Reserve for self-insurance

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of personnel and third parties.

Share-based compensation plan

The BOD of the Parent Bank approved to grant the Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP) to qualified beneficiaries/participants up to the following number of shares for future distribution:

Date	Approved ESOP shares	Approved ESPP shares
December 11, 2019	4,035,000	9,100,000
December 12, 2018	4,168,000	11,500,000
December 6, 2017	3,560,000	7,500,000
January 25, 2017	3,560,000	4,500,000

The ESOP has a three-year vesting period from grant date while the ESPP has a five-year payment period.

The exercise price for ESOP is equal to the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The weighted average fair value of options granted determined using the Black-Scholes valuation model was P19.04 and P6.50 for the options granted in December 2019 and 2018, respectively.

Movements in the number of share options under the ESOP are summarized as follows:

	2021	2020	2019
At January 1	15,921,667	13,965,001	11,773,334
Granted	-	3,950,000	4,000,000
Exercised	(1,650,000)	(141,667)	(1,116,666)
Cancelled	(1,366,667)	(1,851,667)	(691,667)
At December 31	12,905,000	15,921,667	13,965,001
Exercisable	9,095,002	8,526,667	6,733,334

The impact of ESOP is not considered material to the financial statements; thus, the disclosures were limited only to the information mentioned above.

The subscription price for ESPP is equivalent to 15% below the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The subscription dates for the last three-year ESPP were on February 4, 2020, January 7, 2019 and January 8, 2018.

c) Accumulated other comprehensive loss

Details of and movements in the account are as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
(In Millions of Pesos)						
Fair value reserve on financial assets at FVOCI						
At January 1	559	(84)	(33)	932	(61)	69
From continuing operations						
Unrealized fair value loss before tax	(2,864)	(69)	(424)	(2,779)	889	(94)
Amount recycled to profit or loss	47	494	387	148	479	(32)
Deferred income tax effect	(772)	218	(14)	(628)	(375)	(4)
At December 31	(3,030)	559	(84)	(2,327)	932	(61)
Share in other comprehensive income (loss) of insurance subsidiaries						
At January 1	219	118	(36)	-	-	-
Share in other comprehensive income (loss) for the year, before tax	(184)	131	389	-	-	-
Effect of PFRS9 adoption	-	-	(229)	-	-	-
Deferred income tax effect	36	(30)	(6)	-	-	-
At December 31	71	219	118	-	-	-
Share in other comprehensive income (loss) of associates						
At January 1	446	1,048	(206)	-	-	-
Share in other comprehensive (loss) income for the year	(280)	(602)	1,254	-	-	-
At December 31	166	446	1,048	-	-	-
Translation adjustment on foreign operations						
At January 1	(1,144)	(906)	(704)	(291)	(124)	-
Translation differences and others	627	(238)	(202)	291	(167)	(124)
At December 31	(517)	(1,144)	(906)	-	(291)	(124)
Remeasurements of defined benefit obligation, net						
At January 1	(5,979)	(2,615)	(1,197)	(4,929)	(2,131)	(990)
From continuing operations						
Actuarial gains (losses) for the year	1,372	(4,729)	(1,829)	1,039	(4,214)	(1,508)
Deferred income tax effect	(753)	1,368	427	(608)	1,416	367
From discontinued operations						
Actuarial losses for the year	-	(7)	(22)	-	-	-
Deferred income tax effect	-	4	6	-	-	-
At December 31	(5,360)	(5,979)	(2,615)	(4,498)	(4,929)	(2,131)
	(8,670)	(5,899)	(2,439)	(6,825)	(4,288)	(2,316)

d) Dividend declarations

Cash dividends declared by the BOD of the Parent Bank are as follows:

Date declared	Amount of dividends	
	Per share	Total
(In Millions of Pesos)		
<i>For the year ended December 31, 2021</i>		
May 19, 2021	0.90	4,062
November 17, 2021	0.90	4,062
		8,124
<i>For the year ended December 31, 2020</i>		
May 20, 2020	0.90	4,062
October 21, 2020	0.90	4,062
		8,124
<i>For the year ended December 31, 2019</i>		
May 15, 2019	0.90	4,056
November 20, 2019	0.90	4,057
		8,113

On September 30, 2021, the BOD of BPI/MS Insurance Corporation, a subsidiary of the Parent Bank, approved the cash dividend declaration of P376 million to be paid on or before November 30, 2021, of which P184 million is attributable to the non-controlling interest.

e) *Earnings per share (EPS)*

EPS is calculated as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
	(In Millions of Pesos, except earnings per share amounts)					
a) Net income attributable to equity holders of the Parent Bank from:						
Continuing operations	23,880	21,620	28,761	22,783	24,611	26,218
Discontinued operations	-	(211)	42	-	-	-
b) Weighted average number of common shares outstanding during the year	4,513	4,513	4,507	4,513	4,513	4,507
c) Basic EPS (a/b) based on net income from:						
Continuing operations	5.29	4.79	6.38	5.05	5.45	5.82
Discontinued operations	-	(0.05)	0.01	-	-	-

The basic and diluted EPS are the same for the years presented as the impact of stock options outstanding is not significant to the calculation of weighted average number of common shares.

Note 19 - Other Operating Income

Details of other operating income are as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
	(In Millions of Pesos)					
Trust and asset management fees	3,913	3,495	2,868	6	5	4
Credit card income	3,542	3,091	3,523	3,449	3,013	3,423
Gain on sale of assets	477	372	1,284	129	124	898
Rental income	236	208	226	285	260	267
Dividend income	30	57	76	6,939	7,792	3,794
Miscellaneous income	2,572	1,919	2,298	2,218	2,265	2,101
	10,770	9,142	10,275	13,026	13,459	10,487

Dividend income recognized by the Parent Bank substantially pertains to dividend distributions of subsidiaries.

Miscellaneous income includes recoveries on charged-off assets, fees arising from service arrangements with customers and related parties and share in net income (loss) of associates.

Note 20 - Leases

The BPI Group (as lessee) has various lease agreements which mainly pertain to branch premises and equipment. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes. The balances arising from the lease contracts are presented below:

Right-of-use assets and lease liabilities (PFRS 16)

Details of right-of-use assets and lease liabilities as at December 31 are as follows:

	Notes	Consolidated		Parent	
		2021	2020	2021	2020
		(In Millions of Pesos)			
<i>Right-of-use assets</i>					
Buildings and leasehold improvements	11	6,631	7,222	5,712	6,114
<i>Lease liabilities (included in "Deferred credits and other liabilities")</i>	17				
Current		2,486	1,772	2,188	1,448
Non-current		4,840	6,039	4,060	5,111
		7,326	7,811	6,248	6,559

Additions to the right-of-use assets (Note 11) in 2021 aggregated P1,622 million (2020 - P1,484 million) and P1,351 million (2020 - P1,074 million) for BPI Group and BPI Parent, respectively. Total cash outflow for leases in 2021 amounted to P2,211 million (2020 - P1,814 million) and P1,724 million (2020 - P1,387 million) for BPI Group and BPI Parent, respectively.

Amounts recognized in the statement of income relating to leases:

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		(In Millions of Pesos)			
<i>Depreciation expense</i>					
Buildings and leasehold improvements	11	2,029	2,068	1,663	1,691
Interest expense (included in "Occupancy and equipment-related expenses")		313	357	246	279
Expense relating to short-term leases (included in "Occupancy and equipment-related expenses")		141	125	141	117
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "Occupancy and equipment-related expenses")		144	108	101	57
		2,627	2,658	2,151	2,144

The BPI Group has received COVID-19 related rent discount and deferral of the escalation of lease payments and has applied the practical expedients allowed under PFRS 16, *Leases*, introduced in May 2020 in accounting for the rent concessions. Consequently, the BPI Group recognized the following amounts for the years ended December 31:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Rent concession (included in "Miscellaneous income")	70	149	69	141
Rent escalation deferral				
Increase (decrease) in right-of-use assets	45	(222)	45	(205)
Increase (decrease) in lease liabilities	45	(144)	45	(101)

Critical accounting judgment - Determining the lease term

In determining the lease term, the BPI Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Critical accounting judgment - Determining the incremental borrowing rate

To determine the incremental borrowing rate, each entity within the BPI Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which do not have recent third-party financing; and
- makes adjustments specific to the lease (e.g. term, currency and security).

The BPI Group's weighted average incremental borrowing rates applied to the lease liabilities ranged from 3.94% to 7.19% (2020 - 4.30% to 4.84%). The rates were determined in reference to the borrowing rates arising from the most recent debt issuances of the Parent Bank.

Note 21 - Operating Expenses*a) Compensation and fringe benefits*

Details of the account for the years ended December 31:

	Note	Consolidated			Parent	
		2021	2020	2019	2020	2019
		(In Millions of Pesos)				
Salaries and wages		15,050	14,896	14,517	11,411	11,231
Retirement expense	23	1,443	1,068	771	872	536
Other employee benefit expenses		2,035	2,041	2,081	1,587	1,712
		18,528	18,005	17,369	13,870	13,479

Other employee benefit expenses pertain to employee incentives like HMO coverage and SSS premiums.

b) Other operating expenses

Details of the account for the years ended December 31:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
			(In Millions of Pesos)			
Insurance	4,188	4,289	4,142	3,090	3,065	2,861
Taxes and licenses	1,285	1,263	927	996	957	657
Travel and communication	1,123	1,132	1,199	950	961	974
Advertising	970	804	1,492	920	754	1,316
Supervision and examination fees	843	733	653	593	570	506
Litigation expenses	373	430	549	101	249	308
Office supplies	343	390	477	254	309	389
Management and other professional fees	337	301	501	254	248	388
Amortization expense	135	339	311	-	-	30
Shared expenses	-	-	-	53	39	39
Others	6,598	5,862	5,988	5,009	4,636	4,590
	16,195	15,543	16,239	12,220	11,788	12,058

Insurance expense comprise mainly of premium payments made to Philippine Deposit Insurance Corporation and other product-related insurance costs.

Other expenses mainly include fees and incentives paid to agents, outsourcing fees, freight charges and other business expense such as those incurred in staff meetings, donations, periodicals and magazines.

Note 22 - Income Taxes

The reconciliation between the income tax expense at the statutory tax rate and the effective income tax for the years ended December 31 is shown below:

	Consolidated					
	2021		2020		2019	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	8,384	25.00	7,667	30.00	11,506	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	39	0.12	(229)	(0.90)	(1,553)	(4.05)
Tax-exempt income	(1,780)	(5.31)	(5,320)	(20.82)	(2,925)	(7.63)
Others, net	2,784	8.30	1,788	6.88	2,327	6.07
Effective income tax	9,427	28.11	3,906	15.16	9,355	24.39

	Parent					
	2021		2020		2019	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
			(In Millions of Pesos)			
Statutory income tax	7,465	25.00	8,621	30.00	10,327	30.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	91	0.30	(258)	(0.90)	(1,445)	(4.20)
Tax-exempt income	(933)	(3.12)	(3,823)	(13.30)	(1,637)	(4.76)
Others, net	453	1.52	(412)	(1.43)	960	2.79
Effective income tax	7,076	23.70	4,128	14.37	8,205	23.83

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill which provides for lower corporate income tax rates and rationalizes fiscal incentives had been signed into law by the President of the Philippines in 2021 but with an effective date of July 1, 2020. As a result of the CREATE law, the BPI Group recognized an adjustment in 2021 pertaining to the December 31, 2020 balances which resulted in a decrease of P819 million in current income tax expense and an increase of P2,718 million in deferred income tax expense using the weighted average effective annual income tax rate of 27.5%. The Parent Bank likewise recognized a decrease of P724 million in current income tax expense and an increase of P1,976 million in deferred income tax expense, respectively.

Note 23 - Retirement Plans

The BPI Group maintains both defined benefit and defined contribution retirement plans. Assets of both retirement plans are held in trust and governed by local regulations and practices in the Philippines. The key terms of these pension plans are discussed below.

a) Defined benefit retirement plan

BPI Group (excluding insurance operations)

BPI has a unified plan which covers all subsidiaries except insurance entities. Under this plan, the normal retirement age is 60 years. Those who elect to retire prior to the normal retirement age will require company approval, subject to meeting the eligibility conditions on age and years of credited services. Normal retirement benefit consists of a lump sum benefit equivalent to 200% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered at least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service. For voluntary retirement, the benefit is equivalent to 112.50% of the employee's basic monthly salary for a minimum of 10 years of service with the rate factor progressing to a maximum of 200% of basic monthly salary for service years of 25 or more. Death or disability benefit, on the other hand, shall be the highest amount among the (1) same basis as in voluntary retirement; (2) 100% of basic monthly salary of the employee at the time of his retirement for each year of service; and (3) minimum amount required by Labor Code.

The net defined benefit cost and contributions to be paid by the entities within the BPI Group are determined by an independent actuary.

Non-life insurance subsidiary

BPI/MS Insurance Corporation has a separate trustee defined benefit plan. Under the plan, the normal retirement age is 60 years. Normal retirement benefit consists of a lump sum benefit equivalent to 175% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered as least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service.

Death or disability benefit for all employees of the non-life insurance subsidiary shall be determined on the same basis as in normal or voluntary retirement as the case may be.

Following are the amounts recognized based on recent actuarial valuation exercise:

(a) Pension liability as at December 31 recognized in the statement of condition:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Present value of defined benefit obligation	15,580	16,532	13,361	14,008
Fair value of plan assets	(9,999)	(9,189)	(8,504)	(7,762)
Pension liability recognized in the statement of condition	5,581	7,343	4,857	6,246
Effect of asset ceiling	23	16	-	-
	5,604	7,359	4,857	6,246

Pension liability is shown as part of "Miscellaneous liabilities" within Deferred credits and other liabilities (Note 17).

The movements in plan assets are summarized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
At January 1	9,189	12,172	7,762	10,130
Contributions	1,386	915	1,194	770
Interest income	356	666	299	556
Benefit payments	(909)	(2,077)	(733)	(1,633)
Remeasurement - return on plan assets	(23)	(2,468)	(18)	(2,061)
Effect of deconsolidation	-	(19)	-	-
At December 31	9,999	9,189	8,504	7,762

The carrying values of the plan assets represent their fair value as at December 31, 2021 and 2020.

The plan assets are comprised of the following:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Debt securities	6,228	4,343	5,297	3,668
Equity securities	2,692	3,807	2,289	3,216
Others	1,079	1,039	918	878
	9,999	9,189	8,504	7,762

The plan assets of the unified retirement plan include investment in BPI's common shares with aggregate fair value of P485 million at December 31, 2021 (2020 - P390 million). An officer of the Parent Bank exercises the voting rights over the plan's investment in BPI's common shares.

Others include cash and cash equivalents and other receivables.

The movements in the present value of defined benefit obligation are summarized as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
At January 1	16,532	14,892	14,008	12,545
Interest cost	654	830	555	698
Current service cost	853	756	703	628
Remeasurement - changes in financial assumptions	(1,313)	2,265	(1,094)	1,832
Remeasurement - experience adjustment	(18)	(80)	97	(62)
Remeasurement - changes in demographic assumption	(219)	-	(175)	-
Benefit payments	(909)	(2,077)	(733)	(1,633)
Effect of deconsolidation	-	(54)	-	-
At December 31	15,580	16,532	13,361	14,008

The BPI Group has no other transactions with the plan other than the regular funding contributions presented above for the years ended December 31, 2021 and 2020.

(b) Expense recognized in the statement of income for the year ended December 31 are as follows:

	Consolidated			Parent		
	2021	2020	2019	2021	2020	2019
	(In Millions of Pesos)					
Current service cost	853	754	545	703	628	456
Net interest cost	298	164	86	256	142	80
	1,151	918	631	959	770	536

The current service cost and net interest cost of the BPI Group as presented above include the portion of BPI CTL for the year ended December 31, 2019 amounting to P2.4 million.

The principal assumptions used for the actuarial valuations of the unified plan are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Discount rate	4.93%	3.96%	4.93%	3.96%
Future salary increases	5.00%	5.00%	5.00%	5.00%

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The defined benefit plan typically exposes the BPI Group to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the defined benefit obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the BPI Group. However, the BPI Group believes that due to the long-term nature of the pension liability and the strength of the BPI Group itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the BPI Group's long-term strategy to manage the plan efficiently.

The BPI Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The BPI Group's main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The BPI Group contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary engaged by management. The expected contributions for the year ending December 31, 2022 for the BPI Group and the Parent Bank amount to P1,312 million and P1,111 million, respectively (2020 - P1,562 million and P1,301 million, respectively). The weighted average duration of the defined benefit obligation under the BPI unified retirement plan as at December 31, 2021 is 8.12 years (2020 - 9.56 years).

The projected maturity analysis of retirement benefit payments as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Up to one year	1,535	1,225	1,346	1,081
More than 1 year to 5 years	5,671	4,715	4,997	4,302
More than 5 years to 10 years	9,397	8,604	8,018	7,388
More than 10 years to 15 years	8,430	9,781	7,111	8,127
More than 15 years to 20 years	4,839	5,243	3,905	4,327
Over 20 years	13,553	18,369	10,428	12,669

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2021

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 7.60%	Increase by 8.70%
Salary growth rate	1.00%	Increase by 8.60%	Decrease by 7.60%

2020

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.40%	Increase by 6.00%
Salary growth rate	1.0%	Increase by 10.10%	Decrease by 8.80%

Parent

2021

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 7.40%	Increase by 8.50%
Salary growth rate	1.00%	Increase by 8.40%	Decrease by 7.50%

2020

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 4.40%	Increase by 4.70%
Salary growth rate	1.0%	Increase by 9.60%	Decrease by 8.50%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statement of condition.

b) Defined contribution retirement plan subject to the requirements of Republic Act (RA) No. 7641

All non-unionized employees hired on or after the January 1, 2016 are automatically under the new defined contribution plan. Employees hired prior to the effective date shall have the option to elect to become members of the new defined contribution plan.

Under the normal or late retirement, employees are entitled to a benefit equal to the total of the following amounts:

- The higher between (a) cumulative fund balance equivalent to 8% of the basic monthly salary and (b) the minimum legal retirement benefit under the Labor Code; and
- Employee contributions fund

The defined contribution retirement plan has a defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, the liability for the defined benefit minimum guarantee is actuarially calculated similar to the defined benefit plan.

The funding status of the defined contribution plan as at December 31 is shown below:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Fair value of plan assets	1,981	1,478	1,474	1,102
Present value of defined benefit obligation	(760)	(1,069)	(563)	(692)
	1,221	409	911	410
Effect of asset ceiling	1,221	428	911	410
	-	(19)	-	-

The movements in the present value of the defined benefit obligation follow:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
At January 1	1,069	811	692	604
Interest cost	42	45	27	34
Current service cost	196	154	112	105
Benefit payments	(71)	(93)	(49)	(73)
Remeasurement - changes in financial assumptions	(155)	303	(112)	189
Remeasurement - experience adjustment	(65)	(146)	79	(167)
Remeasurement - changes in demographic assumptions	(256)	-	(186)	-
Effect of deconsolidation	-	(5)	-	-
At December 31	760	1,069	563	692

The movements in the fair value of plan assets follow:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
At January 1	1,478	1,748	1,102	1,325
Contribution paid by employer	320	318	220	218
Interest income	62	101	46	77
Benefit payments	(71)	(93)	(49)	(73)
Remeasurement - return on plan assets	192	(585)	155	(445)
Effect of deconsolidation	-	(11)	-	-
At December 31	1,981	1,478	1,474	1,102

Total retirement expense for the year ended December 31, 2021 under the defined contribution plan for the BPI Group and Parent Bank amounts to P193 million (2020 - P150 million) and P110 million (2020 - P102 million), respectively.

The components of plan assets of the defined contribution as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Debt securities	1,139	720	847	537
Equity securities	839	695	624	518
Others	3	63	3	47
	1,981	1,478	1,474	1,102

The weighted average duration of the defined contribution retirement plan for the BPI Group and Parent Bank is 18.88 years (2020 - 20.46 years).

Critical accounting estimate - Calculation of defined benefit obligation

The BPI Group estimates its pension benefit obligation and expense for defined benefit pension plans based on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and future salary increases. The BPI Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. The present value of the defined benefit obligations of the BPI Group at December 31, 2021 and 2020 are determined using the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested in either equity securities, debt securities or other forms of investments. Equity markets may experience volatility, which could affect the value of pension plan assets. This volatility may make it difficult to estimate the long-term rate of return on plan assets. Actual results that differ from the BPI Group's assumptions are reflected as remeasurements in other comprehensive income. The BPI Group's assumptions are based on actual historical experience and external data regarding compensation and discount rate trends.

Note 24 - Asset Management Business

At December 31, 2021, the net asset value of trust and fund assets managed by the BPI Group through BPI AMTC amounts to P882 billion (2020 - P854 billion).

As required by the General Banking Act, BPI AMTC has deposited government securities with the BSP valued at P503 million (2020 - P426 million).

Note 25 - Related Party Transactions

In the normal course of business, the Parent Bank transacts with related parties consisting of its subsidiaries and associates. Likewise, the BPI Group has transactions with Ayala Corporation (AC) and subsidiaries (Ayala Group), on an arm's length basis. AC is a significant stockholder of BPI as at reporting date.

The Parent Bank has a Board-level Related Party Transactions Committee that vets and endorses all significant related party transactions, including those involving directors, officers, stockholders and their related interests (DOSRI), for which the latter shall require final Board approval. The Committee consists of three directors, majority of whom are independent directors including the Chairman, and two non-voting members from management, namely, the Chief Audit Executive and the Chief Compliance Officer.

Transactions with related parties have terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market.

