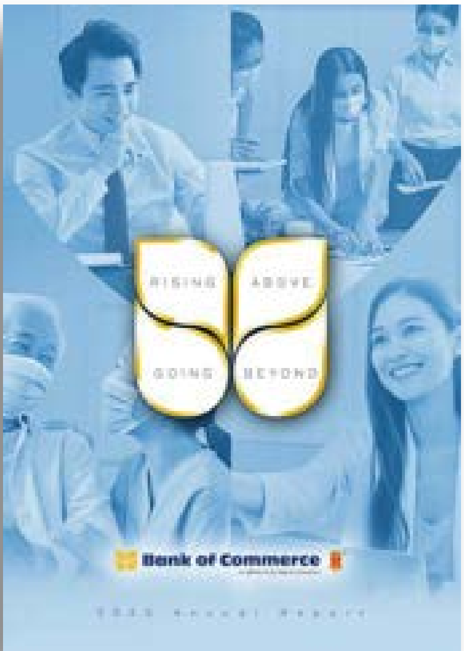
RISING ABOVE GOING BEYOND

Bank of Commerce

An affiliate of San Miguel Corporation

2020 Annual Report



ABOUT THE COVER

Rising Above, Going Beyond

Bank of Commerce continues to grow from strength to strength by continuously working together towards a common goal of rising above challenging situations. And by delivering products and services that go beyond customer expectations, we continue to build relationships that further strengthen our foundation for sustainable growth.

About Our Paper

The 2020 Bank of Commerce Annual Report cover and main pages were printed on Tocatta paper certified by the Forest Stewardship Council (FSC). The FSC certification ensures that materials come from responsibly managed forests that provide environmental, social, and economic benefits. Kodak Sonora process-free plates, non-petroleum-based soy ink, and a Heidelberg carbon neutral offset press were utilized in the printing of this report.

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COMPANY PROFILE

Bank of Commerce (BankCom) is one of the country's progressive commercial banks and is licensed by the Bangko Sentral ng Pilipinas (BSP). The Bank has been operating since 1963 and traces its origins to the Overseas Bank of Manila with headquarters in Binondo, Manila.

The Bank has since evolved through different phases of growth. In 1980, the Overseas Bank of Manila changed its name to Commercial Bank of Manila. The following year, the Government Service Insurance System (GSIS) acquired the Commercial Bank of Manila and used "ComBank" as the Bank's short name. In 1984, ComBank acquired Royal Savings Bank. The First National Bank of Boston, one of the oldest and leading banks in the United States, and a local investment group acquired ComBank in 1988. The Bank was then renamed Boston Bank of the Philippines.

In November 1991, the Bank changed its official name to Bank of Commerce. With the buyout of the majority interest of the First National Bank of Boston in 1993, Bank of Commerce was placed under complete Filipino ownership. As part of its growth plans, Bank of Commerce acquired Pan Asia Bank and purchased selected assets and liabilities of Trader's Royal Bank in 2001. These takeovers significantly increased the Bank's presence in the banking industry.

Filipino-owned San Miguel Properties, Inc., a subsidiary of San Miguel Corporation (SMC), and San Miguel Corporation Retirement Fund, the registered retirement plan of SMC Group employees, became the controlling shareholders of Bank of Commerce in 2008. San Miguel Properties, Inc. has 39.89% of ownership and San Miguel Corporation Retirement Fund has 39.94% of ownership, as of December 31, 2020. On January 16, 2013, the Securities and Exchange Commission (SEC) approved the extension of the corporate life of Bank of Commerce for another 50 years from December 16, 2013. Under Section 11 of the Republic Act No. 11232 or the Revised Corporation Code of the Philippines, a corporation shall have perpetual existence unless its article of incorporation provides otherwise. On January 30, 2020, all members of the Board of Directors and stockholders holding at least two-thirds of the outstanding capital stock of the Bank approved to amend the Articles of Incorporation of the Bank to reflect that the Bank shall have perpetual existence. The amendment was approved by the Securities and Exchange Commission on June 9, 2020.

In December 2020, the Intellectual Property Office (IPO) granted the copyright license for "BankCom" as the Bank's official short name.

Bank of Commerce provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, corporate banking, treasury, asset management, transaction banking, and trust and investments. In terms of service reach, the Bank has online banking facilities for retail and corporate clients, BankCom [Personal] and BankCom [Business], respectively, and a new mobile banking app, to encourage consumers and corporate clients to transact regular banking services such as bills payment, fund transfers, card loading, and other services via these online banking platforms.

As of December 31, 2020, the Bank has a network of 140 branches and 261 automated teller machines (ATMs) strategically located nationwide.

1963

The Bank started as Overseas Bank of Manila.

1988

ComBank became known as Boston Bank of the Philippines.

1991

The Bank changed its official name to Bank of Commerce.

2008

Bank of Commerce became an affiliate of San Miguel Corporation and introduced its new logo bearing the SMC escudo.

261
ATMs

140
BRANCHES

2016

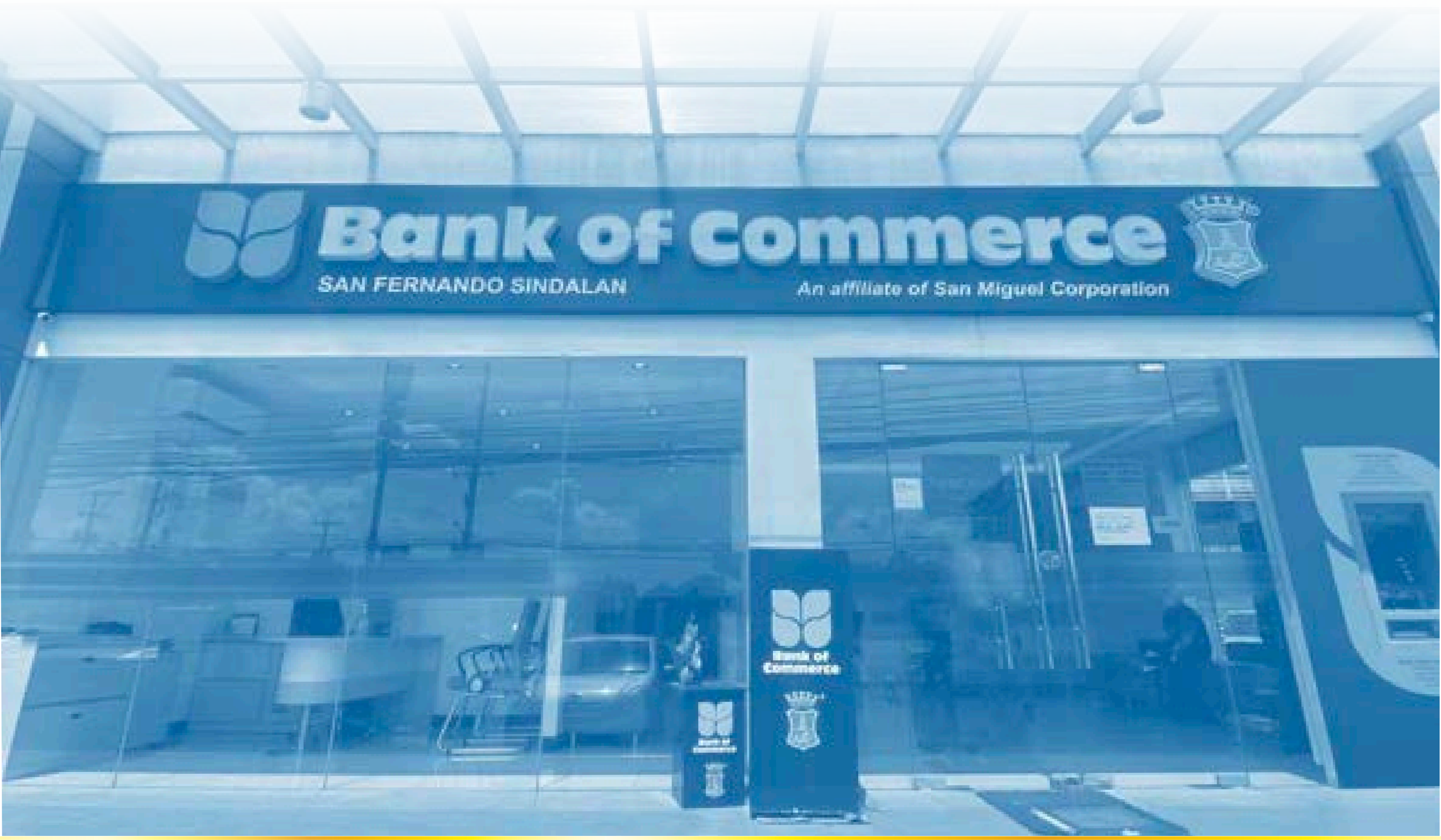
Bank of Commerce unveiled its new tagline “We Think CUSTOMERS” encapsulating the Bank’s Service Promise.

2018

The new Bank of Commerce logo included the San Miguel Corporation affiliate text.

2020

BankCom – the Bank’s official short name with copyright license from the Intellectual Property Office (IPO) was granted.



ABOUT US

Vision

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

Mission

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

Service Promise

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

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

We think CUSTOMERS

ECONOMIC REPORT AND FORECAST

The Philippines ended the year with an unprecedented decline in its Gross Domestic Product (GDP) numbers, shrinking -8.3% in the fourth quarter to bring the full-year growth rate down -9.5% for 2020. The contraction in the country's economy – reportedly the worst since 1948 and the first recorded decline a year after the Asian financial crisis erupted in the latter part of the 1990s – was attributed to the COVID-19 pandemic, as well as contributors such as the Taal Volcano eruption in January and the spate of devastating typhoons during the fourth quarter.

Industries contributed to the sharp contraction in GDP figures, as sectors struggled to find their footing amid the pandemic. Major contributors included the Construction sector, posting -25.3% in the fourth quarter of 2020, while Other Services and Accommodation and Food Service Activities ended the same period with -45.2% and -42.7%, respectively. The country's GDP in 2020 was also affected by unimpressive numbers registered by the Agriculture, Forestry, and Fishing (AFF) sector at -2.5% in the last quarter, as well as the Services and Industry sectors at -8.4% and -9.9%, respectively.

The banking sector was not spared by the economic effects of the pandemic. Bank credit growth was slow, with gross loans falling 0.9% year-on-year in 2020 compared to the 8.8% growth rate reported in December 2019. Consumer spending and restrictions in business activities hampered bank lending growth, as customers and corporate entities continued to tighten the purse strings to keep themselves afloat. Banks, according to a survey conducted by the Bangko Sentral ng Pilipinas (BSP), undertook measures that saw a net tightening of overall credit standards.

Despite these sharp blows, the country's banking system remained solid and resilient in 2020, backed by established macroeconomic fundamentals, low debt-to-GDP ratio, and continuous expansion of gross international reserve.

Inflation remained manageable despite recording an increase in the first half of the year due to supply side factors. Gross international reserves remained hefty, totaling USD104.5 billion as of end-November 2020. Domestic liquidity, on the other hand, reported a 9% annual growth or PHP14 trillion, attributed mostly to the simultaneous increase in domestic claims and net foreign assets (NFA) recording 5% and 21.8%, respectively. Meanwhile, remittances from Overseas Filipino Workers were not as impressive in 2020 compared to previous years, posting a contraction of 0.8% in 2020. The Philippine Peso remained one of the strongest currencies in 2020, closing an average of PHP48.07 by end-December 2020.

All these figures are indicative of a positive outlook for the Philippine economy in 2021. As businesses reopen and quarantine restrictions are lifted, analysts predict a stronger Philippine economy rising from the ashes and resuming to register positive trends in all sides of its sectors.

With higher consumer spending, a monetary policy that accommodates new mandates, and international recovery efforts looming in the background, the country's GDP growth is projected at 4.5% in 2021. Consumer outlook remains positive for the next year, as loan portfolios are expected to expand between 10% to 15% over the next two years. The banking sector, as the government's most reliant partner in instigating positive financial reforms, is set to support these changes as the country braces for more impacts due to the pandemic.

With the pandemic still ongoing, the Philippine banking sector remains a force to be reckoned with. Our financial system has strong fundamentals, built to withstand and weather any significant effects in the economy. As all these developments unfold, expect Bank of Commerce to scale and display its agile spirit as it reflects an organization that is able to ride the waves of change with hope and ability to empower every Filipino with its portfolio of products and services.

REPORT FROM THE CHAIRMAN AND THE PRESIDENT & CEO

2020 has undoubtedly been one of the most unprecedented years in the past century. Society was moving faster than ever before, propelled by technological advancement. Suddenly, the world was thrown into an unimaginable standstill last year. The COVID-19 pandemic disrupted anything and everything in its path, nearly shutting down the global powerhouses and confining everyone at home in an attempt to control its spread. Its impact has led to a worldwide economic crisis with an unparalleled reach and proportion.

In the Philippines, the enhanced community quarantine (ECQ), followed by various quarantine, lockdown, and travel restrictions, were implemented as the country was still reeling from the destruction brought about by the Taal Volcano eruption compounded by a series of severe typhoons which wreaked havoc on many parts of the country.

All these disruptions resulted in the drastic slowdown and contraction of the local economy. The country's gross domestic product (GDP) experienced the sharpest decline on record, plummeting from an increase of 6.7% in 2019 to a decline of -9.5% in 2020. At the sector level, Agriculture, Forestry, and Fishing (AFF) registered a drop of -0.2% in annual GDP growth, followed by Services at -9.1%, and Industry at -13.1%. Government expenditure grew by 10.4% while household spending, the usual driver of economic activity, declined by 7.9%.

The banking industry was not spared, as loan demand from large companies contracted and at the same time saw a deterioration of loan portfolios owed to the economic slowdown. Bank of Commerce's loan portfolio shrank from PHP74.5 billion in 2019 to PHP73.1 billion by the end of 2020, while the consumer segment reflected an increase in consumer and credit card non-performing loans (NPLs).

An unprecedented performance in an unprecedented time

The economic contraction that was felt throughout the banking industry required revisiting of plans to adapt and cope to the challenging times. At Bank of Commerce, we realigned our strategies to fit the current situation. We did this through an approach that focused on aggressively increasing deposit levels, setting our sights on trading opportunities in the volatile markets, managing credit risk and continuous monitoring of provisioning and capital levels.

This reaped a positive outcome for the Bank, increasing its 2020 net income by 20.2% to PHP784.4 million. The substantial growth was driven by the increase in the Bank's Net Interest Income (NII) to PHP5.1 billion, brought about by the considerable 51.9% drop in interest expense on deposits, and the sizable increase in Trading and Investment Securities gains which largely offset the substantially larger NPL loss provisioning of PHP962.5 million. On a compounded annual basis, NII grew by 13% from 2016 to 2020, while growth versus previous year was at 23.5%, a testament to the Bank's proactive risk management.

This positive performance was also reflected in the Bank's total deposits, ending the year with a 20% increase, from PHP123.9 billion in 2019 to PHP149.1 billion in 2020, which included the successful offering of the Bank's first Long-Term Negotiable Certificates of Time Deposit (LTNCTD) in the first quarter, which generated a volume of PHP5 billion. Branch Banking Group and Transaction Banking Group followed through with targeted campaigns and tailor-fit cash management solutions that aimed to expand the CASA base, thereby contributing to a 15% growth.

Strategic measures that spelled success

All these accomplishments were made possible by the Bank's hardworking employees working closely with a strong leadership team. Their combined efforts were the main reason the Bank adapted well to the challenging times.

A WELL-ROUNDED TEAM OF DEDICATED AND PASSIONATE FRONTLINERS

The Bank's brave frontliners, to whom we owe much of our gratitude for our continued growth, quickly adjusted to the new normal. While facing the risk of contracting the virus, they have demonstrated heightened social sensitivity, respect, and understanding toward each other and our customers. We continued our operations during the lockdown, opening select branches during the ECQ, and then increasing their availability for regular and walk-in customers. From 50% at the start of the Luzon-wide ECQ, we brought it up to 95% in just two and a half months, and finally to 100% in early fourth quarter.

A LEAP TOWARD DIGITIZATION AND INNOVATION

As embracing digital processes became the norm in a quarantined environment, the Bank launched its mobile app, BankCom [Personal], and a more streamlined browser version for retail customers in July. The 26% increase in enrollment to our new online banking facility in 2020 is attributed to the promotion of conducting banking transactions while staying safe during the quarantine periods. As the Bank anticipated more transactions done online, fund transfers to other banks (FTOB) rose to 821% from 2019, equivalent to almost seven times more transactions per enrollee compared to the previous year.

For InstaPay, outward transactions grew by 142%, while inward transactions recorded a staggering increase of 358%. In the same manner, PESONet transaction count grew three times more. With the increase in transaction volumes, average daily low cost deposit balances also increased in line with end-of-period deposit growth.

The Bank also pushed for the upgrade of its Anti-Money Laundering Act (AMLA) system to efficiently monitor and comply with the legal requirements of the Bangko Sentral ng Pilipinas (BSP) and financial regulators in tracking individuals committing financial-related violations. We began work on the delivery of a more robust Trust Banking system. The new trust system is in the process of data migration and is expected to be fully online in 2021. The operational efficiencies from the new system will bring stability in the core trust banking process, as well as improve customer delivery through timely delivery of information through various channels.

PROACTIVE STEPS TO FINANCIAL SOUNDNESS

Expertly woven within the Bank's DNA is its commitment to maintaining financial soundness. Credit Loss provisions were increased to provide reserves for increases in Non-Performing Loans (NPL) brought about by the adverse impact of the pandemic to the economy. To offset this increase in provisions, strategic cuts in the form of a prudent balance sheet management and reductions in planned CAPEX, such as limiting recruitment and scrutinizing other controllable expenses, were implemented. The additional provision booked kept the Bank's NPL coverage ratio at 112%, above the industry's average of 104%. Even with the additional provisioning, the Capital Adequacy Ratio improved to 16.6%, which reflects a significant buffer over the BSP minimum of 10%.

PUTTING THE NEEDS OF CUSTOMERS ON THE FOREFRONT

Developing the "We Think Customers" attitude further was an approach that Bank of Commerce continued to enhance in the time of pandemic. We ensured the safety of our customers at all times by implementing and adhering to health and safety protocols. We have kept customers informed and updated on all the safety measures being implemented. We also provided detailed information on all the available digital channels that they can use to minimize the need for them to personally visit branches.

ADVANCING THE CULTURE OF 'MALASAKIT'

The Bank demonstrated the spirit of *malasakit*, an inherent quality shared with our parent company, San Miguel Corporation (SMC), by assuring our employees that we prioritize their overall well-being through the health and safety protocols and COVID-19 tests that we put in place. We provided full wages, gratuity or gas allowances, communications and transportation incentives, and other medical benefits for all employees. The Bank has risen above its usual Corporate Social Responsibility (CSR) initiatives by pivoting most of its budget and efforts towards helping out Filipinos severely affected by the pandemic and other calamities. For the first time in its history, the Bank decided to forego producing corporate giveaways and reallocated the budget towards benefitting impoverished and underprivileged communities.

A STRONG SMC ECOSYSTEM IN FULL DISPLAY

A significant portion of the deposit increases occurred in accounts related to SMC affiliates and its ecosystem. Being the deposit bank of choice for many SMC affiliates, the Bank benefited greatly as the affiliates increased their cash reserves to protect against the uncertainties of the pandemic. None of the non-performing loan increase was related to any affiliates. Throughout the year, the Bank's liquidity coverage ratio remained healthy and never fell below 150%.

Taking a bold stand for a better 2021

We are hopeful that our economy will rebound in 2021, as the government administers its vaccination program and follows through with its plans to contain the virus.

The country's economic managers are also counting on the approval of a new legislation that will reform tax and corporate incentives, infrastructure projects, etc., to aid in economic recovery. For 2021, the Bank has laid out a strategic game plan that includes increasing the customer base by automating client onboarding and fostering a stronger customer relationship, restarting corporate loan growth, expanding the Trust and Treasury business through new products, and pushing for product market flexibility to help our customers adjust to the economic effects of the pandemic. All these efforts will be rolled out as we leverage on the SMC ecosystem as an integral part of our growth strategy.

With determination and the abundance of innovative minds in the organization, the Bank is confident that we will continue to successfully weather the pandemic. We see the opportunity to capitalize on projected growth recovery both on the global and domestic fronts. While uncertainty remains, we see the beginning of the end, and this will be possible as we all come together to face any challenges that will come our way. Regardless of the times, our aspirations, as your most trusted banking partner, will always be rooted on serving you better.

We think customers, more than ever.

Jose T. Pardo
Chairman

Michelangelo R. Aguilar
President & CEO

PRODUCTS AND SERVICES

RETAIL PRODUCTS

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

CORPORATE BANKING

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

CONSUMER LOANS

- Home Loan
- Auto Loan
- Salary Loan

CREDIT CARD

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

TRUST PRODUCTS AND SERVICES

- Unit Investment Trust Funds
  - Diversity Money Market Fund
  - Diversity Peso Bond Fund
  - Diversity Dollar Bond Fund
  - Diversity Dividend Focused Fund

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

- Investment Management Accounts
  - Other Agency Accounts
  - Facility / Loan Agency
  - Escrow Agency
  - Buyer and Seller Escrow
  - POEA Escrow
  - BIR Escrow
  - HLURB Escrow
  - Source Code Escrow
  - Other Escrow Accounts

TREASURY PRODUCTS

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

TRANSACTION BANKING

Cash Management and Other Services

- BankCom Business (Internet Banking Portal)
  - Funds Manager Solutions
    - Deposit Inquiry Services
    - Account Transaction History
    - Bank Statement Downloading
    - SOA Download (Multi-cash, MT940, and MT950 formats)
    - Fund Transfer to Own Accounts
  - Payments Management Solutions
    - Payroll Crediting Service
    - Auto-Credit Arrangement (ACA)
    - Fund Transfer to Third Party Accounts
    - Fund Transfer to Other Banks (PESONet and InstaPay)
    - Manager's Check Cutting Service
    - Corporate Check Cutting Service
  - Collections Management Solutions
    - Auto-Debit Arrangement (ADA)
- Other Services
  - Direct Fund Transfer Facility
  - Deposit Pick-Up Service
  - Post-Dated Check Warehousing Facility
  - Bills Payment
  - SOA Reference Facility
  - Email SOA Facility
  - BancNet - BIR Electronic Filing and Payment System (BIR eFPS)
  - BancNet - eGovernment Facility (SSS, Pag-IBIG, and PhilHealth payments)

Digital Channels

- Personal Online Banking (Web and Mobile App)
- BancNet Point of Sale
- Automated Teller Machines (ATMs)
- Fintech / Card Solutions

Remittance Services

- SikapPinoy OFW Account
- SikapPinoy Asenso Program
- Credit to Accounts with Bank of Commerce
- Credit to Accounts with Other Philippine Banks via PESONet
- Credit to Accounts with Other Philippine Banks via InstaPay
- Cash Home Delivery
- Cash Pick-up Services via Bank of Commerce Branches from International Remittance Partners:
  - Al Ansari Exchange LLC
  - Arab National Bank - TeleMoney
  - Bank AlJazira - Fawri
  - Bank AlBilad - Enjaz
  - Family Express Canada
  - Eastern & Allied Pty Ltd - HaiHa Money Transfer
  - MoneyGram
  - Prabhu Money Transfer
  - TransFast
  - U Remit International Corp.
- Cash Pick-up Services via Payout Partners:
  - M Lhuillier
  - Cebuana Lhuillier
  - LBC Express
  - Palawan Pawnshop
  - RD Pawnshop
- E-Government Payments of OFWs through Remittance Partners:
  - SSS Contributions / Loan Payments
  - PhilHealth Contributions
  - Pag-IBIG Contributions / Loan Payments

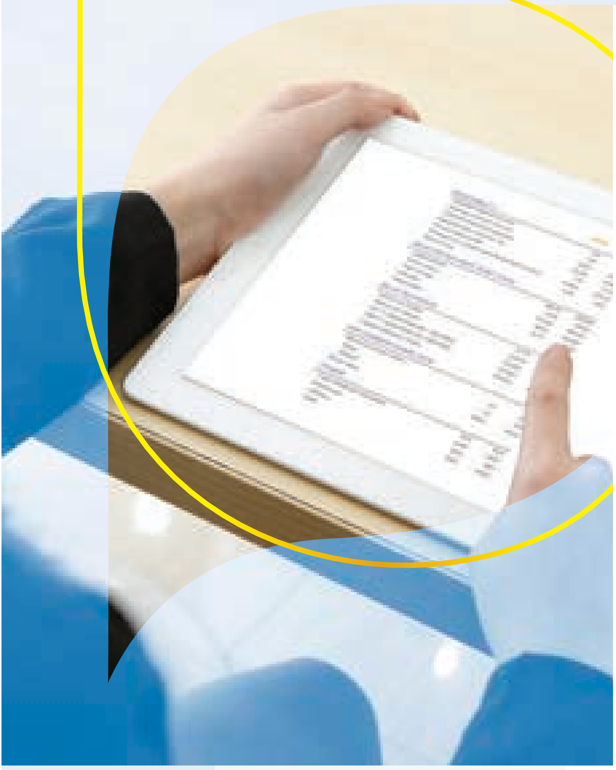
International Trade Services

- Import
  - Import Letter of Credit (LC) (Sight / Usance)
  - Trust Receipt Loan
  - Payment Abstract Secure (PAS5) Enrollment, and BOC Duties and Taxes payment
  - Shipside Bond Guarantee
  - Airway Bill Endorsement
  - Foreign Exchange (FX) Purchase for Advance Payment of Importation
  - Direct Remittance (DR)
  - Negotiation of:
    - Open Account (OA) Arrangement
    - Documents Against Payment (DP)
    - Documents Against Acceptance (DA)
    - Import Letter of Credit
  - Standby Letter of Credit (SBLC) / Bank Guarantees

- Domestic
  - Domestic Letter of Credit
  - Domestic Standby Letter of Credit
  - Negotiation of Domestic Letter of Credit

- Export
  - Export Bills for Collection
  - Export Bills Purchased
  - Export Advances
  - Export LC Advising / Confirmation / Transfer

FINANCIAL HIGHLIGHTS



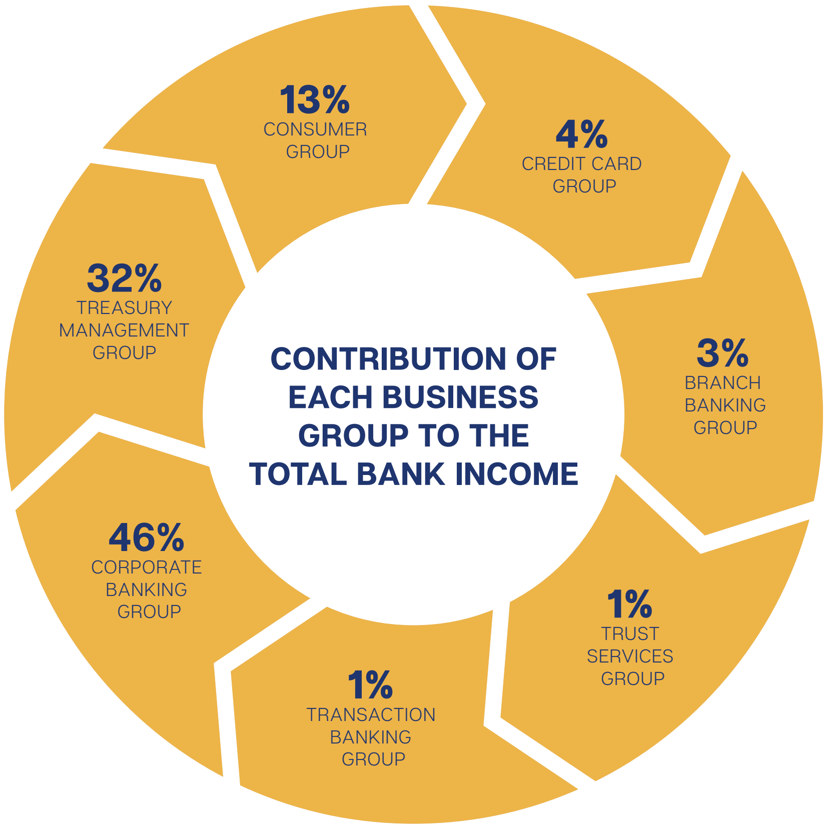
	2020	2019
PROFITABILITY		
Total Net Interest Income	5.11	4.13
Total Non-Interest Income	1.76	1.70
Total Non-Interest Expenses	(4.87)	(4.67)
Expense from Income Tax	(0.26)	(0.46)
Pre-provision profit	1.74	0.70
Provision for Credit and Impairment Losses	(0.96)	(0.05)
Net Income	0.78	0.65
SELECTED BALANCE SHEET DATA		
Liquid Assets	162.35	136.40
Gross Loans	73.10	74.49
Total Assets	170.92	145.03
Deposits	149.11	123.86
Total Equity	16.77	16.09
SELECTED RATIOS		
Return on Equity	4.77%	4.13%
Return on Assets	0.50%	0.44%
CET 1 Capital Ratio (for UBs/KBs)	15.58%	15.07%
TIER 1 Capital Ratio (for UBs/KBs)	15.58%	15.07%
Capital Adequacy Ratio	16.60%	15.93%
PER COMMON SHARE DATA		
Net Income per share:		
Basic	7.0	5.8
Diluted	7.0	5.8
Book Value	149.4	143.4
OTHERS		
Cash Dividends Declared	N/A	N/A
Headcount	1,910	1,897
Officers	920	897
Staff	990	1,000

(Amounts in PHP billion, Except Ratios, Per Common Share & Headcount)

OPERATIONAL HIGHLIGHTS

While the world was not prepared for the challenges that 2020 brought, Bank of Commerce remained steadfast in its commitment to delivering reliable products and services. A quick but necessary calibration was implemented in all aspects of its operations to effectively adapt to the needs of its clientele in the new normal.

In 2020, Bank of Commerce delivered the message that no pandemic was strong enough to refrain it from becoming the beacon of hope and optimism for its customers–a true reflection of a client-centric bank that consistently provides top-notch products and innovative banking experience that meet the changing priorities of its clientele, whether in a normal or in a disruptive environment.



Branch Banking Group

Branch Banking Group (BBG) oversees the Bank's retail banking business and serves as the nucleus for other business units to initialize programs for their respective markets. Running a network of 140 branches to date, the BBG team is composed of seasoned banking professionals with combined years of experience and expertise in the industry, focused on a singular objective of providing a consistent and comprehensive financial experience for the Bank's affluent and middle-market customers.

BBG took the challenging economic conditions in 2020 as an opportunity to serve a niche demand for a stable, long-term investment outlet. In partnership with Treasury Management Group (TMG), BBG launched the Bank's maiden Long-Term Negotiable Certificate of Time Deposit (LTNCTD) issuance. With a team from BBG's operations, business development, and branches at the helm, potential customers who matched the risk profile for investing were identified through the proprietary single customer view (SCV) facility. BBG managed and undertook the bookings, and ensured that all requirements complied with BSP guidelines, including educating investors, addressing concerns about LTNCTD, and sending timely communications about the offering period, issuance dates, and information about selling agents.

Prior to the enforced quarantines, BBG mounted roadshows held in Pampanga, Alabang, Laguna, Quezon City, Iloilo, Bacolod, Davao, Cagayan de Oro, Makati, and Manila, which generated PHP4.1 billion for LTNCTD. With these gains, BBG continues to aggressively develop and market other high-yielding products for its clients.

In 2020, BBG took a direct marketing approach to consumer loan and credit card products, riding on the success of its high-level campaigns and initiatives the previous year. Together with Consumer Group (CG), Credit Cards Group (CCG) and Trust Services Group (TSG), BBG advanced to areas of high-growth potential within and outside NCR, where demand was underserved, and carried out online marketing presentations and telemarketing with prospective clients identified via SCV. Simultaneously, BBG pursued organic marketing at the area level, leveraging on product knowledge gained from regular sales meetings with these business units. Through these efforts, branch-sourced consumer loans generated a total volume of PHP713 million (PHP565 million in auto loans and PHP148 million in home loans) and gained an additional 3,500 approved credit card applications. Similarly, BBG referred a total volume of PHP14.993 billion to TSG.

Despite an aggressive shift to digital banking last year, the role of branches in supporting the transactional needs of both consumers and merchants was magnified more in terms of ensuring problem-free acceptance of deposits, over-the-counter withdrawal, check clearing and encashment, account opening, card maintenance, and continuous operation of onsite ATMs. Branches also enabled business customers to use the products of Transaction Banking Group (TBG) by operating as their check releasing counters, facilitating deposit pickup, and performing account maintenance under auto-debit arrangements.

While observing strict health and safety protocols, BBG ensured that its network was capable of serving its customers through implementation of the following:

"BBG is focused on meeting the needs of its diverse and growing depositor base, while managing emerging challenges under the new normal."

- Making 95% of its branches available within two and a half months from ECQ enforcement, subsequently reaching 100% availability in early fourth quarter
- 98% to 99% cash availability of onsite ATMs
- 100% compliance with contact-tracing requirements and health and safety protocols (nationwide and LGU-based), such as temperature checks, use of PPEs, and physical distancing
- Frequent sanitation and regular disinfection of branch premises and workstations, as well as provision for personal antiviral solutions at primary contact points
- Installation of acrylic shield physical barriers and safety reminder notices
- Branch employee training on proper personal sanitation and social distancing

As customers' primary point of contact, branches also served as an extension of the Bank's customer assistance mechanism (CAM) in helping consumer loan borrowers and credit cardholders understand the most pertinent features and implications of the Bank's announcements regarding Bayanihan I and II, as well as the BSP regulations that were enacted during the quarantine period.