A summary of significant related party transactions and outstanding balances as at and for the years ended December 31 is shown below (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Consolidated

2021			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	(189)	-	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 9.63% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(449)	60	
Ayala Group	(11,314)	65,195	
Other related parties	(23,614)	546	
	(35,566)	65,801	
Deposits from:			
Subsidiaries	3,441	11,383	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.24% Time - 1.73% to 2.00% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(4)	1,273	
Ayala Group	(7,349)	11,401	
Key management personnel	200	984	
	(3,712)	25,041	
2020			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	131	189	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.32% to 9.87% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	159	509	
Ayala Group	16,624	76,509	
Other related parties	23,424	24,160	
	40,338	101,367	
Deposits from:			
Subsidiaries	(1,804)	7,942	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.13% to 0.26% Savings - 0.25% to 0.61% Time - 1.91% to 3.65% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(626)	1,277	
Ayala Group	5,463	18,750	
Key management personnel	(454)	783	
	2,579	28,752	

2019			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	5	58	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 4.18% to 10.69% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(38)	350	
Ayala Group	27,306	59,885	
Other related parties	275	736	
	27,548	61,029	
Deposits from:			
Subsidiaries	1,024	9,746	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.22% to 0.27% Savings - 0.59% to 0.62% Time - 3.61% to 5.15% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	1,486	1,903	
Ayala Group	(3,517)	13,287	
Key management personnel	694	1,238	
	(313)	26,174	

Parent

2021			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	-	-	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 4.56% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(449)	60	
Ayala Group	(5,928)	65,195	
Other related parties	(7,025)	544	
	(13,402)	65,799	
Deposits from:			
Subsidiaries	3,399	11,331	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.22% Time - 0.79% to 1.04% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	17	1,271	
Ayala Group	(6,721)	10,129	
Key management personnel	219	947	
	(3,086)	23,678	

2020			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	(58)	-	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.41% to 5.25% (including those pertaining to foreign currency-denominated loans). These are collectible at gross amount in cash and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	159	509	
Ayala Group	11,237	71,123	
Other related parties	6,833	7,569	
	18,171	79,201	
Deposits from:			
Subsidiaries	(1,782)	7,933	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.12% to 0.25% Savings - 0.24% to 0.56% Time - 0.99% to 3.44% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(632)	1,254	
Ayala Group	3,930	16,851	
Key management personnel	(378)	727	
	1,138	26,765	
2019			
	Transactions for the year	Outstanding balances	Terms and conditions
(In Millions of Pesos)			
Loans and advances from:			
Subsidiaries	5	58	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 0.10% to 5.88% (including those pertaining to foreign currency-denominated loans). These are collectible at gross amount in cash and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(38)	350	
Ayala Group	27,306	59,885	
Other related parties	275	736	
	27,548	61,029	
Deposits from:			
Subsidiaries	1,083	9,715	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.21% to 0.26% Savings - 0.55% to 0.58% Time - 3.27% to 5.41% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	1,473	1,887	
Ayala Group	(2,053)	12,921	
Key management personnel	642	1,105	
	1,145	25,628	

The aggregate amounts included in the determination of income before income tax (prior to elimination) that resulted from transactions with each class of related parties are as follows:

Consolidated

	2021	2020	2019
(In Millions of Pesos)			
Interest income			
Subsidiaries	5	21	99
Associates	11	19	21
Ayala Group	2,782	3,283	2,867
Other related parties	21	910	44
	2,819	4,233	3,031
Other income			
Subsidiaries	1,671	1,896	2,260
Associates	245	1,246	1,511
Ayala Group	2,470	656	580
	4,386	3,798	4,351
Interest expense			
Subsidiaries	5	21	99
Associates	1	3	3
Ayala Group	18	39	128
Key management personnel	2	5	9
	26	68	239
Other expenses			
Subsidiaries	1,534	1,766	2,148
Associates	-	-	22
Ayala Group	1,112	114	435
	2,646	1,880	2,605
Retirement benefits			
Key management personnel	46	56	51
Salaries, allowances and other short-term benefits			
Key management personnel	829	966	871
Directors' remuneration	119	126	121

Parent

	2021	2020	2019
	(In Millions of Pesos)		
Interest income			
Subsidiaries	-	-	-
Associates	11	19	21
Ayala Group	2,782	3,283	2,867
Other related parties	21	390	44
	2,814	3,692	2,932
Other income			
Subsidiaries	1,630	2,019	2,157
Associates	312	1,139	1,272
Ayala Group	1,645	287	372
	3,587	3,445	3,801
Interest expense			
Subsidiaries	5	21	99
Associates	1	3	3
Ayala Group	13	29	123
Key management personnel	1	4	5
	20	57	230
Other expenses			
Subsidiaries	10	9	28
Ayala Group	867	103	435
	877	112	463
Retirement benefits			
Key management personnel	41	52	44
Salaries, allowances and other short-term benefits			
Key management personnel	746	890	751
Directors' remuneration	86	98	92

Other income mainly consists of revenue from service arrangements with related parties in which the related outstanding balance is included under accounts receivable. Other expenses pertain to shared costs with related parties and the related outstanding balance is recognized as accounts payable.

Details of DOSRI loans are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Outstanding DOSRI loans	15,230	15,675	15,229	15,673

As at December 31, 2021, allowance for credit losses amounting to P280 million (2020 - P674 million) have been recognized against receivables from related parties.

Note 26 - Financial Risk Management

The BOD carries out its risk management function through the Risk Management Committee (RMC). The RMC is tasked with nurturing a culture of risk management across the enterprise. The RMC sets the risk appetite; proposes and approves risk management policies, frameworks, and guidelines; and regularly reviews risk management structures, metrics, limits, and issues across the BPI Group, in order to meet and comply with regulatory and international standards on risk measurement and management.

At the management level, the Risk Management Office (RMO) is headed by the Chief Risk Officer (CRO). The CRO is ultimately responsible in leading the formulation of risk management policies and methodologies in alignment with the overall business strategy of BPI, ensuring that risks are prudently and rationally undertaken and within its risk appetite, as well as commensurate and disciplined to maximize returns on shareholders' capital. Risk management is carried out by a dedicated team of skilled risk managers and senior officers who have extensive prior operational experience. BPI's risk managers regularly monitor key risk indicators and report exposures against carefully established financial and business risk metrics and limits approved by the RMC. Finally, independent reviews are regularly conducted by the Internal Audit group and regulatory examiners to ensure that risk controls and mitigants are in place and functioning effectively as intended.

The possibility of incurring losses is, however, compensated by the possibility of earning more than expected income. Risk-taking is, therefore, not entirely negative to be avoided. Risk-taking actions present opportunities if risks are fully identified and accounted, deliberately taken, and are kept within prudent and rationalized limits.

The most important financial risks that the BPI Group manages are credit risk, liquidity risk and market risk.

26.1 Credit risk

The BPI Group takes on exposure to credit risk, which is the risk that may arise if a borrower or counterparty fails to meet its obligations in accordance with agreed terms. Credit risk is the single largest risk for the BPI Group's business; management therefore carefully manages its exposure to credit risk as governed by relevant regulatory requirements and international benchmarks.

The most evident source of credit risk is loans and advances; however, other sources of credit risk exist throughout the activities of the BPI Group, including in credit-related activities recorded in the banking books, investment securities in the trading books and off-balance sheet transactions.

26.1.1 Credit risk management

The Credit Policy and Risk Management (CPRM) division is responsible for the overall management of the BPI Group's credit risk. CPRM supports the senior management in coordination with various business lending and operations units in identifying, measuring and managing credit risk.

The BPI Group employs a range of policies and practices to mitigate credit risk. The BPI Group monitors its portfolio based on different segmentation to reflect the acceptable level of diversification and concentration. Concentration risk in credit portfolios is inherent in banking and cannot be totally eliminated. However, said risk may be reduced by adopting proper risk controls and diversification strategies to prevent undue risk concentrations from excessive exposures to particular counterparties, industries, countries or regions.

The BPI Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a regular basis and subjected to annual or more frequent review, when deemed necessary. Limits on large exposures and credit concentration are approved by the BOD through the RMC.

The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored regularly. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the PD of an obligor or counterparty, the loss severity given a default event and the EAD.

A rigorous control framework is applied in the determination of expected credit loss (ECL) models. The BPI Group has policies and procedures that govern the calculation of ECL. All ECL models are regularly reviewed by the Risk Management Office to ensure that necessary controls are in place and the models are applied accordingly.

The review and validation of ECL models are performed by groups that are independent of the team that prepares the calculations, e.g., Risk Models Validation Department and Internal Auditors. Expert judgments on measurement methodologies and assumptions are reviewed by a group of internal experts from various functions.

Credit loss estimates are based on estimates of the PD and loss severity given a default. The PD is the likelihood that a borrower will default on its obligation; the LGD is the estimated loss on the loan that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly.

The BPI Group's forward-looking, point-in-time PD models are driven by internal forecasts of macroeconomic variables (MEVs) over the next five years. These models were previously recalibrated annually, but in view of the COVID-19 pandemic, more frequent review and update of these models were conducted starting April 2020 as MEV forecasts were revised quarterly in response to changing macroeconomic conditions. Furthermore, the pandemic was expected to significantly increase foreclosures and dampen demand for auto and real estate collaterals and thus decrease market prices, so appropriate haircuts were applied on estimated recoveries from collaterals.

Settlement risk arises in any situation where a payment in cash, securities, foreign exchange currencies, or equities is made in the expectation of a corresponding receipt in cash, securities, foreign exchange currencies, or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the BPI Group’s market transactions on any single day. For certain securities, the introduction of the delivery versus payment facility in the local market has brought down settlement risk significantly.

The BPI Group employs specific control and risk mitigation measures, some of which are outlined below:

(a) Collateral or guarantees

One of the most traditional and common practice in mitigating credit risk is requiring security particularly for loans and advances. The BPI Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The BPI Group assesses the valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The common collateral types for loans and advances are:

- Mortgages over physical properties (e.g., real estate and personal);
- Mortgages over financial assets (e.g., guarantees); and
- Margin agreement for derivatives, for which the BPI Group has also entered into master netting agreements.

In order to minimize credit loss, the BPI Group seeks additional collateral from the counterparty when impairment indicators are observed for the relevant individual loans and advances.

The BPI Group’s policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collaterals held by the BPI Group since the prior period.

(b) Market Limits

The BPI Group maintains market limits on net open derivative positions (i.e., the difference between purchase and sale contracts). Credit risk is limited to the net current fair value of instruments, which in relation to derivatives is only a portion of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments (except where the BPI Group requires margin deposits from counterparties).

(c) Master netting arrangements

The BPI Group further restricts its exposure to credit losses by entering into master netting arrangements with certain counterparties with which it undertakes significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The BPI Group’s overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(d) Credit-related commitments

Documentary and commercial letters of credit - which are written undertakings by the BPI Group on behalf of a customer authorizing a third party to draw drafts on the BPI Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods and therefore carry less risk than a direct loan.

26.1.2 Credit risk rating

The BPI Group uses internal credit risk gradings that reflect its assessment of the PD of individual counterparties. The BPI Group uses its internal credit risk rating system, credit models or external ratings from reputable credit rating agencies. Specific data about the borrower and loan are collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) and are fed into the internal credit scoring models. In addition, the internal models allow expert judgment from the Credit Risk Rating Committee and consideration of other data inputs not captured into the model in the determination of the final internal credit score for each borrower.

The BPI Group has adopted a credit classification system that aims to identify deteriorating exposures on a timely basis. Exposures are classified into each of the following categories:

- *Standard monitoring* - This category includes accounts which do not have a greater-than-normal risk and do not possess the characteristics of special monitoring and defaulted loans. The counterparty has the ability to satisfy the obligation in full and therefore minimal loss, if any, is anticipated.
- *Special monitoring* - This category includes accounts which need closer and frequent monitoring to prevent any further credit deterioration. The counterparty is assessed to be vulnerable to highly vulnerable and its capacity to meet its financial obligations is dependent upon favorable business, financial, and economic conditions.
- *Default* - This category includes accounts which exhibit probable to severe weaknesses wherein probability of non-repayment of loan obligation is ranging from high to extremely high.

i. Corporate (including cross-border loans) and Small and Medium-sized Enterprise (SME) loans

The BPI Group’s internal credit risk rating system comprises a 22-scale rating with eighteen (18) ‘pass’ rating levels for large corporate accounts and 14-scale rating system with ten (10) ‘pass’ rating grades for SME accounts. For cross-border loans, the BPI Group also uses the available external credit ratings issued by reputable rating agencies. The level of risk and associated PD are determined using either the internal credit risk ratings or external credit ratings, as applicable, for corporate loans.

The BPI Group uses the following set of classifications:

Classifications	Internal Credit Risk Rating System (ICRRS)		External Credit Rating by reputable rating agencies
	Large corporate	SME	Cross-Border
Standard monitoring	AAA to B- or unrated and based on prescribed days past due (dpd) threshold	AAA to B- or unrated and based on prescribed dpd threshold	Investment grade (IG) or Non-IG with no significant increase in credit risk (SICR)
Special monitoring	CCC to C or based on prescribed dpd threshold	CCC to C or based on prescribed dpd threshold	Non-IG with SICR but assessed to be non-impaired
Default	Adversely classified accounts (ACA) or based on prescribed dpd threshold or Item in litigation (IL)	ACA or based on prescribed dpd threshold or IL	Default, with objective evidence of impairment

ii. Retail loans

The BPI Group uses automated scoring models to assess the level of risk for retail accounts. Behavioral indicators are considered in conjunction with other forward-looking information (e.g., industry forecast) to assess the level of risk of a loan. After the date of initial recognition, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score which is mapped to a PD.

Classifications	Credit cards	Personal, auto and housing	SEME*
Standard monitoring	Current to 29 dpd	Current to 30 dpd	Current to 7 dpd
Special monitoring	30 to 89 dpd	31 to 90 dpd	Not applicable
Default	90 dpd and up or IL	>90, IL, Loss	8 dpd and up

*Self-employed micro-entrepreneurs

iii. Treasury and other investment debt securities

Investments in high grade securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements. The level of credit risk for treasury and other investment debt securities and their associated PD are determined using reputable external ratings and/or available and reliable qualitative and quantitative information. In the absence of credit ratings, a comparable issuer or guarantor rating is used. Should there be a change in the credit rating of the chosen comparable, evaluation is made to ascertain whether the rating change is applicable to the security being assessed for impairment.

Classifications	External credit rating by reputable rating agencies
Standard monitoring	IG or Non-IG with no SICR
Special monitoring	Non-IG with SICR but assessed to be non-impaired
Default	Default, with objective evidence of impairment

iv. *Other financial assets at amortized cost*

For other financial assets (non-credit receivables), the BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss methodology. These financial assets are grouped based on shared risk characteristics and aging profile. For some of these, impairment is assessed individually at a counterparty level.

26.1.3 Maximum exposure to credit risk

26.1.3.1 Loans and advances, net

Credit risk exposures relating to on-balance sheet loans and advances are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Corporate and SME loans, net	1,183,793	1,143,340	1,168,666	1,120,784
Retail loans, net	292,734	264,073	64,386	54,287
	1,476,527	1,407,413	1,233,052	1,175,071

The carrying amount of loans and advances above also represents the BPI Group's maximum exposure to credit risk. The following tables contain an analysis of the credit risk exposure of each financial instrument for which an ECL allowance is recognized.

Credit quality of loans and advances, net

Consolidated

Corporate and SME loans

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	945,623	65,057	-	1,010,680	941,379	76,645	-	1,018,024
Special monitoring	77,983	96,818	-	174,801	47,630	69,579	-	117,209
Default	-	-	36,223	36,223	-	-	37,566	37,566
Gross amount	1,023,606	161,875	36,223	1,221,704	989,009	146,224	37,566	1,172,799
Loss allowance	(11,318)	(2,728)	(23,865)	(37,911)	(12,721)	(6,667)	(10,071)	(29,459)
Carrying amount	1,012,288	159,147	12,358	1,183,793	976,288	139,557	27,495	1,143,340

Retail loans

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	271,163	11,784	-	282,947	221,206	28,821	-	250,027
Special monitoring	465	5,702	-	6,167	88	8,364	-	8,452
Default	-	-	19,473	19,473	-	-	22,893	22,893
Gross amount	271,628	17,486	19,473	308,587	221,294	37,185	22,893	281,372
Loss allowance	(4,967)	(1,970)	(8,916)	(15,853)	(4,282)	(3,530)	(9,487)	(17,299)
Carrying amount	266,661	15,516	10,557	292,734	217,012	33,655	13,406	264,073

Parent

Corporate and SME loans

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	936,805	64,334	-	1,001,139	927,938	76,339	-	1,004,277
Special monitoring	73,232	95,982	-	169,214	45,033	65,005	-	110,038
Default	-	-	33,577	33,577	-	-	33,922	33,922
Gross amount	1,010,037	160,316	33,577	1,203,930	972,971	141,344	33,922	1,148,237
Loss allowance	(10,689)	(2,709)	(21,866)	(35,264)	(12,655)	(6,445)	(8,353)	(27,453)
Carrying amount	999,348	157,607	11,711	1,168,666	960,316	134,899	25,569	1,120,784

Retail loans

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	60,454	4,552	-	65,006	49,855	5,729	-	55,584
Special monitoring	80	701	-	781	68	711	-	779
Default	-	-	4,199	4,199	-	-	5,267	5,267
Gross amount	60,534	5,253	4,199	69,986	49,923	6,440	5,267	61,630
Loss allowance	(1,057)	(920)	(3,623)	(5,600)	(1,391)	(1,546)	(4,406)	(7,343)
Carrying amount	59,477	4,333	576	64,386	48,532	4,894	861	54,287

The tables below present the gross amount of “Stage 2” loans and advances by age category.

Consolidated

	2021			2020		
	Corporate and SME loans	Retail loans	Total	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	161,128	7,831	168,959	139,146	21,790	160,936
Past due up to 30 days	605	4,172	4,777	6,573	7,468	14,041
Past due 31 - 90 days	142	5,483	5,625	505	7,927	8,432
Past due 91 - 180 days	-	-	-	-	-	-
Over 180 days	-	-	-	-	-	-
	161,875	17,486	179,631	146,224	37,185	183,409

Parent

	2021			2020		
	Corporate and SME loans	Retail loans	Total	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	160,063	4,012	164,075	134,433	4,533	138,966
Past due up to 30 days	143	540	683	6,536	1,196	7,732
Past due 31 - 90 days	110	701	811	375	711	1,086
Past due 91 - 180 days	-	-	-	-	-	-
Over 180 days	-	-	-	-	-	-
	160,316	5,253	165,569	141,344	6,440	147,784

26.1.3.2 Treasury and other investment securities, net

Credit risk exposures arising from treasury and other investment securities are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Due from BSP	268,827	223,989	197,435	197,974
Due from other banks	34,572	40,155	27,734	36,605
Interbank loans receivable and SPAR, net	30,852	30,251	30,023	26,622
Financial assets at FVTPL	21,146	37,140	15,575	33,865
Financial assets at FVOCI	131,390	126,851	113,713	118,623
Investment securities at amortized cost, net	338,672	244,653	333,193	216,810
	825,459	703,039	717,673	630,499

Credit quality of treasury and other investment securities, netConsolidated

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring								
Due from BSP	268,827	-	-	268,827	223,989	-	-	223,989
Due from other banks	34,572	-	-	34,572	40,155	-	-	40,155
Interbank loans receivable and SPAR	30,852	-	-	30,852	30,245	-	-	30,245
Financial assets at FVTPL	21,146	-	-	21,146	37,140	-	-	37,140
Financial assets at FVOCI	131,390	-	-	131,390	126,851	-	-	126,851
Investment securities at amortized cost	338,678	-	-	338,678	244,666	-	-	244,666
Default								
Interbank loans receivable and SPAR	-	-	46	46	-	-	47	47
Gross carrying amount	825,465	-	46	825,511	703,046	-	47	703,093
Loss allowance	(6)	-	(46)	(52)	(13)	-	(41)	(54)
Carrying amount	825,459	-	-	825,459	703,033	-	6	703,039

Parent

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring								
Due from BSP	197,435	-	-	197,435	197,974	-	-	197,974
Due from other banks	27,734	-	-	27,734	36,605	-	-	36,605
Interbank loans receivable and SPAR	30,023	-	-	30,023	26,616	-	-	26,616
Financial assets at FVTPL	15,575	-	-	15,575	33,865	-	-	33,865
Financial assets at FVOCI	113,713	-	-	113,713	118,623	-	-	118,623
Investment securities at amortized cost	333,199	-	-	333,199	216,823	-	-	216,823
Default								
Interbank loans receivable and SPAR	-	-	46	46	-	-	47	47
Gross carrying amount	717,679	-	46	717,725	630,506	-	47	630,553
Loss allowance	(6)	-	(46)	(52)	(13)	-	(41)	(54)
Carrying amount	717,673	-	-	717,673	630,493	-	6	630,499

26.1.3.3 Other financial assets at amortized cost

Other financial assets at amortized cost that are exposed to credit risk are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
		(In Millions of Pesos)		
Accounts receivable, net	1,367	1,662	5,369	1,342
Rental deposits	762	767	647	650
Other accrued interest and fees receivable	79	58	7	12
Others	130	61	98	34
	2,338	2,548	6,121	2,038

The carrying amounts of the above financial assets represent the BPI Group's maximum exposure to credit risk.

The BPI Group's other financial assets at amortized cost (shown under Other assets, net) generally arise from transactions with various unrated counterparties with good credit standing. The BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss methodology for other financial assets.

26.1.3.4 Loan commitments

Credit risk exposures arising from undrawn loan commitments are as follows:

Consolidated

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	376,603	2,099	-	378,702	364,305	2,309	-	366,614
Special monitoring	15,239	-	-	15,239	10,152	-	-	10,152
Default	-	-	615	615	-	-	590	590
Gross amount	391,842	2,099	615	394,556	374,457	2,309	590	377,356
Loss allowance*	(546)	(75)	(126)	(747)	(760)	(119)	(80)	(959)
Carrying amount	391,296	2,024	489	393,809	373,697	2,190	510	376,397

*Included in "Miscellaneous liabilities" in Note 17

Parent

	2021				2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	370,603	1,964	-	372,567	358,804	2,183	-	360,987
Special monitoring	14,955	-	-	14,955	9,934	-	-	9,934
Default	-	-	611	611	-	-	586	586
Gross amount	385,558	1,964	611	388,133	368,738	2,183	586	371,507
Loss allowance*	(534)	(68)	(126)	(728)	(738)	(110)	(79)	(927)
Carrying amount	385,024	1,896	485	387,405	368,000	2,073	507	370,580

*Included in "Miscellaneous liabilities" in Note 17

26.1.4 Credit impaired loans and advances

The BPI Group closely monitors collaterals held for financial assets considered to be credit-impaired (Stage 3), as it becomes more likely that the BPI Group will take possession of collateral to mitigate potential credit losses. Loans and advances that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Consolidated

	2021			2020		
	Gross exposure	Impairment allowance	Net carrying amount	Gross exposure	Impairment allowance	Net carrying amount
	(In Millions of Pesos)					
Credit-impaired assets						
Corporate and SME loans	36,223	23,865	12,358	37,566	10,071	27,495
Retail loans	19,473	8,916	10,557	22,893	9,487	13,406
Total credit-impaired assets	55,696	32,781	22,915	60,459	19,558	40,901
Fair value of collateral	27,302			26,531		

Parent

	2021			2020		
	Gross exposure	Impairment allowance	Net carrying amount	Gross exposure	Impairment allowance	Net carrying amount
	(In Millions of Pesos)					
Credit-impaired assets						
Corporate and SME loans	33,577	21,866	11,711	33,922	8,353	25,569
Retail loans	4,199	3,623	576	5,267	4,406	861
Total credit-impaired assets	37,776	25,489	12,287	39,189	12,759	26,430
Fair value of collateral	15,534			12,493		

The BPI Group acquires assets by taking possession of collaterals held as security for loans and advances.

As at December 31, 2021, the BPI Group's foreclosed collaterals have carrying amount of P3,282 million (2020 - P2,971 million). The related foreclosed collaterals have aggregate fair value of P10,630 million (2020 - P9,494 million). Foreclosed collaterals include real estate (land, building, and improvements), auto and chattel. Repossessed properties are sold as soon as practicable and are classified as Assets held for sale in the statement of condition. In 2021, the Parent Bank realized a gain of P140 million (2020 - P53 million) from disposals of foreclosed collaterals with book value of P62 million (2020 - P148 million).

26.1.5 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent transfer between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The following tables summarize the changes in the loss allowance for loans and advances between the beginning and the end of the annual period. No movement analysis of allowance for impairment is presented for treasury and other investment debt securities and other financial assets subject to impairment as the related loss allowance is deemed insignificant for financial reporting purposes.