BBG's partnership and transformation strategies, meanwhile, resulted in gains in core deposit targets and in other areas of the Bank. Core deposits rose by 11% or PHP4.8 billion for Peso and 21% or USD15.5 million for FCDU, and around 35,000 new depositors were onboarded. Compared to the previous year, current account/savings account (CASA) grew by 28% or PHP15 billion. Non-CASA deposits likewise increased by 47% or PHP62 billion, with a significant portion coming from the LTNCTD issued in the first half of the year. In addition, BBG's joint marketing with other business units resulted in interest income and fee revenue-generating accounts and transactions, of which PHP3.9 billion was attributable to BBG.

Backed by these significant achievements, BBG looks forward to 2021 with a sharper focus on the following areas:

- Aligning branch banking technology to improve the customer journey and overall experience
- Offering "phygital" products backed by streamlined processes
- Improving branch "look and feel" and transaction flow
- Refocusing branch roles toward more efficient servicing of customers

As each of these initiatives roll out, BBG is focused on meeting the needs of its diverse and growing depositor base, while managing emerging challenges under the new normal.

Corporate Banking Group

The pandemic year saw the Corporate Banking Group (CBG) taking a more defensive approach in portfolio maintenance through proactively engaging pandemic-affected borrowers to avail of work-out payment plans and restructuring arrangements. This initiative allowed CBG to maintain a healthy loan portfolio and keep Non-Performing Loan (NPL) ratio at a pre-pandemic level of 1.5%. This translated to a net interest income of P1.6 billion, an increase of 89% from PHP893 million in 2019. Total revenue grew by 30% to PHP1.7 billion, from PHP1.3 billion the previous year. CBG likewise generated an increase in its Loan ADB (Average Daily Balance) in 2020, earning PHP63 billion compared to PHP61 billion in 2019.
To sustain this momentum of growth, CBG is keen on pursuing a more progressive approach to corporate lending in 2021, highlighted by the following:

- Supporting the financing requirements of corporate and small-medium enterprises as it actively participates in big-ticket financing transactions aligned with the government's nation-building and economic recovery plans
- Tapping capital market issuances as a means to generate a steady source of accruals
- Working with product partners to offer more lending products to financially challenged customers
- Strengthening collaborative efforts with other business units to step up cross-selling initiatives and boost fee-based income, such as trade-related fees
- Further expanding its market reach by forging more business partnerships in provincial areas and adding more onground managers to foster new relationships with rural enterprises

CBG is confident that by strongly embodying the Bank's unparalleled culture of relationship management, it will successfully implement its goals for the next year. This will be demonstrated through equipping relationship managers and rank-and-file employees with the right knowledge and tools in building solid client relationships, which will be made possible by conducting more training programs that aim to enhance both hard and soft skills, while setting them in motion toward career development. Meanwhile, as the Bank aggressively adopts digital banking solutions, CBG is looking at implementing IT system updates for corporate loans, bank statement analysis, financial modeling, and portfolio management systems.

Riding on the back of an impressive performance in 2020, CBG is all geared up for 2021 with a hopeful stance in surmounting challenges and a bold resolve to be the Bank's face of agility and resilience, as the whole nation moves toward economic rebound in the years ahead.

Consumer Group

The Consumer Group (CG) started the year on track to meet its ambitious growth targets in 2020. As the country implemented the strict community quarantine measures in March, the Bank pivoted in its direction and focused on helping borrowers cope with banking challenges by deploying a skeletal team to attend to their critical needs as the country was in a lockdown.

Simultaneously, the Bank implemented a late payment relief plan even prior to the approval of the Bayanihan to Heal as One Act (Bayanihan 1). A substantial number of the Bank's borrowers benefited from the Bayanihan 1 payment moratorium, and later in the year, more than a thousand of the qualified borrowers availed of the payment relief provisions of the Bayanihan to Recover as One Act (BARO).

Overcoming the financial turmoil of a challenging year, the Consumer Group managed to bring in a 12% increase in revenue. The Bank's relative share of the industry's non-performing loans decreased from the start of the year until the latest available industry figures in September 2020.

2021 promises to be another opportune year for the Consumer Group as it takes on the following initiatives to sustain its efforts the past year:

- Provide home, auto, and salary loans to depositors, long-time partners, and the general public
- Renewing partnerships with real estate developers and auto dealers to provide home and auto loans to creditworthy applicants
- Center its distribution among the 140 branches of the Bank, which serve as the nucleus for its products and services

These efforts are driven by the Bank's continued vision of serving its target market more effectively through a variety of products punctuated by focused service despite the obstacles posed by the ongoing pandemic.

Credit Card Group

Helping customers was the priority at a challenging time, and this was reflected in the number of government-released mandates that were implemented in 2020. The Bayanihan to Heal as One Act, Bayanihan to Recover as One Act, and the BSP Interest Rate Cap for Credit Cards were rolled out with the intent to provide relief assistance and affordable interest to cardholders.

Aiding consumers was necessary to curb the effects of the pandemic, which resulted in job losses and subsequent consumer confidence downturn. Bank of Commerce continued to soldier on despite these hurdles with the aim to provide value and service to its thousands of cardholders.

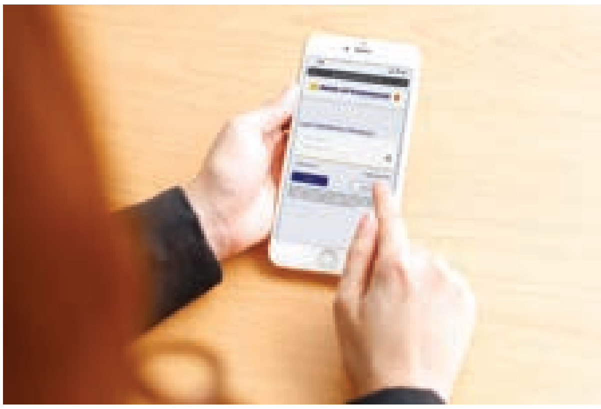
Leveraging on the solid strategies that were laid out to address the crisis, the Credit Card Group (CCG) managed to reach a robust P2.89 billion in total billings, with almost 6,000 new cards issued. Despite a modest gross revenue that was directly hampered by the more than 300% increase in provisioning, the Bank continued to take a conservative stand and has fully provided credit card NPLs (non-performing loans).

For 2021, recovery remains to be the primary task, with the Bank focusing on working alongside its cardholders to rise together after the challenges of the past year.

Transaction Banking Group

The unprecedented year that was 2020 saw the Transaction Banking Group (TBG) reaping achievement after achievement that contributed to the 29% growth in total income. This was made possible by the new deposit products and solutions that were launched to cater to the specific needs of a pandemic-afflicted clientele.

The Digital Channels Department marked a significant milestone with the launch of the Bank's first mobile banking app, which was also rebranded as BankCom [Personal] in July 2020. The timely introduction of the app complemented the increase of domestic fund transfer transactions during the quarantine period, now processing more than 50,000 InstaPay and PESONet transactions a month, corresponding to an 821% increase from a monthly average of 5,000 transactions from the previous year. Total enrollment also increased by 35%, reflecting the current demand for more online transactions by retail clients. Eight new billers were also added to the current 73 to further widen the range of BankCom [Personal]'s bills payment transactions. A partnership with Dragonpay was also initiated to allow Bank clients to settle payments via BankCom [Personal] for merchants like SMC Mall, San Miguel Corporation's online selling portal, and other online sellers. To ease cash flow for its day-to-day operations, the Bank provided a Consolidator Solution, a digitally innovative platform which enabled merchants of SMC Mall to efficiently manage their collections and payments.



The Cash Management Division (CMD) complemented the Bank's more aggressive approach in strengthening its digital channels by proactively offering electronic solutions for payment settlement. InstaPay and PESONet were offered to corporate clients who opted to use these channels for fund transfers during the lockdowns, as confinement limited mobility and access to our branches. As coming to the aid of quarantined customers was a top priority, CMD also launched a more customer-centric direct service hotline that allowed the Bank to immediately address cash management concerns and inquiries. All these efforts contributed a 32% increase in the Group's interest income in 2020.

Trade solutions were cross-sold to corporate clients who opened new accounts with the Bank. The Trade Department focused on meeting the needs of customers requiring guarantees to secure ordered goods through letters of credit. Continuous education on trade services and its benefits was also given optimum importance to target distributors and merchants whose businesses were based on consumer demand. The initiatives that were implemented allowed the Trade business to gain an upward trend in its client acquisition efforts in the past year.

The Bank's Remittance business saw a 12% decrease in total fees, as the deployment of Overseas Filipino Workers (OFWs) waned during the second and third quarter of 2020. Through partnerships with foreign banks such as Bank of AlJazeera and Bank Albilad, the Bank was able to cushion the further impact of diminishing overseas transactions. TBG further enhanced this by aggressively pushing for the usage of domestic fund transfer services such as InstaPay and PESONet, as well as credit-to-other partner service such as GCash and PayMaya, enabling beneficiaries to claim the transferred money via bank account or mobile wallet. On the more traditional front, clients preferred to receive cash from partner agents, with 55% to 60% of total remittance transactions attributable to cash payout as a distribution channel.

Though most businesses were caught unprepared by the pandemic and other unforeseen calamities, TBG was able to effectively navigate its wide range of businesses to adapt to the new normal, leveraging on more practical digital solutions to meet the changing financial requirements of retail and corporate clients.

Treasury Management Group

Treasury Management Group rose above the challenges in the financial markets in 2020. It maintained a prudent approach to trading and portfolio management, which allowed us to generate profit and rebalance our portfolio as we saw fit to usher in the new normal.

This approach proved to be a lifesaver amid a tough year, characterized by extreme volatility in the fixed income market during the first six months. Globally, central banks took decisive actions to backstop markets and ensure that ample liquidity continued to flow in the system. This was done through each central bank's version of a stimulus package that included, among others, a bond buying program, credit, and unemployment and payroll aid facilities. After a dizzying first half in the global bond market space, with central banks' open market operations firmly in place, volatility began to settle down in the second half of the year.

In the local market, an aggressive easing cycle took the BSP overnight policy rate from 4.00% in December 2019 to 2.00% in November 2020. The reserve requirement ratio fell from 14% in January 2020 to 12% by the end of the year. These timely rate adjustments and other regulatory relief measures throughout the year stemmed excessive volatility and restored calm. Market players regained confidence, emboldened by the BSP's supportive stance on economic recovery and its clear communication that they have more tools to deploy if needed. The local fixed income bourse regained strength as we saw bond yields plunge to record lows in the second half of 2020.

The unprecedented year also saw a huge drop in imports and the Peso's appreciation lagged behind its regional peers. Despite this, OFW remittances closed 2020 with a little growth that provided steady support for the local currency. The USD/PHP spot market was also in a tight range for most of the last six months, and the Treasury's currency trading business was able to maximize the muted volatility in the Foreign Exchange (FX) market and generated decent trading gains in proprietary trading.

The new market conditions nevertheless heightened the importance of liquidity and interest rate risk management. In particular, managing liquidity was critical as it can deteriorate quickly during times of crisis. At the onset of the pandemic, Liquidity and Asset Liability Management Division (LALMD) proactively increased buffer of high-quality liquid assets and built ample liquidity to fully cover short-term commitments and any potential funding needs. Against all odds, the Bank also successfully issued over PHP5 billion worth of Long Term Negotiable Certificate of Time Deposit (LTNCTD) at the onset of the enhanced community quarantine. These moves served as a defense against possible liquidity stress and enabled the Bank to continue lending to support the economy despite the adverse situation. In addition, dynamic cash flow forecasting, liquidity scenario planning, stress testing and close monitoring of deposit fluctuations, funding concentration and liquidity metrics, such as Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Early Warning Indicators (EWIs), were undertaken to manage liquidity positions, meet funding obligations and strengthen funding capabilities. To mitigate margin compression in a low interest rate environment during the year, timely analyses and recommendations were provided by LALMD to the ALCO to support decisions like revisions to deposit pricing strategies and fund transfer pricing, which allowed the Bank to manage the interest rate risk sensitivity of the banking book. Consequently, despite the impact of falling asset yields, the Bank posted a higher net interest income for the year largely due to the significant decline in funding costs. The decrease in funding costs can be mainly attributed to the deposit mix shift and growth in low cost savings and demand deposits, coupled with substantial decline in interest expense from high cost deposits.

All these gains were achieved with the unwavering cooperation and close coordination with teams in the Treasury Management Group (TMG), ultimately contributing to the Bank's success this year.

Trust Services Group

The Trust Services Group (TSG) continued its upward growth momentum despite facing contraction of trust assets by 5.8% to PHP39 billion in 2020. The lower trust assets likewise did not affect the Bank from increasing its revenue by 14.8% year-on-year.

This accomplishment was the result of a strategic move to enable Branch Partners with the knowledge and skills to market Unit Investment Trust Funds, which resulted in a 237% increase in participation. Trust and Other Fiduciary Activities Assets also increased by 111%, with more active promotion of trust engagements focused on personal savings, education for children, health and wellness in elder age, and distribution of assets as legacy to loved ones.

TSG is well positioned to take advantage of these gains as the economy opens in the next few months. Backed by the Bank's strong foundation, we are positive that bright prospects of financial growth will be present as we gear toward protecting and growing savings through prudent and informed investing.

Support Initiatives

INFORMATION TECHNOLOGY SERVICES DIVISION

The Information Technology Services Division (ITSD) remained steadfast in its commitment to leading the Bank's 5-year (2018-2022) IT Investment Plan. ITSD took the reins in setting up the needed cloud infrastructure for the Bank's newly deployed Mobile Application (BankCom [Personal]), Foreign Exchange, Domestic Trade (Wholesale Banking components), Anti-Money Laundering and IT Help Desk systems.

On top of setting up the right foundation for the deployment of the Bank's digital channels, ITSD continued with its planned technology refresh for IT assets reaching end-of-life and support to be current with the latest version of MS Windows and Cyber Security software. A replacement of the Bank's server platform (Stratus) for its ATM Switch system was also carried out. These necessary actions allowed the Bank to meet the BSP's regulatory requirements.

The onset of the COVID-19 pandemic was a true test for the Bank's IT Disaster Recovery and Business Continuity readiness. During the ECQ (Extended Community Quarantine) period, ITSD was tasked to deploy a skeletal workforce, both in the Head Office and Disaster Recovery Center, in order to ensure that all electronic channels and core application systems remained online on a 24/7 basis.

During the same period, ITSD pivoted to enhance the Bank's IT infrastructure to allow greater virtual communications and access as it shifted to a work-from-home arrangement and operated select branches. Cybersecurity equipment and software were upgraded or improved upon, while data communication lines (internet) underwent bandwidth increase and redundancy was tested. Virtual conferencing facilities, such as Zoom, MS Teams, and Webex, were enabled to allow for smooth collaboration even while working from home. Adopting this solution required additional communications equipment such as switches, routers, and access points. Endpoint security covering servers, desktops, laptops, and mobile devices to be used by Bank employees remotely were likewise 'hardened' to make them more resilient against possible cyber attacks.

Looking forward, the ITSD eyes reorganization to efficiently operate in the new normal and expand the Bank's digital services to meet clients' needs. This expansion effort will strengthen our IT portfolio to incorporate a hybrid cloud architecture, automation through Robotic Process Automation (RPA), integration with FinTechs and other Bank partners through a robust Application Programming Interface (APIs) framework to offer a richer set of financial services and continually improve the Bank's cyber security posture in the digital era.

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT DIVISION

The Human Resource Management and Development Division (HRMDD) demonstrated an agile stance while navigating the new changes in business and daily operations in 2020.

At the onset of the Taal Volcano eruption in January, the Bank's culture of *malasakit* was in full display, with HR leading relief operations for affected employees and auxiliary staff. Hygiene kits and food items were sent to the affected branches through the Bank's security team, while employees from other regions sent resources for the victims of the fortuitous event. During the onslaught of Typhoon Ulysses, HR was on hand to help those in need by facilitating a donation drive participated in by the Bank and its employees. This initiative enabled the Bank to assist employees who were also affected by the typhoon.

When news broke about the presence of the Coronavirus, HR made sure to send advisories about the outbreak and provided information on travel and health protocols to be followed. During the enforced lockdowns, HR was on top of procuring and distributing safety essentials like face masks, alcohol, thermal scanners and vitamins to meet the needs of employees.

Despite all the restrictions posed by the new normal, HRMDD went on with its tasks to ensure that all the needs of employees were met. It secured clearance from IT and Risk Management to set up an official BankCom Employees' Facebook Group that allowed efficient communication with employees during the quarantine and provide updates and official announcements from higher management.

To follow protocols on mass gathering, learning programs were done in an e-classroom setup using Zoom. For employment interviews, Zoom and telephone calls were utilized as part of the recruitment process. The BankCom community also gathered in online masses and continued to recognize employees' loyalty and service through the Annual Employees' Service Awards. All these activities were done virtually, as everyone adhered to the new norm of keeping everyone safe.

A huge part of HRMDD's responsibility was the creation of a COVID-19 Task Force, where the HRMDD head was appointed chair. Safety and health protocols were crafted for everyone to follow, in and outside of the workplace. Isolation areas were identified and regulatory responses to the prevention of COVID-19 were implemented, such as daily health check monitoring, setting up of acrylic barriers, banners in the workplace and drafting of the contact-tracing guidelines.

HR also actively took part in the San Miguel Group-wide COVID-19 testing initiative, which actively identified who to test and mobilized prioritization, scheduling, monitoring, and distributing of results and negative badges Additionally, HR addressed the needs of employees who tested positive for the virus, from contact tracing to ensuring that the mandatory quarantine was followed. These employees were also referred to the Bank's retained psychologist on a voluntary basis to address their mental health needs.

BankComustahan was also conceived, which initiated discussions from mental health awareness to health and safety, among others. During these fora, employees' awareness on relevant issues were discussed to help the Bank comply with Occupational Safety and Health Standards (OSH) set by law. All branches were also inspected by the Department of Labor and Employment (DOLE) to ensure that all protocols set by the Inter-Agency Task Force (IATF) were met, with the Bank receiving satisfactory compliance rating.

In the coming year, HRMDD will continue to reinvent itself to be able to adapt to the new business landscape. It will continue to serve employees better, address their needs, and inspire them to contribute to the Bank's success, while ensuring that they are in a safe and healthy workplace.

CORPORATE SOCIAL RESPONSIBILITY

Marching on to reflect the true message of hope and resilience during an unprecedented time, Bank of Commerce led by example in displaying the genuine and heartfelt meaning of the Filipino innate culture of *malasakit* through various initiatives that revitalized the spirit of the communities it visited this year.

The Bank's corporate social responsibility (CSR) efforts were geared toward fulfilling its long-standing commitment to community development, promoting financial literacy, and championing volunteer work, which became even more imperative as communities grappled to keep their lives and livelihoods afloat amid challenges collectively shared with the world.

The Bank's solid CSR framework was in full force as it conducted various *malasakit* activities in near and far-flung areas with the strong support of its hard working team of employee-volunteers. All these initiatives were also made possible by the firm commitment shown by highly regarded corporate partners and non-governmental organizations in rendering initial assistance, as well as sustaining the efforts that had been started in the communities.

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

Team Malasakit

San Miguel Foundation's (SMF) flagship volunteerism initiative was in full throttle this year, helming various activities that showcased the true spirit of volunteerism and cooperation. Bank of Commerce employee-volunteers were tapped once more to bring the message of hope to underprivileged communities displaced by natural disasters and affected by the ongoing pandemic through relief operations and volunteer assistance that strengthened their resolve to get back on their feet and carry on with life.

Volunteer employees also engaged in donation assistance and online forums in support of the Bank's thrust to help uplift the quality of education in the country and assist in raising the public's financial literacy.

Taal Volcano eruption relief operations
SMF mobilized relief operations in Batangas to help the victims of the eruption of Taal Volcano in January. Bank volunteers were on hand to support the initiative, which was in line with SMC-Insfrastructure Bulacan Bulk Water Plant facility's objective of providing 15,000 water containers to areas without available sources of clean water. Through this effort, employee-volunteers were able to help clean up and refill hundreds of reusable water containers for the province's evacuees and displaced residents.

COVID-19 Assistance
Medical frontliners were extended much-needed aid in the form of KN95 masks, hazmat suits, gloves, and goggles that were prepared and repacked by the Bank's employee-volunteers for distribution to public hospitals. Bank of Commerce Cagayan de Oro Branch was delegated to help designate handwashing stations and procure essential supplies that were given to the Northern Mindanao Medical Center and J.R. Borja General Hospital as donations to medical frontliners to aid in the fight against the dreaded disease.

Abutin Na10
The Department of Education and World Vision partnered up for the Abutin Na10 campaign, which aimed to give 10 million students all over the country access to printed instructional packets and gadgets to be used as tools for online learning activities. Bank of Commerce threw its support for the campaign by matching the total donations that the Bank collected from employees, doubling the amount to ensure that students get the best access to education that they need during the pandemic.

Usap Tayo
Virtual platforms became the means of communication during the quarantine, and this was harnessed by the Bank to enrich the knowledge of its employees. Through the Usap Tayo sessions that were organized by SMF, volunteer employees participated in focus group discussions to aid them as they do their volunteer work. The insights they gained on topics like mobile photography and financial literacy were able to help them capture meaningful images during onground CSR activities and armed them with necessary know-how on early financial planning and investments as they conducted financial education seminars in the communities.

Typhoon Rolly and Ulysses Donation Drive and Relief Efforts

San Isidro, Montalban, and Baras, Rizal; Lipa, Batangas; Catanduanes; Marikina

Bank employee-volunteers joined SMF's relief operations and donation drive for victims affected by Typhoon Rolly and Ulysses in select provinces.

In Rizal, a soup kitchen was organized in San Isidro, Montalban, Rizal to provide sustenance to rescued families. Around 1,000 packages of *lugaw* were packed and distributed in Southville National High School and Southville Phase 2 to displaced residents, who were affected by the rising river water brought about by recent successive typhoons. Apart from Bank volunteers, the soup kitchen was participated in by SMC Global Power and the SMF scholars in Montalban. Meanwhile in Baras, BankCom scholars and their families benefited from used clothes and canned goods that were culled from donations initiated by Masungi Georeserve.

Similar donations, in addition to toiletries and other essential needs, were provided to displaced residents of Marikina by Bank volunteers, in cooperation with the New Life Christian Center. In Batangas, relief was extended to JCI-Lipa in the form of canned goods through a donation drive organized by Bank of Commerce Lipa City Branch.

In Catanduanes and nearby Bicol region, employee-volunteers joined the Philippine Relief and Development Services (PhilRADS), the official relief operations arm of evangelical churches in the country, in conducting relief operations that were led by medical program officer Faith Subaday and administrative officer Pastor Richard Angulo. The initiative benefited affected families who received canned goods, food, and other essential supplies.

Better World Diliman

Diliman, Quezon City

Bank of Commerce joined SMF in its efforts in enhancing its community development projects for families in Metro Manila via Better World, the foundation's learning and livelihood arm.

Better World Diliman, in cooperation with Rural Rising Philippines, supports farmers by providing an avenue for selling their produce, serving as a ready market for excess products bought from farmers at better-than-farmgate prices and sold to consumers and resellers for low prices. In support of the center, which is the third to be built by the foundation, the Bank donated an L-300 van, which is now being utilized for the delivery and transfer of products and farm produce from provincial areas.

In keeping with the culture of ***malasakit***, the Bank also extended its help to families affected by the fire near the Better World community in Tondo by donating used clothes for residents. Previously, the Bank also supported the launch of the center in Tondo, which serves as SMF's food bank with the aim to serve at least one million meals each year to children living in the said barangay for the next 10 years.

Family Academy and Food-Feeding Program with the International Care Ministries Foundation, Inc. (ICMFI)

Cebu and Dumaguete

For six consecutive years, the Bank has been partnering with the ICMFI for a variety of CSR initiatives all over the country. This year, their partnership brought them to Cebu and Dumaguete to mount a feeding program for families severely affected by the pandemic.

On top of the food-feeding program, the ICMFI and the Bank also launched an education program called Family Academy, a two-generational approach designed to empower parents in educating their children at home. For the next eight months, the program will equip parents in these communities with basic curriculum in Math and phonics, as well as provide them with educational supplies, as they become their kids' first teachers in a home setting. In addition, the Bank conducted a seminar among residents of makeshift houses in the communities, who rely on farming and manual labor to support their respective families. Each family has at least five children to feed and support, and has to endure living in improvised houses made from nipa, bamboo, and scrap materials. To help improve their current situation, employee-volunteers provided lessons on safe water, women's health and reproduction, disease recognition and prevention, which provided life-changing information that can help strengthen relationships within families and communities.

Community-Managed Savings and Credit Association (CoMSCA) with World Vision

Bohol

For their second partnership, Bank of Commerce and World Vision worked on providing a community in Bohol with livelihood opportunities and more through the Community-Managed Savings and Credit Association (CoMSCA), a program that allows residents to benefit from a local pool of capital that can be used to finance predictable expenses, reduce shocks to vulnerable livelihoods, facilitate household cash-flow management, and invest in short-term, income-generating activities.

Through their respective volunteers, the project allowed Bank of Commerce and World Vision to provide basic financial education that equipped residents on how to properly handle their money, particularly on how to save for education, household and family expenses, and economic and livelihood ventures.

Through the yearlong program, the organizers hope to build a resilient and accountable community with self-sustaining residents that can lead in creating livelihood opportunities, with improved abilities that shall enable them to send their kids to school and protect the health of the families in the neighborhood.

ChildHope and Pangarap Foundations

The Bank celebrated the Holiday season with an initiative that gives back to the community. In collaboration with SMF, the Bank donated its 2020 corporate giveaways budget to the beneficiaries of the ChildHope Foundation, an NGO that promotes the welfare of street children, and the Pangarap Foundation, a DSWD-accredited foundation for street children and out-of-school youth and a center for social workers and psychologists in training.

With the donation, Bank of Commerce hoped to help these institutions sustain their efforts in promoting education to children and developing community programs that benefit underprivileged families. To make the initiative a more meaningful endeavor, the Bank made the donation in line with its innate passion for caring and giving hope where it is needed.

Masungi Georeserve Scholarship Program

Baras, Rizal

Recognizing the need of the education sector to continue with their operations despite the pandemic, the Bank partnered with the Masungi Georeserve to initiate a scholarship program for select students in nearby schools in Baras, Rizal. Masungi Georeserve serves the Baras community by ensuring the conservation of the Sierra Madre area through education and sustainable development.

For the program, the Bank pledged its support to provide the financial needs of the students and their families who were severely affected by the lockdowns. On top of providing financial support, the Bank organized a donation drive to collect cash or in-kind donations for the purchase of school items for its student beneficiaries in the community.

CORPORATE GOVERNANCE

Bank of Commerce sustains its resiliency and stability while balancing the interests of its stakeholders through policies, processes, practices, and framework that dictate its corporate behavior.

Manual on Corporate Governance

Bank of Commerce has adopted a Manual on Corporate Governance (the Manual) which is updated annually or when necessary to incorporate significant changes brought about by new legislations, regulations, or best practices. The latest updated Manual of Corporate Governance was approved by the Board of Directors in November 2020.

The Manual also incorporates the applicable provisions of the General Banking Law of 2000 and the Revised Corporation Code of the Philippines. It contains the principles of sound corporate governance which shall be adhered to by all directors, officers, and employees of the Bank as they execute their respective duties and responsibilities.

As a valuable reference in the implementation of sound governance policies and practices, the Manual serves as a guide to the attainment of the Bank's vision, mission, and strategic objectives. It emphasizes the Board of Directors' commitment to prudently managing the Bank, thereby preserving the trust and confidence reposed on it by its clients and other stakeholders. The Board of Directors' duties and responsibilities, the qualification of directors/independent directors, advisers and consultants, and the composition of the Board of Directors are some of its highlights.

Board Governance

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

Board of Directors

The Bank's Board of Directors (BOD) is composed of fifteen (15) members. The Board is a healthy mix of individuals with diverse experiences, backgrounds, and perspectives and a combination of executive and non-executive directors such that no director or small group of directors dominates the decision-making process. Five (5) of the total Board seats are independent directors. This number of independent directors is compliant with the representation of independent directors required by the BSP and SEC rules and regulations. All directors were chosen based on integrity, probity, market reputation, conduct and behavior, relevant education and training, physical and mental fitness, knowledge, and experience. They possess such qualifications and stature that enable each of them to effectively participate in the deliberations of the Board. Prior to election as a Director, any nominee or candidate passes through the evaluation of the Nominations, Compensation, and Remuneration Committee (NCRC).

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

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

The above term limit is consistent with SEC Advisory dated 31 March 2016, where independent directors elected in 2012 may be re-elected until 2017 when the two-year cooling-off period shall commence; that if there are no suitable replacements, said independent directors may be reelected in 2017 until 2021, at which time, they may no longer be qualified as independent directors for the same companies. The said re-election in 2017 until 2021 shall be with prior written notice and justification to the SEC.

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

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

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

For the year 2020, the Board held fourteen (14) meetings:

Composition	Attendance	%
Jose T. Pardo *(Chairman, Independent Director)*	14/14	100%
Francis C. Chua *(Vice Chairman, Non-Executive Director)*	14/14	100%
Michelangelo R. Aguilar *(President & CEO, Director)*	14/14	100%
Roberto C. Benares *(Former President & CEO, Non-Executive Director)*	14/14	100%
Amor C. Iliscupidez *(Non-Executive Director)*	13/14	92.8%
Marito L. Platon *(Non-Executive Director)*	14/14	100%
Benedicta A. Du-Baladad *(Non-Executive Director)*	14/14	100%
Jose C. Nograles *(Independent Director)*	14/14	100%
Carolina G. Diangco *(Non-Executive Director)*	14/14	100%
Melinda S. Gonzales-Manto *(Independent Director)*	14/14	100%
Mariano T. Katipunan, Jr. *(Non-Executive Director)*	14/14	100%
Fe B. Barin *(Non-Executive Director)*	13/14	92.8%
Alexander R. Magno *(Non-Executive Director)*	14/14	100%
Aniano A. Desierto *(Independent Director)*	14/14	100%
Rebecca Maria A. Ynares *(Independent Director)*	14/14	100%

Security Ownership of Directors

Name of Director	Number of Direct and Indirect Shares held	Number of Years served	Percentage of Shares	Changes in the Composition
Jose T. Pardo	1	17	0.00%	Elected as Director, October 21, 2003; as Independent Director, April 30, 2010; as Chairman, July 19, 2011; and reelected as such every year thereafter during the Annual Stockholders' Meeting (ASM); re-elected on July 28, 2020 and reached the maximum cumulative term of 9 years as independent director on December 31, 2020
Francis C. Chua	1	12	0.00%	Elected as Director, May 20, 2008 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Michelangelo R. Aguilar	1	2 years and 6 months	0.00%	Elected as Director, June 26, 2018 and as President & CEO on July 16, 2018. Re-elected as Director during ASM on July 28, 2020
Roberto C. Benares	1	7	0.00%	Elected as Director, April 30, 2013; as President & CEO, August 1, 2013; retired as President and CEO on July 15, 2018 and was appointed Director effective July 16, 2018. Elected as Director during the ASM on July 28, 2020
Amor C. Iliscupidez	1	12	0.00%	Elected as Director, May 20, 2008 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Marito L. Platon	1	10	0.00%	Elected as Director, April 30, 2010 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Benedicta A. Du-Baladad	1	6	0.00%	Elected as Director, January 31, 2014 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Jose C. Nograles	1	4	0.00%	Elected as Independent Director, April 20, 2015 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Carolina G. Diangco	1	8	0.00%	Resigned June 2018 and re-elected September 2018
Melinda S. Gonzales-Manto	1	7	0.00%	Elected as Director, April 24, 2012 and re-elected every year during the ASM. Re-elected on April 20, 2018. Resigned on July 15, 2018 and appointed as BOD Adviser effective July 16, 2018 but re-elected as Director on September 25, 2018 and during the 2019 ASM. Re-elected on July 28, 2020
Mariano T. Katipunan, Jr.	1	2 years and 8 months	0.00%	Elected as Director, May 29, 2015, replaced by Mr. Ronnie U. Collado as Caritas representative on June 27, 2017 but reinstated during the April 20, 2018 ASM. Re-elected as Caritas representative on July 28, 2020
Fe B. Barin	1	6	0.00%	Elected as Director, April 24, 2014; re-elected every year thereafter during ASM. Re-elected on July 28, 2020
Alexander R. Magno	1	6	0.00%	Elected as Director, August 1, 2014 and re-elected every year thereafter during the ASM. Reelected on July 28, 2020
Aniano A. Desierto	1	7	0.00%	Elected as Independent Director, August 1, 2013 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020
Rebecca Maria A. Ynares	1	4	0.00%	Elected as Independent Director, July 26, 2016 and re-elected every year thereafter during the ASM. Re-elected on July 28, 2020

Board Committees

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

These committees regularly convene as mandated in their respective Charters.

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

Executive Committee

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

The Committee is composed of five (5) members and held twenty seven (27) meetings in 2020.