Consolidated

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	(In Millions of Pesos)			
Corporate and SME loans				
Loss allowance, at January 1, 2021	12,721	6,667	10,071	29,459
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(2,204)	1,770	1,261	827
Transfer from Stage 2	41	(1,194)	233	(920)
Transfer from Stage 3	1	5	(166)	(160)
New financial assets originated	3,802	-	-	3,802
Financial assets derecognized during the year	(2,802)	(3,108)	(675)	(6,585)
Changes in assumptions and other movements in provision	(787)	(1,134)	14,258	12,337
	(1,949)	(3,661)	14,911	9,301
Write-offs and other movements	546	(278)	(1,117)	(849)
Loss allowance, at December 31, 2021	11,318	2,728	23,865	37,911

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	(In Millions of Pesos)			
Retail loans				
Loss allowance, at January 1, 2021	4,282	3,530	9,487	17,299
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(904)	1,094	2,557	2,747
Transfer from Stage 2	193	(2,193)	1,350	(650)
Transfer from Stage 3	39	103	(608)	(466)
New financial assets originated	2,465	-	-	2,465
Financial assets derecognized during the year	(495)	(196)	(830)	(1,521)
Changes in assumptions and other movements in provision	(593)	(357)	1,839	889
	705	(1,549)	4,308	3,464
Write-offs and other movements	(20)	(11)	(4,879)	(4,910)
Loss allowance, at December 31, 2021	4,967	1,970	8,916	15,853

Parent

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	(In Millions of Pesos)			
Corporate and SME loans				
Loss allowance, at January 1, 2021	12,655	6,445	8,353	27,453
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(2,165)	1,758	1,156	749
Transfer from Stage 2	31	(1,154)	206	(917)
Transfer from Stage 3	-	5	(135)	(130)
New financial assets originated	3,727	-	-	3,727
Financial assets derecognized during the year	(2,737)	(2,955)	(430)	(6,122)
Changes in assumptions and other movements in provision	(702)	(1,121)	13,183	11,360
	(1,846)	(3,467)	13,980	8,667
Write-offs and other movements	(120)	(269)	(467)	(856)
Loss allowance, at December 31, 2021	10,689	2,709	21,866	35,264

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)			
Retail loans				
Loss allowance, at January 1, 2021	1,391	1,546	4,406	7,343
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(261)	589	1,276	1,604
Transfer from Stage 2	89	(982)	799	(94)
Transfer from Stage 3	1	3	(36)	(32)
New financial assets originated	109	-	-	109
Financial assets derecognized during the year	(24)	(59)	(395)	(478)
Changes in assumptions and other movements in provision	(244)	(176)	870	450
	(330)	(625)	2,514	1,559
Write-offs and other movements	(4)	(1)	(3,297)	(3,302)
Loss allowance, at December 31, 2021	1,057	920	3,623	5,600

Consolidated

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)			
Corporate and SME loans				
Loss allowance, at January 1, 2020	6,870	3,110	6,157	16,137
Less: Beginning balance of CTL	(249)	(39)	(325)	(613)
Adjusted loss allowance, at January 1, 2020	6,621	3,071	5,832	15,524
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(3,608)	5,046	2,827	4,265
Transfer from Stage 2	83	(589)	126	(380)
Transfer from Stage 3	-	-	-	-
New financial assets originated	6,920	-	-	6,920
Financial assets derecognized during the year	(1,375)	(1,108)	(391)	(2,874)
Changes in assumptions and other movements in provision	5,925	(110)	661	6,476
	7,945	3,239	3,223	14,407
Write-offs and other movements	(1,845)	357	1,016	(472)
Loss allowance, at December 31, 2020	12,721	6,667	10,071	29,459

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)			
Retail loans				
Loss allowance, at January 1, 2020	3,236	1,780	4,821	9,837
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,138)	2,697	5,362	6,921
Transfer from Stage 2	100	(1,014)	1,586	672
Transfer from Stage 3	3	33	(113)	(77)
New financial assets originated	2,000	-	-	2,000
Financial assets derecognized during the year	(68)	(99)	(314)	(481)
Changes in assumptions and other movements in provision	2,023	101	1,428	3,552
	2,920	1,718	7,949	12,587
Write-offs and other movements	(1,874)	32	(3,283)	(5,125)
Loss allowance, at December 31, 2020	4,282	3,530	9,487	17,299

Parent

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)			
Corporate and SME loans				
Loss allowance, at January 1, 2020	5,972	2,990	4,809	13,771
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(3,409)	4,865	2,801	4,257
Transfer from Stage 2	81	(569)	126	(362)
Transfer from Stage 3	-	-	-	-
New financial assets originated	6,657	-	-	6,657
Financial assets derecognized during the year	(1,336)	(1,095)	(263)	(2,694)
Changes in assumptions and other movements in provision	5,929	(111)	302	6,120
	7,922	3,090	2,966	13,978
Write-offs and other movements	(1,239)	365	578	(296)
Loss allowance, at December 31, 2020	12,655	6,445	8,353	27,453

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)			
Retail loans				
Loss allowance, at January 1, 2020	808	941	3,085	4,834
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(273)	1,186	3,004	3,917
Transfer from Stage 2	79	(646)	921	354
Transfer from Stage 3	2	1	(42)	(39)
New financial assets originated	201	-	-	201
Financial assets derecognized during the year	(15)	(47)	(227)	(289)
Changes in assumptions and other movements in provision	589	111	1,410	2,110
	583	605	5,066	6,254
Write-offs and other movements	-	-	(3,745)	(3,745)
Loss allowance, at December 31, 2020	1,391	1,546	4,406	7,343

Critical accounting estimate and judgment - Measurement of expected credit loss for loans and advances

The measurement of the expected credit loss (ECL) for loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 31.3.2.2.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for SICR;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Forward-looking information incorporated in the ECL models

Three distinct macroeconomic scenarios (baseline, upside and downside) are considered in the BPI Group's estimation of expected credit losses in Stage 1 and Stage 2. These scenarios are based on assumptions supported by economic theories and historical experience. The downside scenario reflects a negative macroeconomic event occurring within the first 12 months, with conditions deteriorating for up to two years, followed by a recovery for the remainder of the period. This scenario is grounded in historical experience and assumes a monetary policy response that returns the economy to a long-run, sustainable growth rate within the forecast period. The probability of each scenario is determined using expert judgment and recession probability tools provided by reputable external service providers. The baseline case incorporates the BPI Group's outlook both for the domestic and global economy. The upside and downside scenarios take into account certain adjustments that will lead to a more positive or negative economic outcome, respectively.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes is likewise considered, if material.

The BPI Group has performed historical analyses and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The most significant period-end assumptions used for the ECL estimate are set out below. The scenarios “base”, “upside” and “downside” were used for all portfolios.

At December 31, 2021

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	7.4	6.3	8.4	7.3	4.4	3.3
Inflation rate (%)	3.5	3.2	2.5	2.2	4.5	4.2
BVAL 5Y (%)	4.6	3.7	4.3	3.4	6.1	5.2
US Treasury 5Y (%)	1.5	2.8	1.2	2.3	1.8	3.0
Exchange rate	52.500	55.234	51.921	53.928	53.095	56.587

At December 31, 2020

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	7.4	5.9	8.4	6.9	5.4	3.9
Inflation rate (%)	3.0	2.5	2.0	1.5	4.7	3.5
BVAL 5Y (%)	3.0	3.6	2.5	3.1	5.5	6.1
US Treasury 5Y (%)	0.5	0.5	0.7	0.7	0.3	0.3
Exchange rate	49.848	53.780	48.375	49.672	51.340	58.171

Sensitivity analysis

The loan portfolios have different sensitivities to movements in MEVs, so the above three scenarios have varying impact on the expected credit losses of BPI Group’s portfolios. The allowance for impairment is calculated as the weighted average of expected credit losses under the baseline, upside and downside scenarios. The impact of weighting these multiple scenarios was an increase in the allowance for impairment by P42 million as at December 31, 2021 from the baseline scenario (2020 - P23 million).

Transfers between stages

Transfers from Stage 1 and Stage 2 are based on the assessment of SICR from initial recognition. The impact of moving from 12 months expected credit losses to lifetime expected credit losses, or vice versa, varies by product and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in expected credit losses. Assuming all Stage 2 accounts are considered as Stage 1, allowance for impairment would have decreased by P1,137 million as at December 31, 2021 (2020 - P1,839 million).

26.1.6 Concentrations of risks of financial assets with credit risk exposure

The BPI Group’s main credit exposure at their carrying amounts, as categorized by industry sectors follow:

Consolidated (December 31, 2021)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
	(In Millions of Pesos)						
Due from BSP	268,827	-	-	-	-	-	268,827
Due from other banks	34,572	-	-	-	-	-	34,572
Interbank loans receivable and SPAR	30,898	-	-	-	-	(46)	30,852
Financial assets at FVTPL	11,306	113	11	-	9,716	-	21,146
Financial assets at FVOCI	2,609	1,049	2,509	477	124,746	-	131,390
Investment securities at amortized cost	12,321	3,960	3,114	2,420	316,863	(6)	338,672
Loans and advances	123,701	123,621	238,971	392,168	651,830	(53,764)	1,476,527
Other financial assets	-	-	-	-	3,262	(924)	2,338
At December 31, 2021	484,234	128,743	244,605	395,065	1,106,417	(54,740)	2,304,324

Consolidated (December 31, 2020)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
	(In Millions of Pesos)						
Due from BSP	223,989	-	-	-	-	-	223,989
Due from other banks	40,155	-	-	-	-	-	40,155
Interbank loans receivable and SPAR	30,292	-	-	-	-	(41)	30,251
Financial assets at FVTPL	7,199	-	-	-	29,941	-	37,140
Financial assets at FVOCI	10,691	3,307	-	1,881	110,972	-	126,851
Investment securities at amortized cost	43,342	1,784	2,081	1,083	196,376	(13)	244,653
Loans and advances	129,101	116,525	217,675	369,704	621,166	(46,758)	1,407,413
Other financial assets	-	-	-	-	3,531	(983)	2,548
At December 31, 2020	484,769	121,616	219,756	372,668	961,986	(47,795)	2,113,000

Parent Bank (December 31, 2021)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
	(In Millions of Pesos)						
Due from BSP	197,435	-	-	-	-	-	197,435
Due from other banks	27,734	-	-	-	-	-	27,734
Interbank loans receivable and SPAR	30,069	-	-	-	-	(46)	30,023
Financial assets at FVTPL	8,547	-	11	-	7,017	-	15,575
Financial assets at FVOCI	1,249	1,049	2,509	477	108,429	-	113,713
Investment securities at amortized cost	11,723	3,004	2,956	2,420	313,096	(6)	333,193
Loans and advances	122,757	69,347	236,226	229,964	615,622	(40,864)	1,233,052
Other financial assets	-	-	-	-	6,874	(753)	6,121
At December 31, 2021	399,514	73,400	241,702	232,861	1,051,038	(41,669)	1,956,846

Parent Bank (December 31, 2020)

	Financial institutions	Consumer	Manufacturing	Real estate	Others	Allowance	Total
	(In Millions of Pesos)						
Due from BSP	197,974	-	-	-	-	-	197,974
Due from other banks	36,605	-	-	-	-	-	36,605
Interbank loans receivable and SPAR	26,663	-	-	-	-	(41)	26,622
Financial assets at FVTPL	5,081	-	-	-	28,784	-	33,865
Financial assets at FVOCI	10,321	3,307	-	1,881	103,114	-	118,623
Investment securities at amortized cost	34,749	1,185	1,743	1,083	178,063	(13)	216,810
Loans and advances	127,929	61,909	215,238	218,201	586,590	(34,796)	1,175,071
Other financial assets	-	-	-	-	2,860	(822)	2,038
At December 31, 2020	439,322	66,401	216,981	221,165	899,411	(35,672)	1,807,608

26.1.7 Provision for (reversal of) credit and impairment losses

The BPI Group’s provision for (reversal of) credit and impairment losses are attributable to the following accounts:

	Notes	Consolidated			Parent		
		2021	2020	2019	2021	2020	2019
		(In Millions of Pesos)					
Loans and advances	10,26	12,765	26,994	5,852	10,226	20,232	5,014
Assets held for sale		44	12	(197)	20	(78)	(240)
Interbank loans receivable and SPAR	5	5	1	(11)	5	1	(9)
Investment securities at amortized cost	9	(7)	13	(2)	(7)	13	(2)
Undrawn loan commitments	26,32	(212)	309	(101)	(199)	308	(103)
Impairment on equity investment	12	-	-	-	60	313	-
Accounts receivable	14	83	509	30	215	452	11
Other assets		457	162	(9)	271	153	(5)
		13,135	28,000	5,562	10,591	21,394	4,666

26.2 Market risk

The BPI Group is exposed to market risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk management in BPI covers managing exposures to trading risk, foreign exchange risk, and interest rate risk in the banking book.

Market risk management is incumbent on the BOD through the RMC. At the management level, the BPI Group's market risk exposures are managed by the RMO, headed by the Parent Bank's CRO who reports directly to the RMC. In order to effectively manage market risk, the Bank has well established policies and procedures approved by the RMC and confirmed by the Executive Committee/BOD. In addition, the Internal Audit is responsible for the independent review of risk assessment measures and procedures and the control environment.

The BPI Group reviews and controls market risk exposures of both its trading and non-trading portfolios. Trading portfolios include those positions arising from BPI's market-making and risk-taking activities. The BPI Group also has derivatives exposures in interest rate swaps, currency swaps and structured notes as part of its trading and position taking activities. Non-trading portfolios include positions arising from core banking activities, which includes the BPI Group's retail and commercial banking assets and liabilities.

Value-at-Risk (VaR) measurement is an integral part of the BPI Group's market risk control system. This metric estimates, at 99% confidence level, the maximum loss that a trading portfolio may incur over a trading day. This metric indicates as well that there is 1% statistical probability that the trading portfolios' actual loss would be greater than the computed VaR. In order to ensure model soundness, the VaR is periodically subject to model validation and back testing. VaR is supplemented by other risk metrics and measurements that would provide preliminary signals to Treasury and to the management to assess the vulnerability of BPI Group's positions. To control the risk, the RMC sets risk limits for trading portfolios which are consistent with the BPI Group's goals, objectives, risk appetite, and strategies.

Stress tests indicate the potential losses that could arise in extreme conditions that would have detrimental effect to the BPI Group's positions. The BPI Group periodically performs price stress testing to assess the BPI Group's condition on assumed stress scenarios. Contingency plans are frequently reviewed to ensure the BPI Group's preparedness in the event of real stress. Results of stress tests are reviewed by Senior Management and by the RMC.

The average daily VaR for the trading portfolios are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Local fixed-income	76	63	75	62
Foreign fixed-income	94	68	85	58
Foreign exchange	105	52	6	5
Derivatives	180	100	147	100
Equity securities	21	31	-	-
Mutual fund	24	-	-	-
	500	314	313	225

26.2.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency which they are measured.

The BPI Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its foreign currency financial position and cash flows. The table below summarizes the BPI Group's exposure to more material foreign currency exchange rate risk primarily in US Dollar (USD), shown in their Peso equivalent at December 31:

Consolidated

	2021			2020		
	USD	Others*	Total	USD	Others*	Total
	(In Millions of Pesos)					
Financial assets						
Cash and other cash items	3,195	203	3,398	2,440	410	2,850
Due from other banks	31,044	1,896	32,940	32,976	4,342	37,318
Interbank loans receivable and SPAR	13,158	620	13,778	9,353	-	9,353
Financial assets at FVTPL	5,758	140	5,898	8,009	1,154	9,163
Financial assets at FVOCI - debt securities	47,979	1,568	49,547	39,691	1,046	40,737
Investment securities at amortized cost	111,205	1,695	112,900	102,826	1,098	103,924
Loans and advances, net	113,229	6,450	119,679	120,709	10,406	131,115
Others financial assets	2,723	9	2,732	3,274	113	3,387
Total financial assets	328,291	12,581	340,872	319,278	18,569	337,847
Financial liabilities						
Deposit liabilities	257,513	7,713	265,226	238,496	11,323	249,819
Derivative financial liabilities	1,846	204	2,050	3,209	165	3,374
Bills payable	48,664	-	48,664	66,038	5,998	72,036
Due to BSP and other banks	609	-	609	868	-	868
Manager's checks and demand drafts outstanding	444	37	481	235	5	240
Other financial liabilities	5,938	311	6,249	3,960	125	4,085
Accounts payable	199	2	201	136	85	221
Total financial liabilities	315,213	8,267	323,480	312,942	17,701	330,643
Net on-balance sheet position	13,078	4,314	17,392	6,336	868	7,204

*Others category includes financial instruments denominated in JPY, EUR and GBP.

Parent Bank

	2021			2020		
	USD	Others*	Total	USD	Others*	Total
	(In Millions of Pesos)					
Financial assets						
Cash and other cash items	3,031	203	3,234	2,267	405	2,672
Due from other banks	23,616	1,513	25,129	31,912	3,396	35,308
Interbank loans receivable and SPAR	13,158	-	13,158	9,353	-	9,353
Financial assets at FVTPL	3,788	128	3,916	7,639	1,094	8,733
Financial assets at FVOCI - debt securities	38,659	1,568	40,227	36,001	1,027	37,028
Investment securities at amortized cost	107,977	-	107,977	90,870	136	91,006
Loans and advances, net	111,401	5,283	116,684	117,208	8,990	126,198
Others financial assets	11,581	2,664	14,245	8,417	145	8,562
Total financial assets	313,211	11,359	324,570	303,667	15,193	318,860
Financial liabilities						
Deposit liabilities	240,939	7,585	248,524	224,134	9,526	233,660
Derivative financial liabilities	1,770	204	1,974	3,209	165	3,374
Bills payable	45,758	-	45,758	64,567	5,415	69,982
Due to BSP and other banks	470	-	470	868	-	868
Manager's checks and demand drafts outstanding	441	37	478	232	5	237
Other financial liabilities	14,817	2,950	17,767	3,797	8,874	12,671
Accounts payable	199	2	201	60	3	63
Total financial liabilities	304,394	10,778	315,172	296,867	23,988	320,855
Net on-balance sheet position	8,817	581	9,398	6,800	(8,795)	(1,995)

*Others category includes financial instruments denominated in JPY, EUR and GBP.

Presented below is a sensitivity analysis demonstrating the impact on pre-tax income of reasonably possible change in the exchange rate between US Dollar and Philippine Peso. The fluctuation rate is based on the historical movement of US Dollar against the Philippine Peso year on year.

Year	Change in currency	Effect on pre-tax income	
		Consolidated	Parent
		(In millions of Pesos)	
2021	+/-2.19%	+/- 286	+/- 193
2020	+/- 2.29%	+/- 589	+/- 656

26.2.2 Interest rate risk

Interest rate risk is the risk that cash flows or fair value of a financial instrument will fluctuate due to movements in market interest rates.

Interest rate risk in the banking book (IRRBB)

IRRBB is the current and prospective risk to the BPI Group's capital and earnings arising from the adverse movements in interest rates that affect its banking book positions (core banking activities). The BPI Group is exposed to re-pricing risk arising from financial assets and liabilities that have different maturities and are re-priced taking into account the prevailing market interest rates. Excessive levels of interest rate risks in the banking book can pose a significant threat to the BPI Group's earnings and capital base.

The BPI Group employs two methods to measure the potential impact of interest rate risk in the banking book: (i) one that focuses on the impact on economic value of the future cash flows in the banking book due to changes in interest rates - Balance Sheet VaR (BSVaR), and (ii) one that focuses on the potential deterioration in net interest earnings - Earnings-at-Risk (EaR). The RMC sets limits on the two interest rate risk metrics which are monitored regularly by the Market and Liquidity Risk Management Division of the RMO. The EaR and BSVaR are built on the interest rate/repricing gap profile of the bank. The interest rate gap is the difference between the amount of interest rate sensitive assets and liabilities and off-balance sheet items. It distributes the balance sheet accounts according to their contractual maturity if fixed, or repricing date if floating. For accounts that do not have defined maturity or repricing schedules (e.g. non-maturity deposits), behavioural models are employed to determine their repricing buckets.

Earnings-at-Risk (EaR)

The EaR is built on repricing profile of the BPI Group and considers principal payments only. The BPI Group projects interest inflows from its financial assets and interest outflows from its financial liabilities in the next 12 months as earnings are affected when interest rates move against the BPI Group's position. As of December 31, 2021, the net interest income impact of movement in interest rates resulted to a decrease of P210 million (2020 - P5,174 million increase) for the whole BPI Group and decrease of P204 million (2020 - P4,614 million increase) for the Parent Bank.

BSVaR

The BS VaR model is also built on repricing gap or the difference between the amount of rate-sensitive financial assets and liabilities which considers both principal and interest payments. It is the present value of the BPI Group's expected net cash flows due to changes in interest rates. As at December 31, 2021, the average monthly BSVaR for the banking book stood at P24,497 million (2020 - P21,251 million) for the whole BPI Group and P20,806 million (2020 - P17,397 million) for the Parent Bank.

The IRRBB levels are closely monitored against RMC-approved limits and results are reported and discussed regularly at the Management level through the Asset and Liability Committee (ALCO) and at the Board level through the Risk Management Committee (RMC). The BPI Group manages interest rate exposures related to its assets and liabilities through a transfer-pricing system administered by Treasury. Investment securities and interest rate derivatives are also used to hedge interest rate risk and manage repricing gaps in the balance sheet.

The BPI Group also conducts price stress tests in the banking book and EaR stress tests for a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on the BPI Group's economic value and earnings. The design of the price and EaR stress tests include steepening and flattening yield curves, parallel up/down and short rate up/down shocks. The interest rate shocks applied is calibrated for all major currencies in which the BPI Group has significant positions. The results of the stress test are reported to the RMC and Senior Management and are integrated into the overall risk management framework of the BPI Group.

The BPI Group has established comprehensive risk management framework (e.g., policies, procedures, risk limits structures) supported by a robust risk management system. Furthermore, the risk management process, including its various components, is subject to periodic independent review (i.e. internal audit and model validation) and consistently calibrated to ensure accuracy, relevance, propriety and timeliness of data and assumptions employed. The assumptions and parameters used in building these metrics are properly documented. Any changes in the methodology and assumptions used are duly approved by the Chief Risk Officer and noted by the RMC.

The table below summarizes the BPI Group's exposure to interest rate risk, categorized by the earlier of contractual repricing or maturity dates.

Consolidated (December 31, 2021)

	Repricing			Non-repricing	Total
	Up to 1 year	Over 1 up to 3 years	Over 3 years		
	(In Millions of Pesos)				
As at December 31, 2021					
Financial Assets					
Cash and other cash items	-	-	-	35,143	35,143
Due from BSP	-	-	-	268,827	268,827
Due from other banks	-	-	-	34,572	34,572
Interbank loans receivable and SPAR	-	-	-	30,852	30,852
Financial assets at FVTPL	406	444	971	19,325	21,146
Financial assets at FVOCI	-	-	-	131,390	131,390
Investment securities at amortized cost	-	-	-	338,672	338,672
Loans and advances, net	487,616	311,336	568,296	109,279	1,476,527
Other financial assets	-	-	-	2,338	2,338
Total financial assets	488,022	311,780	569,267	970,398	2,339,467
Financial Liabilities					
Deposit liabilities	1,087,175	370,115	497,857	-	1,955,147
Derivative financial liabilities	395	472	870	1,895	3,632
Bills payable and other borrowed funds	1,886	1,020	-	92,133	95,039
Due to BSP and other banks	-	-	-	953	953
Manager's checks and demand drafts outstanding	-	-	-	6,931	6,931
Other financial liabilities	-	-	-	7,256	7,256
Total financial liabilities	1,089,456	371,607	498,727	109,168	2,068,958
Total interest gap	(601,434)	(59,827)	70,540	861,230	270,509

Consolidated (December 31, 2020)

	Repricing			Non-repricing	Total
	Up to 1 year	Over 1 up to 3 years	Over 3 years		
	(In Millions of Pesos)				
As at December 31, 2020					
Financial Assets					
Cash and other cash items	-	-	-	37,176	37,176
Due from BSP	-	-	-	223,989	223,989
Due from other banks	-	-	-	40,155	40,155
Interbank loans receivable and SPAR	-	-	-	30,251	30,251
Financial assets at FVTPL	188	1,790	1,108	34,054	37,140
Financial assets at FVOCI	-	-	-	126,851	126,851
Investment securities at amortized cost	-	-	-	244,653	244,653
Loans and advances, net	490,534	218,351	590,879	107,649	1,407,413
Other financial assets	-	-	-	2,548	2,548
Total financial assets	490,722	220,141	591,987	847,326	2,150,176
Financial Liabilities					
Deposit liabilities	731,596	407,805	576,776	-	1,716,177
Derivative financial liabilities	193	1,752	1,207	2,505	5,657
Bills payable and other borrowed funds	2,054	9,571	-	140,322	151,947
Due to BSP and other banks	-	-	-	1,491	1,491
Manager's checks and demand drafts outstanding	-	-	-	7,108	7,108
Other financial liabilities	-	-	-	10,694	10,694
Total financial liabilities	733,843	419,128	577,983	162,120	1,893,074
Total interest gap	(243,121)	(198,987)	14,004	685,206	257,102

Parent Bank (December 31, 2021)

	Repricing			Non-repricing	Total
	Up to 1 year	Over 1 up to 3 years	Over 3 years		
	(In Millions of Pesos)				
As at December 31, 2021					
Financial Assets					
Cash and other cash items	-	-	-	33,868	33,868
Due from BSP	-	-	-	197,435	197,435
Due from other banks	-	-	-	27,734	27,734
Interbank loans receivable and SPAR	-	-	-	30,023	30,023
Financial assets at FVTPL	406	444	971	13,754	15,575
Financial assets at FVOCI	-	-	-	113,713	113,713
Investment securities at amortized cost	-	-	-	333,193	333,193
Loans and advances, net	424,674	238,764	524,511	45,103	1,233,052
Other financial assets	-	-	-	6,121	6,121
Total financial assets	425,080	239,208	525,482	800,944	1,990,714
Financial Liabilities					
Deposit liabilities	957,669	288,826	429,290	-	1,675,785
Derivative financial liabilities	395	472	870	1,808	3,545
Bills payable and other borrowed funds	-	-	-	82,550	82,550
Due to BSP and other banks	-	-	-	814	814
Manager's checks and demand drafts outstanding	-	-	-	5,243	5,243
Other financial liabilities	-	-	-	4,974	4,974
Total financial liabilities	958,064	289,298	430,160	95,389	1,772,911
Total interest gap	(530,880)	(50,090)	95,323	705,654	217,803

Parent Bank (December 31, 2020)

	Repricing			Non-repricing	Total
	Up to 1 year	Over 1 up to 3 years	Over 3 years		
	(In Millions of Pesos)				
As at December 31, 2020					
Financial Assets					
Cash and other cash items	-	-	-	35,912	35,912
Due from BSP	-	-	-	197,974	197,974
Due from other banks	-	-	-	36,605	36,605
Interbank loans receivable and SPAR	-	-	-	26,622	26,622
Financial assets at FVTPL	188	1,791	1,108	30,778	33,865
Financial assets at FVOCI	-	-	-	118,623	118,623
Investment securities at amortized cost	-	-	-	216,810	216,810
Loans and advances, net	431,004	161,565	544,112	38,390	1,175,071
Other financial assets	-	-	-	2,038	2,038
Total financial assets	431,192	163,356	545,220	703,752	1,843,520
Financial Liabilities					
Deposit liabilities	646,179	331,517	492,514	-	1,470,210
Derivative financial liabilities	193	1,752	1,207	2,505	5,657
Bills payable and other borrowed funds	-	9,571	-	130,777	140,348
Due to BSP and other banks	-	-	-	1,491	1,491
Manager's checks and demand drafts outstanding	-	-	-	5,447	5,447
Other financial liabilities	-	-	-	5,924	5,924
Total financial liabilities	646,372	342,840	493,721	146,144	1,629,077
Total interest gap	(215,180)	(179,484)	51,499	557,608	214,443

26.3 Liquidity risk

Liquidity risk is the risk that the BPI Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The BPI Group's liquidity profile is observed and monitored through its metric, the Minimum Cumulative Liquidity Gap (MCLG). The MCLG is the smallest net cumulative cash inflow (if positive) or the largest net cumulative cash outflow (if negative) over the next three (3) months. The MCLG indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the BPI Group. A red flag is immediately raised and reported to management and the RMC when the MCLG level projected over the next 3 months is about to breach the RMC-prescribed MCLG limit.

26.3.1 Liquidity risk management process

The BPI Group's liquidity management process, as carried out within the BPI Group and monitored by the RMC includes:

- day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as borrowed by customers;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring liquidity gaps and ratios against internal and regulatory requirements;
- managing the concentration and profile of debt maturities; and
- performing periodic liquidity stress testing on the BPI Group's liquidity position by assuming a faster rate of withdrawals in its deposit base.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities (Note 26.3.2) and the expected collection date of the financial assets. Sources of liquidity are regularly reviewed by the BPI Group to maintain a wide diversification by currency, geography, counterparty, product and term.

The BPI Group also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit.

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016, the Parent Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the BPI Group's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Parent Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid securities. HQLAs therefore, serve as defense against potential stress events.

The main drivers of the Parent Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits, unsecured borrowings, committed and/or uncommitted facilities, derivatives cash flows and cash inflows from maturing corporate, business and retail loans, among others. Cash outflows from derivatives contracts are effectively offset by derivatives cash inflows. These two are accorded 100% outflow and inflow factors, respectively.

Net Stable Funding Ratio (NSFR)

On January 1, 2019, the Parent Bank adopted BSP Circular No. 1007 issued in 2018 regarding the NSFR requirement. The NSFR is aimed at strengthening the Parent Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the BPI Group. The NSFR is expressed as the ratio of available stable funding and the required stable funding and complements the LCR as it takes a longer view of the BPI Group's liquidity risk profile. The BPI Group's capital, retail deposits and long-term debt are considered as stable funding sources whereas the BPI Group's assets including, but not limited to, performing and non-performing loans and receivables, HQLA and non-HQLA securities as well as off-balance items form part of the required stable funding. The Parent Bank's solo and consolidated NSFRs are well-above the regulatory minimum of 100%.

The Parent Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby avoiding undue concentrations by counterparty, maturity, and currency. The Parent Bank manages its liquidity position through asset-liability management activities supported by a well-developed funds management practice as well as a sound risk management system. As part of risk oversight, the Parent Bank monitors its liquidity risk on a daily basis, in terms of single currency and significant currencies, to ensure it is operating within the risk appetite set by the BOD and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the Parent Bank has a set of policies and escalation procedures in place that govern its day-to-day risk monitoring and reporting processes.

The table below shows the actual liquidity metrics of the BPI Group and the Parent Bank:

	Consolidated		Parent	
	2021	2020	2021	2020
Liquidity coverage ratio	220.68%	231.86%	221.67%	240.40%
Net stable funding ratio	154.88%	153.58%	152.11%	153.13%
Leverage ratio	10.63%	10.92%	10.22%	10.61%
Total exposure measure	2,471,163	2,262,656	2,085,573	1,924,061

The decline in the Parent Bank's LCR was driven by higher volumes of operational deposits. Cash, reserves and due from BSP make up 38% of the total stock of HQLA for the year ended December 31, 2021.

26.3.2 Maturity profile - Non-derivative financial instruments

The tables below present the maturity profile of non-derivative financial instruments based on undiscounted cash flows including future interest which the BPI Group uses to manage the inherent liquidity risk. The maturity analysis is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the financial asset will be realized, or the financial liability will be settled.

Consolidated (December 31, 2021)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
(In Millions of Pesos)				
As at December 31, 2021				
Financial Assets				
Cash and other cash items	35,143	-	-	35,143
Due from BSP	268,866	-	-	268,866
Due from other banks	34,572	-	-	34,572
Interbank loans receivable and SPAR	30,859	71	-	30,930
Financial assets at FVTPL	13,301	1,182	3,694	18,177
Financial assets at FVOCI	37,499	36,415	69,980	143,894
Investment securities at amortized cost	45,432	105,717	240,363	391,512
Loans and advances, net	521,202	550,196	458,500	1,529,898
Other financial assets	2,338	-	-	2,338
Total financial assets	989,212	693,581	772,537	2,455,330
Financial Liabilities				
Deposit liabilities	1,086,489	366,365	491,971	1,944,825
Bills payable and other borrowed funds	48,679	47,391	-	96,070
Due to BSP and other banks	953	-	-	953
Manager's checks and demand drafts outstanding	6,931	-	-	6,931
Lease liabilities	2,081	3,358	2,911	8,350
Other financial liabilities	7,256	-	-	7,256
Total financial liabilities	1,152,389	417,114	494,882	2,064,385
Total maturity gap	(163,177)	276,467	277,655	390,945

Consolidated (December 31, 2020)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
(In Millions of Pesos)				
As at December 31, 2020				
Financial Assets				
Cash and other cash items	37,176	-	-	37,176
Due from BSP	223,989	-	-	223,989
Due from other banks	40,155	-	-	40,155
Interbank loans receivable and SPAR	30,345	14	87	30,446
Financial assets at FVTPL	21,637	1,010	11,093	33,740
Financial assets at FVOCI	45,333	19,051	70,602	134,986
Investment securities at amortized cost	53,430	84,155	123,368	260,953
Loans and advances, net	621,097	318,461	605,102	1,544,660
Other financial assets	2,548	-	-	2,548
Total financial assets	1,075,710	422,691	810,252	2,308,653
Financial Liabilities				
Deposit liabilities	731,729	408,122	577,286	1,717,137
Bills payable and other borrowed funds	84,810	25,197	43,132	153,139
Due to BSP and other banks	1,491	-	-	1,491
Manager's checks and demand drafts outstanding	7,108	-	-	7,108
Lease liabilities	2,098	3,299	4,278	9,675
Other financial liabilities	10,694	-	-	10,694
Total financial liabilities	837,930	436,618	624,696	1,899,244
Total maturity gap	237,780	(13,927)	185,556	409,409

Parent Bank (December 31, 2021)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
	(In Millions of Pesos)			
As at December 31, 2021				
Financial Assets				
Cash and other cash items	33,868	-	-	33,868
Due from BSP	197,445	-	-	197,445
Due from other banks	27,734	-	-	27,734
Interbank loans receivable and SPAR	30,030	71	-	30,101
Financial assets at FVTPL	8,915	344	3,393	12,652
Financial assets at FVOCI	29,982	33,274	61,710	124,966
Investment securities at amortized cost	44,439	105,013	235,943	385,395
Loans and advances, net	488,979	436,227	348,710	1,273,916
Other financial assets, net	6,121	-	-	6,121
Total financial assets	867,513	574,929	649,756	2,092,198
Financial Liabilities				
Deposit liabilities	957,211	288,208	426,338	1,671,757
Bills payable and other borrowed funds	37,003	46,371	-	83,374
Due to BSP and other banks	814	-	-	814
Manager's checks and demand drafts outstanding	5,243	-	-	5,243
Lease liabilities	1,463	2,554	2,634	6,651
Other financial liabilities	4,974	-	-	4,974
Total financial liabilities	1,006,708	337,133	428,972	1,772,813
Total maturity gap	(139,195)	237,796	220,784	319,385

Parent Bank (December 31, 2020)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
	(In Millions of Pesos)			
As at December 31, 2020				
Financial Assets				
Cash and other cash items	35,912	-	-	35,912
Due from BSP	197,974	-	-	197,974
Due from other banks	36,605	-	-	36,605
Interbank loans receivable and SPAR	26,716	14	87	26,817
Financial assets at FVTPL	18,566	915	11,055	30,536
Financial assets at FVOCI	43,863	18,633	63,680	126,176
Investment securities at amortized cost	39,940	79,680	112,647	232,267
Loans and advances, net	556,706	232,501	428,088	1,217,295
Other financial assets, net	2,038	-	-	2,038
Total financial assets	958,320	331,743	615,557	1,905,620
Financial Liabilities				
Deposit liabilities	646,279	331,570	492,702	1,470,551
Bills payable and other borrowed funds	82,343	14,995	43,132	140,470
Due to BSP and other banks	1,491	-	-	1,491
Manager's checks and demand drafts outstanding	5,447	-	-	5,447
Lease liabilities	1,676	2,469	3,765	7,910
Other financial liabilities	5,924	-	-	5,924
Total financial liabilities	743,160	349,034	539,599	1,631,793
Total maturity gap	215,160	(17,291)	75,958	273,827

26.3.3 Maturity profile - Derivative instruments*(a) Derivatives settled on a net basis*

The BPI Group's derivatives that are settled on a net basis consist of interest rate swaps, non-deliverable forwards and non-deliverable swaps. The table below presents the contractual undiscounted cash flows of interest rate swaps based on the remaining period from December 31 to the contractual maturity dates that are subject to offsetting, enforceable master netting arrangements and similar agreements.

Consolidated and Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
	(In Millions of Pesos)			
2021				
Interest rate swap contracts - held for trading				
- Inflow	406	444	971	1,821
- Outflow	(395)	(472)	(871)	(1,738)
- Net inflow	11	(28)	100	83
Non-deliverable forwards and swaps - held for trading				
- Inflow	167	30	-	197
- Outflow	(34)	(167)	(14)	(215)
- Net outflow	133	(137)	(14)	(18)
2020				
Interest rate swap contracts - held for trading				
- Inflow	188	1,792	1,108	3,088
- Outflow	(193)	(1,752)	(1,207)	(3,152)
- Net inflow	(5)	40	(99)	(64)
Non-deliverable forwards and swaps - held for trading				
- Inflow	13	-	-	13
- Outflow	(679)	(794)	(287)	(1,760)
- Net outflow	(666)	(794)	(287)	(1,747)

(b) Derivatives settled on a gross basis

The BPI Group's derivatives that are settled on a gross basis include foreign exchange derivatives mainly currency forwards and currency swaps. The table below presents the contractual undiscounted cash flows of foreign exchange derivatives based on the remaining period from reporting date to the contractual maturity dates.

Consolidated

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
	(In Millions of Pesos)			
2021				
Foreign exchange derivatives - held for trading				
- Inflow	1,449	34	41	1,524
- Outflow	(1,679)	-	-	(1,679)
- Net inflow	(230)	34	41	(155)
Foreign exchange derivatives - held for hedging				
- Inflow	-	-	-	-
- Outflow	-	-	-	-
- Net outflow	-	-	-	-

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
(In Millions of Pesos)				
2020				
Foreign exchange derivatives - held for trading				
- Inflow	1,168	188	42	1,398
- Outflow	(740)	(1)	(4)	(745)
- Net inflow	428	187	38	653
Foreign exchange derivatives - held for hedging				
- Inflow	278	-	-	278
- Outflow	-	-	-	-
- Net outflow	278	-	-	278

Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
(In Millions of Pesos)				
2021				
Foreign exchange derivatives - held for trading				
- Inflow	1,426	34	41	1,501
- Outflow	(1,602)	-	-	(1,602)
- Net inflow	(176)	34	41	(101)
Foreign exchange derivatives - held for hedging				
- Inflow	-	-	-	-
- Outflow	-	-	-	-
- Net outflow	-	-	-	-

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
(In Millions of Pesos)				
2020				
Foreign exchange derivatives - held for trading				
- Inflow	1,106	188	42	1,336
- Outflow	(740)	(1)	(4)	(745)
- Net inflow	366	187	38	591
Foreign exchange derivatives - held for hedging				
- Inflow	278	-	-	278
- Outflow	-	-	-	-
- Net outflow	278	-	-	278

26.4 Fair value measurement

The following tables present the carrying value of assets and liabilities and the level of fair value hierarchy within which the fair value measurements are categorized:

26.4.1 Assets and liabilities measured at fair value on a recurring or non-recurring basis**Consolidated (December 31, 2021)**

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
(In Millions of Pesos)				
<i>Recurring measurements:</i>				
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	3,553	-	3,553	3,553
Trading assets				
- Debt securities	17,593	14,784	2,809	17,593
- Equity securities	188	188	-	188
Financial assets at FVOCI				
- Debt securities	131,390	131,390	-	131,390
- Equity securities	3,351	1,982	1,369	3,351
	156,075	148,344	7,731	156,075
Financial liabilities				
Derivative financial liabilities	3,632	-	3,632	3,632
<i>Non-recurring measurements</i>				
Assets held for sale, net	3,282	-	10,630	10,630

Consolidated (December 31, 2020)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
(In Millions of Pesos)				
<i>Recurring measurements:</i>				
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	4,788	-	4,788	4,788
Trading assets				
- Debt securities	32,352	30,307	2,045	32,352
- Equity securities	70	70	-	70
Financial assets at FVOCI				
- Debt securities	126,851	126,765	86	126,851
- Equity securities	3,335	1,784	1,551	3,335
	167,396	158,926	8,470	167,396
Financial liabilities				
Derivative financial liabilities	5,657	-	5,657	5,657
<i>Non-recurring measurements</i>				
Assets held for sale, net	2,971	-	9,494	9,494

Parent Bank (December 31, 2021)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
(In Millions of Pesos)				
<i>Recurring measurements</i>				
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	3,520	-	3,520	3,520
Trading assets - debt securities	12,055	12,055	-	12,055
Financial assets at FVOCI				
- Debt securities	113,713	113,713	-	113,713
- Equity securities	1,828	1,517	311	1,828
	131,116	127,285	3,831	131,116
Financial liabilities				
Derivative financial liabilities	3,545	-	3,545	3,545
<i>Non-recurring measurements</i>				
Assets held for sale, net	505	-	3,866	3,866

Parent Bank (December 31, 2020)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
(In Millions of Pesos)				
<i>Recurring measurements</i>				
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	4,716	-	4,716	4,716
Trading assets - debt securities	29,149	29,149	-	29,149
Financial assets at FVOCI				
- Debt securities	118,623	118,623	-	118,623
- Equity securities	1,677	1,370	307	1,677
	154,165	149,142	5,023	154,165
Financial liabilities				
Derivative financial liabilities	5,657	-	5,657	5,657
<i>Non-recurring measurements</i>				
Assets held for sale, net	357	-	3,439	3,439

There are no assets and liabilities whose fair values fall under the Level 3 category as at December 31, 2021 and 2020. Likewise, there were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 and 2020.

26.4.2 Fair value disclosures of assets and liabilities not measured at fair valueConsolidated (December 31, 2021)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	35,143	-	35,143	35,143
Due from BSP	268,827	-	268,827	268,827
Due from other banks	34,572	-	34,572	34,572
Interbank loans receivable and SPAR, net	30,852	-	30,852	30,852
Investment securities at amortized cost, net	338,672	339,189	-	339,189
Loans and advances, net	1,476,527	-	1,524,826	1,524,826
Other financial assets	2,338		2,338	2,338
Financial liabilities				
Deposit liabilities	1,944,825	-	1,944,825	1,944,825
Bills payable and other borrowed funds	95,039	82,550	12,695	95,245
Due to BSP and other banks	953	-	953	953
Manager's checks and demand drafts outstanding	6,931	-	6,931	6,931
Other financial liabilities	7,256	-	7,256	7,256
Non-financial assets				
Investment properties	165	-	1,899	1,899

Consolidated (December 31, 2020)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	37,176	-	37,176	37,176
Due from BSP	223,989	-	223,989	223,989
Due from other banks	40,155	-	40,155	40,155
Interbank loans receivable and SPAR, net	30,251	-	30,251	30,251
Investment securities at amortized cost, net	244,653	253,097	-	253,097
Loans and advances, net	1,407,413	-	1,511,405	1,511,405
Other financial assets	2,548	-	2,548	2,548
Financial liabilities				
Deposit liabilities	1,716,177	-	1,708,322	1,708,322
Bills payable and other borrowed funds	151,947	128,351	21,498	149,849
Due to BSP and other banks	1,491	-	1,491	1,491
Manager's checks and demand drafts outstanding	7,108	-	7,108	7,108
Other financial liabilities	10,694	-	10,694	10,694
Non-financial assets				
Investment properties	150	-	638	638

Parent Bank (December 31, 2021)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
(In Millions of Pesos)				
Financial assets				
Cash and other cash items	33,868	-	33,868	33,868
Due from BSP	197,435	-	197,435	197,435
Due from other banks	27,734	-	27,734	27,734
Interbank loans receivable and SPAR, net	30,023	-	30,023	30,023
Investment securities at amortized cost, net	333,193	333,720	-	333,720
Loans and advances, net	1,233,052	-	1,217,489	1,217,489
Other financial assets	6,121	-	6,121	6,121
Financial liabilities				
Deposit liabilities	1,671,757	-	1,671,757	1,671,757
Bills payable and other borrowed funds	82,550	82,550	-	82,550
Due to BSP and other banks	814	-	814	814
Manager's checks and demand drafts outstanding	5,243	-	5,243	5,243
Other financial liabilities	4,974	-	4,974	4,974
Non-financial assets				
Investment properties	153	-	1,860	1,860

Parent Bank (December 31, 2020)

	Carrying Amount	Fair value		
		Level 1	Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	35,912	-	35,912	35,912
Due from BSP	197,974	-	197,974	197,974
Due from other banks	36,605	-	36,605	36,605
Interbank loans receivable and SPAR, net	26,622	-	26,622	26,622
Investment securities at amortized cost, net	216,810	224,636	-	224,636
Loans and advances, net	1,175,071	-	1,199,349	1,199,349
Other financial assets	2,038	-	2,038	2,038
Financial liabilities				
Deposit liabilities	1,470,210	-	1,467,541	1,467,541
Bills payable and other borrowed funds	140,348	118,806	21,498	140,304
Due to BSP and other banks	1,491	-	1,491	1,491
Manager's checks and demand drafts outstanding	5,447	-	5,447	5,447
Other financial liabilities	5,924	-	5,924	5,924
Non-financial assets				
Investment properties	139	-	638	638

26.5 Insurance risk management

The non-life insurance entities decide on the retention, or the absolute amount that they are ready to assume insurance risk from one event. The retention amount is a function of capital, experience, actuarial study and risk appetite or aversion.

In excess of the retention, these entities arrange reinsurances either thru treaties or facultative placements. They also accredit reinsurers based on certain criteria and set limits as to what can be reinsured. The reinsurance treaties and the accreditation of reinsurers require BOD's approval.

Note 27 - Capital Management

Capital management is understood to be a facet of risk management. The primary objective of the BPI Group is the generation of recurring acceptable returns to shareholders' capital. To this end, the BPI Group's policies, business strategies and activities are directed towards the generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

Cognizant of its exposure to risks, the BPI Group maintains sufficient capital to absorb unexpected losses, stay in business for the long haul, and satisfy regulatory requirements. The BPI Group further understands that its performance, as well as the performance of its various units, should be measured in terms of returns generated vis-à-vis allocated capital and the amount of risk borne in the conduct of business.

Effective January 1, 2014, the BSP, through its Circular 781, requires each bank and its financial affiliated subsidiaries to adopt new capital requirements in accordance with the provisions of Basel III. The new guidelines are meant to strengthen the composition of the bank's capital by increasing the level of core capital and regulatory capital. The Circular sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

Information on the regulatory capital is summarized below:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Tier 1 capital	291,396	277,830	291,322	277,755
Tier 2 capital	14,847	13,593	12,961	11,835
Gross qualifying capital	306,243	291,423	304,283	289,590
Less: Regulatory adjustments/required deductions	28,688	30,760	78,076	73,557
Total qualifying capital	277,555	260,663	226,207	216,033
Risk weighted assets	1,664,989	1,527,572	1,430,838	1,309,660
CAR (%)	16.67	17.06	15.81	16.50
CET1 (%)	15.78	16.17	14.90	15.59

The BPI Group has fully complied with the CAR requirement of the BSP.

Likewise, regulatory capital structures of certain subsidiaries on a standalone basis are managed to meet the requirements of the relevant regulatory bodies (i.e. Insurance Commission (IC), SEC, PSE etc.). These subsidiaries have fully complied with the applicable regulatory capital requirements.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Bank is likewise fully compliant with this requirement.

Note 28 - Commitments and Contingencies

At present, there are lawsuits, claims and tax assessments pending against the BPI Group. In the opinion of management, after reviewing all actions and proceedings and court decisions with legal counsels, the aggregate liability or loss, if any, arising therefrom will not have a material effect on the BPI Group's financial position or financial performance.

BPI and some of its subsidiaries are defendants in legal actions arising from normal business activities. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the financial statements.