Composition	Attendance	%
Francis C. Chua *Non-Executive Director, Chairman*	26/27	96.2%
Michelangelo R. Aguilar *Executive Director, Member*	27/27	100%
Amor C. Iliscupidez *Non-Executive Director, Member*	26/27	96.2%
Fe B. Barin *Non-Executive Director, Member*	24/27	88.89%
Carolina G. Diangco *Non-Executive Director, Member*	26/27	96%

Audit Committee

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

The Committee is composed of five (5) members, three (3) of whom, including the committee chairman, are independent directors. It held twelve (12) regular meetings and two (2) special meetings in 2020.

Composition	Attendance	%
Melinda S. Gonzales-Manto *Independent Director, Chairman*	13/13	100%
Jose C. Nograles *Independent Director, Member*	13/13	100%
Rebecca Maria A. Ynares *Independent Director, Member*	13/13	100%
Benedicta A. Du-Baladad *Non-Executive Director, Member*	12/13	93%
Mariano T. Katipunan, Jr. *Non-Executive Director, Member*	13/13	100%
Evita C. Caballa *Corporate Secretary*	13/13	100%

Board Risk Oversight Committee

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

The Committee is composed of five (5) members, majority of whom are independent directors, including its chairman. It held twelve (12) meetings in 2020.

Composition	Attendance	%
Jose C. Nograles *Independent Director, Chairman*	12/12	100%
Marito L. Platon *Non-Executive Director, Member*	12/12	100%
Roberto C. Benares *Non-Executive Director, Member*	11/12	92%
Melinda S. Gonzales-Manto *Independent Director, Member*	12/12	100%
Rebecca Maria A. Ynares *Independent Director, Member*	12/12	100%

Corporate Governance Committee

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

The Committee is composed of five (5) members, majority of whom, including the committee chairman, are independent directors. It held twelve (12) meetings in 2020.

Composition	Attendance	%
Jose T. Pardo *Independent Director, Chairman*	12/12	100%
Marito L. Platon *Non-Executive Director, Member*	12/12	100%
Fe B. Barin *Non-Executive Director, Member*	11/12	91%
Jose C. Nograles *Independent Director, Member*	12/12	100%
Aniano A. Desierto *Independent Director, Member*	12/12	100%

Nominations, Compensation, and Remuneration Committee

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

The Committee is composed of five (5) members, two (2) of whom, including the committee chairman, are independent directors. It held ten (10) meetings in 2020.

Composition	Attendance	%
Jose T. Pardo *Independent Director, Chairman*	10/10	100%
Amor C. Iliscupidez *Non-Executive Director, Member*	10/10	100%
Alexander R. Magno *Non-Executive Director, Member*	10/10	100%
Aniano A. Desierto *Independent Director, Member*	10/10	100%
Carolina G. Diangco *Non-Executive Director, Member*	6/6	100%
Jose C. Nograles* *Independent Director, Member*	4/4	100%

**Jose C. Nograles replaced Carolina G. Diangco in August 2020*

Trust and Investments Committee

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

The Committee is composed of five (5) members, two (2) of whom are non-executive directors, including its chairman who is an independent director, the President of the Bank, and the Bank's Chief Trust Officer. It held twelve (12) meetings in 2020.

Composition	Attendance	%
Jose T. Pardo *Independent Director, Chairman*	12/12	100%
Amor C. Iliscupidez *Non-Executive Director, Member*	12/12	100%
Michelangelo R. Aguilar *Executive Director, Member*	12/12	100%
Alexander R. Magno *Non-Executive Director, Member*	12/12	100%
Gamalielh Ariel O. Benavides *Chief Trust Officer, Member*	12/12	100%

Related Party Transactions Committee

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

For this purpose, the RPTCom evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. It likewise evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under identical circumstances.

The Committee is composed of five (5) members, three (3) of whom, including the Chairman, are independent directors. It held twelve (12) meetings in 2020.

Composition	Attendance	%
Aniano A. Desierto *Independent Director, Chairman*	12/12	100%
Melinda S. Gonzales-Manto *Independent Director, Member*	12/12	100%
Marito L. Platon *Non-Executive Director, Member*	12/12	100%
Rebecca Maria A. Ynares *Independent Director, Member*	12/12	100%
Roberto C. Benares *Non-Executive Director, Member*	7/8	87%
Carolina G. Diangco* *Non-Executive Director, Member*	4/4	100%

**Carolina Diangco replaced Roberto Benares in September 2020*

Information Technology Steering Committee

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

The ITSC is composed of three (3) members and held twelve (12) meetings in 2020.

Composition	Attendance	%
Roberto C. Benares *Non-Executive Director, Chairman*	12/12	100%
Marito L. Platon *Non-Executive Director, Member*	12/12	100%
Michelangelo R. Aguilar *Executive Director, Member*	12/12	100%

The Corporate Secretary

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

Loyal to the mission, vision, and objectives of the Bank, the Corporate Secretary works fairly and objectively with the Board, Management, stockholders, and other stakeholders. With full awareness of the laws, rules, and regulations essential to the Board's performance of its duties and responsibilities, the Corporate Secretary ensures that all the Board procedures, rules, and regulations are strictly followed by the members.

The Compliance Officer

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

As such, the CCO has the skills and expertise to provide appropriate guidance and direction to the Bank on the formulation/enhancement, implementation, and maintenance of the Compliance Program. The CCO is delegated with appropriate authority and provided with necessary support and resources to ensure that compliance with laws, rules, and regulations, and observance of best practices are carried out by the entire Bank. The CCO is free to report any breach or violation of significant regulation to the appropriate Board Committee or to the Board, and provide a recommendation to prevent its recurrence, as well as pursue administrative investigation, when warranted.

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

The Chief Risk Officer

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

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

Board and Senior Management Performance Evaluation

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

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

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

Selection Process for the Board and Senior Management

The Nomination, Compensation and Remuneration Committee (NCRC) conducts a detailed evaluation of the nominees for Directorship prior to their nomination and candidates for Senior Management (with ranks of Assistant Vice Presidents and up) prior to their appointment and approval of the Board. The NCRC determines the fitness of a candidate by his integrity, physical and mental fitness, relevant education, financial literacy/training and competencies relevant to the job. A nominee's/candidate's integrity is based on his market/industry reputation and observed conduct and behavior. Necessary checks are also conducted to ensure qualification for the position and financial fitness, among others. Positions held in other institutions are also considered by the Committee in determining the capability of the nominee/candidate in fulfilling his role with the Bank.

Remuneration and Succession Plan/Program

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

As provided for in the Bank's by-laws, dividends may be declared from the surplus profits arising from the business of the Bank at such time and in such percentage as the Board of Directors may deem proper. No dividends may be declared that will impair the capital of the Bank and stock dividends shall be declared in accordance with the law.

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

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

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

The Bank has an existing retirement program for its employees which was established and became effective in March 1990. Every regular and permanent employee is entitled to the retirement benefits under the program in accordance with the conditions applicable at the time of the employee's separation from the Bank which may be due to normal retirement, early/optional retirement, death, permanent and/or total disability, or separation. The Bank bears the full cost of providing the benefits in the Plan.

In 2020, the level of remuneration for the most senior executive officers of the Bank is as follows:

Name	Total Annual Compensation	Total Bonuses
Michelangelo R. Aguilar *President & CEO*		
Felipe Martin F. Timbol *EVP*		
Manuel A. Castañeda III *EVP*	PHP58,988,112.00	PHP8,184,528.00
Anna Marie A. Cruz *SVP*		
Gamalielh Ariel O. Benavides *SVP*		

Training Program for Directors and Senior Management

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

Retirement Age of Board and Senior Management

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

Adequate and Timely Information

Complete, adequate, and timely information on matters to be taken up during Board and committee meetings is important to enable the members of the Board to properly fulfill their duties and responsibilities. The information allows them to address matters at hand and participate in exchanges and discussions during meetings in order to arrive at informed decisions. Prior to Board and committee meetings, members of the Board are provided with the required information and materials for discussion. They are given independent access to the Management and Corporate Secretary at all times for the proper discharge of their functions.

Financial Reporting Controls and Audit

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

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

Stockholders' Rights and Protection of Minority Stockholders' Interest

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

Stakeholders

Beyond preservation of the financial value of the Bank, the Board recognizes the needs of its other stakeholders such as its customers, creditors, office suppliers/contractors, personnel, and the community at large. The Board has formulated policies that prioritize customer needs, promote consumer protection, rationalize selection and evaluation of suppliers/service providers, and develop employees' potentials through continuing education, leadership training, and seminars. The Bank has adopted policies that created an open channel of communication for the Bank's various stakeholders, so they can express their concerns and other views to the Bank. It recognizes their rights as mandated by law and encourages their active participation in promoting financially sound and socially responsible endeavors.

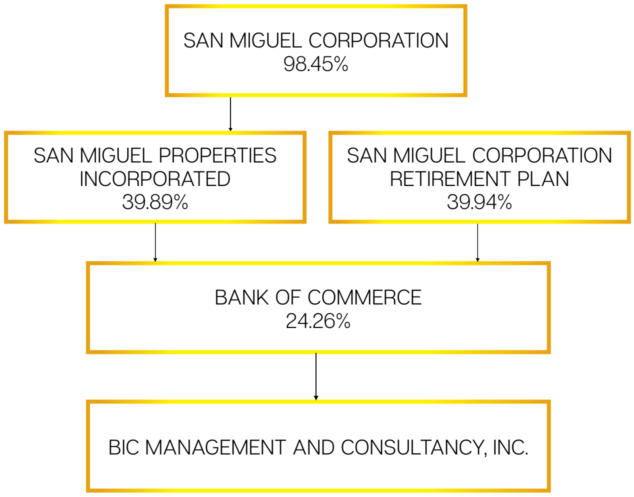
Code of Ethics and Standards

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

Disclosure and Transparency

The Board commits to transparency and disclosure such that all essential and material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be adequately and timely disclosed. Aside from information and reports required by the BSP and the SEC to be published, information like earnings result, acquisition or disposition of assets, off-balance sheet transactions, related party transactions, and other indirect remuneration of members of the Board and Management, among others, shall remain disclosed.

Ownership Structure



Related Party Transactions

Cognizant that transactions between and among related parties create business synergy and economic benefits, the Bank has adopted an overarching policy on handling related party transactions which included the creation of a Board-level Related Party Transactions Committee (RPTCom) and the crafting of the Related Party Transaction Policy (RPT Policy). The RPT Policy is updated/amended annually or as need arises to include the requirements under relevant BSP or SEC issuances. Its last update was in August 2020.

The policy provides guidelines on defining a Related Party Transaction and who are considered Related Parties of the Bank. Following said guidelines, the Bank created and maintained a database of its related parties and a San Miguel Corporation conglomerate structure which concerned business units was used as reference to determine if an account is a Related Party. The database and conglomerate structure is updated at least annually or as often as necessary to reflect changes in corporate structures. The RPT Policy also provides guidelines for handling related party transactions to ensure that the terms are arm's length, preventing conflicts of interest or potential conflicts of interest in the event that related party transactions are entered into on terms not less favorable to the Bank and are not consistent with its shareholders' interest. Furthermore, it sets the limits and materiality thresholds for Related Party Transactions to be vetted by the RPTCom and approved by the Board.

The RPTCom assists the Board of Directors in fulfilling its corporate governance responsibility related to the safety and soundness of the Bank's financial transaction/s with Related Parties and ensures that such are conducted in accordance with sound governance principles and values.

RPTs at or above the materiality threshold set by the Bank's RPT Policy are vetted by the RPTCom and approved by the Board of Directors. RPTs falling below the set threshold are vetted and approved by the designated approving authority/committee, subject to the notation of the RPTCom and confirmation by the Board of Directors. All Related Party Transactions are handled in accordance with guidelines prescribed in BSP Circulars 895 and 914 dated December 14, 2015 and June 23, 2016, respectively, and other related issuances and the Corporate Governance Principles and related provisions of the MORB. Presented in Annex A (page 202) are Material Related Party Transactions as of December 31, 2020.

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

Board Oversight on the Effectiveness and Adequacy of Internal Control

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

CONSUMER PROTECTION

Financial consumer protection (FCP) played a crucial role in 2020 in guiding customers as they embraced the market's dramatic shift toward online services and payment methods in response to health risks and access restrictions during the lockdown.

Providing a steady flow of advisories to customers not only about the benefits of shifting to digital banking but also on the risks and threats posed by certain individuals through phishing, smishing, vishing, password compromise, and other nefarious activities and modus has never been more vital. This became the dominant theme of the Bank's Financial Education program, one of the five FCP Standards of Conduct, in 2020.

Conforming to the FCP Standards of Conduct of Disclosure and Transparency, and Fair Treatment, the Bank, through its Corporate Communications and Consumer Protection Division (CCCPD), ensured that customers of its branch banking, transaction banking, credit card, and consumer loans groups were informed on a timely basis about major developments relative to regulatory issuances by the Bangko Sentral ng Pilipinas (BSP) and on transaction pricing and availability of distribution channels:

- Advisory on Bayanihan to Heal as One Act (Bayanihan I) – for credit cardholders and consumer loan borrowers
- Advisory on Bayanihan to Recover as One Act (BARO) – for credit cardholders and consumer loan borrowers
- Advisory on Waiver of InstaPay and PESONet fees
- Various advisories on branch availability and operating schedule

Supporting the business units in cascading and explaining to customers about the impact of these announcements required a reliable system for Effective Recourse, another FCP standard of conduct. Despite the adjustments to work schedules and other logistical challenges, the Bank effectively managed the volume and influx of customer inquiries through its Customer Care Department (CCD), in partnership with Process Synergy, Inc. (ProSync).

Since the start of the enhanced community quarantine (ECQ), modern communications technology, combined with a strong information security process and architecture, enabled an unprecedentedly decentralized operation, connecting bank employees working from different locations through a secure network. This ensured that protection of client information, one of the five FCP standards of conduct, was preserved and enforced to a greater degree.

Another important milestone for FCP was the institutionalization of key amendments to FCP provisions in the BSP's Manual of Regulations for Banks (MORB). Following the BSP's directives under its Circular No. 1048 issued the previous year, the Bank executed a thorough review and gap analysis of its various policy manuals, processes, and product documents vis-a-vis the five FCP Standards of Conduct, namely:

- Disclosure and Transparency
- Protection of Client Information
- Fair Treatment
- Effective Recourse
- Financial Education and Awareness

The action plans corresponding to the results of this review and gap analysis were presented by Consumer Protection Department (CPD) to the Senior Executive Team (SET), the Corporate Governance Committee (CGCom), and Board of Directors in early 2020 and accomplished within the same year. Key achievements include:

- Integration of BSP's new conditions on the "cooling-off period" for affected long-term products
- Enhancement of product disclosure during the selling process for certain loan products and incorporation of the same into the pertinent operating circulars and manuals

"Another important milestone for FCP was the institutionalization of key amendments to FCP provisions in the BSP's Manual of Regulations for Banks (MORB)."

Capping the year was the presentation and approval of the Bank's updated Financial Consumer Protection Manual ("FCP Manual") by the SET, CORPGOV, and Board of Directors in December 2020. The 2020 FCP Manual incorporated key updates based on BSP Circular 1048, most notably:

1. New BSP conditions for "cooling-off":
    1.1. Consumers with aggregate investment of P500,000 and above are excluded from cooling-off;
    1.2. Securities "traded" or "to be traded" are exempt from the coverage of the cooling-off period;
2. Fair treatment toward "vulnerable groups" such as low-income earners and persons with disability (PWD), such that Bank staff do not employ practices that discriminate or take advantage of difficulties faced by these segments;
3. Disclosure of the applicable timelines for handling customer concerns, via publication in the following:
    3.1. Terms and Conditions of a product or service;
    3.2. Various channels of service delivery; and
    3.3. Conspicuous places within the premises and branches/other offices;
4. Digital literacy topics in financial education.

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[1]BSP Circular 857 provides that the customer shall be permitted to cancel or treat an agreement, particularly for financial instruments with a remaining term of at least one (1) year, as null and void without penalty to the customer of any kind on his or her written notice to the bank during the cooling-off period. BSP Circular 1048 provides further conditions pertaining to the customer's aggregate investment size in particular, and to securities products ("traded" or "to be traded") in general.

The FCP Manual embodies the Bank's Financial Consumer Protection Framework (FCP Framework), which establishes the Bank's own system of governance and oversight on FCP proportionate to its structure, nature of products and services, and complexity of operations. The FCP Manual also discusses the shared responsibility of the Board of Directors and Senior Management for approving and overseeing the effective management of the Bank's Consumer Protection Risk Management System (CPRMS) and Consumer Assistance Mechanism (CAM).

Roles and responsibilities of the Board of Directors and Senior Management

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

BOARD OF DIRECTORS

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

SENIOR MANAGEMENT

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

- Endorsing new or enhanced consumer protection policies and compliance mechanisms for approval of the Board of Directors.

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

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

Consumer Protection Risk Management System

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

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

- **Board and Senior Management Oversight.** The Board of Directors and Senior Management provide strategic direction and high-level support for the effective design, implementation, and continual improvement of the Bank's CPRMS. The more detailed roles are provided in the Bank's FCP Manual.

- **Compliance Program.** The Bank's formal, written Compliance Program Manual covers financial consumer protection and follows the Revised Compliance Framework for Banks under BSP Circular 747.

- **Policies and Procedures.** Board-approved consumer protection policies and procedures are in place to ensure that consumer protection practices are embedded in the Bank's business operations, and to serve as reference for employees in complying with consumer protection laws, rules, and regulations. In keeping with periodical reviews, the Customer Complaint Management manual underwent further updating in 2020 to formally document new provisions, such as the updated organizational structure of the Bank's customer complaints handling unit.

- **Internal Audit Function.** The Bank's consumer protection audit program enables the Board and its designated committee to make an assessment of the effectiveness of the implementation of the FCP Framework, as well as the adequacy of approved policies and standards, in meeting the established consumer protection objectives. In November 2020, the Internal Audit Division (IAD) confirmed the resolution and closure of the remaining FCP open item in connection with incorporation of the new cooling-off guidelines for long-term deposit products.

- **Training.** Bank of Commerce believes in the continuing education of personnel as a means to strengthen and maintain compliance with consumer protection laws, rules, and regulations. All relevant frontline and support personnel, more specifically those whose roles and responsibilities have customer interface, are covered by the Bank's initiatives on consumer protection training. This initiative advocates for specific and comprehensive training to be received by these personnel in a timely manner in order to reinforce and help implement written policies and procedures on consumer protection.
For 2020, the Human Resource Management and Development Division (HRMDD), in cooperation with the Compliance Division, Risk Management Division, Branch Banking Group (BBG), and CPD, ran various electronic learning (e-Learning) training programs, which are computer-based self-service training modules with exam. Topics covered were Anti-Money Laundering and Counter Terrorist Financing, Information Security Awareness, and Financial Consumer Protection. In addition to introducing e-Learning training sessions for Bank employees, Zoom-based FCP presentations for newly hired employees were also conducted, with the support of the Consumer Protection Officer under CCD.

  Early in the year, CPD started updating the FCP e-Learning Module to incorporate amendments in FCP regulations based on BSP Circular 1048. In July, CPD undertook a more ambitious project of injecting recorded voice narration into the training module to enhance the learning experience. In the fourth quarter, CPD submitted version 2 of the FCP e-Learning Module to HRMDD, which approved and endorsed it accordingly to ITSD for the system requirements. Through the FCP e-Learning program, the Bank was able to not only create awareness on financial consumer protection to its employees on a wider and more efficient scale but also apply an effective strategy to address physical and logistical limitations while complying with quarantine restrictions.

Consumer Assistance Management System

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

- **Board and Senior Management Oversight.** The Bank's complaint handling process, as embodied in its Customer Complaint Management Manual, covers the channels and responding units in which complaints may be coursed through. The Customer Care Head (CCH) is the central figure responsible for overseeing customer care and complaint handling performed by units administering the Bank of Commerce Hotline, head office units, and branches. The CCH also closely monitors critical complaints and regularly notifies the Operational Risk Management Department. Periodically, the CCH submits a complaint report for discussion in the meetings of the SET, the Board Risk Oversight Committee (BROC), and the CORPGOV.

- **Complaints Resolution Turnaround Time.**
  For efficient resolution of complaints, the Bank categorizes them as follows:
  i. *Simple Complaints* are complaints that may be given immediate solution, possibly at the point of receipt of complaint or within five (5) banking days from receipt of complaint.
  ii. *Complex Complaints* are complaints that may require (15) banking days to resolve as further investigation/study by the concerned unit/s is needed.

CHANNEL	RECEIVER/ RESPONDING PERSON	FILING
Branches	Branch Manager (BM)/ Branch Operations Officer (BOO)/ Branch Marketing Officer (BMO)	Customer Complaint Form (CCF)
Head Office (HO)	Department Head/ Division Head/ Group Head	CCF
customerservice @bankcom.com.ph	Customer Care Manager (CCM)/ E-Services Officer	Ticketing system
Phone call through the BankCom Hotline	Bank's Customer Care Agents (CCAs)/ Customer Care/ In-House Employees	Ticketing system
Media/BSP	CCM	Ticketing system

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

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

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

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

ACTION REQUIRED	SIMPLE	COMPLEX
Response	Within two (2) banking days from receipt of complaint	Within two (2) banking days upon receipt of complaint
Processing, assessment, investigation and resolution	Within five (5) working days from receipt of complaint	Within fifteen (15) working days upon receipt of complaint

If the investigation and formulation of resolution cannot be completed at the committed time frame, the client is informed by the concerned unit of the reason thereof, the need for an extension of the investigation, and the date when the solution would be provided.

Financial Education and Awareness

The Bank acknowledges the importance of sustaining financial education and awareness to consumers in order to help them protect their financial health, especially during these economically challenging times. This was achieved through cost-effective information campaigns that were focused on digital literacy to combat the spate of cyber threats and scams that arose during the pandemic. During the year, the Bank sent out the following advisories via electronic channels to both customers and Bank employees:

I. BANK PRODUCT AND POLICY AWARENESS

- *"What you need to know about your Credit Card"* – Basic credit card terms found in the Bank's terms and conditions;

- *"Online and Branch: Two Great Ways to Bank with Us"* – Unique set of advantages of banking online and through the branch; and
- *"Your Privacy Matters to Us"* – How BankCom uses and processes clients' information.

II. AWARENESS ON CYBER SECURITY AND DETECTING SCAMS

- *"Stay Vigilant Against Financial Crimes Amidst COVID-19"* – Avoiding donation scams and product scams during this pandemic;
- *"Keep your Online Banking Transactions Secure"* – Tips on how to protect online accounts and transactions;
- *"Beware of Online Scammers"* – How to avoid the threat of unauthorized online transactions by fraudsters;
- *"Know How to Determine Phishing Attempts"* – Signs to watch out for to identify phishing attempts;
- *"Beware of Unauthorized Online Lenders!"* – Due diligence when dealing with online lenders;
- *"Beware of SIM Card Fraud Attacks!"* – How SIM card fraud works and ways to prevent it;
- *"Be Mindful when Using your Devices to Transact Online"* – Reminders when accessing online banking accounts through a mobile phone or a laptop;
- *"Secure your Online Accounts with a Strong Password"* – Ideas on how to make passwords secure and hard to guess;
- *"Prioritize your Account Security"* – Ways on how clients can avoid any attempt of financial threats;
- *"Beware of Spoofing and SMiShing Attacks!"* – How SMiShing works and what to do if clients receive one;
- *"Watch out for phishing attacks targeting online streaming platforms"* – Reminder to stay vigilant about e-mail purportedly coming from online entertainment or payment platform providers; and
- *"Security Tips for you this Christmas season!"* – Takeaways to guide clients on how to have a worry-free Christmas season, transaction-wise.

III. BSP-RELATED ADVISORIES

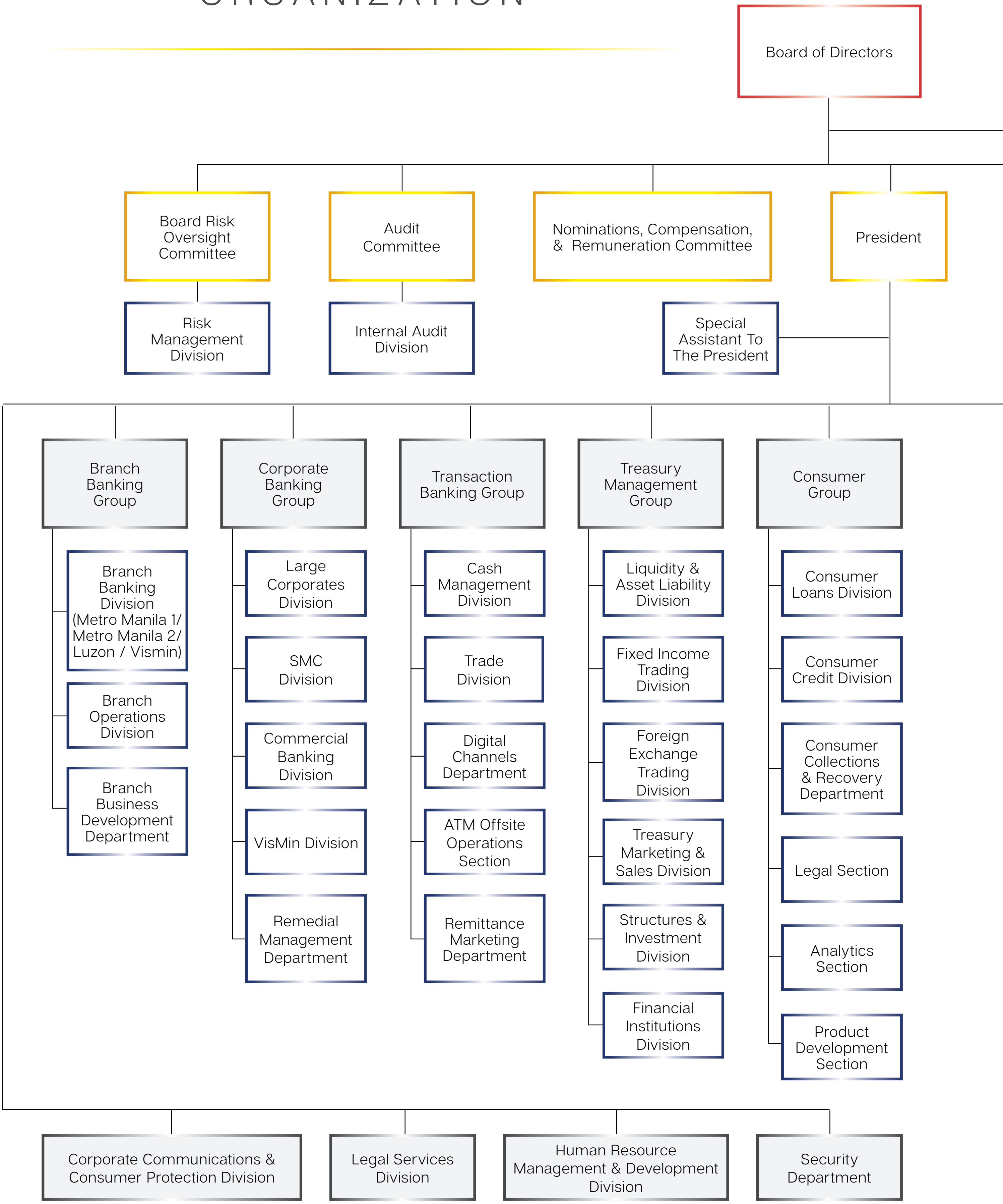
- *"Advisory on Fake Banknotes"* – Reminder to beware of social media posts spreading "fake news" about new currency banknotes with Baybayin prints or new designs of Philippine Peso coins.

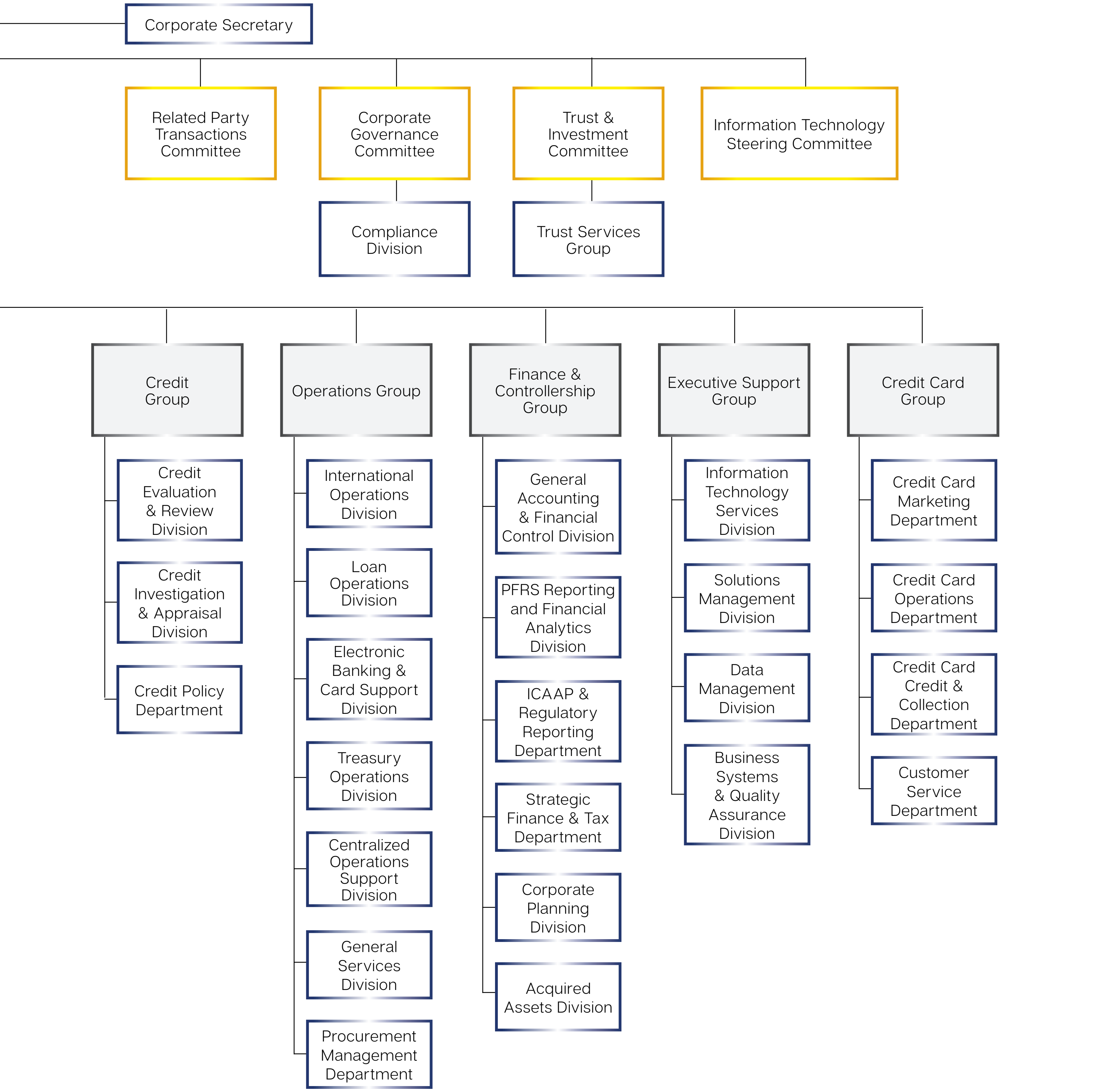
During the stricter quarantine period, BankCom also provided instructional advice to customers through short messaging service (SMS) or text, so they could continue to do banking without health risks:

- Online Banking – Easy steps on how to enroll, so that one can manage his BankCom account, send money, and pay bills from home.

"Through BSP issuances, media releases, and relevant industry sources, BankCom continues to explore financial education and awareness topics that could be helpful in enhancing consumers' financial literacy and protecting their overall financial health."

TABLE OF ORGANIZATION




Corporate Secretary
Related Party Transactions Committee
Corporate Governance Committee
Trust & Investment Committee
Information Technology Steering Committee
Compliance Division
Trust Services Group
Credit Group
Credit Evaluation & Review Division
Credit Investigation & Appraisal Division
Credit Policy Department
Operations Group
International Operations Division
Loan Operations Division
Electronic Banking & Card Support Division
Treasury Operations Division
Centralized Operations Support Division
General Services Division
Procurement Management Department
Finance & Controllership Group
General Accounting & Financial Control Division
PFRS Reporting and Financial Analytics Division
ICAAP & Regulatory Reporting Department
Strategic Finance & Tax Department
Corporate Planning Division
Acquired Assets Division
Executive Support Group
Information Technology Services Division
Solutions Management Division
Data Management Division
Business Systems & Quality Assurance Division
Credit Card Group
Credit Card Marketing Department
Credit Card Operations Department
Credit Card Credit & Collection Department
Customer Service Department

BOARD OF DIRECTORS

Jose T. Pardo

Chairman, Independent Director
Filipino, 81 years old

Jose T. Pardo currently serves as Chairman of the Board since July 19, 2011. He provides firm guidance and insights on concretizing the Bank's mission and vision towards continuous nation-building and development. Concurrently, Mr. Pardo heads the following Committees of the Bank: Trust and Investment Committee (TIC); and Nominations, Compensation, and Remuneration Committee (NCRC).

Mr. Pardo's vast career experience in banking and finance spans government and private sectors, as former Monetary Board Member of the Bangko Sentral ng Pilipinas (BSP), as former Governor for the Philippines of the Asian Development Bank (ADB) and the World Bank Group, and as former Cabinet Secretary of the Department of Finance and Department of Trade and Industry (DTI). He previously held Chairmanship positions in the Landbank of the Philippines (LBP), Philippine Deposit Insurance Corp. (PDIC), PCCI Council of Business Leaders, De La Salle University, and Assumption College, Inc., among others.