In the normal course of business, the BPI Group makes various commitments that are not presented in the financial statements. The BPI Group does not anticipate any material losses from these commitments.

Note 29 - Subsequent Event**Release of the 4th Tranche of the Peso Bond and Commercial Paper Program**

On January 31, 2022, the BPI Group released the fourth tranche of the Peso Bond Commercial Paper Program with a par value amounting to P27,000 million. These bonds issued at a fixed rate of 2.81% p.a., payable quarterly. These bonds are unconditional, unsecured and unsubordinated, and are expected to mature within 2 years from issuance or January 31, 2024.

Note 30 - Other Disclosures**30.1 BPI and BFB Merger**

The plan of merger between the Parent Bank and BFB was cleared by the Philippine Deposit Insurance Corporation on June 30, 2021 and the Monetary Board in its resolution dated September 30, 2021 as reflected in the letter of the BSP dated October 4, 2021. On December 21, 2021, the SEC likewise signified its approval on the merger effective January 1, 2022.

The integration of both entities will provide considerable advantages to the customers and employees of BPI and BFB, and present potential synergies that will benefit shareholders. The accelerated shift to digital, the focus on operational efficiency and the expected reduction in the gap in regulatory reserve requirements between commercial banks and thrift banks were factors in the timing of the transaction.

Purchase consideration

On merger date, the Parent Bank shall issue common shares to BFB shareholders amounting to the net assets of the latter in the standalone financial statements as at December 31, 2020.

The Parent Bank, owning 100% of the shares of BFB, shall effectively issue treasury shares as a consideration of the merger. The number of treasury shares to be issued shall be computed based on the net assets of BFB as of December 31, 2020 over the share price of the Parent Bank as of December 29, 2020. The details are as follows:

	Amount
	(In Thousands of Pesos, except share price and treasury shares)
Net assets of BFB as of December 31, 2020	
Total assets	287,090,333
Total liabilities	254,047,648
	33,042,685
Share price of BPI as of December 29, 2020	P81.35
Number of treasury shares to be issued	406,179,276

These treasury shares are expected to be sold or disposed of by the Parent Bank within six (6) months following the effective date of the merger in accordance with Chapter 3, Section 10 of the General Banking Law of 2000 (Republic Act 8791).

Net assets acquired

Details of BFB assets and liabilities as at acquisition date (January 1, 2022) and December 31, 2020 are as follows:

	January 1, 2022	December 31, 2020
	(In Thousands of Pesos)	
Assets acquired		
Cash and other cash items	982,150	1,004,339
Due from Bangko Sentral ng Pilipinas	67,065,132	17,846,031
Due from other banks	10,152,692	4,935,660
Interbank loans receivable and securities purchased under agreements to resell	-	3,631,258
Financial assets at fair value through profit or loss	101,960	-
Financial assets at fair value through other comprehensive income	16,220,549	6,802,621
Investment securities at amortized cost, net	-	24,233,039
Loans and advances, net	228,649,520	219,636,857
Assets held for sale, net	2,639,361	2,452,159
Bank premises, furniture, fixtures and equipment, net	1,713,807	1,791,553
Deferred income tax assets	3,448,694	3,885,474
Other assets, net	686,981	871,342
	331,660,846	287,090,333
Liabilities assumed		
Deposit liabilities	274,766,919	234,582,648
Other borrowed funds	9,583,528	9,544,988
Manager's checks and demand drafts outstanding	1,676,663	1,644,409
Accrued taxes, interest and other expenses	1,698,772	1,734,264
Deferred credits and other liabilities	11,018,995	6,541,339
	298,744,877	254,047,648
Net assets	32,915,969	33,042,685

Goodwill; Other reserves

As the transaction is outside the scope of PFRS 3, *Business Combinations*, the merger was accounted for using the pooling of interests method following the guidance under the PIC Q&A No. 2018-06. In applying the pooling of interests method, all assets and liabilities of BFB are taken into the merged business at their carrying values with no restatement of comparative 2020 figures. Likewise, no goodwill was recognized as the result of the business combination.

The difference between the carrying amount of the net assets acquired and the purchase consideration shall be an addition/deduction to the other reserves balance as follows:

	Amount
	(In Thousands of Pesos)
Purchase price	33,042,685
Carrying amount of net assets acquired	32,915,969
Other reserves (addition to capital funds)	126,716

i. Contingencies and commitments acquired

As a result of the merger, the Parent Bank acquired certain off-balance sheet items pertaining to undrawn loan commitments within the scope of PFRS 9. Details of such liabilities are as follows:

	Amount
	(In Thousands of Pesos)
Undrawn loan commitments	6,422,982
Loss allowance	(18,984)
Carrying amount	6,403,998

ii. Acquired receivables

The details of the loans and advances, net acquired as a result of the business combination and its related fair value is as follows:

	Amount
	(In Thousands of Pesos)
Corporate loans	
Large corporate customers	15,135,453
Small and medium enterprises	17,916,051
Retail loans	
Real estate mortgages	151,807,726
Auto loans	51,177,718
Credit cards	1,922,634
Others	174
	237,959,756
Accrued interest receivable	1,972,675
Unearned discount/income	(107,809)
	239,824,622
Allowance for impairment	(11,175,102)
Net carrying amount	228,649,520
Fair value	292,693,036

The details of the other receivables, net, which form part of Other assets, net, acquired as a result of the business combination and its related fair value are as follows:

	Amount
	(In Thousands of Pesos)
Gross carrying amount	256,831
Allowance for impairment	(136,311)
Net carrying amount	120,520
Fair value	120,520

iii. Revenue and profit contribution

In accordance with the Plan of Merger between the Parent Bank and BFB, any net income earned by the latter from January 1, 2021 until the effective date shall be declared and paid as dividends to the Parent Bank. On December 29, 2021, the BOD of BFB declared cash dividends amounting to P3,532 million (P353 per share) out of its unrestricted surplus payable to the Parent Bank as at December 29, 2021. The cash dividends remain to be outstanding as at reporting date. The remaining net income after dividend declaration will form part of Other reserves upon effectivity of the merger.

A summary of the statement of income of BFB for the year ended December 31, 2021 is as follows:

	Amount
	(In Thousands of Pesos)
INTEREST INCOME	
On loans and advances	15,446,743
On investment securities	339,408
On deposits with BSP and other banks	602,061
	16,388,212
INTEREST EXPENSE	
On deposits	4,452,939
On other borrowed funds	451,342
	4,904,281
NET INTEREST INCOME	11,483,931
IMPAIRMENT LOSSES	2,000,000
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	9,483,931
OTHER INCOME	
Fees and commissions	1,450,304
Foreign exchange profit and securities trading gain	13,038
Net gains on disposals of investment securities measured at amortized cost	319,673
Other operating income	484,954
	2,267,969
OTHER EXPENSES	
Compensation and fringe benefits	2,398,486
Occupancy and equipment-related expenses	1,950,452
Other operating expenses	2,887,531
	7,236,469
INCOME BEFORE INCOME TAX	4,515,431
PROVISION FOR INCOME TAX	
Current	669,987
Deferred	296,133
	966,120
NET INCOME FOR THE YEAR	3,549,311

Cash flows as a result of the merger

Cash and cash equivalents acquired as a result of the business combination shall form part of the net cash inflows from investing activities in the statement of cash flows for the period beginning January 1, 2022. The breakdown of the cash and cash equivalents acquired are as follows:

	Amount
	(In Thousands of Pesos)
Cash and other cash items	982,150
Due from Bangko Sentral ng Pilipinas	67,065,132
Due from other banks	10,152,692
Interbank loans receivable and securities purchased under agreements to resell (with maturity of three months or less)	-
	78,199,974

Acquisition-related costs

Acquisition-related costs of P121 million that were not directly attributable to the issue of shares are included in other operating expenses in the statement of income and in operating cash flows in the statement of cash flows for the period beginning January 1, 2021 until effectivity of the merger.

30.2 Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses

On October 14, 2021, the Monetary Board approved the guidelines on restructured loans under BSP Memorandum No. M-2021-056 which shall be effective until December 31, 2022.

Key points of the issuance include:

- Establishment of prudent criteria in the assessment and modification of terms and conditions of loans.
- Classification under Stage 1, 2, or 3 shall be based on the assessment of the borrowers' financial difficulty and ability to pay based on revised terms.

- Restructured loans should not automatically be considered as credit-impaired warranting classification as non-performing. It will only be classified as such when it falls under Stage 3.
- Monitoring of list of restructured loans including risk classification, staging, and provisioning.

The Bank will be applying the guidelines, which will only be relevant for prudential reporting purposes, to its commercial loan portfolio beginning January 1, 2022.

Note 31 - Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

31.1 Basis of preparation

The financial statements of the BPI Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

As allowed by the SEC, the pre-need subsidiary of the Parent Bank continues to follow the provisions of the Pre-Need Uniform Chart of Accounts (PNUCA) prescribed by the SEC and adopted by the IC.

The financial statements comprise the statements of condition, statements of income and statements of total comprehensive income shown as two statements, statements of changes in capital funds, statements of cash flows and the notes.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, financial assets at FVOCI, and plan assets of the BPI Group's defined benefit plans.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the BPI Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore fairly present the financial position and results of the BPI Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

Critical accounting estimates

- Fair value of derivatives and other financial instruments (Note 7)
- Useful lives of bank premises, furniture, fixtures and equipment (Note 11)
- Impairment of investments subsidiaries and associates (Note 12)
- Calculation of defined benefit obligation (Note 23)
- Measurement of expected credit losses for loans and advances (Note 26.1.4)

Critical accounting judgments

- Classification of investment securities at amortized cost (Note 9)
- Realization of deferred income tax assets (Note 13)
- Determining the lease term (Note 20)
- Determining the incremental borrowing rate (Note 20)

31.2 Changes in accounting policy and disclosures

(a) New amendments to existing standards adopted by the BPI Group

The BPI Group has adopted the following amendments to existing standards effective January 1, 2021:

- Amendment to PFRS 16, 'Leases'

The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

As at December 31, 2021, the Bank recognized a lease concession adjustment to reflect the amendments made to the existing lease contracts following the reliefs provided by the Bank's lessors due to the COVID-19 pandemic. The lease concession adjustment is deemed immaterial for financial reporting purposes.

- Amendments to PFRS 9, ‘Financial Instruments’, PFRS 7 ‘Financial Instruments: Disclosures’, PFRS 4, ‘Insurance Contracts’ and PFRS 16 ‘Leases’

These amendments that were issued in August 2020 address issues that arise during the reform of an interest rate benchmark rate (IBOR), including the replacement of one benchmark rate with an alternative one.

The key reliefs provided by the amendments are as follows:

- Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform (that is, are necessary as a direct consequence of IBOR reform and are economically equivalent) will not result in an immediate gain or loss in the income statement.
- Hedge accounting. The hedge accounting reliefs will allow most PFRS 9 hedge relationships that are directly affected by IBOR reform to continue (Note 19). However, additional ineffectiveness might need to be recorded.

Hedge relationships

The ‘Phase 2’ amendments address issues arising during interest rate benchmark reform, including specifying when the ‘Phase 1’ amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

The ‘Phase 1’ amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs had the effect that IBOR reform should not generally cause hedge accounting to terminate prior to contracts being amended. However, any hedge ineffectiveness is continued to be recorded in the statement of income. Furthermore, the amendments set out triggers for when the reliefs would end, which included the uncertainty arising from interest rate benchmark reform no longer being present. The BPI Group has not adopted any hedge accounting reliefs provided by ‘Phase 1’ in 2020 as the sole cash flow hedge held was not IBOR-based (Note 7).

The hedge accounting reliefs provided by ‘Phase 2’ of the amendments are as follows:

- Hedge designation: When the phase 1 amendments cease to apply, the BPI Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:
 - designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
 - amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
 - amending the description of the hedging instrument. The BPI Group will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.
- Hedges of groups of items: When amending hedges for groups of items (such as the fair value hedge of interest rate risk within the mortgage portfolio) for IBOR reform, hedged items are allocated to sub-groups within that hedge designation, based on the benchmark rate being hedged for that subgroup (for example, a GBP LIBOR sub-group and a SONIA sub-group within the fair value hedge of the mortgage portfolio). The benchmark rate for each sub-group is designated as the hedged risk.
- Risk components: The BPI Group is permitted to designate an alternative benchmark rate as a noncontractually specified risk component, even if it is not separately identifiable at the date when it is designated, provided that the BPI Group reasonably expects that it will meet the requirements within 24 months of the first designation and the risk component is reliably measurable. The 24-month period applies separately to each alternative benchmark rate which the BPI Group might designate.

For the year ended December 31, 2021, the BPI Group has not adopted any hedge accounting reliefs provided by ‘Phase 2’ of the amendments since there are no outstanding hedging relationships for the year then ended.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD, GBP and EUR LIBOR and other inter-bank offered rates (‘IBORs’) has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

As part of the reforms noted above, the international regulators have decided to no longer compel panel banks to participate in the LIBOR submission process after the end of 2021 - although it acknowledges that COVID-19 might impact on these plans - and to cease oversight of these benchmark interest rates. Regulatory authorities and private sector working groups, including the International Swaps and Derivatives Association (‘ISDA’) and the Working Group on Sterling and Risk-Free Reference Rates, continue to discuss alternative benchmark rates for LIBOR.

It is currently expected that SOFR (Secured Overnight Financing Rate), SONIA (Sterling Overnight Index Average) and €STR (Euro Short Term-Rate) (collectively, “replacement rates”) will replace USD LIBOR, GBP LIBOR and EUR LIBOR, respectively. There remain key differences between LIBOR and the replacement rates. LIBOR is a ‘term rate’, which means that it is published for a borrowing period (such as three months or six months) and is ‘forward looking’, because it is published at the beginning of the borrowing period. The replacement rates are currently ‘backward-looking’ rates, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which the replacement rates currently do not. To transition existing contracts and agreements that reference LIBOR to their respective replacement rates, adjustments for term differences and credit differences might need to be applied to the replacement rates, to enable the two benchmark rates to be economically equivalent on transition.

The Philippine Interbank Reference Rate (PHIREF) is the benchmark rate used by key local players in setting the reset value for the Philippine Peso floating leg of interest rate swaps. This is derived from done deals in the interbank foreign exchange swap market and computed using USD LIBOR.

As at December 31, 2021, the BPI Group has approved SOFR and SONIA as the replacement rates for USD and GBP LIBOR, respectively, while the remaining exposure on EUR LIBOR matured prior to the cessation of the related benchmark rate. The adoption of the above changes in interest rate benchmark did not have a material impact on the financial statements of the BPI Group.

The following table contains details of all financial instruments that BPI Group holds which reference LIBOR as at December 31, 2021:

Consolidated:

	Of which: have reference to a currency LIBOR* (In Millions of Pesos)									
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	35,143	-	-	-	-	-	-	-	-	-
Due from BSP	268,827	-	-	-	-	-	-	-	-	-
Due from other banks	34,572	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	30,852	-	-	-	-	-	-	-	-	-
Investment securities at amortized cost	338,672	-	4,421	-	-	-	-	-	4,421	-
Loans and advances, net	1,476,527	-	68,787	-	-	-	2,069	-	70,856	-
Other financial assets	2,338	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	1,955,147	-	774	-	-	-	-	-	774
Bills payable and other borrowed funds	-	95,039	-	-	-	-	-	-	-	-
Due to BSP and other banks	-	953	-	-	-	-	-	-	-	-
Manager's checks and demand drafts outstanding	-	6,931	-	-	-	-	-	-	-	-
Lease liabilities	-	7,326	-	-	-	-	-	-	-	-
Other financial liabilities	-	7,256	-	-	-	-	-	-	-	-
	2,186,931	2,072,652	73,208	774	-	-	2,069	-	75,277	774
Measured at fair value										
Financial assets at FVTPL	17,781	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	134,741	-	-	-	-	-	-	-	-	-
	152,522	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	2,339,453	2,072,652	73,208	774	-	-	2,069	-	75,277	774
Derivative assets and liabilities	3,553	3,632	150,842	-	9,900	-	785	-	161,527	-
Total carrying value of assets and liabilities exposed	2,343,006	2,076,284	224,050	774	9,900	-	2,854	-	236,804	774

*Based on the notional amounts of their related contracts

Parent:

(in millions of Pesos)	Of which: have reference to a currency LIBOR* (In Millions of Pesos)									
	Carrying Value		USD Libor		PHIREF		GBP Libor		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-derivative assets and liabilities										
Measured at amortized cost										
Cash and other cash items	33,868	-	-	-	-	-	-	-	-	-
Due from BSP	197,435	-	-	-	-	-	-	-	-	-
Due from other banks	27,734	-	-	-	-	-	-	-	-	-
Interbank loans receivable and SPAR	30,023	-	-	-	-	-	-	-	-	-
Investment securities at amortized cost	333,193	-	4,421	-	-	-	-	-	4,421	-
Loans and advances, net	1,233,052	-	68,091	-	-	-	2,069	-	70,160	-
Other financial assets	6,121	-	-	-	-	-	-	-	-	-
Deposit liabilities	-	1,675,875	-	774	-	-	-	-	-	774
Bills payable and other borrowed funds	-	82,550	-	-	-	-	-	-	-	-
Due to BSP and other banks	-	814	-	-	-	-	-	-	-	-
Manager's checks and demand drafts outstanding	-	5,243	-	-	-	-	-	-	-	-
Lease liabilities	-	6,248	-	-	-	-	-	-	-	-
Other financial liabilities	-	4,974	-	-	-	-	-	-	-	-
	1,861,426	1,775,704	72,512	774	-	-	2,069	-	74,581	774
Measured at fair value										
Financial assets at FVTPL	12,055	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	115,541	-	-	-	-	-	-	-	-	-
	127,596	-	-	-	-	-	-	-	-	-
Total carrying value of non-derivative assets and liabilities	1,989,022	1,775,704	72,512	774	-	-	2,069	-	74,581	774
Derivative assets and liabilities	3,520	3,545	147,673	-	9,900	-	-	-	157,573	-
Total carrying value of assets and liabilities exposed	1,992,542	1,779,249	220,185	774	9,900	-	2,069	-	232,154	774

*Based on the notional amounts of their related contracts

(b) New standards and amendments to existing standards not yet adopted by the BPI Group

The following new accounting standards and amendments to existing standards are not mandatory for December 31, 2021 reporting period and have not been early adopted by the BPI Group:

- PFRS 17, Insurance Contracts (effective for annual periods beginning on or after January 1, 2025)

PFRS 17 was issued in May 2017 as replacement for PFRS 4, Insurance Contracts. PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognized as revenue over the coverage period. The standard allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The IC, in coordination with Philippine Insurers and Reinsurers Association, is currently reviewing the impact of PFRS 17 across the entire industry and has established a project team to manage the implementation approach. The IC, considering the extension of IFRS 17 and the challenges of the COVID-19 pandemic to the insurance industry, has deferred the implementation of PFRS 17 to January 1, 2025, granting an additional two-year period from the date of effectivity proposed by the IASB. The BPI Group is assessing the quantitative impact of PFRS 17 as at reporting date.

Likewise, the following amendments to existing standards are not mandatory for December 31, 2021 reporting period and have not been early adopted by the BPI Group:

- Amendments to PAS 16, ‘Property, Plant and Equipment’

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset.

- Amendments to PFRS 3, ‘Business Combinations’

Amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’ and Interpretation 21, *Levies*.

- Amendment to PAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- Amendments to PAS 1, ‘Presentation of Financial Statements’

The amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the ‘settlement’ of a liability.

In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, ‘Income Taxes

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

- Annual Improvements to PFRS Standards 2018-2020

- The following improvements were finalized in May 2020:
- i. PFRS 9, ‘Financial Instruments’, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
 - ii. PFRS 16, ‘Leases’, amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the BPI Group.

31.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The BPI Group recognizes a financial instrument in the statements of condition when, and only when, the BPI Group becomes a party to the contractual provisions of the instrument.

31.3.1 Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (‘POCI’) financial assets – assets that are credit-impaired (see definition on Note 31.3.2.2) at initial recognition - the BPI Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the BPI Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
- Financial assets that are not ‘POCI’ but have subsequently become credit-impaired (or ‘Stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the BPI Group commits to purchase or sell the asset.

At initial recognition, the BPI Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, as described in Note 31.3.2.1 below, which results in the loss provision being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the BPI Group recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument’s fair value can be determined using market observable inputs, or realized through settlement.

31.3.2 Financial assets

31.3.2.1 Classification and subsequent measurement

The BPI Group classifies its financial assets in the following measurement categories: at FVTPL, FVOCI, and at amortized cost. The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective, such as loans and advances, due from BSP and other banks, government and corporate bonds and other financial receivables.

Classification and subsequent measurement of debt instruments depend on the BPI Group’s business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the BPI Group classifies its debt instruments into one of the following three measurement categories:

- *Amortized cost*
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in ‘Interest income’ using the effective interest rate method. Amortized cost financial assets include cash and other cash items, due from BSP, due from other banks, interbank loans receivables and SPAR, loans and advances, and other financial assets.
- *FVOCI*
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in ‘Interest income’ using the effective interest rate method.
- *FVTPL*
Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within “Securities trading gain” in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.

Business model

The business model reflects how the BPI Group manages the assets in order to generate cash flows. That is, whether the BPI Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified and measured at FVTPL. Factors considered by the BPI Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payment of Principal and Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the BPI Group assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the BPI Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The BPI Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets.

The BPI Group subsequently measures all equity investments at FVTPL, except where the BPI Group’s management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The BPI Group’s policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as ‘Other operating income’ when the BPI Group’s right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the “Securities trading gain” in the statements of income.

31.3.2.2 Impairment of amortized cost and FVOCI financial assets

The BPI Group assesses impairment as follows:

- individually for loans that exceed specified thresholds. Where there is objective evidence of impairment, individually assessed provisions will be recognized; and
- collectively for loans below the specified thresholds noted above or if there is no objective evidence of impairment. These loans are included in a group of loans with similar risk characteristics and collectively assessed for impairment. If there is objective evidence that the group of loans is collectively impaired, collectively assessed provisions will be recognized.

Expected credit losses

The BPI Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The BPI Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

PFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the BPI Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired. The BPI Group determines SICR based on prescribed benchmarks approved by the Board of the Directors.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with PFRS 9 is that it should consider forward-looking information.
- POCI financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3). The BPI Group has no POCI as at December 31, 2021 and 2020.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Determination of SICR

The BPI Group compares the probabilities of default occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition to determine SICR. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category;
- adverse changes in business, financial and/or economic conditions of the borrower;

- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition;
- the account has become past due beyond 30 days where an account is classified under special monitoring category (refer to Note 26.1.2 for the description of special monitoring); and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the BPI Group.

Measuring ECL - Inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood that the borrower will default (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.
- EAD is based on the amounts the BPI Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD). For example, for a revolving commitment, the BPI Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For committed credit lines, the EAD is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

- LGD represents the BPI Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The LGDs are determined based on the factors which impact the recoveries made post-default.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies and historical recoveries.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change - are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on January 1, 2018 to the reporting date.
Forward-looking information incorporated in the ECL models

The BPI Group incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and expected credit losses for each portfolio. MEVs that affect a specific portfolio’s non-performing loan rate(s) are determined through statistical modelling and the application of expert judgment. The BPI Group’s economics team establishes possible global and domestic economic scenarios. With the use of economic theories and conventions, expert judgment and external forecasts, the economics team develops assumptions to be used in forecasting variables in the next five (5) years, subsequently reverting to long run-averages. The probability-weighted ECL is calculated by running each scenario through the relevant ECL models and multiplying it by the appropriate scenario weighting.

The estimation and application of forward-looking information requires significant judgment. As with any economic forecasts, the projections and likelihood of occurrences are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The scenarios and their attributes are reassessed at each reporting date. Information regarding the forward-looking economic variables and the relevant sensitivity analysis is disclosed in Note 26.

Financial assets with low credit risk

Loss allowance for financial assets at amortized cost and FVOCI that have low credit risk is limited to 12-month expected credit losses. Management considers “low credit risk” for listed government bonds to be an investment grade credit rating with at least one major rating agency. Other debt instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default and credit-impaired assets

The BPI Group considers a financial instrument in default or credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments (with the exception of credit cards and micro-finance loans where a borrower is required to be 90 days past due and over 7 days past due, respectively, to be considered in default).

Qualitative criteria

The counterparty is experiencing significant financial difficulty which may lead to non-payment of loan as may be indicated by any or combination of the following events:

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- The counterparty is in breach of major financial covenant(s) which lead(s) to event of default;
- An active market for the security has disappeared;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty’s financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the BPI Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD, and LGD throughout the BPI Group’s expected credit loss calculations.

The BPI Group’s definition of default is substantially consistent with non-performing loan definition of the BSP. For cross-border, treasury and debt securities, these are classified as defaulted based on combination of BSP and external credit rating agency definitions.

31.3.3 Modification of loans

The BPI Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the BPI Group assesses whether or not the new terms are substantially different to the original terms. The BPI Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BPI Group derecognizes the original financial asset and recognizes a ‘new’ asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BPI Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in the statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the BPI Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of income. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset’s original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Loan modifications in compliance with the Bayanihan Acts I and II in 2020, was treated in line with BPI Group’s policies discussed above.

31.3.4 Derecognition of financial assets other than modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the BPI Group transfers substantially all the risks and rewards of ownership, or (ii) the BPI Group neither transfers nor retains substantially all the risks and rewards of ownership and the BPI Group has not retained control.

The BPI Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the BPI Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.5 Write-off of financial assets

The BPI Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the BPI Group’s recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The BPI Group may write-off financial assets that are still subject to enforcement activity. The write-off of loans is approved by the BOD in compliance with the BSP requirements. Loans written-off are fully covered with allowance.

Recoveries on charged-off assets

Collections on accounts or recoveries from impaired financial assets previously written off are recognized in profit or loss under Miscellaneous income in the period where the recovery transaction occurs.

31.3.6 Financial liabilities

31.3.6.1 Classification of financial liabilities

The BPI Group classifies its financial liabilities in the following categories: financial liabilities at FVTPL and financial liabilities at amortized cost.

(a) Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the BPI Group as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the statements of income and are reported as “Securities trading gain”. The BPI Group has no financial liabilities that are designated at fair value through profit loss.

b) Other liabilities measured at amortized cost

Financial liabilities that are not classified as at FVTPL fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost include deposits from customers and banks, bills payable, amounts due to BSP and other banks, manager’s checks and demand drafts outstanding, subordinated notes and other financial liabilities under deferred credits and other liabilities.

31.3.6.2 Subsequent measurement and derecognition

Financial liabilities at FVTPL are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or has expired). Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.7 Loan commitments

Loan commitments are contracts in which the BPI Group is required to provide loans with pre-specified terms to customers. These contracts, which are not issued at below-market interest rates and are not settled net in cash or by delivering or issuing another financial instrument, are not recorded in the statements of condition.

31.3.8 Derivative financial instruments

A derivative instrument is initially recognized at fair value on the date a derivative contract is entered into, and is subsequently remeasured to its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument or is held for trading.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting (and therefore, held for trading) are recognized immediately in profit or loss and are included in “Securities trading gain”.

Hedge accounting

The BPI Group designates derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the BPI Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The BPI Group documents its risk management objective and strategy for undertaking its hedge transactions.

In 2021, the BPI Group’s existing cash flow hedge activity in 2020 has matured (Note 7). There are no fair value hedges or net investment hedges as of reporting date.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the “Cash flow hedge reserve” within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within “Other operating income”.

When the group excludes the forward element of a forward contract and foreign currency basis spread of financial instruments in the hedge designation, the fair value change of the forward element and currency basis spread that relates to the hedged item (‘aligned forward element/currency basis spread’) is recognized within OCI in the costs of hedging reserve within equity. If the group designates the full change in fair value of the derivative (including forward points and currency basis spreads) the gains or losses relating to the effective portion of the change in fair value of the entire derivative are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss within other operating income in the same periods during which the hedged future cash flows affect profit or loss. However, if the amount is a loss and the BPI Group expects that all or a portion of that loss will not be recovered in one or more future periods, the amount that is not expected to be recovered shall immediately be reclassified to profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time shall be reclassified to profit or loss in the same periods during which the future cash flows affect profit or loss. When the future cash flows are no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

31.3.8.1 Embedded derivatives

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the BPI Group assesses the entire contract for classification and measurement in accordance with the policy outlined in Note 30.3.2 above. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statements of income unless the BPI Group chooses to designate the hybrid contracts at FVTPL.

31.3.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset’s current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The BPI Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, PSE, Philippine Dealing and Exchange Corp., etc.).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter (OTC) derivative contracts. The primary source of input parameters like LIBOR yield curve or counterparty credit risk is Bloomberg.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The BPI Group considers relevant and observable market prices in its valuations where possible. The BPI Group has no assets or liabilities classified under Level 3 as at and for the year ended December 31, 2021 and 2020.

31.3.10 Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the BPI Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

31.3.11 Dividend income

Dividend income is recognized in profit or loss when the BPI Group’s right to receive payment is established.

31.3.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of condition when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

As at December 31, 2021 and 2020, there are no financial assets and liabilities presented at net amounts due to offsetting.

31.3.13 Cash and cash equivalents

Cash and cash equivalents consist of Cash and other cash items, Due from BSP, Due from other banks, and Interbank loans receivable and securities purchased under agreements to resell (SPAR) with maturities of less than three months from the date of acquisition and that are subject to insignificant risk of changes in value.

31.3.14 Repurchase and reverse repurchase agreements

Securities sold subject to repurchase agreements (‘repos’) are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities purchased under agreements to resell (‘reverse repos’) are recorded as loans and advances to other banks and customers and included in the statement of condition under “Interbank loans receivable and securities purchased under agreements to resell”. Securities lent to counterparties are also retained in the financial statements.

31.4 Consolidation

The subsidiaries financial statements are prepared for the same reporting year as the consolidated financial statements. Refer to Note 1 for the list of the Parent Bank’s subsidiaries.

(a) Subsidiaries

Subsidiaries are all entities over which the BPI Group has control. The BPI Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The BPI Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the BPI Group’s voting rights relative to the size and dispersion of holdings of other shareholders give the BPI Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the BPI Group. They are de-consolidated from the date that control ceases.

The BPI Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BPI Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BPI Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the BPI Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the BPI Group’s share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the BPI Group, except for the pre-need subsidiary which follows the provisions of the PNUCA as allowed by the SEC.

When the BPI Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the BPI Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Parent Bank loses control of a subsidiary, the Parent Bank:

- derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- recognizes any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. The remeasured value at the date that control is lost shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or the cost on initial recognition of an investment in an associate or joint venture, if applicable.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests other than those related to discontinued operation are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the Parent Bank are reported in consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the statements of income as net income (loss) attributable to non-controlling interests.

(c) Associates

Associates are all entities over which the BPI Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The BPI Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the BPI Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the BPI Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The BPI Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the BPI Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to ‘share of profit (loss) of an associate’ in profit or loss.

Unrealized gains on transactions between the BPI Group and its associates are eliminated to the extent of the BPI Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the BPI Group.

(d) Business combination between entities under common control

Business combinations under common control are accounted for using the pooling of interest method following the guidance under the PIC Q&A No. 2018-01. Under this method, the Parent Bank does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer’s interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

31.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Parent Bank’s separate financial statements are accounted for using the cost method in accordance with PAS 27. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Parent Bank recognizes a dividend from a subsidiary or associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

The Parent Bank determines at each reporting date whether there is any indicator of impairment that the investment in the subsidiary or associate is impaired. If this is the case, the Parent Bank calculates the amount of impairment as the difference between the recoverable amount and carrying value and the difference is recognized in profit or loss.

Investments in subsidiaries and associates are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries and associates at which time the cost and the related accumulated impairment loss are removed in the statements of condition. Any gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

31.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer who allocates resources to, and assesses the performance of the operating segments of the BPI Group.

All transactions between business segments are conducted on an arm’s length basis, with intra-segment revenue and costs being eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with PFRS 8, the BPI Group has the following main banking business segments: consumer banking, corporate banking and investment banking. Its insurance business is assessed separately from these banking business segments (Note 3).

31.7 Bank premises, furniture, fixtures and equipment

Land and buildings comprise mainly of branches and offices. All bank premises, furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an asset which comprises its purchase price, import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BPI Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Land is carried at historical cost and is not depreciated. Depreciation for buildings and furniture and equipment is calculated using the straight-line method to allocate cost or residual values over the estimated useful lives of the assets, as follows:

Building	25-50 years
Furniture and equipment	3-5 years
Equipment for lease	2-8 years

Leasehold improvements are depreciated over the shorter of the lease term (ranges from 5 to 10 years) and the useful life of the related improvement (ranges from 5 to 10 years). Major renovations are depreciated over the remaining useful life of the related asset.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. There are no bank premises, furniture, fixtures and equipment that are fully impaired as at December 31, 2021 and 2020.

An item of Bank premises, furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

31.8 Investment properties

Properties that are held either to earn rental income or for capital appreciation or both, and that are not significantly occupied by the BPI Group are classified as investment properties. Transfers to, and from, investment property are made when, and only when, there is a change in use, evidenced by:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
- (c) End of owner occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to and from investment property do not result in gain or loss.

Investment properties comprise land and building. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on investment property is determined using the same policy as applied to Bank premises, furniture, fixtures, and equipment. Impairment test is conducted when there is an indication that the carrying amount of the asset may not be recovered. An impairment loss is recognized for the amount by which the property’s carrying amount exceeds its recoverable amount, which is the higher of the property’s fair value less costs to sell and value in use.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

31.9 Foreclosed assets

Assets foreclosed shown as Assets held for sale in the statements of condition are accounted for at the lower of cost and fair value less cost to sell similar to the principles of PFRS 5. The cost of assets foreclosed includes the carrying amount of the related loan. Impairment loss is recognized for any subsequent write-down of the asset to fair value less cost to sell.

Foreclosed assets not classified as Assets held for sale are accounted for in any of the following classification using the measurement basis appropriate to the asset as follows:

- (a) Investment property is accounted for using the cost model under PAS 40;
- (b) Bank-occupied property is accounted for using the cost model under PAS 16; and
- (c) Financial assets are accounted for under PFRS 9.

When foreclosed assets are recovered through a sale transaction, the gain or loss recognized from the difference between the carrying amount of the foreclosed asset disposed and the net disposal proceeds is recognized in profit or loss.

31.10 Discontinued operations

A discontinued operation is a component of the BPI Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of income, statement of total comprehensive income and statement of cash flows. Likewise, prior year balances of such statements are restated in accordance with the provisions of PFRS 5. The details of the discontinued operations are disclosed in Note 12.

31.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the BPI Group’s share in the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under Other assets, net in the statements of condition. Goodwill on acquisitions of associates is included in Investments in subsidiaries and associates. Separately recognized goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary/associate include carrying amount of goodwill relating to the subsidiary/associate sold.

Goodwill is an indefinite-lived intangible asset and hence not subject to amortization.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by each primary reporting segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have finite useful lives of ten years and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship. Contractual customer relationships are included under Other assets, net in the statements of condition.

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the expected useful lives (three to five years). Computer software is included under Other assets, net in the statements of condition.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the BPI Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other assets to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Management contracts

Management contracts are recognized at fair value at the acquisition date. They have a finite useful life of five years and are subsequently carried at cost less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method over the estimated useful life of the contract. Management contracts are included under Other assets in the statement of condition.

31.12 Impairment of non-financial assets

Assets that have indefinite useful lives - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment and more frequently if there are indicators of impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

31.13 Borrowings and borrowing costs

The BPI Group’s borrowings consist mainly of bills payable and other borrowed funds. Borrowings are recognized initially at fair value, which is the issue proceeds, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. The BPI Group has no qualifying asset as at December 31, 2021 and 2020.

Borrowings derecognized when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statements of Income as other income.

31.14 Fees and commission income

The BPI Group has applied PFRS 15 where revenue is recognized when (or as) The BPI Group satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the BPI Group satisfies the performance obligation and recognizes revenue over time. Otherwise, revenue is recognized at the point in time at the point of transfer control of the good or service to the customer.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the BPI Group expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Where there is a single performance obligation, the transaction price is allocated in its entirety to that performance obligation. Where there are multiple performance obligations, the transaction price is allocated to the performance obligation to which it relates based on stand-alone selling prices.

The BPI Group recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The BPI Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the BPI Group does not adjust any of the transaction prices for the time value of money.

There are no warranties and other similar obligation and refunds agreed with customers.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party (i.e. the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses) are recognized on completion of underlying transactions. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided.

31.15 Credit card income

Credit card arrangements involve numerous contracts between various parties. The BPI Group has determined that the more significant contracts within the scope of PFRS 15 are (1) the contract between the BPI Group and the credit card holder (‘Cardholder Agreement’) under which the BPI Group earn miscellaneous fees (e.g., annual membership fees, late payment fees, foreign exchange fees, etc.) and (2) an implied contract between the BPI Group and merchants who accept the credit cards in connection with the purchase of their goods and/or services (‘Merchant Agreement’) under which the BPI Group earn interchange fees.

The Cardholder Agreement obligates the BPI Group, as the card issuer, to perform activities such as process redemption of loyalty points by providing goods, services, or other benefits to the cardholder; provide ancillary services such as concierge services, travel insurance, airport lounge access and the like; process late payments; provide foreign exchange services and others. The amount of fees stated in the contract represents the transaction price for that performance obligation.

The implied contract between the BPI Group and the merchant results in the BPI Group receiving an interchange fee from the merchant. The interchange fee represents the transaction price associated with the implied contract between the BPI Group and the merchant because it represents the amount of consideration to which the BPI Group expects to be entitled in exchange for transferring the promised service (i.e., purchase approval and payment remittance) to the merchant. The performance obligation associated with the implied contract between the BPI Group and the merchant is satisfied upon performance and simultaneous consumption by the customer of the underlying service. Therefore, a portion of the interchange fee is allocated to the performance obligations based on stand-alone transaction price and revenue is recognized when these performance obligations are satisfied.

31.16 Foreign currency translation

(a) Functional and presentation currency

Items in the financial statements of each entity in the BPI Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Philippine Peso, which is the Parent Bank’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates as at the date of initial recognition. Non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at FVOCI are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss recognized under “Securities trading gain” in the statement of income. Translation differences on non-monetary financial instruments, such as equities classified as financial assets at FVOCI, are included in Accumulated other comprehensive income (loss) in the capital funds.

(c) Foreign subsidiaries

The results and financial position of BPI’s foreign subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component (Currency translation differences) of Accumulated other comprehensive income (loss) in the capital funds. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

(d) Income from foreign exchange trading

Foreign exchange gains and losses arising from trading of foreign currencies are recorded under “Income from foreign exchange trading” in the statement of income. Gains or losses are calculated as the difference between the carrying amount of the asset sold and the net disposal proceeds at the date of sale.

31.17 Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the BPI Group is established.

31.18 Provisions for legal or contractual obligations

Provisions are recognized when all of the following conditions are met: (i) the BPI Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item is included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

31.19 Income taxes

(a) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the year except to the extent that current tax is related to items (for example, current tax on financial assets at FVOCI) that are charged or credited in other comprehensive income or directly to capital funds.

The BPI Group has substantial income from its investment in government securities subject to final withholding tax. Such income is presented at its gross amount and the final tax paid or withheld is included in Provision for income tax - Current.

(b) Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

The BPI Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, and associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, and associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the BPI Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the BPI Group is unable to control the reversal of the temporary difference for associates except when there is an agreement in place that gives the BPI Group the ability to control the reversal of the temporary difference.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

31.20 Employee benefits

(a) Short-term benefits

The BPI Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Defined benefit retirement plan

The BPI Group has a defined benefit plan that shares risks among entities within the group. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of condition in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Defined benefit costs comprise of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when the plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest income or expense in the statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For individual financial reporting purposes, the unified plan assets are allocated among the BPI Group entities based on the level of the defined benefit obligation attributable to each entity to arrive at the net liability or asset that should be recognized in the individual financial statements.

(c) Defined contribution retirement plan

The BPI Group also maintains a defined contribution plan that covers certain full-time employees. Under its defined contribution plan, the BPI Group pays fixed contributions based on the employees’ monthly salaries. The BPI Group, however, is covered under RA No. 7641, otherwise known as The Philippine Retirement Pay Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. Accordingly, the BPI Group accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The BPI Group and Parent Bank determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) then, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plan are recognized in the statement of income.

The defined contribution liability is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Actuarial gains and losses arising from the remeasurements of the net defined contribution liability are recognized immediately in the other comprehensive income.

(d) Share-based compensation

The BPI Group engages in equity-settled share-based payment transactions in respect of services received from certain employees.

The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of employee services received in respect of the shares or share options granted is recognized in profit or loss (with a corresponding increase in reserve in capital funds) over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models which take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

When the stock options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (par value) and share premium for the excess of exercise price over par value.

(e) Bonus plans

The BPI Group recognizes a liability and an expense for bonuses and recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

31.21 Capital funds

Share capital consists of common shares which are instruments that meet the definition of “equity”.

Share premium includes any premiums or consideration received in excess of the total par value of the common shares issued.

Incremental costs directly attributable to the issue of new shares are treated as a deduction from the share issuance proceeds.

31.22 Earnings per share (EPS)

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. In case of a rights issue, an adjustment factor is being considered for the weighted average number of shares outstanding for all periods before the rights issue. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

31.23 Dividends on common shares

Dividends on common shares are recognized as a liability in the BPI Group’s financial statements in the period in which the dividends are approved by the BOD.

31.24 Fiduciary activities

The BPI Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the BPI Group (Note 24).

31.25 Leases

31.25.1 BPI Group is the lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the BPI Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the BPI Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the BPI Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the BPI Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Lease modification

Lease modifications are accounted either as a separate lease or not a separate lease. The BPI Group accounts for the lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right of use to one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For lease modification that is not accounted for a separate lease, at the effective date of lease modification, the BPI Group:

- allocates the consideration in the modified contract on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee’s incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the BPI Group accounts for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease; and
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The BPI Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

31.25.2 BPI Group is the lessor

PFRS 16 substantially carries forward the lessor accounting requirements in PAS 17. Accordingly, the BPI Group (as a lessor) continues to classify its leases as operating leases or finance leases.

Operating lease

Properties (land and building) leased out under operating leases are included in “Investment properties” in the statements of condition. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

Lease income under finance lease is recognized over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

31.26 Insurance and pre-need operations

(a) Non-life insurance

The more significant accounting policies observed by the non-life insurance subsidiaries follow: (a) gross premiums written from short-term insurance contracts are recognized at the inception date of the risks underwritten and are earned over the period of cover in accordance with the incidence of risk using the 24th method; (b) acquisition costs are deferred and charged to expense in proportion to the premium revenue recognized; reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs; (c) a liability adequacy test is performed which compares the subsidiaries’ reported insurance contract liabilities against current best estimates of all contractual future cash flows and claims handling, and policy administration expenses as well as investment income backing up such liabilities, with any deficiency immediately charged to profit or loss; (d) amounts recoverable from reinsurers and loss adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts; and (e) financial assets and liabilities are measured following the classification and valuation provisions of PFRS 9.

(b) Pre-need

The more significant provisions of the PNUCA as applied by the pre-need subsidiary follow: (a) premium income from sale of pre-need plans is recognized as earned when collected; (b) costs of contracts issued and other direct costs and expenses are recognized as expense when incurred; (c) pre-need reserves which represent the accrued net liabilities of the subsidiary to its plan holders are actuarially computed based on standards and guidelines set forth by the Insurance Commission; the increase or decrease in the account is charged or credited to other costs of contracts issued in profit or loss; and (d) insurance premium reserves which represent the amount that must be set aside by the subsidiary to pay for premiums for insurance coverage of fully paid plan holders, are actuarially computed based on standards and guidelines set forth by the Insurance Commission.

31.27 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

31.28 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where PAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no changes to the presentation made during the year.

31.29 Subsequent events (or Events after the reporting date)

Post year-end events that provide additional information about the BPI Group’s financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Note 32 - Supplementary information required under BSP Circular No. 1074

Presented below are the additional information required by BSP Circular No. 1074 issued on January 8, 2020. This information is presented for BSP reporting purposes and is not required in the basic financial statements.

(i) Basic Quantitative Indicators of Financial Performance

The key financial performance indicators follow (in %):

	Consolidated		Parent	
	2021	2020	2021	2020
Return on average equity				
- Daily average ¹	8.40	7.70	9.70	10.81
- Simple average ²	8.28	7.79	9.60	11.00
Return on average assets				
- Daily average ³	1.08	0.98	1.21	1.33
- Simple average ⁴	1.03	0.96	1.15	1.31
Net interest margin				
- Daily average ⁵	3.30	3.49	3.06	3.31
- Simple average ⁶	3.15	3.45	2.91	3.26

¹Net income divided by average total equity for the period indicated. Average equity is based on the daily average balance of equity for the years ended December 31, 2021 and 2020.
²Net income divided by average total equity for the period indicated. Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2021 and 2020.
³Net income divided by average total assets as at period indicated. Average total assets are based on the daily average balance of total assets as at December 31, 2021 and 2020.
⁴Net income divided by average total assets as at period indicated. Average total assets are based on the year-on-year balance of total assets as at December 31, 2021 and 2020.
⁵Net interest income divided by average interest-earning assets. Average interest earning assets is based on the daily average balance of interest earning assets as at December 31, 2021 and 2020.
⁶Net interest income divided by average interest-earning assets. Average interest earning assets is based on the year-on-year balance of interest earning assets as at December 31, 2021 and 2020.

(ii) Description of Capital Instrument Issued

BPI considers its common shares as capital instrument for purposes of calculating its capital adequacy ratio as at December 31, 2021 and 2020.