Currently, he chairs the following companies as Independent Director: Securities Clearing Corporation of the Philippines, The Philippine Stock Exchange, Philippine Seven Corporation, and Philippine Savings Bank. He is the chairman of non-profit organizations PCCI Council of Business Leaders and ECOP Council of Business Leaders. Among his independent directorships are: National Grid Corporation of the Philippines, JG Summit Holdings Inc., ZNN Radio Veritas, Synergy Grid and Development Phils., Inc., Araneta Hotels, Inc., and League One Finance and Leasing Corporation, and Del Monte Philippines, Inc. He holds a degree in B.S. Commerce and has a Master's Degree in Business Administration and an Honorary Doctorate in Finance from De La Salle University. He was conferred the degree Doctor of Humanities, Honoris Causa at the Gregorio Araneta University Foundation.

Francis C. Chua

Vice Chairman, Non-Executive Director
Filipino, 72 years old

Ambassador Francis C. Chua has been a member of the Board of Directors of Bank of Commerce (the "Bank") since May 20, 2008 and sits as Vice Chairman from 2013 to present. Ambassador Chua chairs the Executive Committee (Excom) of the Bank. With his constant feedback and insights on best banking practices, he has been instrumental in promoting the Bank in the business community and in marketing its products and services. Ambassador Chua continuously serves as the Chairman Emeritus of the Philippine Chamber of Commerce and Industry, Inc. (PCCI), the Founding Chairman of the International Chamber of Commerce Philippines (ICCP), the Founding Chairman of the Philippine Silk Road International Chamber of Commerce and Industry (PSRICC), and the Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry (FFCCCII). He is also the current Honorary Consul General of the Republic of Peru in Manila since 2006.

He currently serves as Chairman of BA Securities Inc. and President of the BA Group of Companies. He is the former Governor and Board of Director of the Philippine Stock Exchange from 2010 until 2020 and he is a member of the Board of Directors of DITO CME Holdings Corp., National Grid Corporation of the Philippines (NGCP), Global Ferronickel, Inc., and Platinum Group Metals Corp. He holds the Chairmanship of CLMC Group of Companies and Dongfeng Automotive Inc. and serves as Vice Chairman of Negros Navigation/2Go. He is also the Vice Chairman of Basic Energy Corporation and Mabuhay Satellite Corp., and President of the Philippine Satellite Corp. Ambassador Chua is an ASEAN Industrial Engineer and is a graduate of B.S. Industrial Engineering from the University of the Philippines and was high school valedictorian at Xavier School Greenhills. He was conferred Doctor of Humanities (Honoris Causa) by the Central Luzon State University (CLSU), Doctor of Business Technology (Honoris Causa) from Eulogio Amang Rodriguez Institute of Science and Technology, Doctor of Management (Honoris Causa) from the Polytechnic University of the Philippines, and Doctor Fellow of the Academy of Multi-Skills, United Kingdom. Similarly, he was awarded as a Distinguished Fellow at the Academy of Multi-Skills, United Kingdom.

Michelangelo R. Aguilar

President & CEO, Executive Director
Filipino, 65 years old

Michelangelo R. Aguilar was elected member of the Board of Directors and appointed President and Chief Executive Officer (CEO) of Bank of Commerce (the "Bank") on July 16, 2018. He is a member of the following committees: Executive Committee (Excom), Information Technology Steering Committee (ITSC), and Trust and Investment Committee (TIC).

Mr. Aguilar has over 38 years of banking experience in the areas of Corporate and Investment Banking, Global Markets and Treasury. He has 22 years of experience with international banks starting his career as an Executive Trainee at Citibank Philippines and rising through the ranks in the areas of Banking Operations, Treasury and Sovereign Risk. He continued to hold senior positions as Country Treasurer and then as Managing Director and Head of Wholesale Bank at Standard Chartered Philippines. For 13 years prior to joining BankCom, he was Treasurer and Head of Corporate Banking in two major local banks, respectively. He graduated with a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and later acquired a Master's Degree in Business Management at the Asian Institute of Management. He is a licensed Mechanical Engineer and a Certified Treasury Professional by the Bankers Association of the Philippines (BAP).

Roberto C. Benares

Former President & CEO, Non-Executive Director
Filipino, 68 years old

Roberto C. Benares has been elected as member of the Board of Directors of Bank of Commerce (the "Bank") since April 30, 2013. He assumed his position as President & CEO of the Bank on August 1, 2013 and was succeeded by Mr. Michelangelo R. Aguilar on July 16, 2018. He currently sits as a Director of the Board and is the Chairman of the Information Technology Steering Committee (ITSC). He is also a member of the Board Risk Oversight Committee (BROC). During his tenure as President & CEO, he took the lead in growing the asset base of the bank, improving credit policies in both corporate and consumer loans, expanding the branch and ATM network, and strengthening the banking operation and governance.

Previously, Mr. Benares was the Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He started his banking career at Bancom Development Corp. as Assistant Treasurer prior to holding the position of Vice President of Account Management at United Coconut Planters Bank. He also served as Managing Director at Asian Alliance and Executive Vice President at Insular Investment & Trust Corporation. He holds a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and has a Master's Degree in Business Management at the Asian Institute of Management.

Amor C. Iliscupidez

Non-Executive Director
Filipino, 65 years old

Amor C. Iliscupidez has been a Director of Bank of Commerce (the "Bank") from April 2008 to December, 2020 and was a member of its Executive Committee (Excom); Trust and Investment Committee (TIC); and Nominations, Compensation, and Remuneration Committee (NCRC). She was a Director of the Philippines Stock Exchange (PSE) from April 2006 to October 2020. She was a member of the PSE's Audit, Corporate Governance, Risk Management, and Investment Committees. She brings with her more than 15 years of investment, assurance, banking and finance experience and has been a Director of the Securities Clearing Corporation of the Philippines and a member of its Audit Committee and Risk Management Committee since January 2011. She was a Director of Capital Management Integrated Corporation from July to September 2013.

She was a member of the Board of Trustees of San Miguel Corporation Retirement Plan and other subsidiaries from February 2006 to June 13, 2018. She was the General Manager of San Miguel Corporation Retirement Funds Office since February, 2006 up to June 30, 2017. She was also the General Manager at Anchor Insurance Brokerage Corporation from 2003 to 2005 and was Assistant Vice President and Manager of the SMC Group Financial Services from 2001 to 2003. Ms. Iliscupidez was also Finance Manager of other subsidiaries and business units of San Miguel Corporation. She graduated Cum Laude with a Bachelor of Science degree in Business Administration, major in Accountancy, from the University of the East and is a Certified Public Accountant.

Marito L. Platon

Non-Executive Director
Filipino, 68 years old

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

Mr. Platon has 27 years of treasury and corporate finance experience at San Miguel Corporation and Coca-Cola Bottlers Philippines, Inc. (CCBPI) as Vice-President and Treasurer supervising various departments/functions in the areas of treasury management and operations, funds planning and loans management, banking relationship, working capital management, capital budgeting and project coordination, tax administration and management, insurance and risk management, credit and collection, systems design and development, and provident fund operations as he was also the former Managing Trustee of the CCBPI Retirement Plan. Aside from formerly holding directorship and/or management positions in various companies or undertakings involved in investment banking, corporate leasing, internal auditing, security services, aquaculture operations, food retailing, among others, including education as former Chairman at non-sectarian Institute for Esoteric Studies, he was also formerly director and CFO of CCBPI's real estate companies Marangal Properties, Inc. and Luzviminda Landholdings, Inc. Mr. Platon likewise has over 30 years of rural banking experience being former Chairman and President of Rural Bank of Talisay (Batangas), Inc. Currently, he serves as Chairman and President of Villa Maria Resorts and Development Corporation, a tourism and property development family-owned corporation. A Fellow of the Institute of Corporate Directors, Mr. Platon graduated in 1973 at De La Salle University with a degree in Bachelor of Science - Major in Accounting.

Benedicta A. Du-Baladad

Non-Executive Director
Filipino, 59 years old

Benedicta A. Du-Baladad has been a member of the Board of Directors of Bank of Commerce (the "Bank") since January 31, 2014 and is a member of the Audit Committee. She was previously a member of the Bank's Board Risk Oversight Committee (BROC) from 2014 to 2017. She is the Founding Partner and CEO of Du-Baladad and Associates (BDB Law), a law firm specializing in taxation and related corporate services. Ms. Du-Baladad has over 30 years of practice in the field of taxation, 17 years of which was spent with the Bureau of Internal Revenue (BIR) working on tax administration policy development and in operations. In 2001, she joined the private sector and is now on her 20th year of private practice. She has authored three books on the taxation of the financial sector.

She is currently the lead tax and legal consultant of the Philippine Government's Department of Finance (DOF) on its program to reform the taxation of capital income and financial intermediation services. She is also the Co-Chair of the Capital Markets Development Council (CMDC) and currently serves as a Governor of the Management Association of the Philippines (MAP). Ms. Du-Baladad holds the leadership role in major professional and business organizations in the country such as the Financial Executives of the Philippines (FINEX), the Philippine Chamber of Commerce and Industry, the Tax Management Association of the Philippines (TMAP), and the Women Business Council of the Philippines (Womenbiz). Ms. Du-Baladad is a Certified Public Accountant, graduated Magna Cum Laude with a Bachelor's Degree in Accountancy from Saint Louis University in Baguio in 1982 and holds a Bachelor of Laws degree from the University of Santo Tomas (UST) in 1989. Her educational background includes Advanced Management Program at Wharton School of the University of Pennsylvania, Pennsylvania, USA (2007) and Master of Laws and International Tax Program at the Harvard University, Cambridge, MA, USA. She is a fellow at the Institute of Corporate Directors. She is also the Philippine correspondent of Tax Notes International and is a regular columnist of the Business Mirror's "Tax Law for Business" and a professorial lecturer of taxation at UST.

Jose C. Nograles

Independent Director
Filipino, 71 years old

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

Mr. Nograles started his career in 1969 as part of the management services staff of SGV and Company. By 1973, he was working in government as a Senior Consultant to former Secretary Arturo R. Tanco, Jr. of the Department of Agriculture and Natural Resources. After three years, he rejoined the private sector as General Manager of Sarmiento Management Corporation. He moved to Anflo Management & Investment Corporation as Vice President in 1977 to head its Automotive Group of car dealerships and the Corporate Planning Department. He later founded his family's realty company engaged in commercial building and hotel operations in Davao City in 1980. In 1984, he was appointed Assistant Minister for Planning and Project Management at the Ministry of Natural Resources. In 1991, he joined Columbian Autocar Corporation as Vice President and General Manager. Mr. Nograles obtained his BA in Economics with honors (Cum Laude) at the Ateneo de Manila University in 1969 and his Master's Degree in Business Administration at the Asian Institute of Management in 1973. He is a fellow of the Institute of Corporate Directors.

Carolina G. Diangco

Non-Executive Director
Filipino, 77 years old

Carolina G. Diangco has been a member of the Board of Directors of Bank of Commerce (the "Bank") since April 2012. In July 2018, she briefly served as adviser for the Related Party Transactions Committee (RPTCom) and Board Risk Oversight Committee (BROC). She is currently a member of RPTCom and Executive Committee (Excom). Previously, she served as member of the Nominations, Compensation, and Remuneration Committee (NCRC); BROC, and Audit Committee. Ms. Diangco is also a member of the Board of Directors of Cocolife Asset Management Co., Inc. and UGPB General Insurance Co., Inc. since 2009.

Since 1998, Ms. Diangco has been a member of the Board of Directors of United Coconut Planters Life Assurance Corp. and sits as an executive member in its Executive Committee, Finance and serves as the Chairperson of the Audit Committee. She was a member of the Board of Directors of the United Coconut Planters Bank (UCPB) from 2002 to 2007, where she served as executive member of the Loans Committee and the Chairperson of the Audit Committee. She held various senior positions in UCPB Rural Bank, as member of the Board of Directors; CIIF Finance Corporation, UCPB Foundation and UCPB Securities, Inc., as Treasurer; and as Controller in Mastercaterers, Inc., UCPB Condominium Corporation and UCPB Properties, Inc. From UCPB, she brings with her 38 years of core banking experience rising from the ranks to Senior Vice President-Controller upon retirement in 2002. Ms. Diangco also served as consultant at Central Visayas Finance Corporation (CVFC), taking an advisory role on overall management and controllership of the company and was conferred to on aspects of Accounting, Treasury, Credit Cards, and Risk Management from 2004 to 2015. Ms. Diangco holds a degree in Business Administration major in Accounting from the University of the Philippines and is a Certified Public Accountant.

Melinda S. Gonzales-Manto

Independent Director
Filipino, 68 years old

Melinda S. Gonzales-Manto has been a member of the Board of Directors of Bank of Commerce (the "Bank") since January 2014. She currently chairs the Audit Committee and serves as member of the Related Party Transactions Committee (RPTCom) and Board Risk Oversight Committee (BROC). She is currently the Vice President of Linferd & Company, Inc. and ACB Corabern Holdings Corporation. She likewise sits in the board of Eagle Cement Corporation (Eagle Cement), Petrogen Insurance Corporation, and RSA Foundation, Inc. She functions as Chairman of the Audit Committee and member of the Corporate Governance Committee of Eagle Cement. Ms. Gonzales-Manto is also the Resident Agent of some multinational companies in the country and the Treasurer of a foreign company doing business in the Philippines. She used to be a board member of the GSIS Family Bank.

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

Ms. Gonzales-Manto finished elementary and high school as valedictorian and graduated Cum Laude with a degree of Bachelor of Science in Business Administration, major in Accounting at the Philippine School of Business Administration. She is a Certified Public Accountant and a lifetime member of the Philippine Institute of Certified Public Accountants. She completed the Management Development Program at the Asian Institute of Management.

Mariano T. Katipunan, Jr.

Non-Executive Director
Filipino, 70 years old

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

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

Fe B. Barin

Non-Executive Director
Filipino, 87 years old

Fe B. Barin has been a member of the Board of Directors of Bank of Commerce (the "Bank") since April 24, 2014, and currently sits as member of the Executive Committee (Excom) and Corporate Governance Committee (CGCom). Ms. Barin's career in the government service has been in the regulatory and supervisory agencies. She spent more than 40 years at the Central Bank of the Philippines (Bangko Sentral ng Pilipinas) as secretary of the Monetary Board for 25 years and the last two years as a full time member of the Monetary Board. She was appointed as Chairman of the Securities and Exchange Commission (SEC) for a seven-year term and was ex-officio member of the Anti-Money Laundering Council as well as of the Credit Information Corporation. She became the Chairman of the Energy Regulatory Commission in 2001 under RA 9136 upon its creation. Ms. Barin served for three years at the Philippine Deposit Insurance Corporation (PDIC) as Assistant Legal Counsel early in her career.

She graduated from the U.P. College of Law in 1956, passed the Bar Examinations on the same year and was admitted to the Philippine Bar in 1957. She is a Fellow of the Institute of Corporate Directors (ICD) and the Institute of Solidarity in Asia (ISA) and a member of the Judicial Reform Initiative and the Philippine Good Works Mission Foundation, Inc. (PGWMFI) - all non-stock, non-profit corporations. She is also a member of the Board of Directors of General Milling Corporation and an Executive Vice President of the Manila Bulletin Publishing Corporation.

Alexander R. Magno

Non-Executive Director
Filipino, 66 years old

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

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

Aniano A. Desierto

Independent Director
Filipino, 86 years old

Aniano A. Desierto has been elected as member of the Board of Directors of Bank of Commerce (the "Bank") since July 26, 2013. He currently chairs the Bank's Related Party Transactions Committee (RPTCom) and is a member of the Corporate Governance Committee (CGCom) and Nominations, Compensation, and Remuneration Committee (NCRC). Mr. Desierto is currently the Vice President of the Philippine Constitution Association and a member of the Paul Haris and Rotary Club.

Notably, Mr. Desierto embodies legal, political and government expertise having served five administrations as government prosecutor. He was the Ombudsman of the Republic of the Philippines from 1995 until 2002. He previously was The Special Prosecutor (formerly Tanodbayan) between 1991 to 1995, Deputy Chief Judge Advocate General in 1988 to 1991 and Chief Prosecutor of the Armed Forces of the Philippines in 1978 to 1988. He also held the position of Provincial Division Manager at the Manila Broadcasting Corporation from 1967 to 1972. He brings with him various experiences in other fields as a marketing consultant and as a member of the Board of Directors of several companies. He was the Chairman of the PNOC Development and Management Corporation from 2004 to 2005. He was Program and Production Manager in 1961 to 1967 at the Cebu Broadcasting Company and was Proprietor and Director of the Top Promotion, Inc. and Top Taxi Company in Cebu City. He also held the position of Provincial Division Manager at the Manila Broadcasting Corporation from 1967 to 1972. Mr. Desierto received various awards and commendations as a government official and Ombudsman. He holds Bachelor of Laws and Bachelor of Arts degrees from the University of the Philippines, Bachelor of Management and Marketing Courses at the Ateneo de Manila University and Associated in Arts (Pre-Law) at the University of San Carlos, Cebu City.

Rebecca Maria A. Ynares

Independent Director
Filipino, 44 years old

Rebecca Maria A. Ynares has been a member of the Board of Directors of Bank of Commerce (the "Bank") since July 2016. She currently serves as member of its Related Party Transactions Committee (RPTCom), Board Risk Oversight Committee (BROC), and Audit Committee. Ms. Ynares manages the following family-owned endeavors: TJCMB Enterprises, a warehousing and logistics company; Tutoring Club Franchise Philippines; and Octagon Realty and Development Corporation, where she is also the Corporate Secretary and account management lead. Ms. Ynares spearheads various sustainability and environment restoration initiatives, including the Save Hinulugang Taktak and Ynares Eco System (YES) Programs. With the ongoing YES program, she continues to lead on projects such as installation of waste water clean-up systems, tree-planting activities, medical missions with the Provincial Health Office, feeding programs with the Department of Social Welfare and Development (DSWD), and Youth Program. She lends support to other projects devoted to finding the right balance between the diligent care of the ecosystem and economic viability of affected businesses in Rizal. On top of her advocacies as a dedicated socio-economic philanthropist, Ms. Ynares is a member of the Philippine Red Cross-Rizal Chapter and is an avid resource speaker in various trainings and seminars in the province.

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

Aurora T. Calderon
Adviser

Ferdinand K. Constantino
Adviser

Cecile L. Ang
Adviser

Antonio M. Cailao
Adviser

Evita C. Caballa
Corporate Secretary

SENIOR EXECUTIVE TEAM

Michelangelo R. Aguilar
President & CEO

Felipe Martin F. Timbol
EVP, Treasury Management Group Head

Manuel A. Castañeda III
EVP, Corporate Banking Group Head

Joel T. Carranto

SVP, Branch Banking Group Head

Jay S. Velasco

SVP, Operations Group Head

Donald G. Limcaco

SVP, Chief Technology Officer
Executive Support Group Head

Anna Marie A. Cruz

SVP, Corporate Communications
& Consumer Protection Division Head

Gamalielh Ariel O. Benavides
SVP, Trust Services Group Head

Antonio S. Laquindanum
SVP, Chief Finance Officer
Finance & Controllership Group Head

Mary Assumpta Gail C. Bautista
SVP, Transaction Banking Group Head

Reginald C. Nery
SVP, Chief Audit Executive

Ma. Katrina A. Felix
SVP, Credit Card Group Head

Jose Mari M. Zerna
FVP, Consumer Group Head

Juan Angel L. Tinio
FVP, Chief Information Officer

Louella P. Ira
FVP, Legal Services Division Head

Marie Kristin G. Mayo

FVP, Human Resource Management & Development Division Head

Corazon T. Llagas

FVP, Chief Compliance Officer

Maria Ana P. Dela Paz

FVP, Credit Group Head

Jeremy H. Reyes

VP, Chief Risk Officer

MANAGEMENT COMMITTEES

(as of December 31, 2020)

ANTI-MONEY LAUNDERING COMMITTEE

Chairperson Corazon T. Llagas

Members Wilson C. Vinoya
Jeremy H. Reyes
Jay S. Velasco
Paulyn V. Bernabe
Cecilia A. Rentoy
Amalia Q. Belarmino

Adviser Reginald C. Nery

Secretariat Lilibeth L. Sansait

ASSET LIABILITY MANAGEMENT COMMITTEE

Chairperson Michelangelo R. Aguilar

Vice Chairperson Felipe Martin F. Timbol

Members Antonio S. Laquindanum
Joel T. Carranto
Manuel A. Castañeda III
Mary Assumpta Gail C. Bautista
Jose Mari M. Zerna

Advisers Jeremy H. Reyes
Gamalielh Ariel O. Benavides

Secretariat Monette G. De Leon

CLEAHR (CONTROLLERSHIP, COMPLIANCE, LEGAL, AUDIT, HUMAN RESOURCES AND RISK) COMMITTEE

Chairperson Jeremy H. Reyes

Members Louella P. Ira
Corazon T. Llagas
Marie Kristin G. Mayo
Reginald C. Nery
Antonio S. Laquindanum

Secretariat Grace S. Cruz

BUSINESS CONTINUITY MANAGEMENT COMMITTEE (CRISIS MANAGEMENT TEAM)

Chairperson Michelangelo R. Aguilar

Vice Chairperson Jay S. Velasco

Members Joel T. Carranto
Jose Mari M. Zerna
Manuel A. Castañeda III
Maria Ana P. Dela Paz
Donald G. Limcaco
Antonio S. Laquindanum
Mary Assumpta C. Bautista
Felipe Martin F. Timbol
Ma. Katrina A. Felix
Anna Marie A. Cruz
Marie Kristin G. Mayo
Gamalielh Ariel O. Benavides
Louella P. Ira
Corazon T. Llagas
Reginald C. Nery
Jeremy H. Reyes
Juan Angel L. Tinio
Januario G. Caringal

BCM Coordinators Francis Greg B. Tezon
June R. Avila

BUSINESS CONTINUITY MANAGEMENT COMMITTEE (BCP TEAM)

Chairperson Joel T. Carranto

Vice Chairperson Jeremy H. Reyes

Members Cecilia A. Rentoy
Jacqueline A. Domingo
Ma. Eleanor Christina S. Castañeda
Paul John T. Reyes
Erasmus R. Bagunas
Evelyn G. Brucales
Cenen R. Grajo
Marie Kristin G. Mayo
Joel O. Longalong
Rommelwin A. Ardidon
Orlando M. Bibares
Anna Marie A. Cruz

Secretariat Francis Greg B. Tezon
June R. Avila

COMMITTEE ON DISCIPLINARY ACTION

Chairman	Marie Kristin G. Mayo
Members	Antonio S. Laquindanum Joel T. Carranto Louella P. Ira Jay S. Velasco
Rotating Member	Manuel A. Castañeda III
Resource Persons	Reginald C. Nery Corazon T. Llagas Jeremy H. Reyes
Secretariat	Jocelyn Isabel S. Legaspi Anna-Lyn T. Bayan

CREDIT AND COLLECTION COMMITTEE

Chairperson	Michelangelo R. Aguilar
Vice Chairperson	Maria Ana P. Dela Paz
Members	Felipe Martin F. Timbol Manuel A. Castañeda III Mary Assumpta Gail C. Bautista Jose Mari M. Zerna Joel T. Carranto
Advisers	Corazon T. Llagas Jeremy H. Reyes Carmen Dee P. Sallan Jay S. Velasco Ma. Katrina A. Felix Lena R. Galang
Secretariat	Gerald M. Suba

BIDS AND AWARDS COMMITTEE

Chairperson	Antonio S. Laquindanum
Members	Erasmus R. Bagunas Maria Ana P. Dela Paz Joel T. Carranto Jay S. Velasco
Secretariat	Maritess C. Claveria

ICAAP (INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS) COMMITTEE

Chairperson	Antonio S. Laquindanum
Vice Chairperson	Jeremy H. Reyes
Members	Joel T. Carranto Manuel A. Castañeda III Corazon T. Llagas Jose Mari M. Zerna Jay S. Velasco Felipe Martin F. Timbol
Secretariat	Ma. Cerriza C. Monteclaro

OPERATIONS AND POLICIES COMMITTEE

Chairperson	Jay S. Velasco
Vice Chairperson	Cecilia A. Rentoy
Members	Georgina M. Borcelis Anna Marie A. Cruz Morena V. Abadilla Medallion R. Abrena Jeremy H. Reyes Juan Angel L. Tinio Ma. Katrina A. Felix Erasmus R. Bagunas Louella P. Ira
Advisers	Corazon T. Llagas Reginald C. Nery
Secretariat	Orlan M. Bibares Marielisa B. Cruz

SECURITY COMMITTEE

Chairperson	Jay S. Velasco
Vice Chairperson	Januario G. Caringal
Members	Cecilia A. Rentoy Juan Angel L. Tinio
Advisers	Reginald C. Nery Jeremy H. Reyes Corazon T. Llagas Wilson C. Vinoya
Secretariat	Cenen R. Grajo

RISK MANAGEMENT

Risk Philosophy and Guiding Principles

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

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

Risk Appetite and Strategy

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

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

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

Risk Management Oversight

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

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

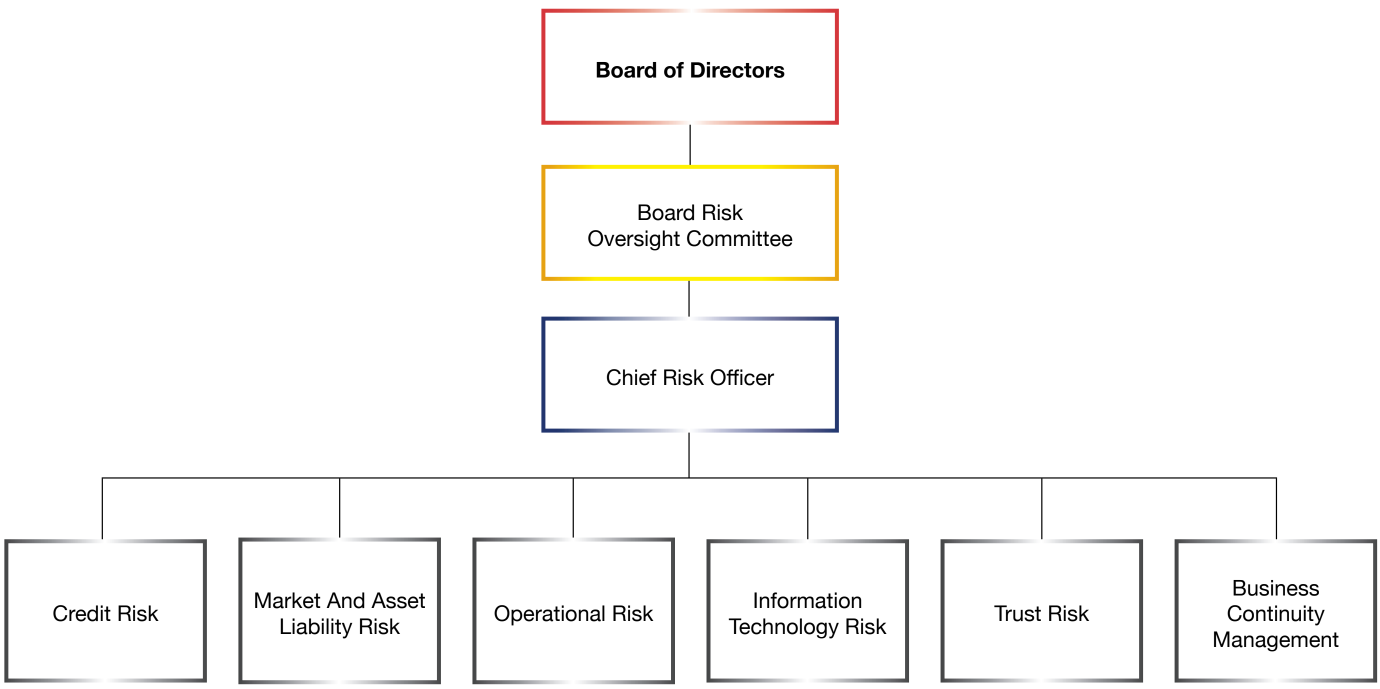
- Identifying and evaluating risk exposures;
- Developing risk-management strategies;
- Implementing and periodically reviewing the risk-management framework; and
- Promoting a culture that is conscious of the importance of risk management and capital adequacy.

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

The RSK implements the risk-management directives of the Board and the BROC by:

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

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



Credit Risk Management

The Credit Risk Management Department (CRM) has three sections, with each focusing on a major segment of the credit risk management process. The CRM is responsible for developing and recommending policies that will aid in the management of credit risk present in the Bank's asset portfolios. The CRM is also in charge of developing, maintaining, and updating the Bank's credit risk models, including the risk rating systems and scorecards. It is the department's duty to monitor credit risk exposures against established limits and report portfolio performance, including significant movements, asset quality, and levels of concentration to the BROC on a timely basis. It is CRM's responsibility to make sure that the Bank is always in compliance with the continuously evolving landscape of credit risk within the banking industry.

The CRM monitors credit exposures on a counterparty and portfolio level to ensure asset quality and concentration risks are within the Bank's risk appetite. Credit risk thresholds consist of regulatory commitments, internal limits, as well as industry benchmarks. Asset quality is measured through the Bank's Internal Credit Risk Rating System (ICRRS) for corporate accounts and expert scoring models, based on Fair Isaac Corporation (FICO), for consumer loans, including credit cards. These rating systems are monitored and validated on a regular basis. Concentration risks and large exposures are monitored and reported to the BROC and the Management on a regular basis. Concentrations are identified on a counterparty, industry, product, and country level. Regulatory and internally developed stress tests are also performed to evaluate the Bank's ability to absorb credit losses.

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

Market and Asset-Liability Risk Management

MARKET RISK IN THE TRADING BOOK

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

INTEREST RATE RISK IN THE BANKING BOOK

The MRM also regularly monitors the mismatches in the repricing of the Bank's assets and liabilities through the interest rate gap reports to the Asset Liability Management Committee (ALCO) and the BROC. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk-appetite statements. The Bank also has an internally developed Earnings-at-Risk (EAR) metric for monitoring IRRBB. EAR measures the contraction in the projected NII over the next 12 months, excluding pipeline deals through historical simulation of interest rate benchmarks. Non-maturing fixed-rate deposits or current-savings accounts (CASA) are split into two classifications: core deposits and volatile deposits. The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 to 5 year bucket. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario of the model simulates the impact of interest rate movements to existing loans and deposits. More prepayment is expected if interest rates decline, while more pre-termination is expected if interest rates increase. EAR is simulated on a monthly basis and subject to a limit approved by the Board. The report is also accompanied by stress testing with scenarios such as: 1) standard parallel yield curve shifts; 2) BSP-prescribed yield curve shifts; 3) steepening and inversion of the curves; and 4) timing mismatch in assets and liabilities repricing. Internal Audit conducts a regular validation of the IRRBB models and parameters in addition to the risk-based full scope audit of RSK, which includes a review and evaluation of the processes and controls, including governance and risk-management activities.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g. term loans, housing loans) and to compensate the units that generate funding (e.g. branch deposits). While the Bank is not and does not have intentions to hedge IRRBB via interest rate swaps in the short term, it actively manages the interest rate mismatch by sourcing stable funds to match long-term assets. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

LIQUIDITY RISK

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

Operational Risk Management

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

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

Information Technology Risk Management

The Information Technology Risk Management Department (ITRM) focuses on the identification, monitoring, advisory, and reporting of risk issues arising from the technology transformation efforts of the Bank and the speed of innovation in products and services delivered on an information technology platform. It ensures the soundness of the organization's information technology systems by providing an effective assessment of inherent risks in its IT infrastructure. The ITRM also ensures the continuous relevance and enforcement of the Bank's IT Risk Management Framework and Information Security Policies and Procedures.

Information Technology risk falls under the broad category of operational risk. As such, objectives, strategies, and processes are similar to ORMD, with a specific focus on risk and control evaluations and incident management related to hardware, software, IT operations, and information security. Key risk indicators include system failures, data corruption, system security, system downtime, disaster recovery, among others. Vulnerability Assessment and Penetration testing is also managed by the ITRM.

Trust Risk Management

Trust Risk Management (TRM) ensures the management of risks in the business operations of the Trust Services Group and reports to the Trust and Investment Committee (TIC) and the BROC. The TRM develops and enhances the policies and procedures in operational, credit, liquidity, and market risks, in accordance with the risk management framework of the Bank, to ensure that risk-management practices continue to be effective and relevant to the ever-evolving trust business. It is responsible for overseeing the implementation of approved strategies and for ensuring that controls are in place relative to its business activities that will limit fiduciary risks and reinforce compliance with laws and regulations.

Business Continuity Management

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

Anti-Money Laundering Governance and Culture

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

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

Identification of compliance risks enables the Bank to establish measures to mitigate such risks. Through the conduct of independent testing of branches and head office units, the Bank is able to identify the segment in the operational process where money laundering and terrorist financing risks are higher, and based on the testing results, implement improvements in the processes and segregate responsibilities among the units/personnel involved. Testing results are monitored until corrected and reported to the oversight committees to enable them to have an accurate assessment of the effectiveness and efficiency of the Bank's money laundering and terrorist financing prevention program.