Significant Credit Exposures

Details of the loans and advances portfolio as to concentration per industry/economic sector (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
Real estate, renting and other related activities	25.63	25.42	18.05	18.04
Manufacturing	15.62	14.97	18.54	17.79
Wholesale and retail trade	10.69	10.97	11.83	12.18
Consumer	8.08	8.01	5.44	5.12
Financial institutions	8.08	8.88	9.64	10.57
Agriculture and forestry	1.94	2.53	2.31	3.01
Others	29.96	29.22	34.19	33.29
	100.00	100.00	100.00	100.00

Breakdown of Total Loans

Details of the loans and advances portfolio as at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Secured loans				
Real estate mortgage	268,427	257,311	138,333	132,600
Chattel mortgage	51,878	51,821	6	8
Others	122,943	203,629	120,803	201,013
	443,248	512,761	259,142	333,621
Unsecured loans	1,079,224	932,434	1,009,327	870,066
	1,522,472	1,445,195	1,268,469	1,203,687

Other collaterals include hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

Breakdown of performing and non-performing loans net of allowance for credit losses, as reported to the BSP, are as follows:

Consolidated

	2021			2020		
	Performing	Non-performing	Total	Performing	Non-performing	Total
(In Millions of Pesos)						
Corporate loans	1,198,873	17,531	1,216,404	1,147,201	12,990	1,160,191
Credit cards	67,397	3,762	71,159	58,652	5,453	64,105
Other retail loans	218,255	16,663	234,918	200,612	20,310	220,922
	1,484,525	37,956	1,522,481	1,406,465	38,753	1,445,218
Allowance for probable losses	(8,546)	(17,572)	(26,118)	(13,073)	(14,483)	(27,556)
Net carrying amount	1,475,979	20,384	1,496,363	1,393,392	24,270	1,417,662

*Amounts exclude accrued interest receivables and GLLP

Parent

	2021			2020		
	Performing	Non-performing	Total	Performing	Non-performing	Total
(In Millions of Pesos)						
Corporate loans	1,177,981	16,087	1,194,068	1,127,042	10,507	1,137,549
Credit cards	65,765	3,576	69,341	56,803	5,096	61,899
Other retail loans	4,584	476	5,060	3,823	430	4,253
	1,248,330	20,139	1,268,469	1,187,668	16,033	1,203,701
Allowance for probable losses	(7,378)	(12,790)	(20,168)	(11,001)	(9,470)	(20,471)
Net carrying amount	1,240,952	7,349	1,248,301	1,176,667	6,563	1,183,230

*Amounts exclude accrued interest receivables and GLLP

BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans*, states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

(iii) *Information on Related Party Loans*

Details of related party loans are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Loans and advances from:				
Subsidiaries	-	189	-	-
Associates	60	509	60	509
Ayala Group	65,195	76,509	65,195	71,123
Other related parties	546	24,160	544	7,569

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos, except percentages)				
Total outstanding loans and advances	65,801	101,367	65,799	79,201
% to total outstanding related party loans				
Subsidiaries	-	0.19	-	0.00
Associates	0.09	0.50	0.09	0.64
Ayala Group	99.08	75.48	99.08	89.80
Other related parties	0.83	23.83	0.83	9.56

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos, except percentages)				
Total outstanding loans and advances	65,801	101,367	65,799	79,201
% to total outstanding related party loans				
Unsecured related party loans	66.61	32.58	66.61	41.69
Past due related party loans	0.00	0.00	0.00	0.00
Non-performing related party loans	0.00	0.00	0.00	0.00

Details of DOSRI loans are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Outstanding DOSRI loans	15,230	15,675	15,229	15,673

	Consolidated		Parent	
	2021	2020	2021	2020
(In percentages)				
% to total outstanding loans and advances	1.00	1.08	1.20	1.30
% to total outstanding DOSRI loans				
Unsecured DOSRI loans	3.11	3.20	3.11	3.20
Past due DOSRI loans	0.01	0.00	0.01	0.00
Non-performing DOSRI loans	0.02	0.00	0.02	0.00

The BPI Group is in full compliance with the General Banking Act and the BSP regulations on DOSRI loans as at December 31, 2021 and 2020.

(iv) *Secured Liabilities and Assets Pledged as Security*

The BPI Group's Bills payable (Note 16) include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As at December 31, 2021 and 2020, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 10).

(v) *Contingencies and commitments arising from off-balance sheet items*

The following is a summary of BPI's contingencies and commitments at their equivalent peso amounts as reported to the BSP:

	Consolidated		Parent	
	2021	2020	2021	2020
(In Millions of Pesos)				
Guarantees issued	2,327	1,401	2,327	1,401
Financial standby letters of credit - foreign	15,367	8,370	15,367	8,370
Performance standby letters of credit - foreign	4,453	3,442	4,453	3,442
Commercial letters of credit	10,719	9,055	10,719	9,055
Trade related guarantees	1,305	2,255	1,305	2,255
Commitments	124,754	126,903	122,689	125,004
Spot foreign exchange contracts	10,208	18,616	10,208	18,616
Derivatives	357,556	339,259	349,039	336,211
Other contingent accounts	1,141,823	1,095,617	27,337	45,902
	1,668,512	1,604,918	543,444	550,256

Other contingent accounts pertain to inward and outward bills for collection, late deposits or payments received, and trust department accounts.

Significant credit risk exposures arising from off-balance sheet items are as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	(In Millions of Pesos)			
Undrawn loan commitments	360,425	352,844	354,002	346,995
Unused letters of credit	34,131	24,512	34,131	24,512
Gross carrying amount	394,556	377,356	388,133	371,507
Loss allowance	(747)	(959)	(728)	(927)
Carrying amount	393,809	376,397	387,405	370,580

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the BPI Group is required to provide a loan with pre-specified terms to the customer. These off-balance sheet items are within the scope of PFRS 9 where the BPI Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to the off-balance sheet items is recognized in “Miscellaneous liabilities” (Note 17).

The BPI Group has no other off-balance sheet items other than the items listed above.

Note 33 - Supplementary information required by the Bureau of Internal Revenue

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRSs.

Below is the additional information required by RR No. 15-2010 that is relevant to the Parent Bank. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

(i) Documentary stamp tax

Documentary stamp taxes paid through the Electronic Documentary Stamp Tax System for the year ended December 31, 2021 consist of:

	Amount
	(In Millions of Pesos)
Deposit and loan documents	6,016
Trade finance documents	565
Mortgage documents	453
Others	2
	7,063

(ii) Withholding taxes

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2021 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Income taxes withheld on compensation	1,868	214	2,082
Withholding tax on withdrawal from decedent's account	22	2	24
Final income taxes withheld on interest on deposits and yield on deposit substitutes	1,041	46	1,087
Final income taxes withheld on income payment	285	204	489
Creditable income taxes withheld (expanded)	390	51	441
Fringe benefit tax	76	20	96
VAT withholding tax	36	2	38
	3,718	539	4,257

(iii) All other local and national taxes

All other local and national taxes paid/accrued for the year ended December 31, 2021 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Gross receipts tax	3,819	370	4,189
Real property tax	119	-	119
Municipal taxes	291	-	291
Others	82	-	82
	4,311	370	4,681

Local and national taxes imposed by the government which are incurred under the normal courses of business are part of “Taxes and Licenses” within Other Operating Expense (Note 21).

(iv) Tax cases and assessments

As at reporting date, the Parent Bank has pending cases filed in courts, with the tax authorities contesting certain tax assessments, and for various claims for tax refund.

APPENDICES

GREEN AND SOCIAL BONDS REPORT

Green Bond Issued

ISIN Code	Coupon Rate	Tenor	Issue Date	Maturity Date	Amount in Original Currency	Amount in USD ¹
CH0495570944	0.00%	2 years	Sep. 24, 2019	Sep. 24, 2021	CHF 100 million	USD 113 million
XS2050923825	2.50%	5 years	Sep. 10, 2019	Sep. 10, 2024	USD 300 million	USD 300 million
Total						USD 413 million

Exchange rate as of December 31, 2021: USD 1 = CHF 0.8862

Outstanding Earmarked Green Projects as of December 2021

Category	Project	Original Currency	Amount Funded by BPI	
			Outstanding Balance in Original Currency	Outstanding Balance in USD ²
Renewable Energy	1	USD	298,125,000.00	298,125,000.00
	2	PHP	2,092,540,000.00	41,031,000.61
	3	PHP	280,000,000.00	5,490,303.73
Sub-Total				344,646,304.34
Green Building	4	PHP	1,533,333,333.31	30,065,949.0
	5	PHP	655,000,000.00	12,843,389.09
	6	PHP	888,888,889.12	17,429,535.66
	7	PHP	1,290,000,000.00	25,294,613.62
Sub-Total				85,633,487.37
Total				430,279,791.71

Exchange rate as of December 31, 2021: USD 1 = PHP 50.999

Estimated Impact from Earmarked Renewable Energy Projects

Project	Outstanding Balance in Original Currency	Outstanding Balance in USD ²	Project Location	Projected GHG Emission Reduction in tCO ₂ /year
1	298,125,000.00	298,125,000.00	Indonesia	3,254,196
2	2,092,540,000.00	41,031,000.61	Luzon	97,326
3	280,000,000.00	5,490,303.73	Luzon	5,197
Total		344,646,304.34		3,356,719

Exchange rate as of December 31, 2021: USD 1 = PHP 50.999

Estimated Impact from Earmarked Green Building Projects

Project	Outstanding Balance in Original Currency	Outstanding Balance in USD ²	Project Location	Projected GHG Emission Reduction in tCO ² /year from energy	Projected GHG Emission Reduction in tCO ² from materials	Electricity Savings in MWh/year	Building Certification
4	1,533,333,333.31	30,065,949.0	Visayas	411	2,574	854	EDGE Compliant
5	655,000,000.00	12,843,389.09	Luzon	546	1,569	923	EDGE Compliant
6	888,888,889.12	17,429,535.66	Mindanao	678	1,856	1,410	EDGE Compliant
7	1,290,000,000.00	25,294,613.62	NCR	632	3,606	1,067	EDGE Compliant
Total		85.6 million		2,267	9,605	4,254	

Exchange rate as of December 31, 2021: USD 1 = PHP 50.999

Outstanding Back-up Green Projects as of December 2021

Category	Outstanding Balance in USD millions
Renewable Energy	11.76
Energy Efficiency	9.80
Green Building	113.73
Total	135.29

Social Bonds Issued

Coupon Rate	Tenor	Issue Date	Maturity Date	Amount in Original Currency
3.05%	1.75 years	Aug. 7, 2020	May 7, 2022	PHP 21.5 billion

Outstanding Earmarked and Back-up Social Projects with Impact Achieved

Category	Amount in PHP billions	%	Number of Accounts	%	Number of Customers	%
Microenterprises	4.18	12.6%	3,240	27.8%	2,577	51.1%
Small Enterprises	7.48	22.6%	3,341	28.6%	1,699	33.7%
Medium Enterprises	21.39	64.7%	5,094	43.6%	769	15.2%
Total	33.04	100.0%	11,675	100.0%	5,045	100.0%

STAKEHOLDER ENGAGEMENT AND MATERIAL TOPICS

STAKEHOLDER ENGAGEMENT

Regular dialogue with our stakeholders keeps our organizational goals and strategies aligned with their needs and expectations. We identify our key stakeholders as those that have significant influence on our economic, social, and environmental performance, and are likewise impacted by our conduct of business in the context of global, regional, and local megatrends.

Proactive stakeholder engagement through various platforms allows the Bank to maintain beneficial relationships within the communities where we operate. It helps us identify issues we need to address and opportunities that will allow us to continue building long-lasting value. In 2021, we built on our existing stakeholder concerns and material topics by further enhancing our alignment with ESG frameworks, ratings, and investor inquiries.

CLIENTS		
How We Engage Them	Their Concerns	How We Respond
- Daily customer touch points through branches, personnel, phone, e-mail, and social media channels - Annual and periodic satisfaction surveys - Regular interactions with existing and potential clients through face-to-face - Meetings and webinars	- Quality and availability of products and services suited to their needs - Convenient, affordable, reliable, and efficient delivery of products and services - Accessibility and security of electronic services - Transparency of requirements and processes - Competency of personnel to address concerns - Sound and customized financial advice - Turn-around time of applications - Data privacy and security	- Development of new products and services - Proactive approach to client concerns (e.g., proper allocation of manpower resources, review of outsourcing services, set up of more effective contact centers, and continuous process improvements) - Constant monitoring and upgrade of systems - Ongoing personnel capacity building through product briefings, seminars, and trainings - Timely provision of customized feedback, advice, and/or solutions to inquiries - Economic and product briefings, as well as financial and investment education webinars and podcasts
INVESTORS		
How We Engage Them	Their Concerns	How We Respond
- Regular investor meetings and conference calls - Annual stockholders' meeting	- Shareholder return - Financial performance - Business growth and continuity - Responsible financing	Transparent and timely disclosures

EMPLOYEES		
How We Engage Them	Their Concerns	How We Respond
• Online portals, face-to-face meetings, and learning sessions • Annual performance appraisals • Periodic engagement survey • Town halls • Quarterly Labor Management Conferences • HR caravans	• Capacity-building and availability of work tools across all levels • Opportunities for career development • Clear understanding of the Bank's strategy and direction • Pay for performance or meritocracy • Competitive compensation and benefits • Work-life balance • Rewards and recognition	• Leadership development programs, moving towards digital learning • Career mobility and officer's development program, shortened time in rank • Town hall meetings • Promotions, performance bonuses, and salary increases are tied to performance, non-financial rewards • Salary reviews to ensure competitiveness of compensation against market • Semi-flexible work hours (head offices) • Rewards and recognition programs are anchored on reinforcing the core values of the Bank
SUPPLIERS AND CONTRACTORS		
How We Engage Them	Their Concerns	How We Respond
• Accreditation • E-mails, letters, and memos • Weekly meetings with facility maintenance agencies • Regular meetings with security agencies	• Procurement policies (e.g., requirements and criteria for evaluation) • Other procurement-related concerns (e.g., cost, terms of payment, and warranties)	• Cascade of policies • Real-time updates
GOVERNMENT AND REGULATORY AGENCIES		
How We Engage Them	Their Concerns	How We Respond
• Annual bank examination • Regular audits and follow-up • Regular correspondence through letters and e-mail through authorized and appropriately-trained personnel, covering all forms of communication, whether formal, informal, or social interactions in relation to the Bank's business through any kind of correspondence such as in-person, electronic media, and/or written	• Compliance with relevant national laws and regulations, including BSP regulations and guidelines • Transparency and accountability • Feedback on the Bank's operations	• Transparent and timely disclosures and reports • Compliance to regulations • Conduct of internal and external audits • Formal explanations and responses to queries
COMMUNITIES, NON-GOVERNMENT, AND CIVIL SOCIETY GROUPS		
How We Engage Them	Their Concerns	How We Respond
• Partnerships and agreements • Regular correspondence through e-mails, letters, memos, meetings, text messages, and phone calls • Updates through website, social media pages, print, and online platforms • Assessment and feedback on partnership and engagement • Events recognizing partnerships	• New programs and initiatives • Update and expansion of existing projects • Takeaways from activities conducted • Opportunities for capacity building and access to financial and non-financial resources • Responsible financing	• Organize events for beneficiaries and external partners (e.g., workshops) • Accomplishment reports • Attendance in meetings and real-time updates

MATERIAL TOPICS

Our materiality matrix combines the results of our stakeholder engagement exercises with internal analyses of current economic, social, and environmental trends, key ESG issues in the banking sector, and events that impact the business. It guides us in deciding on strategies and where we need to focus our resources.

The annual review and updating of our materiality matrix ensure that its contents still reflect the issues relevant to all of the Bank's stakeholders given our dynamically changing landscape. Identified material topics are consolidated into our Sustainability Strategy and aligned with the overall purpose of the Bank as embodied in our Mission, Vision, and Credo.

Our Capitals	Impacted Stakeholders	Material Topics	Corresponding Disclosures
Social and Relationship Capital	- Business Operations - Clients - Government and Regulators - Communities - Civil society and NGOs	- Anti-corruption - Marketing and labeling - Customer privacy - Customer service - Compliance - Risk management - Corporate social responsibility - Volunteerism - Health and safety	• 103-2 The management approach and its components • 403: Occupational Health and Safety • 417-2 Incidents of non-compliance concerning product and service information and labeling • Complaint intensity or % of resolved complaints • Corporate governance • Compliance • FN-CB-510a.1 SASB Business Ethics • FN-CB-510a.2 SASB Business Ethics • FN-CB-550a.1 Systemic Risk Management • FN-CB-550a.2 Systemic Risk Management • Financial literacy programs and beneficiaries • Scaling up MSMEs and social enterprises programs and beneficiaries • Environmental sustainability programs and beneficiaries • Volunteer hours and employee-led volunteer activities • FN-CB-240a.4 SASB Financial Inclusion & Capacity Building
Human Capital	- Employees and Indirect Hires	- Employment training and education - Diversity and equal opportunity - Non-discrimination - Freedom of association and collective bargaining - Health and safety	• 102-8 Information on employees and other workers • 401-1 New employee hires and employee turnover • 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees • 403: Occupational Health and Safety • 404-1 Average hours of training per year per employee • 405-1 Diversity of governance bodies and employees • 406-1 Incidents of discrimination and corrective actions taken • 102-41 Collective bargaining agreements

Our Capitals	Impacted Stakeholders	Material Topics	Corresponding Disclosures
Financial Capital	- Business Operations - Shareholders - Government and Regulators - Suppliers - Communities	- Economic performance - Supply chain management - Financial inclusion - Supporting nation-building - Financing sustainable development	• 201-1 Direct economic value generated and distributed • 102-9 Supply chain • Financial products and services for underbanked and SEMEs • Financial products and services for SMEs • Total amount of loans disbursed and credit portfolio contributing to sustainable development • FN-CB-240a.1 SASB Financial Inclusion & Capacity Building • FN-CB-240a.2 SASB Financial Inclusion & Capacity Building • FN-CB-240a.3 SASB Financial Inclusion & Capacity Building • FN-CB-410a.1 SASB Incorporating ESG Factors in Credit Analysis • FN-CB-410a.2 SASB Incorporating ESG Factors in Credit Analysis
Manufactured and Intellectual Capital	- Business Operations - Clients	- Branch, ATM and CAM network - Digitalization - Security practices - Data and information security	• Number of branches, ATMs and CAMs • Uptime • 410-1 Security personnel training in human rights policies or procedures • 103-2 The management approach and its components • FN-CB-230a.1 SASB Data Security • FN-CB-230a.2 SASB Data Security
Natural Capital	- Business Operations - Clients - Government and Regulators - Civil society and NGOs	- Energy - Emissions - Sustainable Energy Financing	• 302-1 Energy consumption within the organization • 302-3 Energy intensity • 305-2 Energy indirect (Scope 2) GHG emissions • 305-4 GHG emissions intensity • Sustainable energy financing loans disbursed

GRI CONTENT INDEX

Statement of use

The Bank of the Philippine Islands has reported the information cited in this GRI Content Index for the period of January 1, 2021 to December 31, 2021 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard	Disclosure Number	Disclosure Title	Page
GRI 2: General Disclosures 2021	2-1	Organizational details	5, 90 to 91
	2-2	Entities included in the organization's sustainability reporting	4
	2-3	Reporting period, frequency, and contact point	4
	2-4	Restatements of information	None
	2-5	External assurance	4, 326 to 329
	2-6	Activities, value chain, and other business relationships	5, 30 to 31
	2-7	Employees	54 to 56
	2-8	Workers who are not employees	54
	2-9	Governance structure and composition	33, 90 to 103, 119 to 125, 168 to 173
	2-10	Nomination and selection of the highest governance body	98 to 108
	2-11	Chair of the highest governance body	121
	2-12	Role of the highest governance body in managing impacts	33, 95 to 96, 120 to 124
	2-13	Delegation of responsibility for managing impacts	119 to 125
	2-14	Role of the highest governance body in sustainability reporting	33, 95 to 96, 325
	2-15	Conflicts of interest	145
	2-16	Communication of critical concerns	112 to 115
	2-17	Collective knowledge of the highest governance body	108 to 109, 174 to 191
	2-18	Evaluation of performance of the highest governance body	115 to 117
	2-19	Remuneration policies	110 to 112
	2-20	Process to determine remuneration	110 to 112
	2-22	Statement on sustainable development strategy	30 to 41
	2-23	Policy commitments	32 to 37, 145 to 149
	2-24	Embedding policy commitments	32 to 37, 145 to 149
	2-27	Compliance with laws and regulations	139 to 149, 153
	2-28	Membership associations	336
	2-29	Approach to stakeholder engagement	152, 319 to 320
	2-30	Collective bargaining agreements	56

GRI Standard	Disclosure Number	Disclosure Title	Page
GRI 3: Material Topics 2021	3-1	Process to determine material topics	152, 319 to 320
	3-2	List of material topics	319 to 320
	3-3	Management of material topics	152, 319 to 320
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	17
	201-2	Financial implications and other risks and opportunities due to climate change	22 to 25, 34 to 37, 150 to 154
	201-3	Defined benefit plan obligations and other retirement plans	58, 241 to 245
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	30 to 51
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	17, 60
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	145
	205-2	Communication and training about anti-corruption policies and procedures	57, 143 to 145
	205-3	Confirmed incidents of corruption and actions taken	145
GRI 302: Energy 2016	302-1	Energy consumption within the organization	52 to 53
	302-3	Energy intensity	52 to 53
	302-4	Reduction of enery consumption	52 to 53
	302-5	Reductions in energy requirements of products and services	52 to 53
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	52 to 53
	303-2	Management of water discharge-related impacts	52 to 53
	303-5	Water consumption	52 to 53
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	63 to 64
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	52 to 53
	305-4	GHG emissions intensity	52 to 53
GRI 306: Waste 2020	306-4	Waste diverted from disposal	52 to 53
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	60
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	55
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	58
	401-3	Parental leave	56

GRI Standard	Disclosure Number	Disclosure Title	Page
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	56 to 58
	403-2	Hazard identification, risk assessment, and incident investigation	34, 37, 56 to 58
	403-5	Worker training on occupational health and safety	56 to 58
	403-6	Promotion of worker health	56 to 58
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56 to 58
	403-8	Workers covered by an occupational health and safety management system	54 to 58
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	56 to 57
	404-2	Programs for upgrading employee skills and transition assistance programs	56 to 57
	404-3	Percentage of employees receiving regular performance and career development reviews	56 to 57
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	38, 54 to 55, 168 to 173
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No incidents
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	58
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	60 to 65
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screed using social criteria	60
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	60

SASB CONTENT INDEX

Topic	Accounting Metric	Code	Disclosure Reference
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	Pages 60, 135, 141 to 142, 149, 153
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	Pages 60, 135, 141 to 142, 149, 153
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	Pages 38 to 41, 48 to 51, 82, 85
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	Information on Banko's NPLs is available on the Balance Sheet disclosure to the BSP
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	Pages 38 to 41, 48 to 51, 82, 85
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	Pages 38 to 41, 48 to 51, 60 to 62, 82, 85
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	Page 309
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	Pages 22 to 25, 34, 37, 42 to 51, 75 to 76, 150 to 153
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	There were no monetary losses from legal cases arising from business ethics in 2021.
	Description of whistleblower policies and procedures	FN-CB-510a.2	Pages 145 to 146, 153
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	BPI does not qualify for a G-SIB score. The BSP does an annual review based on certain parameters to determine the Domestic Systematically Important Bank (D-SIB) status of Philippine banks.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Pages 129, 131, 137 to 138, 278 to 279

STATEMENT OF MANAGEMENT’S RESPONSIBILITY

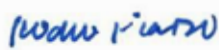
For Non-Financial Statements

The Management of the Bank of the Philippine Islands (BPI) collaborated and thought through the preparation of BPI's 2021 Integrated Report. This report was prepared based on the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework, the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) guidelines on the submission of Annual and Sustainability Reports, and the BSP Circular 1085 Sustainable Finance Framework disclosure requirements. It also references the Global Reporting Initiative (GRI) Standards and Sustainability Accounting Standards Board (SASB) Standards for sustainability performance disclosures.

The Management supervised the publication of this report, and is responsible for ensuring the integrity of the report.

This report contains certain forward-looking statements that may involve risk or uncertainties as they relate to future events and circumstances that may be beyond BPI's control.

In addition, regulations of the Philippines Stock Exchange (PSE) prohibit making price-sensitive forecasts without considerable independent review. The Management therefore advises readers to use caution when interpreting any forward-looking statements in this report.


JOSE TEODORO K. LIMCAOCO
President and Chief Executive Officer


MARIA THERESA MARCIAL JAVIER
Executive Vice President, Chief Finance Officer,
and Chief Sustainability Officer



INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV AS Philippine Branch ('DNV') has been commissioned by the management of the Bank of the Philippine Islands ('BPI', 'the Bank' or 'the Company', Securities and Exchange Commission Identification Number: PW 121) to undertake an independent assurance of the sustainability / non-financial disclosures in BPI's 2021 Integrated Report ('the Report') in its printed format for the year ended 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance using DNV's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative's ('GRI's') Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from December 2021 to March 2022.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from BPI's operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of BPI as detailed under the section 'Materiality Assessment Process' in the Report i.e., covering entities over which BPI has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of BPI and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. BPI has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the "<IR> Framework") and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards as well as the SASB Standards 2018 (Commercial Banks).