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

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

Risk Measurement and Reporting Systems

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

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

Quality of credit is measured via risk classifications of accounts using an Internal Credit Risk Rating System that incorporates the BSP risk classifications of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowances for losses, including changes thereon, when necessary. All risk information is processed, analyzed, and consolidated for proper reporting to the BOD through the BROC, TIC, AuditCom, Senior Executive Team, and various management committees of the Bank.

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

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

RISK EXPOSURES AND ASSESSMENTS

(as reported to the Bangko Sentral ng Pilipinas)

RISK-WEIGHTED ASSETS
Bank of Commerce's risk-weighted assets at the end of 2020 totalled PHP97.03 billion.

RISK-WEIGHTED ASSETS	2020	2019
Credit Risk	87,989	89,735
On Balance Sheet	84,430	86,462
Commitments	3,547	3,261
Counterparty Risk-Weighted Assets in the Trading Book	12	13
Contingencies	-	-
Deduction: GLLP (in excess to 1% of Credit Risk-Weighted Assets)	-	-
Market Risk	733	409
Interest Rate Risk	347	118
Foreign Exchange Risk	386	292
Operational Risk	8,310	7,472
Total Risk-Weighted Assets	**97,032**	**97,617**

**Amounts in millions*

CREDIT RISK

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

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

STANDARDIZED CREDIT RISK WEIGHTS

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

Credit risk-weighted assets as of December 31, 2020 and 2019 as reported to BSP follows (amount in thousands):

	2020	**2019**
Risk Weighted On Balance Sheet	84,429,513	86,461,700
Risk Weighted Off Balance Sheet	3,547,011	3,260,595
Counterparty Risk-Weighted Assets in the Trading Book	12,066	12,722
Credit Risk	**87,988,590**	**87,735,017**

The Bank's credit risk-weighted exposures arising from on-balance sheet assets amounting to PHP86.4 billion contribute 96.4% of the credit exposures of the Bank. Credit risk-weighted off-balance sheet assets and counterparty risk-weighted assets in the trading book make up the remainder. The off-balance sheet assets, consisting of direct credit substitutes, e.g., guarantees and financial standby letter of credit, and transaction and trade-related contingencies, are weighted at 100%, 50%, and 20%, respectively.

The Bank's credit exposures are risk weighted based on third-party credit assessment of the individual exposure as obtained from third-party credit assessment institutions recognized by BSP. In the calculation of risk-weighted assets in both the banking and trading books, the Bank utilizes the disclosed ratings from Standard & Poor's, Moody's, Fitch Ratings, and Philratings, whenever available. In cases where there are two or more ratings which correspond to different risk weights, the higher of the two lowest risk weights is used. For peso-denominated exposures to the Philippine National Government and BSP, the risk weight shall be 0.0%.

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

	December 31, 2020									
	Exposures, Net of Specific Provisions	**Exposures covered by Credit Risk Mitigation (CRM), Gross of Materiality Threshold**	**Exposures not Covered by CRM**	**Risk Weights**						
				0%	**20%**	**50%**	**75%**	**100%**	**150%**	**TOTAL**
Cash on Hand	2,420.505	-	2,420.505	2,420.505	-	-	-	-	-	2,420.505
Due from Bangko Sentral ng Pilipinas (BSP)	39,550.605	-	39,550.605	39,550.605	-	-	-	-	-	39,550.605
Due from Other Banks	7,048.696	-	7,048.696	-	3,056.567	3,990.425	-	1.704	-	7,048.696
Financial Assets at FVOCI	15,333.219	-	15,333.219	14,380.899	318.880	596.340	-	37.100	-	15,333.219
Investment Securities at Amortized Cost	9,209.309	-	9,209.309	4,026.138	2,760.202	1,940.975	-	481.993	-	9,209.309
Loans and Receivables	71,581.650	395.540	71,186.109	-	106.513	3,394.671	-	67,105.869	579.058	71,186.109
Loans and Receivables Arising from Repurchase Agreements	15,819.247	-	15,819.247	15,819.247	-	-	-	-	-	15,819.247
Sales Contract Receivables	409.961	-	409.961	-	-	-	-	286.044	123.918	409.961
Real and Other Properties Acquired (ROPA)	2,452.111	-	2,452.111	-	-	-	-	-	2,452.111	2,452.111
Total Exposures Excluding	163,825.303	395.540	163,429.762	76,197.394	6,242.161	9,922.411	-	67,912.710	3,155.086	163,429.762
Other Assets	5,574.536	-	5,574.536	-	-	-	-	5,574.536	-	5,574.536
Total Exposures, Including Other Assets	169,399.839	395.540	169,004.298	76,197.394	6,242.161	9,922.411	-	73,487.246	3,155.086	169,004.298
Total Risk-weighted On-Balance Sheet Assets not covered by CRM			-	-	1,248.432	4,961.206	-	73,487.246	4,732.629	84,429.513
Total Risk-weighted On-Balance Sheet Assets covered by CRM			-	-	-		-			-
Total Risk-Weighted On-Balance Sheet Assets				-	1,248.432	4,961.206	-	73,487.246	4,732.629	84,429.513

**Amounts in millions*

	December 31, 2019									
	Exposures, Net of Specific Provisions	Exposures covered by Credit Risk Mitigation (CRM), Gross of Materiality Threshold	Exposures not Covered by CRM	Risk Weights						
				0%	20%	50%	75%	100%	150%	TOTAL
Cash on Hand	1,776.399		1,776.399	1,776.399	-	-	-	-	-	1,776.399
Due from Bangko Sentral ng Pilipinas (BSP)	21,957.957	-	21,957.957	21,957.957	-	-	-	-	-	21,957.957
Due from Other Banks	4,589.636		4,589.636		3,038.327	1,551.210	-	0.099	-	4,589.636
Financial Assets at FVOCI	1,280.666	-	1,280.666	477.005	315.275	452.005	-	36.382	-	1,280.666
Investment Securities at Amortized Cost	22,804.658	-	22,804.658	15,110.625	3,114.104	4,064.955	-	514.975	-	22,804.658
Loans and Receivables	73,498.496	721.360	72,777.137	-	111.768	2,614.051	-	70,052.825	(1.507)	72,777.137
Loans and Receivables Arising from Repurchase Agreements	9,293.278	-	9,293.278	9,293.278	-	-	-	-	-	9,293.278
Sales Contract Receivables	474.664	-	474.664	-	-	-	-	392.284	82.380	474.664
Real and Other Properties Acquired (ROPA)	2,662.110		2,662.110	-	-	-	-		2,662.110	2,662.110
Total Exposures Excluding	138,337.865	721.360	137,616.505	48,615.264	6,579.473	8,682.221	-	70,996.564	2,742.98	137,616.505
Other Assets	5,693.657		5,693.657	-				5,693.657		5,693.657
Total Exposures, Including Other Assets	144,031.522	721.360	143,310.162	48,615.264	6,579.473	8,682.221	-	76,690.22	2,742.983	143,310.162
Total Risk-weighted On-Balance Sheet Assets not covered by CRM			-	-	1,315.895	4,341.110	-	76,690.221	4,114.475	86,461.700
Total Risk-weighted On-Balance Sheet Assets covered by CRM			-	-	-					-
Total Risk-Weighted On-Balance Sheet Assets				-	1,315.895	4,341.110	-	76,690.221	4,114.475	86,461.700

**Amounts in millions*

Under this approach, the Bank assigns a specific risk weight to each asset and multiplies it by the credit risk exposure. The risk weights are based on the ratings provided by an External Credit Assessment Institution recognized by the BSP. For the end of 2020, the credit risk exposures of the Bank include PHP169,004 billion in balance sheet exposure.

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

ON-BALANCE SHEET ITEMS ASSESSED WEIGHT FOR CREDIT RISK	2020	2019
Cash on Hand	2,421	1,776
Due from Bangko Sentral ng Pilipinas (BSP)	39,551	21,958
Due from Other Banks	7,049	4,590
Financial Assets at FVOCI	15,333	1,281
Investment Securities at Amortized Cost	9,209	22,805
Loans and Receivables	71,186	73,498
Loans and Receivables Arising from Repurchase Agreements	15,819	9,293
Sales Contract Receivables	410	475
Real and Other Properties Acquired (ROPA)	2,452	2,662
Total Exposures Excluding Other Assets	163,429	138,338
Other Assets	5,575	5,694
TOTAL ON-BALANCE SHEET ITEMS ASSESSED WEIGHT FOR CREDIT RISK	**169,004**	**144,032**

**Amounts in millions*

	2020	2019
Total Assets	**170,244**	**144,805**
General Loan Loss Provisions	**779**	**782**
Deductions		
Total Exposures Excluding other Assets	163,825	138,338
Financial Assets Held for Trading	1,265	1,054
Deferred Tax Assets	22	135
Other Intangible Assets	273	303
Other Equity Investments in Non-Financial Allied Undertakings and Non-Allied Undertakings	41	42
Significant Minority Instruments	-	-
Reciprocal Equity Investments	22	21
Accumulated Market gains /(losses) on AFS	-	-
Total Carrying Amount of Securitization Exposures	-	-
TOTAL OTHER ASSETS	**5,575**	**5,694**

**Amounts in millions*

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

With regard to the Bank's on-balance sheet assets, the Bank uses loans collateralized by hold-out deposit agreement as eligible credit risk mitigant (CRM). Credit derivatives are currently not used as credit protection. The documentation used in collateralized transactions has been reviewed to be legally enforceable in all relevant jurisdictions. At the end of 2019, PHP721 million in credit risk exposures carried mitigation in the form of qualified collateral from third parties.

			December 31, 2020			
	Guaranteed Portion	**Total Exposures Covered by CRM**	**0%**	**20%**	**Total**	**Total Exposures covered by CRM, Gross of Materiality Threshold**
Loans and Receivables						
Private Corporations	123.036	123.036	123.036		123.036	123.036
Loans to individuals for consumption and other purposes	272.505	272.505	272.505		272.505	272.505
Total Exposures covered by CRM	395.540	395.540	395.540		395.540	395.540
Risk-Weighted On-Balance Sheet Assets Covered By CRM						

**Amounts in millions*

The Bank uses a credit conversion factor as prescribed by banking regulations to account for the potential credit exposure arising from having committed to extend credit to a customer. The total loan equivalent exposure of the Bank to such commitments at the end of 2020 was PHP3.5 billion.

COMMITMENTS TO LEND (LOAN EQUIVALENT EXPOSURE)	2020	2019
Direct Client Substitutes	1,562	1,999
Transaction Related Contingencies	1,981	1,262
Trade Related Contingencies	4	-
Other Commitments	-	-
TOTAL COMMITMENTS TO LEND (LOAN EQUIVALENT EXPOSURE)	**3,547**	**3,261**

**Amounts in millions*

MARKET RISK

The Bank measures its exposure to market risk using the standardized approach under the Philippine Banking Regulation. Under this approach, the Bank applied risk weights defined by regulation to outstanding exposures to interest rates and to foreign exchange rates. Total of market risk-weighted assets at the end of 2020 was PHP733 million.

MARKET RISK-WEIGHTED ASSETS	2020	2019
Interest Rate Specific to the Issuer of the Debt Instruments	27	17
Interest Rate Risk Attributable to Market Conditions	320	101
Foreign Exchange Risk	386	292
TOTAL MARKET RISK-WEIGHTED ASSETS	**733**	**409**

**Amounts in millions*

INTEREST RATE RISK IN BANKING BOOK

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

INTEREST RATE RISK IN BANKING BOOK	2020	2019
Earnings-At-Risk	(81)	(192)

**Amounts in millions*

OPERATIONAL RISK

The Bank measures its exposure to operational risk using the basic indicator approach under the Philippine Banking Regulation. The approach utilizes the historical total annual gross income as the measure of risk exposure. Total of operational risk-weighted assets at the end of 2020 was PHP8.3 billion.

OPERATIONAL RISK-WEIGHTED ASSETS	2020	2019
Average Income of the Previous Three Years	4,432	3,985
Capital Charge (15 pct of Average Income)	665	598
Calibration (Capital Charge times 1.25)	831	747
TOTAL OPERATIONAL RISK-WEIGHTED ASSETS (Calibrated Capital Charge times 10)	**8,310**	**7,472**

**Amounts in millions*

SECURITIZATION STRUCTURES

The Bank's MRT Tranche 3 Note holding is booked as part of Financial Assets at Fair Value Through Profit or Loss (FVPL) upon initial application of PFRS 9 and is measured at fair value. The Note regularly redeems part of its principal every month and is expected to be fully paid on February 7, 2025. The Note's fair value as at December 31, 2020 was USD12.54 million (PHP602.40 million) with a mark-to-market gain of USD1.11 million (PHP55.11 million).

SECURITIZATION EXPOSURE	2020	2019
MRT Tranche 3	602	771

**Amounts in millions*

OTHER RISK DISCLOSURES

COMPLIANCE RISK

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

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

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

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

REPUTATIONAL RISK

Reputational risk proceeds from negative public opinion and has the potential to erode the perception of the Bank as a worthy counterparty or investment target. Negative perception on the part of customers, providers of funding, or regulators can adversely affect a bank's ability to maintain existing, or establish new, business relationships, or to continue accessing sources of funding.

As the Bank presently neither uses capital market sensitive funding nor publicly listed stock, its funding cost and equity value remain shielded from reputational risk events and market discipline rendering fair estimate difficult to quantify.

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

LEGAL RISK

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

PENSION RISK

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

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

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

MODEL RISK

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

CAPITAL MANAGEMENT

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

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

Regulatory Capital Oversight

The Board oversees the deployment of capital funds bank-wide, ensuring that the Capital-to-Risk Weighted Assets Ratio (CAR) of the Bank meets or exceeds the minimum regulatory requirements. The following tables exhibit the Bank's capital condition as of December 31, 2020 and 2019:

Amounts in millions	**2020**	**2019**
Gross Qualifying Capital	17,064	16,824
Less: Regulatory deductions	960	1,272
Total Qualifying Capital	**16,104**	**15,552**
Credit risk-weighted assets	87,989	89,735
Market risk-weighted assets	733	409
Operational risk-weighted assets	8,310	7,472
Total Risk-Weighted Assets	**97,032**	**97,617**
Capital Adequacy Ratio or "CAR" Regulatory minimum is 10%	17%	16%
Tier 1 Capital Ratio Regulatory minimum is 7.5%	16%	15%
Common Equity Tier 1 Ratio	**16%**	**15%**

The above ratios represent a measure of capital supply relative to the total risk-weighted assets and are measured against regulatory minimum requirements.

As of December 31, 2020 and 2019, the Bank has complied with the minimum regulatory required capital.

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

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

	DECEMBER 31, 2020		DECEMBER 31, 2019	
Amounts in millions	**Risk-Weighted Assets**	**Capital Requirements**	**Risk-Weighted Assets**	**Capital Requirements**
Credit Risk	87,989	8,799	89,735	8,974
Market Risk	733	73	409	41
Operational Risk	8,310	831	7,472	747
Total	**97,032**	**9,703**	**97,617**	**9,762**

The following tables exhibit the elements of the Bank's Total Qualifying Capital as of December 31, 2020 and 2019:

Amounts in millions	DECEMBER 31, 2020	DECEMBER 31, 2019
Paid-up Common Stock	11,224	11,224
Additional Paid-in Capital	5,594	5,594
Retained Earnings/(Deficit)	(449)	(765)
Other Comprehensive Income	(289)	(66)
Gross Common Equity Tier 1 (CET1) Capital	**16,080**	**15,987**
Appraisal Increment Reserve – Bank Premises	0	10
General Loan Loss Provision	984	827
Gross Tier 2 Capital	**984**	**837**
Less: Regulatory Deductible Adjustments To Qualifying Capital		
Deferred Tax Assets	22	135
Other Intangible Assets	273	303
Other Equity Investments In Non-Financial Allied Undertakings And Non-Allied Undertakings	41	42
Reciprocal Equity Investments	22	21
Securitization Tranches And Structured Products Which Are Rated Below Investment Grade Or Are Unrated	602	771
Total Regulatory Deductible Adjustments To Qualifying Capital	**960**	**1,272**
Adjusted CET1 Capital	**15,120**	**14,715**
Adjusted Tier 2 Capital, mainly adding back the General Loan Loss Provisions	**984**	**837**
Total Qualifying Capital	**16,104**	**15,552**

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

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

	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Qualifying Capital	**Reconciling Items**	**Audited Financial Statements**	**Qualifying Capital**	**Reconciling Items**	**Audited Financial Statements**
			(in millions)			
Tier 1 capital/Total equity						
Capital stock	11,224	(0)	11,224	11,224	(0)	11,224
Paid-in surplus	5,594	(0)	5,594	5,594	(0)	5,594
Surplus reserves	222	173	395	222	177	399
Retained earnings (Deficit)	(671)	620	(51)	(987)	148	(839)
Net unrealized losses on financial assets at FVOCI		70	70		36	36
Net unrealized losses on AFS securities	49	(49)	-	29	(29)	-
Remeasurement losses on retirement liability	(320)	(129)	(449)	(95)	(225)	(320)
Share in other comprehensive loss of associate	(1)	0	(1)	(1)	0	(1)
Cumulative translation adjustment	(16)	(0)	(16)	2	0	2
Deductions	(960)	960	-	(1,272)	1,272	-
	15,120	**1,646**	**16,766**	**14,715**	**1,380**	**16,095**
Tier 2 capital						
Revaluation increment on PPE and investment properties	-	-	-	10	(10)	-
General loan loss provision	984	(984)	-	827	(827)	-
	984	**(984)**	**-**	**837**	**(837)**	**-**
Total qualifying capital/Total equity	**16,104**	**662**	**16,766**	**15,552**	**543**	**16,095**

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

Internal Capital Adequacy Assessment Process (ICAAP) Oversight

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

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

ICAAP Steering Committee

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

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

The ICAAP Report is issued by the ICAAP Committee to the Board annually, conveying the results of the evaluation of the Bank's ICAAP. The 2020 ICAAP Report highlighted the sufficiency of the Bank's compliance with regulatory and internal capital requirements considering the strategic plans from 2020 through 2022, and the sufficiency of Management's Capital Contingency Plan as well as Capital Build-up Program. The Bank's intended primary source of emergency capital would be through issuance of additional Tier 1 capital (common stock), as discussed and approved at the ICAAP Steering Committee and Board levels.

As part of ongoing capital management, the Bank continues to evaluate forward-looking capital requirements to support future business expansion and risk-taking strategies. The Board has directed Management to escalate any proposed capital-raising exercise for deliberation and its approval and, accordingly, to pursue the necessary regulatory approvals. On January 26, 2021, the BOD approved the issuance of up to PHP5.5 billion in preferred shares to San Miguel Corporation. These shares will be issued out of the unissued Series 1 Preferred Shares of the Bank. On the same date, the BOD also approved the plan for equity restructuring to wipe out the deficit through the use of the Bank's Paid-in Surplus.

INTERNAL AUDIT DIVISION REPORT

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

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

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

To cope with the challenges brought about by the COVID-19 pandemic, major adjustments have been made to the IAD's approach in conducting audits. These adjustments to audit strategies include implementing offsite (remote) audit and conducting spot audits. Encrypted file transfer solution was utilized in performing offsite audits to protect the confidentiality of the Bank's data. Necessary revisions have also been made to the audit plan and the audit programs to realistically reflect what can be feasibly accomplished given the many restrictions and challenges in the conduct of the usual onsite audit. To ensure the continuity of audit while safeguarding the health and safety of the Bank's employees, a work-from-home (WFH) setup and skeletal workforce (SWF) reporting to the office were implemented. The WFH strategy allowed auditors to remotely carry out their audit tasks by connecting to the Bank's systems through secure connections.

Based on the results of the audit and other assurance activities performed in 2020, the CAE declared that the Bank's system of internal controls, risk management, and governance was reasonably adequate to address strategic, financial, regulatory, compliance (including AMLA), operational, and fraud-related risks. The established system of internal controls, governance, and risk management processes has been assessed to promote financial and management reporting reliability, operational efficiency, system reliability, data integrity, asset protection, business resiliency, and prompt detection and/or prevention of material errors and/or irregularities in processing and reporting the Bank's transactions and accounts. The Bank has also been consistently improving its internal controls, governance, and risk management processes to address emerging risks faced by the institution, to attune itself with new laws and regulations, and to respond to technology changes, competition, and industry movements. Information technology (IT)-related risks have also been adequately managed and controlled, thereby providing uninterrupted operability of the Bank's systems and services, especially during the imposed quarantine. Specifically, the Bank has established strategic initiatives, online digital facilities, and alternate and remote access to ensure the continuity of internal processes and availability of business functions to serve its clients, while ensuring the health and safety of its employees.

Over the years, the IAD has also significantly enhanced the use of computer-assisted audit techniques (CAATs). Tools such as ACL (a data extraction and analysis software) and the advanced use of MS Excel allowed IAD to apply a more efficient, effective, and comprehensive approach in reviewing and analyzing data for selected audits and validations, as well as in randomly generating and sending confirmation letters regarding deposit, loan account balances, and sales contract receivables from selected clients.

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

The IAD maintains a quality assurance and improvement program that covers all aspects of the internal audit activities. The program includes, but is not limited to, an evaluation of the internal audit activity's conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (the Standards) and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. An internal assessment is conducted annually while external assessment is conducted by a qualified external quality assessment provider (or third-party validator) at least once every five years. The most recent external and internal Quality Assurance Reviews disclosed 100% compliance with the Standards. The Bank is undertaking these assessments to confirm and demonstrate the IAD's continuing compliance with the Standards.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Bank of Commerce (the "Bank") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 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.

R.G. Manabat & Co., the independent auditors 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.

JOSE T. PARDO
Chairman of the Board

MICHELANGELO R. AGUILAR
President and Chief Executive Officer

ANTONIO S. LAQUINDANUM
Senior Vice President and Chief Financial Officer

APR 05 2021
Signed this 8th day of March 2021.

Subscribed and sworn to before me this APR 05 2021, affiants exhibiting their Passport ID as follows:

Names	Passport No.	Place of Issue	Valid Until
Jose T. Pardo		DFA NCR South	
Michelangelo R. Aguilar		DFA NCR East	
Antonio S. Laquindanum		DFA Manila	

ALLAN NARCISO P. MACASAET
Notary Public for the Cities of Pasig, San Juan
and Municipalities of Pateros, Metro Manila
December 31, 2021
Per Appointment No. 74 (2020-2021)
16/F, Unit 1602 The Centerpoint Bldg.
Julia Vargas Ave., Ortigas Center, Pasig City
IBP No. 137564-01/05/2021-RSM
PTR No. 7234279-01/06/2021-Pasig City
Roll No. 42178

Doc. No. 241
Page No. 50
Book No. 84
Series of 2021

AUDITED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and the Stockholders
Bank of Commerce
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Commerce (the "Bank"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 36 and Revenue Regulations 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

SHEILA RICCA G. DIOSO
Partner
CPA License No. 0115382
BSP Accreditation No. 115382-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
SEC Accreditation No. 115382-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 229-233-163
BIR Accreditation No. 08-001987-047-2019
Issued December 26, 2019; valid until December 25, 2022
PTR No. MKT 8533900
Issued January 4, 2021 at Makati City

March 8, 2021
Makati City, Metro Manila

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2020	2019
ASSETS			
Cash and Other Cash Items		**P2,420,504,742**	P1,776,398,932
Due from Bangko Sentral ng Pilipinas - net	*17, 18*	**39,547,210,722**	21,955,496,031
Due from Other Banks - net	*17*	**1,023,255,562**	670,481,616
Interbank Loans Receivable and Securities Purchased under Resale Agreements - net	*7, 17*	**22,055,827,932**	13,429,279,503
Financial Assets at Fair Value through Profit or Loss	*8*	**1,265,419,468**	1,053,759,876
Financial Assets at Fair Value through Other Comprehensive Income	*9, 17, 32*	**15,424,248,009**	1,389,857,145
Investment Securities at Amortized Cost - net	*10, 17, 32*	**9,146,277,511**	22,547,832,753
Loans and Receivables - net	*11, 17, 32*	**71,628,349,480**	73,742,261,809
Non-current Assets Held for Sale	*12*	**-**	48,121,557
Investment in an Associate - net	*13, 17, 32*	**40,687,406**	41,443,508
Property and Equipment - net	*14, 17*	**1,659,401,337**	1,741,075,195
Investment Properties - net	*15, 17*	**3,624,986,606**	3,729,769,193
Deferred Tax Assets - net	*31*	**955,379,983**	880,301,277
Other Assets - net	*16, 17*	**2,129,132,566**	2,027,207,272
		P170,920,681,324	P145,033,285,667
LIABILITIES AND EQUITY			
Deposit Liabilities	*18, 32*		
Demand		**P39,659,286,077**	P34,158,477,979
Savings		**83,743,820,681**	72,016,565,174
Time		**20,673,084,328**	17,681,144,917
Long-Term Negotiable Certificates		**5,029,420,000**	-
		149,105,611,086	123,856,188,070
Bills Payable	*19*	**18,675**	105,095
Manager's Checks		**870,079,608**	923,459,741
Accrued Interest, Taxes and Other Expenses	*20, 32*	**892,463,477**	815,034,803
Other Liabilities	*21, 32*	**3,286,045,837**	3,343,506,476
Total Liabilities		**154,154,218,683**	128,938,294,185
Equity			
Capital stock	*23*	**11,224,111,200**	11,224,111,200
Paid-in surplus	*23*	**5,594,079,646**	5,594,079,646
Surplus reserves	*24*	**395,602,340**	399,262,743
Deficit	*35*	**(51,156,715)**	(839,250,906)
Remeasurement losses on retirement liability	*28*	**(449,088,000)**	(319,998,451)
Net unrealized gains on financial assets at fair value through other comprehensive income	*9*	**69,657,563**	36,108,673
Cumulative translation adjustment		**(15,404,017)**	2,014,880
Share in other comprehensive loss of an associate	*13*	**(1,339,376)**	(1,336,303)
Total Equity		**16,766,462,641**	16,094,991,482
		P170,920,681,324	P145,033,285,667

See Notes to the Financial Statements.

STATEMENTS OF INCOME

	Note	Years Ended December 31 2020	2019
INTEREST INCOME			
Interest income calculated using the effective interest method:			
Loans and receivables	*11, 32*	**P4,840,143,949**	P4,920,061,099
Investment securities at fair value through other comprehensive income and at amortized cost	*25, 32*	**919,374,469**	1,117,092,275
Due from Bangko Sentral ng Pilipinas and other banks	*18*	**265,527,722**	163,456,630
Interbank loans receivable and securities purchased under resale agreements	*7*	**238,044,191**	315,569,692
Other interest income:			
Financial assets at fair value through profit or loss	*25*	**16,991,151**	16,058,663
		6,280,081,482	6,532,238,359
INTEREST EXPENSE			
Deposit liabilities	*18, 32*	**1,127,728,480**	2,346,266,843
Lease liabilities	*29*	**42,921,243**	45,360,536
Bills payable and others	*19*	**1,105,699**	4,855,994
		1,171,755,422	2,396,483,373
NET INTEREST INCOME		**5,108,326,060**	4,135,754,986
OTHER INCOME			
Trading and investment securities gains - net	*27*	**1,147,573,753**	355,688,714
Service charges, fees and commissions	*26, 32*	**444,637,070**	477,274,280
Gains on foreclosure and sale of property and equipment and foreclosed assets - net	*14, 15, 16, 32*	**58,764,927**	336,288,436
Foreign exchange gains - net		**48,875,995**	67,994,272
Miscellaneous	*30, 32*	**65,417,725**	459,861,228
		1,765,269,470	1,697,106,930
OTHER EXPENSES			
Compensation and fringe benefits	*28, 32*	**1,819,392,253**	1,684,538,431
Provision for credit and impairment losses	*17*	**962,509,599**	52,095,015
Taxes and licenses	*15*	**830,158,438**	773,892,173
Depreciation and amortization	*14, 15, 16*	**567,850,860**	480,444,851
Rent and utilities	*29*	**476,343,471**	505,773,088
Insurance		**280,637,960**	245,450,542
Service fees and commissions		**183,373,509**	278,525,116
Entertainment and recreation		**107,304,726**	123,335,716
Subscription fees		**96,595,420**	69,302,963
Management and professional fees	*32*	**79,453,000**	65,801,182
Amortization of software costs	*16*	**45,907,917**	34,144,155
Miscellaneous	*30*	**381,759,150**	399,784,678
		5,831,286,303	4,713,087,910
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		**1,042,309,227**	1,119,774,006
SHARE IN NET LOSS OF AN ASSOCIATE	*13, 32*	**753,029**	2,865,073
INCOME BEFORE INCOME TAX EXPENSE		**1,041,556,198**	1,116,908,933
INCOME TAX EXPENSE	*31*	**257,122,410**	464,186,399
NET INCOME		**P784,433,788**	P652,722,534

See Notes to the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2020**	2019
NET INCOME		**P784,433,788**	P652,722,534
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not be reclassified to profit or loss			
Net change in remeasurement losses on retirement liability	*28*	**(129,089,549)**	(224,686,360)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	*9*	**(412,381)**	5,229,000
		(129,501,930)	(219,457,360)
Items that may be reclassified to profit or loss			
Net change in fair value of debt securities at FVOCI	*9*	**314,704,714**	359,733,308
Net change in fair value of debt securities at FVOCI taken to profit or loss	*9*	**(280,743,443)**	(198,827,405)
Net movement in cumulative translation adjustment		**(17,418,897)**	(10,624,175)
Share in other comprehensive income (loss) of an associate	*13*	**(3,073)**	4,326,471
		16,539,301	154,608,199
		(112,962,629)	(64,849,161)
TOTAL COMPREHENSIVE INCOME		**P671,471,159**	P587,873,373

See Notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 23)	Paid-in Surplus (Note 23)	Surplus Reserves (Note 24)	Deficit (Note 35)	Remeasurement Losses on Retirement Liability (Note 28)	Net Unrealized Gains on Financial Assets at FVOCI (Note 9)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2019		P11,224,111,200	P5,594,079,646	P399,262,743	(P839,250,906)	(P319,998,451)	P36,108,673	P2,014,880	(P1,336,303)	P16,094,991,482
Net income for the year		-	-	-	784,433,788	-	-	-	-	784,433,788
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	(129,089,549)	-	-	-	(129,089,549)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)		-	-	-	-	-	(412,381)	-	-	(412,381)
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	314,704,714	-	-	314,704,714
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	(280,743,443)	-	-	(280,743,443)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(17,418,897)	-	(17,418,897)
Share in other comprehensive loss of associate		-	-	-	-	-	-	-	(3,073)	(3,073)
Total comprehensive income for the year		-	-	-	784,433,788	(129,089,549)	33,548,890	(17,418,897)	(3,073)	671,471,159
Transactions within equity:										
Transfer from surplus reserves	*24*	-	-	(3,660,403)	3,660,403	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*9*	-	-	-	-	-	-	-	-	-
		-	-	(3,660,403)	3,660,403	-	-	-	-	-
Balance as at December 31, 2020		**P11,224,111,200**	**P5,594,079,646**	**P395,602,340**	**(P51,156,715)**	**(P449,088,000)**	**P69,657,563**	**(P15,404,017)**	**(P1,339,376)**	**P16,766,462,641**

Forward

	Note	Capital Stock (Note 23)	Paid-in Surplus (Note 23)	Surplus Reserves (Note 24)	Deficit (Note 35)	Remeasurement Losses on Retirement Liability (Note 28)	Net Unrealized Gains on Financial Assets at FVOCI (Note 9)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2018		P11,224,111,200	P5,594,079,646	P454,994,785	(P1,547,973,982)	(P95,312,091)	(P129,757,730)	P12,639,055	(P5,662,774)	P15,507,118,109
Net income for the year		-	-	-	652,722,534	-	-	-	-	652,722,534
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	(224,686,360)	-	-	-	(224,686,360)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)		-	-	-	-	-	5,229,000	-	-	5,229,000
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	359,733,308	-	-	359,733,308
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	(198,827,405)	-	-	(198,827,405)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(10,624,175)	-	(10,624,175)
Share in other comprehensive income of associate		-	-	-	-	-	-		4,326,471	4,326,471
Total comprehensive income for the year		-	-	-	652,722,534	(224,686,360)	166,134,903	(10,624,175)	4,326,471	587,873,373
Transactions within equity:										
Transfer from surplus reserves	*24*	-	-	(55,732,042)	55,732,042	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*9*	-	-	-	268,500	-	(268,500)	-	-	-
		-	-	(55,732,042)	56,000,542	-	(268,500)	-	-	-
Balance as at December 31, 2019		P11,224,111,200	P5,594,079,646	P399,262,743	(P839,250,906)	(P319,998,451)	P36,108,673	P2,014,880	(P1,336,303)	P16,094,991,482

See Notes to the Financial Statements.

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P1,041,556,198**	P1,116,908,933
Adjustments for:			
Provision for credit and impairment losses	*17*	**958,875,752**	52,225,704
Gain on sale of investment securities at amortized cost	*27*	**(767,033,010)**	-
Depreciation and amortization	*14, 15, 16*	**567,850,860**	480,444,851
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	*27*	**(280,743,443)**	(198,827,405)
Unrealized gains on financial assets at fair value through profit or loss (FVPL)	*27*	**(69,731,751)**	(135,535,224)
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	*14, 15, 16, 32*	**(58,764,927)**	(336,288,436)
Amortization of software costs	*16*	**45,907,917**	34,144,155
Miscellaneous income	*15, 30*	**(6,595,120)**	(363,450,000)
Share in net loss of associate	*13*	**753,029**	2,865,073
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Interbank loans receivables	*7*	**4,382,274**	(110,883,214)
Financial assets at FVPL		**(141,927,841)**	918,184,476
Loans and receivables		**1,142,980,036**	(1,643,739,447)
Other assets		**(184,442,772)**	(202,644,680)
Increase (decrease) in:			
Deposit liabilities		**25,249,423,016**	(7,322,035,294)
Manager's checks		**(53,380,133)**	307,963,803
Accrued interest, taxes and other expenses		**97,234,086**	(100,619,502)
Other liabilities		**(207,066,635)**	(117,129,826)
Net cash generated from (absorbed by) operations		**27,339,277,536**	(7,618,416,033)
Income taxes paid		**(355,090,693)**	(338,334,083)
Net cash provided by (used in) operating activities		**26,984,186,843**	(7,956,750,116)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale or redemption of:			
Investment securities at amortized cost		**20,043,309,156**	1,557,000,000
Financial assets at FVOCI		**16,022,194,922**	10,024,308,116
Investment properties		**50,090,800**	94,051,694
Property and equipment		**45,448,780**	49,150,059
Additions to:			
Financial assets at FVOCI		**(29,740,895,892)**	(3,071,058,659)
Investment securities at amortized cost		**(5,873,014,288)**	(893,626,163)
Property and equipment	*14*	**(98,228,754)**	(207,302,263)
Software costs	*16*	**(16,158,782)**	(131,596,152)
Investment properties		**(2,095,772)**	(21,242,574)
Net cash provided by investing activities		**430,650,170**	7,399,684,058

Forward

	Note	Years Ended December 31 2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		**(P177,806,359)**	(P148,056,647)
Settlement of bills payable		**(86,420)**	(557,366,520)
Net cash used in financing activities	*34*	**(177,892,779)**	(705,423,167)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(17,418,897)**	(10,624,175)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**27,219,525,337**	(1,273,113,400)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items		**1,776,398,932**	1,748,070,945
Due from Bangko Sentral ng Pilipinas		**21,955,496,031**	21,424,140,231
Due from other banks		**670,481,616**	3,838,048,357
Interbank loans receivable and securities purchased under resale agreements		**13,318,396,289**	11,983,626,735
		37,720,772,868	38,993,886,268
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items		**2,420,504,742**	1,776,398,932
Due from Bangko Sentral ng Pilipinas		**39,547,210,722**	21,955,496,031
Due from other banks		**1,023,255,562**	670,481,616
Interbank loans receivable and securities purchased under resale agreements	*34*	**21,949,327,179**	13,318,396,289
		P64,940,298,205	P37,720,772,868
CASH FLOWS FROM INTEREST AND DIVIDENDS			
Operating Activities			
Interest received		**P5,183,736,446**	P5,602,826,464
Interest paid		**1,226,602,056**	2,496,181,179
Investing Activities			
Interest received		**P1,049,252,946**	P1,185,867,090
Dividends received		**12,228,425**	8,201,707
Financing Activities			
Interest paid		**P44,027,424**	P55,071,532

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Bank of Commerce (the "Bank") is a domestic corporation registered with the Philippine Securities and Exchange Commission (SEC) on December 16, 1963. It provides commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, and trust services. The Bank's principal place of business is at San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City. The Bank has a total of 140 branches nationwide as at December 31, 2020 and 2019.

San Miguel Properties, Inc. (SMPI) and San Miguel Corporation Retirement Plan (SMCRP) hold 39.89% and 39.94% ownership of the Bank's issued shares, respectively, as at December 31, 2020 and 2019, with each having significant influence over the Bank.

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

On January 16, 2013, the SEC approved the Amended Articles of Incorporation to extend the corporate life of the Bank for another 50 years or up to December 16, 2063. Under Section 11, *Corporate Term* of the Revised Corporation Code issued on February 23, 2019, a corporation shall have perpetual existence unless its articles of incorporation provides otherwise. On January 30, 2020, the Board of Directors (BOD) approved the Amended Articles of Incorporation to reflect that the Bank's term of existence shall be perpetual. The said amendment was approved by the SEC on June 9, 2020.

The accompanying financial statements of the Bank were approved and authorized for issue by the BOD on March 8, 2021.

2. Basis of Preparation

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

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

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

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

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

Presentation of Financial Statements
The Bank presents its statements of financial position broadly in the order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 22.

3. Summary of Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standard, Amendments to Standards and Interpretation
The Bank has adopted the following new standards, amendments to standards and interpretation starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amended standards and interpretation did not have any significant impact on the Bank's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

    - a new chapter on measurement;

    - guidance on reporting financial performance;

- improved definitions of an asset and a liability, and guidance supporting these definitions; and

- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (IASB) in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and issue other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Definition of Material (Amendments to* PAS 1, *Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  - raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;

  - including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;

  - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  - clarifying the explanatory paragraphs accompanying the definition; and

  - aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

- *Coronavirus disease 2019 (COVID-19) Related Rent Concessions (Amendment to PFRS 16, Leases).* The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

  - the revised consideration is substantially the same or less than the original consideration;

  - the reduction in lease payments relates to the payments due on or before June 30, 2021; and

- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

The Bank adopted the amendment to PFRS 16 on January 1, 2020 and has applied the practical expedient consistently to all eligible rent concessions relating to long-term lease agreements for the premises it uses for its operations. For the year ended December 31, 2020, the Bank recognized a reduction to Lease liability under "Other Liabilities" account in the statement of financial position and a gain due to rent concession under "Miscellaneous Income" account in the statement of income amounting to P6.5 million. This reflects the changes in lease payments (i.e. rent forgiveness/reduction) arising from the application of the practical expedient.

Foreign Currency Transactions and Translation

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

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

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

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

Financial Instruments - Initial Recognition

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

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

- *Initial Recognition of Financial Instruments*
  All financial instruments, whether financial assets or liabilities, are initially measured at fair value. Except for financial assets and liabilities valued at FVPL, initial measurement includes transaction costs.

Financial Instruments - Classification and Subsequent Measurement

Financial Assets

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

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

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

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

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

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

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

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

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

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

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

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

(ii) *Financial Assets at Amortized Cost*
The Bank measures debt financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

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

The Bank may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As at December 31, 2020 and 2019, the Bank has not made such designation.

(iii) Financial Assets at FVOCI

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

  - the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

  Upon derecognition, the cumulative gains or losses previously recognized in OCI are recognized under "Trading and investment securities gains - net" account in the statements of income.

- *Equity Securities*
  At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity securities as at FVOCI. Designation as at FVOCI is not permitted if the equity security is held for trading.

Equity securities designated at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in OCI under “Net unrealized gains on financial assets at FVOCI” account in the equity section of the statements of financial position. Dividends earned on holding equity securities designated at FVOCI are recognized in the statements of income as “Miscellaneous income” when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in OCI is reclassified to “Deficit” account in the equity section of the statements of financial position. Equity securities designated at FVOCI are not subject to impairment assessment.

The Bank designated all equity securities that are not held for trading as at FVOCI on initial application of PFRS 9, *Financial Instruments*.

Financial Liabilities
The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or at FVPL.

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVPL. Financial liabilities measured at FVPL consists of: (a) financial liabilities held-for-trading, including derivative liabilities that are not accounted for as hedging instruments; and (b) financial liabilities designated at fair value through profit or loss.

The Bank may, at initial recognition, irrevocably designate financial liabilities as measured at FVPL.

The Bank’s financial liabilities at amortized cost include deposit liabilities, bills payable, manager’s checks, accrued interest and other expenses (except accrued employee and other benefits and accrued taxes payable) and other liabilities (except withholding tax payable, retirement liability and ECL on off-balance sheet exposures).

Financial liabilities at FVPL include derivative liabilities held-for-trading arising from cross-currency swap and forward contracts. Similar to derivative assets, any gains or losses arising from changes in fair values of derivative liabilities are taken directly to “Foreign exchange gains - net” in the statements of income. Derivatives are carried as liabilities when the fair value is negative.

Reclassification of Financial Assets and Liabilities
The Bank can reclassify financial assets if the objective of its business model for managing the financial asset changes. Reclassification of financial assets designated at FVPL or equity securities at FVOCI at initial recognition is not permitted.

A change in the objective of the Bank’s business model will be effected only at the beginning of the next reporting period following the change in the business model.

Financial liabilities are not reclassified.

Modifications of Financial Assets and Financial Liabilities

Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expire. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in statements of income and expenses as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

To determine whether a modification of a financial asset is substantial or non-substantial, the guidance set out in this policy should be applied. Where it is not clear whether a "substantial modification" has occurred based on the application of this guidance, a 10.0% net present value change (equivalent to the PFRS 9 - test for financial liabilities) should be applied as a backstop.

In some cases, whether or not a modification is substantial will be clear with little or no analysis while in others a high degree of judgment may be required.

The modification of a financial asset could involve one or both of the following:

a. Changes in contractual terms that have a direct impact on the contractual cash flows. For example: changes to limit, tenor (maturity), interest rate, currency, or introduction or removal of features that give rise to cash flows other than payments of principal and interest on the principal amount outstanding;

b. Changes in contractual terms that do not have a direct impact on the contractual cash flows. For example: changes in security, collateral or other credit enhancements that change the credit risk associated with the loan.

Based on the Bank's policy, the delineation between substantial and non-substantial modifications should focus on category (a) modifications, specifically changes in credit limit, tenor, currency or SPPI characteristics.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original EIR of the asset and recognizes the resulting adjustment as a modification gain or loss in statement of income.

For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out because of the financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial Liabilities
The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in statement of income. Consideration paid included non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognized in statement of income. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining terms of the modified financial liability by re-computing the EIR on the instrument.

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Bank has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of ownership of the asset; or (b) has neither transferred nor retained the risks and rewards of ownership of the asset but has transferred the control of the asset.

  Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of income.

Impairment of Financial Assets
The Bank recognizes ECL for loan and other debt financial assets at amortized cost and at FVOCI, together with loans commitments and financial guarantee contracts. No impairment loss is recognized on equity securities.

Expected Credit Loss Methodology
The Bank measures ECL in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. PFRS 9 requires a loss allowance to be recognized at an amount equal to either the 12-month ECL or lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date.

Staging Assessment
For non-impaired financial instruments:

- Stage 1: Comprised of performing financial instruments which have not experienced SICR since initial recognition or have low credit risk as of reporting date. This stage recognizes a 12-month ECL for the financial instruments categorized under this group.

- Stage 2: Comprised of under-performing financial instruments which have experienced a SICR since initial recognition, but do not have objective evidence of impairment. This stage recognizes a lifetime ECL for the financial instruments categorized under this group.

  For credit-impaired financial instruments:

- Stage 3: Comprised of non-performing financial instruments with one or more loss events occurring since the original recognition or assets with objective evidence of impairment at reporting date. Financial instruments falling within this stage have objective evidence of impairment thus requiring the recognition of lifetime ECL.

Definition of "Default" and "Cure"
The Bank generally classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days, considered non-performing, under litigation or is classified as doubtful or loss. In assessing whether a borrower is in default, the Bank considers indicators that are qualitative (i.e. breach of covenant) and quantitative (i.e. overdue status and non-payment on another obligation of the same borrower/issuer to the Bank). An instrument is considered to be no longer in default (i.e. to have cured) when there is sufficient evidence to support that full collection of principal and interests is probable and payments are received for at least six (6) months. This definition is consistent with the definition of non-performing loans (NPL) under Section 304 of Manual of Regulations for Banks (MORB), *Past Due Accounts and Non-Performing Loans*.

Credit Risk at Initial Recognition
The Bank makes full use of its Internal Credit Risk Rating System (ICRRS) to determine the credit risk of exposures at initial recognition. The ICRRS is devised to assess the level of risk associated with each borrower using a combination of both quantitative and qualitative factors. Subsequent credit assessments and approvals are also considered in determining the credit risk.

Significant Increase in Credit Risk
The definition of a SICR varies by portfolio where the determination of the change in credit risk includes both the quantitative and qualitative factors.

The Bank applies the movement in its Corporate Loan account's credit risk rating and assessment of breach in watchlist triggers to indicate a possible significant credit downgrade or upgrade through a risk rating matrix. For the remaining portfolios, the Bank considers that a SICR occurs no later than when an asset is more than 30 days past due. The total number of days past due is determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Furthermore, the Bank's internal credit assessment may consider a counterparty to have a SICR since initial recognition if it is identified to have well-defined credit weaknesses. These may include adverse changes in the financial, managerial, economic and/or political nature of a business. Credit weakness can be established by an unsatisfactory track record that merits close monitoring and attention from management.

If there is evidence that there is no longer a SICR relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. For unrated financial instruments, the SICR is measured using the number of days past due which is also consistent with the staging criteria presented above.

ECL Parameters and Methodologies
ECL is a function of the following credit risk parameters:

a) Probability of Default (PD)
   The PD is the measure of likelihood that a borrower will be unable to settle his obligation/s on time and in full. The Bank uses its ICRRS to segment exposures with homogenous risk characteristics. PD estimate, being one of the fundamental basis for credit risk modelling, plays a vital role in the estimation of ECL for the Bank.

   The Bank uses the Point-in-Time (PiT) PD in calculating expected credit loss. The Bank starts with an empirical 12-month Through-the-Cycle (TtC) PD for each product type calculated per rating grade.

The observed default rate, calculated as the number of defaults relative to in-force population, is regressed on the economic input to determine how changes in the economic input impact the default rate.

The variation between the log-odds of these forecasted default rate is then used to transform the 12-month TtC PD to 12-month PiT PD. The lifetime PDs and conditional PDs are calculated for stage 2 and stage 3 ECLs using the 12-month PiT PD.

b) Loss Given Default (LGD)
LGD measures the percentage amount of credit losses incurred and not recovered at the time of default. LGD estimation is based on historical cash flow recoveries. Calculation of the LGD is adjusted for some assets to consider cashflow recoveries on collateral. For some financial assets, the Bank supplemented internal assessments with regulatory thresholds to arrive at the LGD assumption.

c) Exposure at Default (EAD).
EAD is defined as the outstanding amount of credit exposure at the time of default. EAD is estimated by modelling the historical data on both the actual drawn and undrawn amounts for each credit facility. This provides a more robust estimate of the total amount the Bank is exposed to.

Forward-looking Information
The Bank incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL.

The observed Default Rate (DR), calculated as the number of defaults relative to inforce population, is regressed on the gross domestic product (GDP) growth rate (constant 2000 prices) to determine how changes in the GDP growth rate impact the DR. For the base scenario, the GDP growth rate (based on quarterly data from 1998 to 2019 published by Philippine Statistics Authority) is forecasted and is used to forecast expected DR. For the optimistic and pessimistic scenarios, the Bank assumed a certain level of GDP growth (positive and negative GDP growth rates for optimistic and pessimistic scenarios, respectively). The forecasted GDP growth rates, for both optimistic and pessimistic scenarios, are used to forecast expected DR under different scenarios. The difference between the log-odds of these forecasted DR is called the “Variation”. The “Variation” is used to transform the 12-month TtC PD to 12-month PiT PD.

A broad range of forward-looking information are assessed as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, foreign exchange rates, property prices and other economic factors. The key forward-looking economic variable used in each of the economic scenarios for the ECL calculations in 2020 and 2019 is the GDP growth. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Restructured Loans
Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and the future payments are likely to occur. When the loan has been restructured but not derecognized, the Bank also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

Write-offs
Financial assets are written off either partially or in full when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included under "Miscellaneous income" in the statements of income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

'Day 1' Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) as part of current operations in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized as part of current operations in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Offsetting
Financial assets and liabilities are offset with the net amount reported in the statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, as the related assets and liabilities are presented gross in the statements of financial position.

As at December 31, 2020 and 2019, the Bank did not have any financial instrument that qualified for offsetting.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include COCI, amounts due from BSP and other banks and interbank loans receivable and SPURA with original maturities of three months or less from dates of placement and that are subject to insignificant risk of changes in value.

COCI consist of cash on hand and checks and other cash items. Cash on hand refers to the total amount of cash in the Bank's vault in the form of notes and coins under the custody of the cashier/cash custodian or treasurer, including notes in the possession of tellers and those kept in automated teller machines (ATMs).

Repurchase and Reverse Repurchase Agreements
Securities sold under repurchase agreements (SSURA) at a specified future date ("repos") are not derecognized from the statements of financial position. The corresponding cash received, including accrued interest, is recognized in the statements of financial position as liability of the Bank, reflecting the economic substance of such transaction.

Conversely, SPURA to resell at a specified future date ("reverse repos") are not recognized in the statements of financial position. The corresponding cash paid, including accrued interest, is recognized in the statements of financial position as securities purchased under resale agreement, and is considered as a loan to the counterparty. The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. The difference between the purchase price and resale price is treated as interest income in the statements of income and is amortized over the life of the agreement using the effective interest method.

Financial Guarantees and Undrawn Loan Commitments
Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual values of undrawn loan commitments, where the loans agreed to be provided are on market terms, are not recorded in the statements of financial position. These contracts are in the scope of the ECL requirements where the Bank estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to loan commitments is recognized under "Other liabilities" in the statements of financial position.

In the ordinary course of business, the Bank issues financial guarantees in favor of other parties. Financial guarantees are initially recognized in the financial statements at fair value, and the initial fair value is amortized over the life of the financial guarantee in accordance with PFRS 15. The financial guarantee is subsequently carried at the higher of the amount of loss allowance determined in accordance with the ECL model and the amount initially recognized, less when appropriate, the cumulative amount of income recognized in accordance with PFRS 15.

Non-current Assets Held for Sale
Non-current assets held for sale include assets with or without improvements that are to be recovered principally through a sale transaction rather than through continuing use, available for immediate distribution in their present condition, highly probable to be sold within one year, and are included in the sales auction program for the year. Assets held for sale are stated at the lower of its carrying amount and fair value less costs to sell.

The Bank measures a non-current asset that ceases to be classified as held for sale at the lower of:

- the carrying amount before the non-current asset was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the non-current asset not been classified as held for sale; and

- the recoverable amount at the date of the subsequent decision not to sell.

The Bank includes any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in income from continuing operations in the year in which the asset ceases to be held for sale.

<u>Investment in an Associate</u>
An associate is an entity over which the Bank has significant influence but no control. This is a rebuttable presumption in case the equity interest of the Bank in an entity is between 20.0% and 50.0%. The Bank's equity investment in BIC Management and Consultancy, Inc. (formerly Bancommerce Investment Corporation) (BIC) represents 24.26% of BIC's capital stock. Accordingly, the Bank's equity investment in BIC is treated as an investment in an associate accounted for under the equity method of accounting since there is no indication of control.

Under the equity method, an investment in an associate is carried in the statements of financial position at cost plus post-acquisition changes in the Bank's share in the net assets of the associate. The Bank's share in an associate's post-acquisition profits or losses is recognized in the statements of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in equity.

When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Bank and an associate are eliminated to the extent of the Bank's interest in the associate.

The reporting period of BIC is on a calendar year basis. BIC's accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

<u>Property and Equipment</u>
Land is stated at cost less any impairment in value. Depreciable properties including buildings, furniture, fixtures and equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, and any costs that are directly attributable to bringing the property and equipment to its location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put to operation, such as repairs and maintenance, are normally charged against operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in the increase in the future economic benefits to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the terms of the related lease, whichever is shorter.

Estimated useful lives of property and equipment are as follows:

	Years
Building	50
Furniture, fixtures and equipment	3 - 7
Leasehold improvements	5 - 15

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of income in the period the asset is derecognized.

The asset's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each reporting date.

Investment Properties

Investment properties are composed of assets acquired from foreclosure or *dacion en pago* and land and building that are vacant and no longer used for administrative purposes (previously owner-occupied property), and are initially measured at cost including transaction costs. An investment property acquired through an exchange transaction is initially recognized at the fair value of the asset acquired unless the fair value of each asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as "Gain on foreclosure" under "Gain on foreclosure and sale of property and equipment and foreclosed assets - net" in the statement of income. Foreclosed properties are classified under "Investment properties" upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

The Bank applies the cost model in subsequently measuring its investment properties. Land is carried at cost less any impairment in value and depreciable properties acquired are carried at cost. Cost is the fair value of the asset at acquisition date, less any accumulated depreciation and any impairment in value. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of cost of the investment properties.

Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or 10 years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the start of owner-occupation or of development with a view to sell.

Repairs and maintenance costs relating to investment properties are normally charged to statements of income in the period in which the costs are incurred.

An investment property is derecognized when it has either been disposed of or when it is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

<u>Other Properties Acquired</u>
Other properties acquired, included under "Other assets" account in the statements of financial position, include chattel mortgage properties foreclosed in settlement of loan receivables. The Bank applies the cost model of accounting for these assets. Under the cost model, these assets are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or three years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of other properties acquired.

The carrying values of the other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

An item of other properties acquired is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

<u>Intangible Assets</u>
Intangible assets consist of software costs and branch licenses. Intangible assets acquired separately, included under "Other assets" account in the statements of financial position, are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. Internally generated intangible assets are not capitalized but recognized in the statements of income in the period when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statements of income under the expense category consistent with the function of the intangible asset. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income in the period when the asset is derecognized.

Branch Licenses
Branch licenses are granted by the BSP and capitalized on the basis of the costs incurred to acquire and bring to use in operation. Branch licenses are determined to have indefinite useful lives and are tested for impairment annually.

Software Costs
Software costs include costs incurred relative to the purchase of the Bank's software and are amortized on a straight-line basis over 5 years. Software costs are carried at cost less accumulated amortization and any impairment in value.

Impairment of Investment in an Associate and Non-financial Assets

Investment in an Associate, Non-current Assets Held for Sale, Property and Equipment, Investment Properties, Other Properties Acquired and Intangible Assets under "Other Assets"
At each reporting date, the Bank assesses whether there is any indication of impairment on investment in an associate, non-current assets held for sale, property and equipment, investment properties, other properties acquired and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the net recoverable amount.

The net recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the net recoverable amount is assessed as part of the cash-generating unit to which it belongs. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit while fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties less any costs of disposal. Where the carrying amount of an asset (or cash-generating unit) exceeds its net recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged against operations in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that the previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the net recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's net recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its net recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statements of income.

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair Value Measurement

The Bank measures financial instruments, such as, financial assets and liabilities at FVPL, financial assets at FVOCI and net retirement liability which is measured at present value of the defined benefit obligation less fair value of plan assets, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

The majority of valuation models deploy only observable market data as inputs. This has not changed as a result of COVID-19, however the Bank has considered the impact of related economic and market disruptions on fair value measurement assumptions and the appropriateness of valuation inputs, notably valuation adjustments, as well as the impact of COVID-19 on the classification of exposures in the fair value hierarchy.

The Bank evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

For certain financial instruments, the Bank may use data that is not readily observable in current markets. If the Bank uses unobservable market data, then the Bank needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Bank derives unobservable inputs from other relevant market data and compares them to observed transaction prices where available.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a. Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

b. Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c. Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External appraisers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 6.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the income can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable.

Determining whether the Bank is acting as a Principal or an Agent
The Bank assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

- whether the Bank has primary responsibility for providing the services;
- whether the Bank has discretion in establishing prices; and
- whether the Bank has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.

The Bank has determined that it is acting as a principal in its revenue arrangements except for activities where the Bank acts in a fiduciary or custodian capacity such as nominee, trustee, or agent. The Bank recognizes income from fiduciary and custodianship activities under “Service charges, fees and commission” account in the statements of income.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues within the Scope of PFRS 15:
The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

Service Charges and Penalties
Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability. This arises from deposit-related processing transactions and charges from late payments on loans and drawing against insufficient funds of depositors.

Fees and Commissions

(i) *Fee Income Earned from Services that are Provided over a Certain Period of Time*
Fees earned for the provision of services over a period of time are accrued over that period. These include guarantee fees, credit related fees, investment fund fees, custodian fees, fiduciary fees, portfolio and other management fees. Commitment fees for facilities where a drawdown is not generally expected must be recognized over the facility period. If a drawdown was expected and the commitment expires without the Bank making the loan, the commitment fees are recognized as fee income on expiry of the scheduled drawdown.

(ii) *Fee Income Earned from Providing Transaction Services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as brokerage fees for the arrangement of the acquisition of shares or other securities are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance obligation are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statements of income when the syndication has been completed and the Bank retains no part of the loans for itself or retains a part of the loan at the same EIR as for the other participants.

Discounts Earned and Awards Revenue on Credit Cards
Discounts received are taken up as income upon receipt from member establishments of charges arising from credit availments by the Bank’s cardholders. These discounts are computed based on certain agreed rates and are deducted from the amounts remitted to the member establishments. These also include interchange income from transactions processed by Mastercard, a card network, and fees from cash advance transactions of cardholders.

The amount allocated to the loyalty programmes is deferred and recognized as revenue when the award credits expire or the likelihood of the customer redeeming the loyalty points becomes remote. Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated based on the estimated stand-alone selling prices. Income generated from customer loyalty programmes is recognized in 'Service charges, fees and commissions' in the statements of income.

Other Income
Income from the sale of services is recognized upon completion of the service. Income from sale of properties is recognized when control over properties transfers to the recipients, measured as the difference between the transaction price and the properties' carrying amounts and presented under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" in the statements of income.

Revenues Outside the Scope of PFRS 15

Interest Income
Interest income is recognized in the statements of income for all financial assets measured at amortized cost and debt securities at FVOCI as they accrue, using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all the contractual terms of the financial instruments including any fees or incremental costs that are directly attributable to the instrument and are integral part of the EIR, but not future credit losses. The EIR is established on initial recognition of the financial asset and liability and is not revised subsequently, except for repricing loans. The carrying amount of the financial asset or liability is adjusted if the Bank revises its estimates of payments or receipts. The change in carrying amount is recognized in statements of income as interest income or expense.

Interest on interest-bearing financial assets at FVPL is recognized based on the contractual rate.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a certain percentage of cost. The excess over cost is credited to 'Unearned discount' and is shown as a deduction from 'Loans and receivables' in the statements of financial position. The unearned discount is taken up to interest income over the installment term and is computed using the effective interest method.

Trading and Investment Securities Gains or Losses
Trading and investment securities gains or losses represent results arising from disposal of debt securities at FVOCI and trading activities (realized gains and losses) and from the changes in fair value of financial assets and liabilities at FVPL (unrealized gains or losses).

Dividends
Dividends are recognized when received or when the Bank's right to receive the dividends is established.

Rental Income
Payments received under operating lease arrangements are recognized in the statements of income on a straight-line basis over the term of the lease.

Recovery on Charged-off Assets
Income arising from collections on accounts or recoveries from impairment of items previously written off is recognized in the statement of income in the year of recovery.

Expense Recognition
Expense is recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen to the Bank and can be measured reliably.

Interest Expense
Interest expense for all interest-bearing financial liabilities is recognized in "Interest expense" in the statements of income using the EIR of the financial liabilities to which they relate.

Other Expenses
Other expenses include losses and expenses that arise in the ordinary course of business of the Bank and are recognized when incurred.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has presented legal or constructive obligation to pay this amount as a result of past service provided by the employer and the obligation can be estimated reliably.

Retirement Benefits
The Bank has a funded, noncontributory defined benefit plan administered by a trustee. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The retirement cost is generally funded through payments to a trustee-administered fund, determined by annual actuarial calculations.

The retirement benefits liability recognized in the statements of financial position in respect of the defined benefits retirement plan is the present value of the defined benefits obligation at the valuation date less the fair value of plan assets. The defined benefits obligation is calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rate on high quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement liability.

Remeasurements of the defined benefit liability, which include actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Bank determines the net interest expense (income) on the retirement benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the retirement benefit liability (asset), taking into account any changes in the retirement liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statements of income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statements of income. The Bank recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Equity

"Capital Stock" is recorded at par for all shares issued and outstanding.

"Paid-in Surplus" represents the proceeds in excess of par value. Incremental costs incurred which are directly attributable to the issuance of new shares are charged to "Paid-in surplus".

"Deficit" represents the accumulated losses of the Bank.

"Surplus reserves" represent the appropriation of retained earnings in relation to allowance for credit losses which are less than the 1.0% general provision prescribed by the BSP for regulatory purposes, 10.0% of the Bank's profit from trust business, and self-insurance of the Bank.

Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as Lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises, the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove any improvements made. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase, extension or termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in “Property and equipment” and lease liabilities in “Other liabilities” in the statements of financial position.

Short-term Leases and Leases of Low-value Assets
The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as a rent expense on a straight-line basis over the lease term.

Bank as a Lessor
At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank is a party to operating leases as a lessor. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rentals are recognized as income in the period in which they are earned.

Income Tax Expense

Current Tax

Current income tax is the expected tax payable on the taxable income for the year using the tax rates enacted at the reporting date. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred Tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. These reflect uncertainty related to income taxes, if there is any.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to current operations, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

Events After the Reporting Date
Post year-end events that provide additional information about the Bank's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

Amendments to Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Bank has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have significant impact on the Bank's financial statements.

Effective January 1, 2022

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.*

  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant Judgments
In the process of applying the Bank's accounting policies, management has made the following significant judgments, apart from those involving estimations, which may have the most significant effect on amounts recognized in the financial statements:

a. *Leases*

Bank as Lessee
The Bank leases properties, land and buildings for the premises it uses for its operations.

The Bank recognizes right-of-use assets and lease liabilities for most leases - on-balance sheet leases. However, the Bank has elected not to recognize right-of-use assets and lease liabilities for leases involving assets of low value. The same policy is likewise applied for short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant judgment was exercised by the Bank in determining the discount rate to be used in calculating the present value of right-of-use assets and lease liabilities. The discount rate is represented by the incremental borrowing rate which is Bloomberg Valuation (BVAL) rate and credit spread as determined by the Bank.

The carrying amounts of right-of-use assets and lease liabilities are disclosed in Notes 14 and 21, respectively.

Bank as Lessor
The Bank has entered into commercial property lease agreements for its property and equipment, and investment properties. The Bank has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating lease agreements.

In determining whether or not a lease should be treated as an operating lease, the retention of ownership title to the leased property, period of lease contract relative to the estimated economic useful life of the leased property and bearer of executory costs, among others, are considered.

b. *Business Model Assessment*

The Bank manages its financial assets based on the business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investing and trading activities consistent with its risk appetite.

The Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e. group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e. not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Bank. The level of aggregation at which the business model is applied is based on the specific activities being undertaken by each business unit of the Bank to achieve its stated objectives and other relevant factors such as risks affecting the business model, key performance indicators in evaluating the business model, and how managers of the business are compensated.

The Bank assesses the performance of each business model by considering the activities undertaken by the business models, placing the appropriate key performance indicators and monitoring the frequency of sales activities. PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers facts and circumstances present to assess whether an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a hold-to-collect business model and whether the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.

In September and October 2020, the Bank sold government securities classified as Investment securities at amortized cost and was assessed as consistent with the hold-to-collect business model since the sale was not more than infrequent (see Note 10). The sale was deemed to be not more than infrequent since it was approved only once during the year and transpired within the approved time period.

c. *Testing the Cash Flow Characteristics of Financial Assets*

In determining the classification of financial assets under PFRS 9, the Bank assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e. cash flows that are non-SPPI, does not meet the amortized cost and FVOCI criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

d. *Functional Currency*

PAS 21 requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- the currency that mainly influences sales prices for financial instruments and services;
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstance relevant to the Bank, the functional currency of the Bank's RBU book of accounts and FCDU book of accounts have been determined to be PHP and USD, respectively.

PHP and USD are the currencies of the primary economic environment in which the Bank operates. These are the currencies that mainly influence the income and costs arising from the Bank operations.

e. *Provisions and Contingencies*

The Bank, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgment is exercised by management to distinguish between provisions and contingencies (see Note 36).

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(i) *Expected Credit Losses on Financial Assets, Loan Commitments and Financial Guarantees*

The Bank reviews its financial assets at amortized cost and debt securities at FVOCI, loan commitments and financial guarantees to assess the amount of credit losses to be recognized in the statements of financial position at least on an annual basis or more frequently, as deemed necessary. The measurement of ECL under PFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a SICR. These estimates are driven by a number of factors, changes to which can result in different levels of allowances.

Considering the COVID-19 pandemic that started in 2020, the Bank needed to apply certain adjustments on the estimation of parameters and assumptions in order to account for the impact of this unforeseen event. The general methodology for the ECL calculation remains the same. However, the projection of the forward looking components was updated. The Bank used the most recent supportable and available information to establish the probable effects of the pandemic to the performance of the Bank's exposures. Furthermore, the scenario weights were also adjusted giving a bigger probability to the pessimistic scenario to account for the uncertainties brought by the pandemic. The Bank also identified accounts that are vulnerable to the impact of COVID-19 and these were subjected to individual impairment assessment. These accounts are closely monitored paying more attention to their actual performance during the year.

Refer to Notes 3 and 5 for the detailed discussions of the inputs, assumptions and estimation uncertainty used in measuring ECL under PFRS 9. The related allowance for credit losses subject to ECL are disclosed in Note 17.

(ii) Fair Value of Financial Instruments

Where the fair values of financial assets and liabilities (including derivatives) recognized in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(iii) Impairment of Investment in an Associate and Non-Financial Assets

Investment in an Associate, Non-current Assets Held for Sale, Property and Equipment, Investment Properties, Other Properties Acquired, and Intangible Assets under "Other Assets"

The Bank assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

a) significant underperformance relative to expected historical or projected future operating results;

b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and

c) significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its net recoverable amount. Net recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The carrying values of non-current assets held for sale, investment in an associate, property and equipment, investment properties, other properties acquired and intangible assets under "Other Assets" are disclosed in Notes 12, 13, 14, 15 and 16, respectively.