In performing our assurance work, DNV's responsibility is solely towards the Management of BPI in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to BPI and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City in the Philippines and consolidated annual numbers, based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

- Review of the non-financial sustainability-related disclosures in this Report;



- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by BPI;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Carried out remote assessment on their head office, select branches to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that BPI's 2021 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report has brought out key stakeholders (e.g., Customers, Investors, Employees, Suppliers and contractors, Community / Customers, Government and Regulatory Agencies, Communities, Non-Government, and Civil Society Groups, etc.) to engage with, to build trust based on significant influence on BPI's sustainability performance and address key ESG trends in the banking sector. The Report also describes the engagement modes such as meetings, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value BPI seeks to deliver through various engagement platforms including BPI's responses to the key concerns through various disclosures on strategies and value creation in the Report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report brings out BPI's process for identification and prioritization of the Company's material matters. Aligned with the GRI framework, the Company completed an online materiality assessment process with its internal and external stakeholder groups, considering the requirements of the <IR> Framework's Guiding Principles. The material topics identified for 2021 also included those that are most to the business and stakeholders, building on their existing stakeholder concerns and material topics further enhancing alignment with ESG frameworks, ratings, and investor inquiries.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

¹ The VeriSustain protocol is available on www.dnv.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out the Company’s responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders’ concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The Report may further strengthen on this Principle in future reporting periods by bringing out the long- and medium-term targets towards value creation related to its identified material topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of the performance disclosures verified through offsite verification, i.e., at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report discloses the Company’s non-financial disclosures based on the <IR> Framework and performance during the reporting period 2021 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company’s approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality

The extent to which a report provides a balanced account of an organization’s performance, delivered in a neutral tone.

The Report presents disclosures related to the Company’s performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders’ opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV’s assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of BPI’s suppliers, contractors, and any third parties mentioned in the Report. The Company’s position statements, the statements for the



management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct² during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

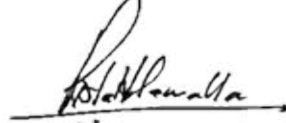
This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Ayala Corporation, Ayala Land Inc., AREIT, AC Energy Corporation, Manila Water Company Inc., and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to BPI in 2021 that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV AS Philippine Branch, Manila, The Philippines.

 N Sathishkumar Lead Verifier Head, Sustainability Services (SEA) DNV Business Assurance Singapore Pte. Ltd.	 Percy Lakdawalla Regional Manager - Asia Pacific Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.	 Thamizharasi Kaliaperumal Assurance Reviewer Sustainability Services DNV Business Assurance India Private Limited
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DNV AS Philippine Branch is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

² The DNV Code of Conduct is available from the DNV website (www.dnv.com)
22 February 2022

PRODUCTS AND SERVICES

DEPOSITS

- Peso
 - Checking
 - Savings
 - Time
- Foreign Currency
 - Savings
 - Time
- Deposit Substitutes

LOANS

- COMMERCIAL
 - Agribusiness
 - Agricultural Production
 - Agricultural Trading
 - Agricultural Services
 - Post-Harvest Operations
 - Trade Finance
 - Import Trade Services
 - Advanced Payment
 - Direct Remittance
 - Open Account
 - Documentary Collection
 - Letters of Credit
 - Export Trade Services
 - Letter of Credit Advising, Confirmation, Negotiation
 - Outward Bills for Collection
 - Other Trade Services
 - Standby Letters of Credit
 - Shipping Guarantees
 - BOC Duties Payment
 - Trade Financing
 - Import Bills
 - Trust Receipt Financing
 - Export Advance Loan
 - Export Bills Purchase
 - Supply Chain
 - Supplier Finance
 - Receivable Finance
 - Structured Finance
 - Project and Infrastructure Finance
 - Cross Border Loans and Investments
 - Other Structured Credits
 - Sustainable Development Finance
 - Energy Efficiency
 - Renewable Energy
 - Climate Resilience
 - Sustainable Agriculture
 - Leasing
 - Operating Lease
 - Full Service Operating Lease

SMALL MEDIUM ENTERPRISES

- Deposits
 - Bizlink
 - Bizlink checking
 - BizKo
- Loans
 - Standard Loan
 - Merchant Loan
 - BizTech (Business Technology) Loan
 - Zero Collateral
 - Off-the-Shelf
 - Back-to-Back
 - Ka-Negosyo Credit Line (KCL)
 - Commercial Asset Purchase (CAP)
 - Business Franchise Financing (BFF)
 - Private Lite
 - Investor Loan
 - Supplier Community Solutions
 - Distributor Community Solutions
 - Doctor’s Loan
 - Seasonal Loans

MICROFINANCE

- BanKo NegosyoKo Loan
- PondoKo Savings Account
- BanKo Mobile

CONSUMER

- Auto Loans
- Housing Loans

FINANCIAL SERVICES (HONG KONG)

- Global Securities
- Foreign Fixed Income
- Bonds/Credits
- Collective Investment Schemes/Funds
- Equities
- Investment Management Account
- Multi-Currency Time Deposits
- Short Term Loans
- Foreign Exchange Spot

PAYMENTS AND SETTLEMENTS

- Electronic Channels
 - BPI Online
 - BPI Mobile App
 - BPI Contact Center
 - BPI Automated Teller Machine (ATM)
 - BPI Cash Accept Machine (CAM)

Unsecured Lending and Cards

- Credit Cards
- Debit Cards
- Prepaid Cards
- Personal Loans

Remittance

- Inward Cross-Boarder Remittance
 - Settlement Modes
 - Credit to BPI Account
 - Credit to Other Bank Accounts
 - Gift Remittance
 - Cash Pick-Up from BPI and BFSB Branches and Partner Outlets
- Outward Remittance
- Domestic Remittance
 - Funds Transfer to other banks
 - InstaPay, PESONet, GSRT, and PDDTS
 - Remit to Account
 - Credit to Account via Domestic Tie-Ups
 - Seafarer Allotment Distribution
 - Credit to BPI Accounts
 - Credit to Other Bank Accounts
 - Credit to E-Wallets

Cash Management

- Collections
 - Cash and Check Pick-Up
 - Corporate Cash Deposit Machine (CCDM)
 - Motorized Check Collection
 - PDC Warehousing
 - Remote Deposit Capture
 - Auto Debit Arrangement (ADA)
 - E-ADA Enrollment (e-ADA)
 - Bills Collection
 - Electronic Invoice Payment & Presentment (EIPP)
 - Corporate QR Code

Disbursements

- Pay Bills
- Government Payments
- Pay Employees (Payroll)
- Pay BPI (Online Supplier Payments)
- Self-Service Check Disbursement
- Outsourced Check Disbursement
- Pay Non-BPI
- Pay Foreign Accounts
- Corporate ATM
- Electronic Certificate of Withholding Tax

Liquidity

- Account Inquiry and Transaction History
- Special Bank Statements
 - (MT940 PH Standard, Multicash, BAI)
- Bank Statement Download
- Transfer to Own
- Account Sweeping

FI Depository Services

ASSET MANAGEMENT & TRUST INSTITUTIONAL FUND MANAGEMENT

- Fund Management Solutions
 - Corporate and Institutional Funds
 - Pension and Provident Funds
- Other Fiduciary Solutions
 - Bond Trusteeship
 - Loan Agency
 - Escrow Agency
 - Mortgage Trust Indenture
 - Securities Custody Account
- Wealth Management
 - Regular Subscription Plan
 - Personal Management Trust
 - Investment Management Account
 - Personal Equity & Retirement Account (PERA)
 - BPI PERA Money Market Fund
 - BPI PERA Equity Fund
 - BPI PERA Government Bond Fund
 - BPI PERA Corporate Income Fund

INVESTMENT FUNDS

BPI Investment Funds

- Peso
 - BPI Invest Short Term Fund
 - BPI Invest Money Market Fund
 - BPI Invest Premium Bond Fund
 - BPI Invest Balanced Fund
 - ABF Philippines Bond Index Fund
 - BPI Invest Philippine High Dividend Equity Fund
 - BPI Invest Equity Value Fund
 - BPI Invest Philippine Equity Index Fund
 - BPI Invest Philippine Infrastructure Equity Index Fund
 - BPI Invest Philippine Consumer Equity Index Fund
 - BPI Fixed Income Portfolio Fund-of-Funds
 - BPI Invest Catholic Values Global Equity Feeder Fund
 - BPI Invest Bayanihan Balanced Fund
- Foreign Currency
 - BPI Invest US Dollar Short Term Fund
 - BPI Invest Global Bond Fund-of-Funds
 - BPI Invest Philippine Dollar Bond Index Fund
 - BPI Invest Global Equity Fund-of-Funds
 - BPI Invest US Equity Index Feeder Fund
 - BPI Invest European Equity Feeder Fund
 - BPI Invest US Dollar Income Feeder Fund
 - BPI Invest World Technology Feeder Fund
 - BPI Invest Global Health Care Feeder Fund

- Odyssey Funds**
- Peso**
- Odyssey Peso Medium Term Bond Fund
 - Odyssey Peso Bond Fund
 - Odyssey Diversified Capital Fund
 - Odyssey Diversified Balanced Fund
 - Odyssey Philippine Equity Fund
 - Odyssey Philippine High Conviction Equity Fund
- Foreign Currency**
- Odyssey Philippine Dollar Bond Fund
 - Odyssey Asia Pacific High Dividend Equity Fund

BPI INVESTMENT MANAGEMENT INC.

- Mutual Funds**
- ALFM Mutual Funds**
- ALFM Money Market Fund
 - ALFM Peso Bond Fund
 - ALFM Dollar Bond Fund
 - ALFM Euro Bond Fund
 - ALFM Growth Fund
 - Philippine Stock Index Fund
 - ALFM Global Multi-Asset Income Fund
- PAMI Mutual Funds**
- Philam Managed Income Fund
 - Philam Bond Fund
 - Philam Dollar Bond Fund
 - PAMI Global Bond Fund
 - Philam Fund
 - PAMI Horizon Fund
 - PAMI Asia Balanced Fund
 - Philam Strategic Growth Fund
 - PAMI Equity Index Fund
- Other BIMi Funds**
- Ekklesia Mutual Fund
 - Solidaritas Fund
 - Affinity Global Multi-Asset Fund

- BPI Indices**
- BPI Philippine Government Bond Index
 - BPI Philippine Government Bond 1-3 Year Index
 - BPI Philippine Government Bond 1-5 Year Index
 - BPI Philippine Government Bond 5+ Year Index
 - BPI Philippine Government Liquid Bond Index
 - BPI Philippine Government Money Market Index
 - BPI Philippine Corporate Bond Index
 - BPI Philippine Equity Total Return Index
 - BPI Philippine Infrastructure Equity Index
 - BPI Philippine High Dividend Equity Total Return Index
 - BPI Philippine Consumer Equity Index

- INVESTMENT BANKING**
- Equity Capital Markets**
- IPO/Follow-on Public Offering
 - Private Placements
 - Equity-linked instruments
 - Stock Rights Offering
- Debt Capital Markets**
- Public Offers
 - Private Placements
- Project Finance**
- Special Projects
 - Power & Infrastructure
 - Public-Private Partnership
 - Energy Financing
- Loan & Credit Syndication**
- Bilateral Loans
 - Short-Term Notes
 - Acquisition Financing
- Strategic Advisory**
- Mergers & Acquisitions
 - Joint Ventures and Divestments
 - Funding Strategy
 - Capital, Corporate & Pre-IPO Structuring
 - Private Equity and Venture Capital Fundraising
- Merchant Banking**
- Partner of Choice
 - Equity
- Securities Distribution and Trading**
- Philippine Sovereign Debt*
 - Treasury Bills and Notes
 - Retail Treasury Bonds
 - Corporate Bonds*
- Proprietary Investments**
- Merchant Banking
- Broker/Dealer of the Philippine Equities**
- Online Stock Trading
 - Broker Assistance & Portfolio Design
 - Research
 - Investor Education
- Treasury Solutions**
- Foreign Exchange
 - Fixed Income Securities
- Derivatives & Hedging Solutions**
- Forward Contracts (Deliverable Forwards and Non-Deliverable Forwards)
 - Swap Contracts (Foreign Exchange Swaps, Interest Rate Swaps, Cross Currency Swaps, Non-Deliverable Swaps)
 - Hedged Investments

INSURANCE

Individual Account / In-Branch

- Family Care Plus
 - Build Estate Plus
 - Life Ready Plus
 - Life Protect
 - Accident Guard 24/7
 - Life Extreme Protect
 - Critical Care Max
 - Critical Care Plus
 - Build Life Plus
 - Invest Peso Max
 - Preferred Life Plus
 - Premier Benefit Life
 - Dollar Protect Plus
 - Critical Care 100
 - MedLife Protect Plus
- BPI-Philam Direct**
- Smart Shield
 - Life Protect Health Direct
 - Smart Health Shield Series
- Non-Life**
- Fire
 - Motor
 - Personal Accident
 - Casualty
 - Marine and Aviation
 - Engineering
 - Surety Bond
 - Microinsurance

AWARDS AND CITATIONS



INSTITUTIONAL: BPI

- Best Sustainable Bank in the Philippines, FinanceAsia Country Awards 2021
- Merit Awards, #BPIcybersecuriTips, Communication Skills - Social Media Programs Category, The Philippine Quill Awards 2021
- Best SME Bank in the Philippines, Alpha Southeast Asia Awards and Global Finance Awards
- Best SME Bank in the Philippines, Global Finance Awards
- Regional Awards - Asia-Pacific, Outstanding Leadership in Resource Management - Bank, Global Finance Sustainable Finance Awards 2021
- Named one of the Best Companies to Work for in Asia, Business Media International's HR Asia Best Companies to Work for in Asia Awards 2021

CORPORATE GOVERNANCE

- 2021 ASEAN Asset Class Awardee (Regional Recognition), Institute of Corporate Directors
- 2021 ICD Golden Arrow Awardee (Domestic Recognition), Institute of Corporate Directors

CUSTOMER AND MARKETING GROUP

- Bronze Award, Excellence in Data-driven Marketing & Consumer Insights: Trigger-based Marketing, Marketing-Interactive's Marketing Excellence Awards 2021
- Finalist, Excellence in Response to COVID-19: Project Lifeline - A Lifeline We Can Trust, Marketing-Interactive's Marketing Excellence Awards 2021

GLOBAL MARKETS

- Best in Treasury and Working Capital for SMEs, The Asset Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2021
- Best FX Bank for Corporates and FIs, 11th Annual Alpha Southeast Asia Treasury and FX Awards
- Best FX Bank for Retail Clients, 11th Annual Alpha Southeast Asia Treasury and FX Awards
- Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Asset, 11th Annual Alpha Southeast Asia Treasury and FX Awards
- Triple A SME Bank for Treasury / Working Capital Management in the Philippines, The Asset 2021 Triple A Treasury, Trade, SSC, and Risk Management Awards
- BPI Lead Economist, Emilio Neri Jr. as Best Local Currency Bond Individual for Research (Rank 1), Asian Local Currency Bond Benchmark Review, The Asset Benchmark Research Awards 2021
- Rank #4 Corporate Securities Market Makers and Rank #2 Fixed Income Dealing Participant, Special Citation: Pioneer ASEAN Corporate Issuer of Local-Currency Denominated ASEAN Social Bonds, 2021 PDS Annual Awards

TRANSACTION SERVICES

- Best Service Provider for Trade Finance, The Asset Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2021
- Best Service Provider for Supply Chain, The Asset Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2021
- Best Trade Finance Bank, Alpha Southeast Asia Awards

UNSECURED LENDING AND CARDS GROUP

- Highest Consumer Credit Payment Volume Growth 2021, Visa Credit Cards
- Highest Premium Volume Growth 2021, Visa Credit Cards

BPI CAPITAL CORPORATION

- Best Equity Capital Market House, FinanceAsia Country Awards 2021
- Best Debt Capital Market House, FinanceAsia Country Awards 2021
- Best Investment Bank, FinanceAsia Country Awards 2021
- Best Investment Bank in the Philippines, 15th Alpha Southeast Asia Awards 2021
- Best IPO Deal of the Year (Monde Nissin IPO), 15th Alpha Southeast Asia Awards 2021
- Best Retail Dollar Bond Deal and Best Sovereign Bond Deal of the Year (Philippine Government USD 1.59 billion Retail Dollar Bond), 15th Alpha Southeast Asia Awards 2021
- Best Green Bond - Corporate (AC Energy USD 400 million FFL Green Notes), The Asset Triple A Country Awards 2021.
- Best Local Currency Green Bond (Energy Development Corporation's PHP 5 billion Dual-Tranche ASEAN Green Bond), The Asset Triple A Country Awards 2021
- Best REIT (PHP 23.5 billion RL Commercial REIT IPO), The Asset Triple A Country Awards 2021
- Best IPO (PHP 48.6 billion Monde Nissin IPO), The Asset Triple A Country Awards 2021
- Best Multi-Product Financing (Cebu Pacific USD 840 million Capital Raising and Liabilities Re-profiling), Triple A Country Awards 2021
- Deal of the Year and Best Equity Deal, IHAP Awards 2021
- Best Equity House, IHAP Awards 2021
- Best Advisory Deal, IHAP Awards 2021
- Best Advisory House, IHAP Awards 2021
- Best Project Finance Deal, IHAP Awards 2021
- Outstanding Deal - Telecom and media (Globe Telecom USD 600 million resetttable senior unsecured perpetual capital securities), The Asset Triple A Sustainable Capital Markets 2021
- Telecom Deal of the Year (Globe Telecom USD 600 million dual-tranche senior notes), The Asset Triple A Infrastructure Awards 2021
- Infrastructure and Project Finance (Star Energy Geothermal Salak - Darajat's USD 1.1 billion secured green bond), The Banker Deal of the Year 2021
- Best Fixed Income Deal (AC Energy Finance Intl. Ltd. FFL Perpetual Green Bonds), IHAP Awards 2021
- Deal of the Year (AREIT, Inc. PHP 12.3 billion IPO), IHAP 2021

- Best Investment Bank Philippines 2021 (Finance Derivative Awards 2021)

BPI ASSET MANAGEMENT AND TRUST CORPORATION

- Best Asset Manager-Philippines, International Finance Awards 2021
- Asset Management Company of the Year - Highly Commended (Philippines), The Asset Triple A Sustainable Investing Awards 2021 for Institutional Investor, ETF and Asset Servicing Providers
- Best Overall Asset & Fund Manager in the Philippines, Alpha Southeast Asia 12th Annual Fund Management Awards 2021
- Best Asset Manager (Fixed Income Funds), Alpha Southeast Asia 12th Annual Fund Management Awards 2021
- Best Asset Manager (Equity Funds), Alpha Southeast Asia 12th Annual Fund Management Awards 2021
- Best Fund Manager for Pension Mandates & Private Retirement Schemes, Alpha Southeast Asia 12th Annual Fund Management Awards 2021
- Best Managed Fund of the Year for Equity Dollar category (BPI Invest Global Equity Fund-of-Funds), Chartered Financial Analyst Society of the Philippines
- Best Managed Fund of the Year for Long-Term Dollar Bond category (Odyssey Philippine Dollar Bond Fund), Chartered Financial Analyst Society of the Philippines

BPI INVESTMENT MANAGEMENT, INC.

- ALFM Dollar Bond Fund as the Best Managed Fund (Dollar Medium-term HTM Valuation Category), CFA Society of the Philippines
- Top Investment House Asset Manager in the Philippines (3rd place) - Asian Local Currency Bond Benchmark Review 2021, The Asset Magazine

BPI FOUNDATION

- Merit Awards, BPI Sinag 2019 (Year 5): The Expansion - Community Relations Category, The Philippine Quill Awards 2021
- Merit Awards, Bayanihan para sa Taal - Corporate Social Responsibility Category, The Philippine Quill Awards 2021
- Best Bank for Corporate Social Responsibility (CSR) in the Philippines, Asiamoney Best Bank Awards 2021
- Conservation Leadership Award, WWF-Philippines Partners Night 2021

MEMBERSHIP IN INDUSTRY ASSOCIATIONS

ACI PHILIPPINES THE FINANCIAL MARKET ASSOCIATION
ASSOCIATION OF BANK COMPLIANCE OFFICERS
ASSOCIATION OF BANK REMITTANCE OFFICERS
ASSOCIATION OF CERTIFIED ANTI-MONEY LAUNDERING SPECIALIST
ASSOCIATION OF FOUNDATIONS (PHILIPPINES)
ASSOCIATION OF PHILIPPINE CORRESPONDENT BANK OFFICERS
AYALA GROUP CLUB, INC.
BANK MARKETING ASSOCIATION OF THE PHILIPPINES
BANK SECURITY MANAGEMENT ASSOCIATION
BANKERS ASSOCIATION OF THE PHILIPPINES
BANKERS INSTITUTE OF THE PHILIPPINES
BRITISH CHAMBER OF COMMERCE PHILIPPINES
BUSINESS CONTINUITY INSTITUTE
BUSINESS FOR SUSTAINABLE DEVELOPMENT
CHAMBER OF THRIFT BANKS, INC.
CREDIT CARD ASSOCIATION OF THE PHILIPPINES
CREDIT MANAGEMENT ASSOCIATION OF THE PHILIPPINES
FINANCIAL EXECUTIVE INSTITUTE OF THE PHILIPPINES
FOUNDATION FOR ECONOMIC FREEDOM INC
FUND MANAGERS ASSOCIATION OF THE PHILIPPINES
GOOD GOVERNANCE ADVOCATES AND PRACTITIONERS OF THE PHILIPPINES
I.T. INTERACTION PHILIPPINES INC.
INFORMATION SYSTEM AUDIT AND CONTROL ASSOCIATION
INSTITUTE OF CORPORATE DIRECTORS, INC.
INSTITUTE OF INTERNAL AUDITORS
INTEGRATED BAR OF THE PHILIPPINES
INVESTMENT HOUSE ASSOCIATION OF THE PHILIPPINES
KOREAN CHAMBER OF COMMERCE PHILIPPINES
LEAGUE OF CORPORATE FOUNDATIONS, INC.
MAKATI BUSINESS CLUB, INC.
MANAGEMENT ASSOCIATION OF THE PHILIPPINES
MARKETING & OPINION RESEARCH SOCIETY OF PHILIPPINES
MONEY MARKET ASSOCIATION OF THE PHILIPPINES
PHILIPPINE ASSOCIATION OF NATIONAL ADVERTISERS,INC.
PHILIPPINE ASSOCIATION OF STOCK TRANSFER AND REGISTRY AGENCY INC.
PHILIPPINE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
PHILIPPINE STOCK EXCHANGE, INC.
RURAL BANK ASSOCIATION OF THE PHILIPPINES
TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES
THE JAPANESE CHAMBER OF COMMERCE & INDUSTRY PHILIPPINES
TRUST OFFICERS ASSOCIATION OF THE PHILIPPINES

GROUP DIRECTORY

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CORPORATE INFORMATION

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Partner-in-charge
John-John Patrick V. Lim
Accreditation number: 1775-A, Category A
Date Accredited: Sept. 5, 2019
Expiry date of accreditation: Sept. 4, 2022

DNV-AS Philippine Branch
DNV Business Assurance
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000-362-975-000

BPI is regulated by the Bangko Sentral ng Pilipinas
<https://www.bsp.gov.ph>



ABOUT THE COVER

BPI is “**Reinventing banking for a more inclusive and sustainable tomorrow.**” As we commemorate 170 years of being a trusted financial partner, we celebrate our successes through the years, while setting new standards for banking through digitalization and financial inclusion.

As a partner to our customers, we are dedicated to making their lives easier every day. We commit to nurture their goals, to always act with integrity, to become obsessed to finding solutions to their needs, and to pursue excellence in all that we do.

At BPI, we recognize and will double down on our commitment to sustainable banking practices. We are aligned with the United Nations Sustainable Development Goals, to fulfill our promise of being Ready Today, Ready Tomorrow.



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