(iv) Estimated Useful Lives of Property and Equipment, Investment Properties, Other Properties Acquired and Software Costs

The useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from property and equipment and computer software.

The estimated useful lives of property and equipment, investment properties, other properties acquired and software costs are disclosed in Note 3.

(v) Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable income will be available against which the related tax benefits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the forecasted timing and amount of future taxable income together with future tax planning strategies.

The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized and the unrecognized deferred tax assets are disclosed in Note 31.

(vi) Present Value of Retirement Benefit Obligation

The cost of retirement benefits and other post-employment benefits are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the prevailing market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. The present value of the Bank's retirement obligation and the fair value of plan assets are disclosed in Note 28.

(vii) Contingencies

The Bank is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed by management, in consultation with the legal counsels handling the Bank's legal defense in these matters, and is based upon an analysis of potential results. Management currently does not believe that these proceedings will have a material adverse effect on the Bank's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 36).

5. Financial Risk Management Objectives and Policies

Introduction

The business of banking involves financial risks which must be measured, monitored and managed by an effective risk management system embedded throughout the whole organization. Effective risk management ensures that financial risks are properly identified, assessed, measured and managed. The diligent monitoring and management of all financial risks, notably credit, interest rate risk in the banking book (IRRBB), market and liquidity risk require the development of a risk-conscious culture that will influence daily business activities and decision-making.

The Bank believes that effective risk management will not only minimize potential or actual losses but will also optimize earnings by correctly pricing its products and services commensurate to the risks taken. Its risk mission and objectives are to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities.

Risk Management Structure

The BOD is ultimately responsible for identifying and controlling risks. However, there are separate independent units at the BOD and management levels, which are responsible for managing and monitoring financial risk.

Board of Directors

The BOD is primarily responsible for the sound governance of the Bank, promotion of the highest standards of ethics and integrity. It approves and oversees the implementation of the Bank's strategic objectives and establishes and maintains sound risk management system for the whole institution. The BOD approves and reviews the institutional tolerance for risks, business strategies and risk philosophy.

Corporate Governance Committee
The Corporate Governance Committee is tasked to assist the BOD in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of the Bank's Compliance System. It is responsible for ensuring due observance of corporate governance principles and guidelines across the Bank.

Related Party Transactions Committee (RPTCom)
The RPTCom assists the BOD in fulfilling its responsibility of ensuring that transactions with related parties are arm's length. It covers proper identification of related parties, recording and vetting of transactions with them including disclosures in financial reports, which must be consistent with relevant legal and regulatory requirements, and Bank policies.

Audit Committee
The Audit Committee represents and assists the BOD in its general oversight of the Bank's financial reporting policies, practices and control and internal and external audit functions. It oversees the relationship with the independent external auditors, receives information and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors, taking into account the information it receives, discussions with the auditors, and the experience of the Committee's members in business, financial and accounting matters.

Board Risk Oversight Committee (BROC)
The BROC, a sub-committee of the BOD, oversees the Bank's risk management system. It has the power to approve procedures for implementing risk and capital management policies. The BROC shall assist the BOD with its oversight function to identify and evaluate risk exposures, develop risk management strategies, implement and periodically review the risk management framework and promote a risk management culture in the Bank.

Risk Management Division (RSK)
The RSK is responsible for the creation and oversight of the Bank's corporate risk policy. It is responsible for making recommendations to the BOD on corporate policies and guidelines for risk measurement, management and reporting. It also reviews the system of risk limits, compliance to said limits and validates the reports of the risk-taking personnel. The RSK reports to the BROC.

Asset Liability Management Committee (ALCO)
The ALCO is responsible for setting, developing and implementing the Bank's Asset Liability Management (ALM) and hedging policy. It also reviews the allocation of resources, pricing of products and foreign exchange position of the Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee (ICAAPcom)
The ICAAPcom is responsible for overseeing the Bank's ICAAP to ensure that mandated minimum capital requirements are met and that capital levels are sufficient to cover the Bank's risk exposures driven by its strategic plans.

Credit and Collections Committee (Crecom)
The Crecom plays a critical role in the credit approval process. It has the power to approve credit proposals of any sort, e.g. establishment, renewal, extension, increase/decrease, restructuring or settlement of a credit line or term loan (whether short or long) within its authority and to endorse those credit proposals which are beyond its authority to the Executive Committee (Excom) and/or the BOD. It has likewise the responsibility to ensure that credit accommodations to related parties falling below the materiality thresholds are granted on arms' length basis and are compliant with the set regulations. On top of these, the Crecom studies and deliberates proposals intended to adopt new credit policies or to amend existing ones or to offer new loan products or programs, prior to endorsement to the Senior Executive Team and Excom for approval.

Internal Audit Division
Internal Audit Division is an independent unit of the Bank that conducts objective assurance and consulting activities designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to examine, evaluate and improve the effectiveness of risk management, internal control and governance processes of the Bank. The Internal Audit Division reports to the Audit Committee.

Legal Services Division
The primary functions of the Bank's Legal Services Division are composed of rendering legal advice and document review to ensure that relevant laws are disseminated and complied with, the Bank's interest is duly protected, and identified risks are either eliminated or minimized and imparted to responsible units of the Bank. The Division also handles cases filed for and against the Bank.

Compliance Division
The Compliance Division is responsible for coordinating, monitoring and facilitating the Bank's compliance with regulatory requirements. It is responsible for implementing the Bank's Compliance Program and the Money Laundering and Terrorist Financing Prevention Program (MTPP).

<u>Risk Measurement and Reporting Systems</u>
The Bank's capital adequacy is determined by measuring credit, market and operational risk exposures using standardized or basic approaches as suggested by BSP. Risk exposures are measured both individually and in aggregate amounts.

Risk measurements are done by respective risk-taking personnel and groups but are independently validated, analyzed and reported by the RSK.

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

Quality of credit risks are measured via risk classifications of accounts using ICRRS together with BSP risk classification of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowance for losses including changes thereon, when necessary. All risk information is processed, analyzed and consolidated for proper reporting to the BOD through the BROC and Audit Committee, as well as the Senior Executive Team and various management committees of the Bank.

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

Risk Mitigation

To mitigate market risk exposures, other financial instruments are used to manage exposures resulting from changes in foreign currency and interest rate risk. The Bank also observes limits on positions, losses, and market sensitivities to contain these risk exposures.

The Bank maintains a capital adequacy ratio (CAR) of ten percent (10.0%) or better at all times, for regulatory compliance purposes.

Risk Concentration

The Bank manages loan concentration by controlling its mix of counterparties or borrowers in accordance with conditions permitted by regulators. Borrowers that are considered large in size are regularly monitored and reported to the BROC. Also, the limits for exposure on specific economic activity groups are in place allowing the Bank to maintain a strategic breakdown of credit risk of the different segments. Having these controls in place allows the Bank to proactively monitor exposure status and act upon limit breaches whenever necessary.

Credit Risk

The Bank considers credit risk as the possibility of loss arising from the counterparty's or customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted.

The Bank has in place a credit policy manual that defines all practices, policies and procedures regarding loan activities from identification of target markets, credit initiation, documentation and disbursement, loan administration, remedial management, and loan unit organization and staffing. Also, it has in place credit approval authorities and respective limits duly approved by the BOD.

The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated by the circulars issued by BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures.

There has been no material change on the Bank's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

Derivative Financial Instruments
The Bank enters into currency forward contracts to manage its foreign exchange risks. Currency forwards are contractual agreements to buy or sell a specified currency at a specific price and date in the future. These derivatives are accounted for as non-hedges, with the fair value changes being reported in the statements of income for the period under "Foreign exchange gains - net" account. Credit risk, in respect of derivative financial instruments, is limited to those with positive fair values, which are reported as "Financial assets at FVPL" in the statements of financial position.

Credit-related Commitment Risks
The Bank makes available to its customers guarantees which may require the Bank to make payments on their behalf. Such payments are collected from customers based on the terms of the letters of credit. They expose the Bank to risks similar to loans and these are mitigated by the same control processes and policies.

Credit Risk Exposures
The table below shows the Bank's maximum exposure on receivables from customers and sales contract receivables, net of unearned interest income and allowance for credit losses, before and after collateral to credit risk as at December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Maximum Exposure		Maximum Exposure	
	Before Collateral	**After Financial Effect of Collateral or Credit Enhancement**	Before Collateral	After Financial Effect of Collateral or Credit Enhancement
Receivables from customers:				
Term loans	**P55,358,855,966**	**P49,192,891,513**	P55,754,995,589	P53,995,648,310
Housing loans	**7,924,342,343**	**3,638,959,697**	8,234,227,024	4,916,701,057
Auto loans	**3,873,064,570**	**529,309,808**	4,499,246,660	1,296,506,132
Bills purchased, import bills and trust receipts	**634,184,181**	**634,184,181**	792,632,820	792,632,820
Direct advances	**428,696,320**	**29,894,682**	764,345,531	40,119,324
Agri-agra loans	**293,758,988**	**256,413,315**	313,615,889	295,694,374
Others	**1,502,363,886**	**1,490,088,834**	1,794,126,857	1,772,382,043
	70,015,266,254	**55,771,742,030**	72,153,190,370	63,109,684,060
Sales contract receivables	**398,422,865**	**53,712,557**	469,821,167	53,712,557
	P70,413,689,119	**P55,825,454,587**	P72,623,011,537	P63,163,396,617

For the other financial assets, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2020 and 2019.

As at December 31, 2020 and 2019, fair value of collateral held for loans and receivables amounted to P79.0 billion and P39.4 billion, respectively.

The table below shows the Bank's maximum exposures, net of unearned interest income, relating to financial assets carried under Stage 3 as at December 31, 2020 and 2019:

	December 31, 2020			
	Maximum Exposure			
	Before Collateral	**Financial Effect of Collateral or Credit Enhancement**	**After Financial Effect of Collateral or Credit Enhancement**	**Expected Credit Loss**
Receivables from customers:				
Term loans	**P601,684,734**	**P138,889,579**	**P462,795,155**	**P593,710,939**
Housing loans	**754,847,638**	**478,482,475**	**276,365,163**	**305,219,778**
Auto loans	**494,798,184**	**470,238,412**	**24,559,772**	**252,159,442**
Bills purchased, import bills and trust receipts	**73,709,827**	**-**	**73,709,827**	**73,709,827**
Direct advances	**163,188,320**	**-**	**163,188,320**	**163,188,320**
Agri-agra loans	**17,663,370**	**14,362,060**	**3,301,310**	**17,663,370**
Others	**590,785,517**	**599,155**	**590,186,362**	**559,082,099**
	2,696,677,590	**1,102,571,681**	**1,594,105,909**	**1,964,733,775**
Sales contract receivables	**153,595,022**	**99,882,465**	**53,712,557**	**54,708,682**
	P2,850,272,612	**P1,202,454,146**	**P1,647,818,466**	**P2,019,442,457**

	December 31, 2019			
	Maximum Exposure			
	Before Collateral	Financial Effect of Collateral or Credit Enhancement	After Financial Effect of Collateral or Credit Enhancement	Expected Credit Loss
Receivables from customers:				
Term loans	P598,517,342	P108,275,966	P490,241,376	P587,503,224
Housing loans	249,628,092	151,724,004	97,904,088	88,277,621
Auto loans	199,333,248	179,790,793	19,542,455	94,418,236
Bills purchased, import bills and trust receipts	76,156,390	3,828,006	72,328,384	76,156,390
Direct advances	163,188,326	1,128,360	162,059,966	163,188,326
Agri-agra loans	17,663,370	14,362,060	3,301,310	17,663,370
Others	322,575,202	210,713	322,364,489	318,068,757
	1,627,061,970	459,319,902	1,167,742,068	1,345,275,924
Sales contract receivables	120,071,482	66,358,925	53,712,557	54,373,446
	P1,747,133,452	P525,678,827	P1,221,454,625	P1,399,649,370

For the other financial assets carried under Stage 3, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2020 and 2019.

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. Guidelines are implemented regarding the acceptability of types of collateral valuation and parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions: cash or securities;
- For commercial lending: mortgages over real properties, inventory and trade receivables and chattel mortgages; and
- For retail lending: mortgages over real properties and financed vehicles.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement, in the event that the value of the collateral depreciates due to various factors affecting the collateral.

It is the Bank's policy to dispose repossessed properties in the most expeditious manner possible. Sale is facilitated by offering incentives to the Bank's accredited brokers and/or formulating programs to attract buyers like offering fixed interest rates for an extended period of time and reduced rates for downpayment as compared to prevailing market rates, among others.

Credit Quality Per Class of Financial Assets
The credit quality of financial assets is assessed and managed by the Bank using both external and internal credit ratings. The Bank's Internal Credit Risk Rating System (ICRRS) is an established tool used to evaluate the Credit Risk associated with each borrower. The ICRRS assigns a score to each account based on a combination of quantitative and qualitative factors. The scores assigned to each obligor is equivalent to the risk associated to each individual. The scoring model is reviewed and validated by external parties regularly to ensure that the model is risk ranking properly. The risk rating is used as one of the measures of the Bank's risk appetite and as a factor in impairment calculation.

Based on the evaluation of the facility risk factor (FRF), the borrower risk rating (BRR) can be upgraded or downgraded to come up with the final credit risk rating (CRR). Such CRR is eventually used in the determination of the ECL.

BRR Disclosure
In compliance with BSP, the Bank implemented in 2007 a credit risk classification that is compliant with global rating standards. The BRR is the evaluation of the credit worthiness of an existing or prospective borrower. The account is evaluated independent of any influence from any transactional factors. The BRR measures the borrower's credit quality by looking into three major aspects, namely, financial condition, industry analysis and management quality. Each section is given the following point allocation:

Section	Maximum Points	Section Rating
Financial Condition	240	40%
Industry Analysis	210	30%
Management Quality	150	30%
TOTAL	**600**	**100%**

There are several rating factors per section which can earn points depending on the four (4) quality judgment levels as follows:

Good	- 30 points
Satisfactory	- 20 points
Still Acceptable	- 10 points
Poor	- 0 point

If there is no available information for a specific factor, a rating of "Poor" will be given.

The BRR is used to determine the credit quality of the Bank's corporate accounts. Loan accounts are classified according to a 1 -10 rating scale based on BRR results, as follows:

	Final Score	Equivalent Risk Rating	Calculated BRR
High Grade	>177	Excellent	1
	150 - 176	Strong	2
	123 - 149	Good	3
Standard Grade	96 - 122	Satisfactory	4
	68 - 95	Acceptable	5
	<68	Watchlist	6
Substandard Grade		Special Mention	7
Impaired		Substandard	8
		Doubtful	9
		Loss	10

High Grade or accounts with BRR of 1-3 are loans where the risk of the Bank are good to excellent in terms of risk quality and where the likelihood of the non-payment of obligation is less likely to happen.

Standard Grade or accounts with BRR of 4-6 are loans where the risk of the Bank ranges from satisfactory to acceptable with some form of weakness and where repayment capacity needs to be watched.

Substandard Grade or accounts with BRR of 7 are loans observed to have potential weaknesses and require a closer observation than the accounts under the Standard rating since if weaknesses are uncorrected, repayment of the loan may be affected increasing the credit risk to the Bank.

Past due but not impaired are those accounts for which contractual principal and interest payments were past due but that the Bank still believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank.

Impaired accounts are loans classified by the Bank as Substandard, Doubtful and Loss where there are experiences of past due accounts and there are well-defined weaknesses where collection or liquidation of obligation may be or is already jeopardized.

Unrated accounts include consumer loans portfolio, credit card receivables, benefit loans, accounts receivables, sales contract receivables and returned checks and other cash items (RCOCI). The Bank is currently building a separate credit rating system for these accounts to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment.

The BRR can be subject to an upgrade/downgrade on the basis of the following:

Group Affiliation:

(a) When a borrower belongs to a group of companies, it can be upgraded up to the rating of the parent company provided that the parent company has a BRR of 4 or better.

(b) However, if the BRR of the subsidiary is better than the parent, a downgrade can be considered especially if the parent has a BRR of 5 or worse.

(c) If the parent has a BRR of 5 or lower and the subsidiary was also rated 5 or worse, it can retain its own rating.

(d) If there are criteria such as the medium and long-term outlook, special risks that can grievously affect the company and outweigh the other criteria, a possible downgrade can be considered.

(e) Companies with rapid expansion without a strong driving force or only on account of a single customer are also potential for downgrading.

FRF:

(a) The FRF is an adjustment in the BRR that considers the transactional influence. It takes into account the quality of each facility. It is important to note that a Borrower can have only 1 BRR but several FRF for its multiple facilities. FRF evaluates the different security arrangements; the quantity and the quality of the collateral cover for each facility.

(b) Collaterals are assessed at the net realizable value in a liquidation scenario. In evaluating the worthiness of the collateral, the quality of the documentation and the possible subordination of the Bank's claim should also be considered.

The adjustment on the BRR based on the FRF will be based on the following:

Upgrade	The facility is cash collateralized or covered by marketable securities
	Full collateralization of other assets
	3rd party guarantees in accordance with the BRR of the guarantor An upgrade should be set to the BRR of the guarantor
Downgrade	Borrower is a potential candidate for a downgrade if the facility is clean or a major part of the facilities are pledged to other creditors

The following table shows the credit quality of loans and receivables, excluding unquoted debt securities (gross of allowance for credit losses and net of unearned interest income) as at December 31, 2020 and 2019 (amounts in thousands).

	December 31, 2020										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Neither past due nor impaired:											
High grade	P10,722,487	P -	P -	P343,391	P396,810	P -	P -	P11,462,688	P -	P188,908	P11,651,596
Standard grade	44,580,817	-	6,515	298,194	2,371	278,823	-	45,166,720	-	242,354	45,409,074
Substandard grade	-	-	-	-	-	-	-	-	-	-	-
Unrated	-	6,900,837	2,912,243	-	-	-	1,416,982	11,230,062	287,217	739,428	12,256,707
	55,303,304	6,900,837	2,918,758	641,585	399,181	278,823	1,416,982	67,859,470	287,217	1,170,690	69,317,377
Stage 2											
Neither past due nor impaired:											
Standard grade	498,894	-	502	-	-	-	-	499,396	-	1,517	500,913
Substandard grade	227,928	-	-	-	-	-	-	227,928	-	1,357	229,285
Past due but not impaired	-	861,790	819,172	-	-	-	79,137	1,760,099	15,345	75,679	1,851,123
Impaired	-	-	-	-	36,954	17,785	-	54,739	-	12	54,751
	726,822	861,790	819,674	-	36,954	17,785	79,137	2,542,162	15,345	78,565	2,636,072
Stage 3											
Impaired	601,685	754,848	494,798	73,710	163,188	17,663	590,786	2,696,678	153,595	765,107	3,615,380
	601,685	754,848	494,798	73,710	163,188	17,663	590,786	2,696,678	153,595	765,107	3,615,380
	P56,631,811	P8,517,475	P4,233,230	P715,295	P599,323	P314,271	P2,086,905	P73,098,310	P456,157	P2,014,362	P75,568,829

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

	December 31, 2019										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Neither past due nor impaired:											
High grade	P24,617,817	P -	P429	P686,974	P722,542	P -	P -	P26,027,762	P -	P393,711	P26,421,473
Standard grade	31,390,032	3,147	23,624	113,280	42,825	294,531	-	31,867,439	-	205,736	32,073,175
Substandard grade	-	-	-	209	-	-	-	209	-	-	209
Unrated	110,000	7,990,517	4,288,683	-	-	-	1,803,761	14,192,961	398,621	530,527	15,122,109
	56,117,849	7,993,664	4,312,736	800,463	765,367	294,531	1,803,761	72,088,371	398,621	1,129,974	73,616,966
Stage 2											
Neither past due nor impaired:											
Standard grade	61,000	-	-	-	-	-	-	61,000	-	858	61,858
Substandard grade	5,885	-	-	-	-	-	-	5,885	-	35	5,920
Past due but not impaired	7,116	251,179	180,776	-	-	-	10,283	449,354	9,585	25,099	484,038
Impaired	234,468	-	-	-	-	22,338	-	256,806	-	672	257,478
	308,469	251,179	180,776	-	-	22,338	10,283	773,045	9,585	26,664	809,294
Stage 3											
Impaired	598,518	249,628	199,333	76,156	163,188	17,664	322,575	1,627,062	120,071	751,564	2,498,697
	598,518	249,628	199,333	76,156	163,188	17,664	322,575	1,627,062	120,071	751,564	2,498,697
	P57,024,836	P8,494,471	P4,692,845	P876,619	P928,555	P334,533	P2,136,619	P74,488,478	P528,277	P1,908,202	P76,924,957

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

The following table shows the credit quality of loan commitment and financial guarantee contracts as at December 31, 2020 and 2019 (amounts in thousands).

	December 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loan Commitment and Financial Guarantees				
Neither past due nor impaired:				
High grade	**P2,948,400**	**P -**	**P -**	**P2,948,400**
Standard grade	**2,574,078**	**-**	**-**	**2,574,078**
Unrated	**3,729,527**	**-**	**-**	**3,729,527**
Past due but not impaired	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**
	P9,252,005	**P -**	**P -**	**P9,252,005**

	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Loan Commitment and Financial Guarantees				
Neither past due nor impaired:				
High grade	P1,112,886	P -	P -	P1,112,886
Standard grade	4,078,152	-	-	4,078,152
Unrated	4,325,886	-	-	4,325,886
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
	P9,516,924	P -	P -	P9,516,924

Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The Bank performs a sensitivity analysis on the ECL recognized on material classes of its assets.

The table below shows the loss allowance on receivables from customers assuming the optimistic and pessimistic scenarios were weighted 100.0% instead of applying scenario probability weights. For ease of comparison, the table provides loss allowance amounts for the current and previous year using the same sensitivity analysis (amounts in thousands).

	December 31, 2020			
		ECL Allowance		
	Gross Exposure	**Optimistic**	**Pessimistic**	**Probability-weighted**
Term Loans	**P56,631,811**	**P1,271,405**	**P1,273,622**	**P1,272,955**
Housing Loans	**8,517,475**	**562,947**	**606,325**	**593,133**
Auto Loans	**4,233,230**	**358,715**	**360,809**	**360,166**
Bills Purchased, Import Bills and Trust Receipts	**715,295**	**81,111**	**81,111**	**81,111**
Direct Advances	**599,323**	**170,626**	**170,627**	**170,627**
Agri-Agra Loans	**314,271**	**20,509**	**20,514**	**20,512**
Others*	**2,086,905**	**584,517**	**584,596**	**584,540**
	P73,098,310	**P3,049,830**	**P3,097,604**	**P3,083,044**

**Comprised of benefit loans, salary loans and credit cards.*

	December 31, 2019			
		ECL Allowance		
	Gross Exposure	Optimistic	Pessimistic	Probability-weighted
Term Loans	P57,024,836	P1,269,910	P1,269,667	P1,269,840
Housing Loans	8,494,471	259,799	266,374	260,244
Auto Loans	4,692,845	193,730	198,189	193,599
Bills Purchased, Import Bills and Trust Receipts	876,619	83,986	83,986	83,986
Direct Advances	928,556	163,918	163,935	164,210
Agri-Agra Loans	334,532	20,943	20,943	20,917
Others*	2,136,619	342,499	343,599	342,492
	P74,488,478	P2,334,785	P2,346,693	P2,335,288

**Comprised of benefit loans, salary loans and credit cards.*

Loans with Renegotiated Terms

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Bank renegotiates receivable from customers in financial difficulties to maximize collection opportunities and minimize the risk of default. The carrying amounts per class of loans and receivables whose terms have been renegotiated are as follows:

	2020	2019
Term loans	**P254,866,548**	P472,254,731
Agri-Agra loans	**35,447,897**	40,001,419
Housing loans	**14,109,526**	15,526,118
Others	**-**	182,889
	P304,423,971	P527,965,157

For financial assets such as amounts due from BSP and other banks, interbank loans receivable and SPURA, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost, and unquoted debt securities classified as loans, the credit quality is assessed using external credit rating (such as Standard & Poor's, Fitch, Moody's, etc.) of the respective counterparties considering relevant BSP mandates, as follows:

	December 31, 2020		
	AA - A	**BBB and Below or Unrated**	**Total**
Loans and advances to banks: **			
Due from BSP	**P39,552,550,316**	**P -**	**P39,552,550,316**
Due from other banks	**585,644,975**	**437,748,745**	**1,023,393,720**
Interbank loans receivable and SPURA	**22,058,805,871**	**-**	**22,058,805,871**
	62,197,001,162	**437,748,745**	**62,634,749,907**
Financial assets at FVPL:			
Government securities held-for-trading	**-**	**639,004,121**	**639,004,121**
Private debt securities	**602,403,847**	**-**	**602,403,847**
Derivative assets*	**-**	**24,011,500**	**24,011,500**
	602,403,847	**663,015,621**	**1,265,419,468**
Financial assets at FVOCI:			
Government securities**	**8,403,032,875**	**6,545,064,097**	**14,948,096,972**
Private debt securities**	**314,963,700**	**-**	**314,963,700**
Equity securities	**-**	**161,187,337**	**161,187,337**
	8,717,996,575	**6,706,251,434**	**15,424,248,009**
Investment securities at amortized cost:			
Government securities**	**-**	**5,934,456,406**	**5,934,456,406**
Private debt securities**	**2,740,704,556**	**472,348,002**	**3,213,052,558**
	2,740,704,556	**6,406,804,408**	**9,147,508,964**
Loans and receivables - gross:			
Unquoted debt securities***	**-**	**291,578,198**	**291,578,198**
	P74,258,106,140	**P14,505,398,406**	**P88,763,504,546**

**Unrated derivatives pertain to warrants*
***Accounts are neither past due nor impaired and carried at Stage 1 in 2020*
****Accounts are impaired and carried at Stage 3 in 2020*

	December 31, 2019		
	AA - A	BBB and Below or Unrated	Total
Loans and advances to banks: **			
Due from BSP	P21,958,460,423	P -	P21,958,460,423
Due from other banks	223,134,411	447,434,045	670,568,456
Interbank loans receivable and SPURA	13,431,092,701	-	13,431,092,701
	35,612,687,535	447,434,045	36,060,121,580
Financial assets at FVPL:			
Private debt securities	770,870,690	-	770,870,690
Government securities held-for-trading	-	257,571,686	257,571,686
Derivative assets*	-	25,317,500	25,317,500
	770,870,690	282,889,186	1,053,759,876
Financial assets at FVOCI:			
Government securities**	-	916,898,827	916,898,827
Private debt securities**	311,358,600	-	311,358,600
Equity securities	-	161,599,718	161,599,718
	311,358,600	1,078,498,545	1,389,857,145
Investment securities at amortized cost:			
Government securities**	616,299,614	18,336,574,659	18,952,874,273
Private debt securities**	3,093,115,884	504,807,305	3,597,923,189
	3,709,415,498	18,841,381,964	22,550,797,462
Loans and receivables - gross:			
Unquoted debt securities***	-	291,578,203	291,578,203
	P40,404,332,323	P20,941,781,943	P61,346,114,266

**Unrated derivatives pertain to warrants*
***Accounts are neither past due nor impaired and carried at Stage 1 in 2019*
****Accounts are impaired and carried at Stage 3 in 2019*

Aging Analysis of Past Due but not Impaired

The table below shows the aging of past due but not impaired loans and receivables as at December 31, 2020 and 2019.

	December 31, 2020			
	1-30 Days	**31-60 Days**	**61-90 Days**	**Total**
Receivable from customers (gross):				
Housing loans	**P -**	**P673,551,296**	**P188,239,086**	**P861,790,382**
Auto loans	**-**	**612,973,894**	**206,198,449**	**819,172,343**
Term loans	**-**	**-**	**-**	**-**
Others	**-**	**69,893,369**	**9,243,545**	**79,136,914**
Sales contract receivables	**12,461,595**	**2,883,599**	**-**	**15,345,194**
Other receivables*	**352,305**	**50,320,326**	**25,006,068**	**75,678,699**
	P12,813,900	**P1,409,622,484**	**P428,687,148**	**P1,851,123,532**

** Comprised of accrued interest receivables, accounts receivables, and RCOCI*

	December 31, 2019			
	1-30 Days	31-60 Days	61-90 Days	Total
Receivable from customers (gross):				
Housing loans	P -	P155,665,265	P95,513,900	P251,179,165
Auto loans	-	137,250,489	43,525,160	180,775,649
Term loans	-	7,115,797	-	7,115,797
Others	-	7,152,318	3,130,651	10,282,969
Sales contract receivables	4,280,916	4,008,139	1,295,918	9,584,973
Other receivables*	46,341	18,218,691	6,833,847	25,098,879
	P4,327,257	P329,410,699	P150,299,476	P484,037,432

** Comprised of accrued interest receivables, accounts receivables, and RCOCI*

Impairment Assessment

The Bank recognizes credit losses on financial assets at amortized cost and debt securities at FVOCI based on whether it has had a significant increase in credit risk since initial recognition. ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Liquidity Risk and Funding Management

Liquidity risk is the risk to the Bank's earnings and capital arising from its inability to meet funding requirements in a timely manner. To measure and monitor this risk, the Bank generates a report on future cash flows and liquidity on a daily basis. To ensure sufficient liquidity, the Bank has a set of internal limits incorporated in its annual budget that allocates a portion of its liabilities into cash, investment securities and other liquid assets. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product or counterparty.

The Bank has available credit lines from various counterparties that it can utilize to meet sudden liquidity demands. It also maintains a portfolio of high quality liquid assets (HQLA) that can be converted to cash in a short period of time and with minimal loss incurred. This ensures compliance with Liquidity Coverage Ratio (LCR) as required by Basel III regulations. LCR checks if there is sufficient HQLA to offset short-term net outflows or short-term obligations under stressed conditions. The Bank also expands its sources of stable funds in order to support asset growth and meet the Net Stable Funding Ratio (NSFR) regulatory limit. NSFR ensures that the Bank is not overly reliant on short-term funding in funding its long-term assets. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating both to the market in general and to events specific to the Bank. A contingency funding plan, which covers quantitative and procedural measures, is in place and may be applied under different stress scenarios.

The Bank also manages its liquidity position through the monitoring of a Maximum Cumulative Outflow against a Board-approved limit. This process measures and estimates projected funding requirements that the Bank will need at specific time horizons.

There has been no material change to the Bank's exposure to liquidity and funding management risk or the manner in which it manages and measures the risk since prior financial year.

Analysis of Financial Liabilities by Remaining Contractual Maturities

The table below summarizes the maturity profile of the Bank's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted repayment obligations (amounts in thousands).

	December 31, 2020					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
Deposit liabilities:						
Demand	**P39,659,286**	**P -**	**P -**	**P -**	**P -**	**P39,659,286**
Savings	**33,274,332**	**48,919,548**	**1,577,378**	**-**	**-**	**83,771,258**
Time	**143,148**	**17,511,243**	**1,582,798**	**1,593,462**	**-**	**20,830,651**
Long-term negotiable certificates	**-**	**55,952**	**170,372**	**5,869,962**	**-**	**6,096,286**
Bills payable	**-**	**-**	**19**	**-**	**-**	**19**
Manager's checks	**-**	**870,080**	**-**	**-**	**-**	**870,080**
Accrued interest and other expenses*	**-**	**469,849**	**-**	**-**	**-**	**469,849**
Lease liabilities	**-**	**37,748**	**182,289**	**486,398**	**61,072**	**767,507**
Other liabilities**	**-**	**640,566**	**1,209,081**	**-**	**279,766**	**2,129,413**
Total Undiscounted Financial Liabilities	**P73,076,766**	**P68,504,986**	**P4,721,937**	**P7,949,822**	**P340,838**	**P154,594,349**

**amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures*

	December 31, 2019					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Deposit liabilities:						
Demand	P34,158,478	P -	P -	P -	P -	P34,158,478
Savings	24,322,480	46,041,532	1,752,385	77	-	72,116,474
Time	19,280	13,207,699	2,686,001	2,031,851	-	17,944,831
Bills payable	-	1	9	107	-	117
Manager's checks	-	923,460	-	-	-	923,460
Accrued interest and other expenses*	-	486,213	-	-	-	486,213
Lease liabilities	-	36,726	169,622	486,685	53,195	746,228
Other liabilities**	-	-	1,980,728	-	277,516	2,258,244
Total Undiscounted Financial Liabilities	P58,500,238	P60,695,631	P6,588,745	P2,518,720	P330,711	P128,634,045

** amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures*

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments (amounts in thousands):

	December 31, 2020				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Commitments	**P3,708,362**	**P282,538**	**P516,618**	**P3,578,850**	**P8,086,368**
Contingent liabilities	**35,670,094**	**702,357**	**1,163,616**	**3,385,057**	**40,921,124**
	P39,378,456	**P984,895**	**P1,680,234**	**P6,963,907**	**P49,007,492**

	December 31, 2019				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Commitments	P4,114,539	P571,289	P3,134,707	P1,350	P7,821,885
Contingent liabilities	38,545,085	770,807	1,682,639	1,784,414	42,782,945
	P42,659,624	P1,342,096	P4,817,346	P1,785,764	P50,604,830

Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also provided by holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate the units that generate funding (e.g., branch deposits). These businesses are able to evaluate profitability and returns upon deal origination given that FTP insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, carries the IRRBB since it is the sole borrower of funds from the deposit taking units and the sole lender of funds to the lending units. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank is not and does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages the interest rate mismatch by growing its sources of stable funds to offset long-term assets.

The FTP policy is properly documented and is transparent to all parties. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as Bloomberg Valuation Rates (BVAL) and BSP interest rate corridor rates for Peso; US Libor and USD-denominated bonds issued by the Philippines for USD. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

The NII, and ultimately earnings and capital, is vulnerable to adverse fluctuations interest rates. The Bank also measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of asset-liability gap analysis on a monthly basis. This analysis focuses on the repricing profile of its rate sensitive assets and liabilities, and the impact of interest rate movements on the Bank's accrual earnings. The interest rate repricing gap report assigns all assets and liabilities into various time buckets according to the remaining days to maturity for fixed-rate items, remaining days to next re-pricing for floating-rate items, or based on behavioral assumptions, if more applicable.

The difference between the total of the repricing (interest rate-sensitive) assets and repricing (interest rate-sensitive) liabilities gives an indication of the Bank's repricing risk exposure. A positive gap means more assets mature or have to be repriced than liabilities. In this case, the Bank is said to be "asset sensitive" in that time bucket and it benefits from an increase of interest rates as the assets will be repriced faster than liabilities.

A bank with a negative gap is considered "liability sensitive" since it has more liabilities to be repriced during such period than assets. It is negatively affected by a hike in interest rates. An example would be a bank that uses short-term deposits to fund long-term loans at fixed rates. It may encounter a decline in its net interest income if the interest rates increase since the cost of funds (the deposit rates) will increase while the earnings from loans remain fixed.

RSK monitors the mismatches in the repricing of its assets and liabilities through the interest rate gap reports presented to ALCO and BROC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

The Bank makes use of an internally developed Earnings-at-Risk (EAR) model for measuring IRRBB. EAR simulates the contraction of the projected NII over the next 12 months using historical changes in interest rate benchmarks such as BVAL for PHP and US Libor for USD. The balance sheet size and shape are assumed to remain static for the next 12 months. Non-maturity deposits or current-savings accounts (CASA) are split into two classifications, core deposits and volatile deposits.

The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 - 5 years bucket. Interest rate option risk embedded in loans and time deposits that alter the timing of balance sheet items are incorporated in the model. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario simulated by the model impacts the exercise of the interest rate option. More prepayment is expected if interest rates decline while more pre-termination is expected as interest rates increase.

The table sets forth the Bank's interest rate repricing gap as at December 31, 2020 and 2019.

	December 31, 2020								
In Millions	**Up to 1 Month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**1 - 3 Years**	**3 - 5 Years**	**Beyond 5 Years**	**Non-rate Sensitive**	**Total**
Resources									
Cash and COCI	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P2,421**	**P2,421**
Due from BSP	**24,857**	**-**	**-**	**-**	**-**	**-**	**-**	**14,691**	**39,548**
Due from other banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,049**	**7,049**
Interbank loans receivable	**15,819**	**-**	**107**	**-**	**-**	**-**	**-**	**(2)**	**15,924**
Financial assets at FVPL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,265**	**1,265**
Financial assets at FVOCI	**2,385**	**2,624**	**6,718**	**1,945**	**1,543**	**-**	**-**	**48**	**15,263**
Investment securities at AC	**177**	**1,139**	**1,467**	**1,411**	**4,375**	**886**	**25**	**(331)**	**9,149**
Loans - net	**17,924**	**17,162**	**6,808**	**5,091**	**6,332**	**11,776**	**2,326**	**2,683**	**70,102**
Other resources	**279**	**1**	**-**	**-**	**-**	**-**	**-**	**9,243**	**9,523**
	P61,441	**P20,926**	**P15,100**	**P8,447**	**P12,250**	**P12,662**	**P2,351**	**P37,067**	**P170,244**
Liabilities and Equity									
Deposit liabilities:	**P56,180**	**P31,044**	**P2,970**	**P1,355**	**P955**	**P56,601**	**P -**	**P -**	**P149,105**
Demand deposits	**5,767**	**4,575**	**348**	**-**	**-**	**28,969**	**-**	**-**	**39,659**
Savings deposits	**5,582**	**4,249**	**968**	**307**	**-**	**22,147**	**-**	**-**	**33,253**
Time deposits	**44,831**	**22,220**	**1,654**	**1,048**	**955**	**456**	**-**	**-**	**71,164**
Long-term negotiable certificates	**-**	**-**	**-**	**-**	**-**	**5,029**	**-**	**-**	**5,029**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,853**	**4,853**
	56,180	**31,044**	**2,970**	**1,355**	**955**	**56,601**	**-**	**4,853**	**153,958**
Capital funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,286**	**16,286**
	P56,180	**P31,044**	**P2,970**	**P1,355**	**P955**	**P56,601**	**P -**	**P21,139**	**P170,244**
Total periodic gap	**P5,261**	**(P10,118)**	**P12,130**	**P7,092**	**P11,295**	**(P43,939)**	**P2,351**	**P15,928**	**P -**

	December 31, 2019								
In Millions	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
Resources									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P1,776	P1,776
Due from BSP	6,750	-	-	-	-	-	-	15,205	21,955
Due from other banks	-	-	-	-	-	-	-	4,590	4,590
Interbank loans receivable	9,400	-	-	-	-	-	-	-	9,400
Financial assets at FVPL	-	-	-	-	-	-	-	1,054	1,054
Financial assets at FVOCI	36	32	129	236	688	-	78	29	1,228
Investment securities at AC	102	1,087	35	1,745	4,361	7,239	8,364	(335)	22,598
Loans - net	10,408	12,605	4,004	4,781	11,012	17,164	10,095	2,131	72,200
Other resources	375	16	-	-	-	-	-	9,613	10,004
	P27,071	P13,740	P4,168	P6,762	P16,061	P24,403	P18,537	P34,063	P144,805
Liabilities and Equity									
Deposit liabilities:	P43,745	P15,973	P1,980	P2,038	P1,038	P607	P -	P58,475	P123,856
Demand deposits	-	-	-	-	-	-	-	34,158	34,158
Savings deposits	-	-	-	-	-	-	-	24,317	24,317
Time deposits	43,745	15,973	1,980	2,038	1,038	607	-	-	65,381
Other liabilities	-	-	-	-	-	-	-	4,906	4,906
	43,745	15,973	1,980	2,038	1,038	607	-	63,381	128,762
Capital funds	-	-	-	-	-	-	-	16,043	16,043
	P43,745	P15,973	P1,980	P2,038	P1,038	P607	P -	P79,424	P144,805
Total periodic gap	(P16,674)	(P2,233)	P2,188	P4,724	P15,023	P23,796	P18,537	(P45,361)	P -

The Bank manages interest rate risk separately for its RBU and FCDU books. The interest rate risk of the RBU of the Bank from its accounts is managed in PHP while the FCDU of the Bank, regardless of original currency is managed in USD. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's results of operations and OCI:

	December 31, 2020			
Currency	**Changes in Interest Rates (In Basis Points)**	**Sensitivity of Net Interest Income (In Millions)**	**Sensitivity of Trading Gains - net on FA at FVPL (In Millions)**	**Sensitivity Of OCI (In Millions)**
PHP	**+200**	**(P55.88)**	**(P43.71)**	**(P354.54)**
USD	**+100**	**2.97**	**(29.49)**	**(25.23)**
PHP	**-200**	**55.88**	**43.71**	**354.54**
USD	**-100**	**(2.97)**	**29.49**	**25.23**

Currency	Changes in Interest Rates (In Basis Points)	Sensitivity of Net Interest Income (In Millions)	Sensitivity of Trading Gains - net on FA at FVPL (In Millions)	Sensitivity Of OCI (In Millions)
	December 31, 2019			
PHP	+200	(P81.19)	(P17.24)	(P20.44)
USD	+100	3.38	(25.29)	(7.75)
PHP	-200	81.19	17.24	20.44
USD	-100	(3.38)	25.29	7.75

The sensitivity of the results of operations is measured as the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate of financial assets and liabilities held as at December 31, 2020 and 2019. The sensitivity of "Trading and investment securities gains - net" and OCI is calculated by revaluing fixed-rate financial assets at FVPL and debt securities at FVOCI, respectively, as at December 31, 2020 and 2019. The total sensitivity of OCI is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

Market Risk

Market risk arises from the potential decline in earnings and capital due to adverse changes in market conditions and the underlying risk factors, which in turn affect the value and future cash flows of financial instruments, products, and transactions. The Bank is primarily exposed to two sources of market risk, namely: 1) market price risk in the trading book; and 2) foreign exchange risk from open foreign currency exposures. The Bank also has equity-related holdings which is a source of equity price risk, although deemed as minimal compared to the first two.

There has been no material change to the Bank's exposure to market risk or the manner in which it manages and measures the risk since prior financial year.

Market Price Risk in the Trading Book

The market price of financial instruments and transactions in the trading book may change unfavorably as a result of movements in interest rates, foreign exchange rates, credit spreads, and other risk factors. The Bank employs an internally developed VAR model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Bank's RSK simulates the trading book's VAR on a daily basis and the results are compared against Board-approved limits. In addition to the limit on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, monthly and yearly losses.

Value-at-Risk Methodology

VAR serves as the Bank's key metric in the measurement of risk arising from market price changes of financial assets and foreign currency exposures. Given data for the market risk factors over a 1-year period (260 business days), VAR is the maximum probable loss that may be incurred from positions exposed to market risk. The maximum probable loss is calculated from simulations of daily profit and losses assuming that historical movements in market risk factors will recur, subject to a 99% confidence level and a 1-day holding period.

The Bank's VAR methodology is based on the widely used historical simulation method but with a modification on the usual assumption of equal probabilities in the simulation data points. Profit and loss simulations derived from older data are given less importance by assigning them with progressively lower probabilities of occurrence when used in the calculation of the maximum probable loss.

The table below summarizes the results of the Bank's VAR calculations as at December 31, 2020 and 2019.

	FX Exposures	HFT Securities	FVOCI Securities	Aggregate VAR
2020				
As at December 31, 2020	**P1,726,310**	**P4,018,818**	**P15,499,166**	**P18,371,364**
Average	**1,430,556**	**4,250,037**	**31,705,591**	**36,000,815**
Highest	**3,916,042**	**16,499,017**	**81,809,349**	**92,052,475**
Lowest	**535,935**	**384,686**	**1,718,683**	**4,051,594**
2019				
As at December 31, 2019	P1,948,258	P1,126,875	P4,935,389	P5,167,226
Average	1,616,678	4,152,198	17,740,607	21,346,876
Highest	5,121,637	22,581,724	54,493,190	74,012,971
Lowest	448,676	52,909	966,445	1,460,171

Currency Risk

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Bank believes that its profile of foreign currency exposure based on its assets and liabilities is within conservative limits for a financial institution engaged in a type of business similar to that of the Bank.

Foreign currency deposits are generally used to fund the foreign currency-denominated loan and investment portfolios in the FCDU. Banks are required by BSP to match the foreign currency liabilities held in the FCDU with foreign currency assets. In addition, BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU.

Similar to market price risk in the trading book, the Bank employs limits and a VAR model to manage the risk that possible interest or currency movements pose. Such limits are prudently set and the position status is monitored on a daily basis.

The table below summarizes the Bank's exposure to foreign exchange risk as at December 31, 2020 and 2019. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency (based on USD equivalents in thousands):

	December 31, 2020			
	USD	**Euro**	**Others**	**Total**
Assets				
Due from other banks	**$686**	**$750**	**$391**	**$1,827**
Interbank loans	**3,100**	**-**	**-**	**3,100**
Loans and receivables	**856**	**-**	**-**	**856**
Total assets	**4,642**	**750**	**391**	**5,783**
Liabilities				
Deposit liabilities	**-**	**742**	**-**	**742**
Other liabilities	**122**	**54**	**3**	**179**
Total liabilities	**122**	**796**	**3**	**921**
Net Exposure	**$4,520**	**($46)**	**$388**	**$4,862**
Amount in PHP	**P217,064**	**(P2,209)**	**P18,633**	**P233,488**

	December 31, 2019			
	USD	Euro	Others	Total
Assets				
Due from other banks	$804	$660	$383	$1,847
Interbank loans	3,150	-	-	3,150
Loans and receivables	2,807	-	-	2,807
Total assets	6,761	660	383	7,804
Liabilities				
Deposit liabilities	-	718	-	718
Other liabilities	97	114	17	228
Total liabilities	97	832	17	946
Net Exposure	$6,664	($172)	$366	$6,858
Amount in PHP	P337,432	(P8,709)	P18,532	P347,255

The table below indicates the currencies which the Bank has significant exposure to as at December 31, 2020 and 2019 based on its foreign currency-denominated assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of other currency rates against the PHP, with all other variables held constant on the results of operations (due to the fair value of currency sensitive monetary assets and liabilities) and OCI. A negative amount in the table reflects a potential net reduction of net income or OCI while positive amount reflects a net potential increase. Change in currency rates are based on the historical movements of each currency for the same period:

	Philippine Peso Appreciates by	**Effect on Profit before Tax (In Millions)**	**Philippine Peso Depreciates by**	**Effect on Profit before Tax (In Millions)**
December 31, 2020				
Currency				
USD	**P1.00**	**(P4.52)**	**(P1.00)**	**P4.52**
Euro	**0.50**	**0.02**	**(0.50)**	**(0.02)**
Others	**0.40**	**(0.16)**	**(0.40)**	**0.16**

	Philippine Peso Appreciates by	Effect on Profit before Tax (In Millions)	Philippine Peso Depreciates by	Effect on Profit before Tax (In Millions)
December 31, 2019				
Currency				
USD	P1.00	(P6.66)	(P1.00)	P6.66
Euro	0.50	0.09	(0.50)	(0.09)
Others	0.40	(0.15)	(0.40)	0.15

Given the nature and amount of the Bank's equity investments portfolio in 2020 and 2019, management believes the Bank's exposure to currency risk is considered minimal.

Equity Price Risk

Given the nature and amount of the Bank's equity investments portfolio in 2020 and 2019, management believes the Bank's exposure to equity price risk is considered minimal.

6. Categories and Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of financial and non-financial assets and liabilities are as follows:

COCI, Due from BSP and Other Banks and Interbank Loans Receivable and SPURA - Fair values approximate carrying amounts given the short-term nature of the instruments.

Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost) - Fair values are generally based on quoted market prices. If not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using discounted cash flow methodology.

Equity Securities (Financial Assets at FVOCI) - Fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers.

Derivative Instruments (Financial Assets at FVPL) - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Loans and Receivables - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e. BVAL and Libor). Fair value of short-term receivable from customers, sales contract receivables, accounts receivables, accrued interest receivables, and RCOCI approximates carrying amounts given the short-term nature of the accounts.

Investment Properties - Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. Valuations are derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining the fair values include the following:

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor’s perceptions of the market over time, in which case, the current date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities - Fair values of long-term time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e. BVAL and Libor) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term time deposits approximate fair value. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bills Payable - For long-term bills payable, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term bills payable approximate fair value.

Manager's Checks, Accrued Interest and Other Expenses and Other Liabilities (excluding non-financial liabilities) - Carrying amounts approximate fair values due to the short-term nature of the accounts. Due to preferred shareholders is determined to be long term in nature due to a pending dispute which affects maturity. Fair value cannot be estimated reliably due to lack of supportable data available.

The following table provides the fair value hierarchy of the Bank's assets and liabilities measured at fair value and those for which fair values should be disclosed (amounts in thousands):

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Government securities held for trading	P639,004	P558,716	P80,288	P -	P639,004
Private debt securities	602,404	-	602,404	-	602,404
Derivative assets	24,011	-	24,011	-	24,011
Financial assets at FVOCI:					
Government securities	14,948,097	12,363,794	2,584,303	-	14,948,097
Private debt securities	314,964	314,964	-	-	314,964
Equity securities	161,187	123,560	-	37,627	161,187
	P16,689,667	P13,361,034	P3,291,006	P37,627	P16,689,667
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P5,933,637	P3,751,321	P2,314,803	P -	P6,066,124
Private debt securities	3,212,641	2,758,716	483,296	-	3,242,012
Loans and receivables:					
Receivables from customers	70,038,051	-	-	81,238,432	81,238,432
Less unearned interest	22,784	-	-	22,784	22,784
	70,015,267	-	-	81,215,648	81,215,648
Sales contract receivables	398,423	-	-	493,875	493,875
	79,559,968	6,510,037	2,798,099	81,709,523	91,017,659
Non-financial Assets					
Investment properties	3,624,987	-	-	8,135,990	8,135,990
	P83,184,955	P6,510,037	P2,798,099	P89,845,513	P99,153,649
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	P20,673,084	P -	P20,727,448	P -	P20,727,448
Long-term negotiable certificates	5,029,420	-	5,425,681	-	5,425,681
Bills payable	19	-	19	-	19
	P25,702,523	P -	P26,153,148	P -	P26,153,148

	December 31, 2019				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Private debt securities	P770,871	P -	P770,871	P -	P770,871
Government securities held for trading	257,572	173,419	84,153	-	257,572
Derivative assets	25,318	-	25,318	-	25,318
Financial assets at FVOCI:					
Government securities	916,899	187,661	729,238	-	916,899
Private debt securities	311,359	311,359	-	-	311,359
Equity securities	161,600	124,691	-	36,909	161,600
	P2,443,619	P797,130	P1,609,580	P36,909	P2,443,619
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P18,950,382	P8,896,466	P10,269,387	P -	P19,165,853
Private debt securities	3,597,450	3,102,744	505,738	-	3,608,482
Loans and receivables:					
Receivables from customers	72,176,104	-	-	76,769,861	76,769,861
Less unearned interest	22,914	-	-	22,914	22,914
	72,153,190	-	-	76,746,947	76,746,947
Sales contract receivables	469,821	-	-	553,092	553,092
	95,170,843	11,999,210	10,775,125	77,300,039	100,074,374
Non-financial Assets					
Investment properties	3,729,769	-	-	7,173,355	7,173,335
	P98,900,612	P11,999,210	P10,775,125	P84,473,374	P107,247,709
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Time deposit liabilities	P17,681,145	P -	P17,689,214	P -	P17,689,214
Bills payable	105	-	112	-	112
	P17,681,250	P -	P17,689,326	P -	P17,689,326

In 2020 and 2019, due to changes in market conditions for certain government securities measured at FVPL and FVOCI, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities at FVPL and at FVOCI, with carrying amounts of P12.6 million and P441.8 million, respectively, in 2020 and P3.6 million and P360.4 million, respectively, in 2019, were transferred from Level 1 to Level 2 of the fair value hierarchy.

For 2020 and 2019, there have been no transfers into and out of Level 3 of the fair value hierarchy.

An instrument in its entirety is classified as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived. The fair value of the Level 3 instruments is based on cost which approximates its fair value.

The Bank reclassified the fair value level of its loans and receivables and investment properties presented as at December 31, 2019 to Level 3.

As at December 31, 2020 and 2019, the carrying values of the Bank's financial assets and liabilities, not included in the table above, as reflected in the statements of financial position and related notes approximate their respective fair values.

7. Interbank Loans Receivable and Securities Purchased under Resale Agreements - net

This account consists of:

	Note	2020	2019
SPURA		**P15,819,273,408**	P9,290,661,215
Interbank loans receivable		**6,239,532,463**	4,140,431,486
		22,058,805,871	13,431,092,701
Less allowance for credit losses	17	**2,977,939**	1,813,198
		P22,055,827,932	P13,429,279,503

Interbank loans receivable consists of short-term loans granted to other banks.

SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

Interest income on SPURA and interbank loans receivable follows:

	2020	2019
SPURA	**P234,610,084**	P272,552,691
Interbank loans receivable	**3,434,107**	43,017,001
	P238,044,191	P315,569,692

Peso-denominated interbank loans receivable bear interest rates ranging from 3.5% to 3.9% and from 4.0% to 5.3% in 2020 and 2019, respectively. Dollar-denominated interbank loans receivable bear interest rates ranging from 0.1% to 1.7% and from 1.6% to 2.3% in 2020 and 2019, respectively.

SPURA bears interest rates ranging from 2.0% to 4.0% and from 4.0% to 4.8% in 2020 and 2019, respectively.

8. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	2020	2019
Government securities held-for-trading	**P639,004,121**	P257,571,686
Private debt securities	**602,403,847**	770,870,690
Derivative assets	**24,011,500**	25,317,500
	P1,265,419,468	P1,053,759,876

Private debt securities pertain to investment in MRT III bonds that does not qualify as SPPI, thus, mandatorily classified and measured as financial assets at FVPL.

As at December 31, 2020 and 2019, financial assets at FVPL are adjusted for unrealized gain of P69.7 million and P135.5 million, respectively (see Note 27).

Derivative Financial Instruments
This includes warrants amounting to $50 thousand acquired by the Bank in June 2008. The warrants give the Bank the option or right to exchange its holding of certain Republic of the Philippines Global Bonds into peso-denominated government securities upon occurrence of a predetermined credit event. The warrants will mature in November 2032.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount and leverage exposure. The leverage exposure is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The leverage exposure indicates the volume of transactions outstanding as at December 31, 2020 and 2019 and is not indicative of either market risk or credit risk.

	December 31, 2020			December 31, 2019		
	Derivative Assets	**Notional Amount**	**Leverage Exposure**	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	**P24,011,500**	**$50,000**	**$ -**	P25,317,500	$50,000	$ -

9. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	Note	2020	2019
Government securities	*19, 37*	**P14,948,096,972**	P916,898,827
Private debt securities	*32*	**314,963,700**	311,358,600
Equity securities	*32*	**161,187,337**	161,599,718
		P15,424,248,009	P1,389,857,145

As at December 31, 2020 and 2019, the ECL allowance on debt securities at FVOCI included under "Net unrealized gains on financial assets at FVOCI" amounted to P1.8 million and P0.1 million, respectively (see Note 17).

Equity Securities
This account consists of ordinary shares from a foreign financial institution and a telecommunications company and club shares. The Bank has designated these equity securities as at FVOCI.

Equity securities include the Bank's 8.57% equity interest in Banco National de Guinea Equatorial (BANGE) as part of its partnership with the National Government of the Republic of Equatorial Guinea. Dividend income received from BANGE in 2020 and 2019 amounted to P3.0 million and P5.5 million, respectively, booked under "Miscellaneous Income" in the statements of income (see Notes 30 and 32).

In 2019, the Bank disposed club shares with carrying value of P0.03 million and transferred to "Deficit" account the realized gain of P0.3 million. In 2020, there were no disposals of equity securities.

Dividend income in 2020 and 2019 from equity securities at FVOCI amounted to P12.2 million and P8.2 million, respectively (see Note 30).

Net Unrealized Gains on Financial Assets at FVOCI
The movements of net unrealized gains on financial assets at FVOCI follow:

	Note	**2020**	2019
Balance at beginning of year		**P36,108,673**	(P129,757,730)
Net unrealized gains recognized as OCI		**315,724,110**	368,927,255
Realized gains taken to profit or loss	*27*	**(280,743,443)**	(198,827,405)
Effect of tax	*31*	**(3,084,165)**	(3,305,159)
ECL on debt securities at FVOCI	*17*	**1,652,388**	(659,788)
Realized gains taken deficit		**-**	(268,500)
Balance at end of year		**P69,657,563**	P36,108,673

10. Investment Securities at Amortized Cost - net

This account consists of:

	Note	**2020**	2019
Government securities		**P5,934,456,406**	P18,952,874,273
Private debt securities	*32*	**3,213,052,558**	3,597,923,189
		9,147,508,964	22,550,797,462
Less allowance for credit losses	*17*	**1,231,453**	2,964,709
		P9,146,277,511	P22,547,832,753

In September and October 2020, the Bank sold government securities classified as Investment securities at amortized cost with total carrying value of P11.8 billion for peso denominated government securities and $51.3 million for dollar denominated government securities. The Bank realized gain from the sale of these securities amounting to P570.5 million and $4.0 million (P196.6 million) for peso and dollar denominated government securities, respectively (see Note 27).

The sales were made as part of the Bank's initiatives to preserve its capital and provide a buffer over regulatory minimum levels. The capital of the Bank was directly threatened by the increasing past due and NPL brought by the unforeseen and historical COVID-19 pandemic which required a significant increase in provision for credit losses on loans. The Bank assessed that the sale did not result in changes to the objectives of the hold-to-collect business model as the sale was infrequent. The remaining investment securities continue to be measured at amortized cost.

11. Loans and Receivables - net

This account consists of:

	Note	2020	2019
Receivables from customers:			
Term loans		**P56,631,811,377**	P57,024,835,729
Housing loans		**8,517,583,659**	8,494,591,887
Auto loans		**4,233,260,023**	4,693,003,643
Bills purchased, import bills and trust receipts	*21*	**715,294,705**	876,619,124
Direct advances		**600,996,331**	931,274,215
Agri-agra loans		**314,820,702**	334,962,386
Others		**2,107,327,349**	2,156,105,393
		73,121,094,146	74,511,392,377
Less unearned interest income		**22,784,328**	22,914,092
		73,098,309,818	74,488,478,285
Accounts receivable		**1,125,879,319**	1,091,478,464
Accrued interest receivable:			
Loans and receivables		**783,484,965**	584,376,502
Trading and investment securities		**99,472,481**	225,035,140
Due from BSP and other banks		**3,394,000**	2,460,937
Interbank loans receivable and SPURA		**2,121,071**	4,756,138
Sales contract receivables		**456,157,168**	528,276,665
Unquoted debt securities		**291,578,198**	291,578,203
RCOCI		**10,500**	94,545
		75,860,407,520	77,216,534,879
Less allowance for credit losses	*17*	**4,232,058,040**	3,474,273,070
		P71,628,349,480	P73,742,261,809

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P684.4 million and P822.0 million as at December 31, 2020 and 2019, respectively (see Notes 21 and 32). Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the Bank to its clients.

Other receivables from customers pertain to consumer loans such as benefit loans, salary loans, and credit cards.

Accounts receivable mainly consist of amounts due from customers and other parties under open-account arrangements, advances for buyers of foreclosed properties, receivables from employees and other miscellaneous receivables.

Sales contract receivables arise mainly from the sale of foreclosed properties booked under "Investment properties" and "Non-current assets held for sale" accounts.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1") was enacted. Bayanihan 1 provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest falling due within the enhanced community quarantine period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2"), was enacted. Under Bayanihan 2, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of the said loans.

Based on the Bank's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. The impact of loan modifications amounted to a loss of P29.6 million. For the year ended December 31, 2020, the net impact of the loan modification after subsequent accretion of the modified loan amounted to P24.8 million and were recorded in "Interest income" in the statement of income.

BSP Regulatory Reporting

As at December 31, 2020 and 2019, the breakdown of receivables from customers as to collateral follows (amounts in thousands, except percentages):

	2020		2019	
	Amount	**%**	Amount	%
Loans secured by:				
Real estate	**P4,109,378**	**5.6**	P6,998,411	9.4
Chattel	**3,331,699**	**4.6**	3,596,487	4.8
Deed of assignment	**1,609,305**	**2.2**	4,798,740	6.4
Deposit hold-out	**620,771**	**0.9**	733,324	1.0
Others*	**16,395,441**	**22.4**	4,912,537	6.6
	26,066,594	**35.7**	21,039,499	28.2
Unsecured	**47,054,500**	**64.3**	53,471,893	71.8
	P73,121,094	**100.0**	P74,511,392	100.0

**Others include certificate of participation, corporate guaranty, continuing surety agreement, deed of pledge, mortgage trust indenture and post-dated checks*

As at December 31, 2020 and 2019, information on the concentration of credit as to industry follows (amounts in thousands, except percentages):

	2020		2019	
	Amount	**%**	Amount	%
Real estate activities	**P16,784,796**	**23.0**	P18,389,214	24.7
Electricity, gas, steam, and air-conditioning supply	**15,331,150**	**21.0**	12,444,906	16.7
Construction	**10,328,230**	**14.1**	10,698,737	14.3
Manufacturing	**9,010,927**	**12.3**	8,185,572	11.0
Financial and insurance activities	**3,742,904**	**5.1**	2,080,598	2.8
Arts, entertainment and recreation	**3,500,204**	**4.8**	3,500,000	4.7
Wholesale and retail trade, repair of motor vehicles and motorcycles	**2,791,156**	**3.8**	2,170,380	2.9
Water supply, sewerage, waste management and remediation activities	**1,401,877**	**1.9**	941,283	1.3
Transportation and storage	**1,353,153**	**1.9**	2,998,915	4.0
Agriculture, forestry and fishing	**1,064,300**	**1.5**	3,983,847	5.3
Accommodation and food service activities	**943,691**	**1.3**	647,704	0.9
Administrative and support service activities	**185,583**	**0.2**	207,513	0.3
Others*	**6,683,123**	**9.1**	8,262,723	11.1
	P73,121,094	**100.0**	P74,511,392	100.0

**Others include Information and Communication, Professional Activities, Education, Personal Consumption and other various activities*

BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of total loan portfolio. The BROC constantly monitors the credit risk concentration of the Bank. As at December 31, 2020 and 2019, the Bank does not have credit concentration in any particular industry.

Under BSP Circular No. 941 *Amendments to the Regulations on Past Due and Non-Performing Loans,* loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

As at December 31, 2020 and 2019, the breakdown of receivables from customers as to status, as reported to BSP, is as follows (amounts in thousands)

	2020	2019
Performing loans	**P70,424,269**	P72,878,388
Non-performing loans	**2,698,793**	1,610,090
	P73,123,062	P74,488,478

As at December 31, 2020 and 2019, the NPLs of the Bank, as reported to BSP, are as follows:

	2020	2019
Gross NPLs	**P2,698,793**	P1,610,090
Less deductions as required by BSP	**1,908,728**	1,320,969
Net NPLs	**P790,065**	P289,121

Gross and net NPL ratios of the Bank are 3.0% and 0.9%, respectively, as at December 31, 2020 and 1.9% and 0.3%, respectively, as at December 31, 2019.

As at December 31, 2020 and 2019, restructured loans amounted to P304.4 million and P528.0 million, respectively. Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs. As at December 31, 2020 and 2019, restructured receivables from customers considered as NPLs amounted P195.8 million.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 Regulatory Reliefs for BSP-supervised financial institutions (BSFIs) Affected by the COVID-19, as amended by M-2020-0032 dated April 27, 2020 and M-2020-0022 dated April 8, 2020. The said memorandum provides for certain temporary regulatory relief measures for financial institutions supervised by the BSP. Accordingly, the Bank informed the BSP of its intention to avail the following:

- Staggered booking of allowance for credit losses over a maximum of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of March 8, 2020, subject to prior approval of the BSP;

- Exclusion from the computation of past due and non-performing classification, the loans by borrowers in affected areas which should have been reclassified as past due as of March 8, 2020, including those loans becoming past due or non-performing six months thereafter, subject to the following: (a) such loans shall be reported to the BSP; (b) the exclusion shall be allowed from March 8, 2020 until December 31, 2021; and (c) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;

- Non-imposition of monetary policies for delays incurred in the submission of all supervisory reports to BSP due to be submitted from March 8, 2020 up to six months thereafter;

- Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following March 8, 2020 up to six months thereafter, subject to prior approval of the BSP;

- Increase in the Single Borrower's Limit (SBL) from 25.0% to 30.0% until March 31, 2021;

- Allowance of (a) loans to Micro, Small and Medium Enterprises (MSMEs) and (b) loans to critically-impacted large enterprises as alternative mode of compliance with reserve requirements until December 31, 2021; and

- Provision of financial assistance to officers affected by the present health emergency, for the grant of loans, advances or any other forms of credit accommodations, subject to the submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the BOD.

As of December 31, 2020, the Bank chose not to continue with the availment of the relief on staggered booking of allowance for credit losses in regards to its Audited Financial Statements. There has also been no availment of the other reliefs during this period.

Interest Income on Loans and Receivables

This account consists of:

	2020	2019
Receivables from customers:		
Term loans	**P3,502,896,604**	P3,729,495,585
Housing loans	**570,443,567**	501,280,911
Auto loans	**351,866,491**	327,044,238
Agri-agra loans	**26,051,159**	34,055,163
Direct advances	**25,320,441**	33,414,850
Bills purchased, import bills and trust receipts	**280,959**	5,023,182
Others	**336,682,833**	255,918,893
	4,813,542,054	4,886,232,822
Sales contract receivable	**26,601,895**	33,828,277
	P4,840,143,949	P4,920,061,099

Others pertain to interest income from consumer loans such as benefit loans, salary loans, and credit cards.

As at December 31, 2020 and 2019, 44.3% and 44.7%, respectively, of the total receivables from customers were subject to periodic interest repricing. Peso-denominated loans earn annual fixed interest rates ranging from 1.3% to 54.0% and 1.6% to 54.0% in 2020 and 2019, respectively. Dollar-denominated loans earn annual fixed interest rates ranging from 1.2% to 8.0% and 2.9% to 8.5% 2020 and 2019, respectively.

Sales contract receivables bear fixed interest rates ranging from 3.4% to 12.1% in 2020 and 2019.

12. Non-current Assets Held for Sale

As at December 31, 2020 and 2019, non-current assets held for sale amounting to nil and P48.1 million, respectively, were comprised of buildings and were stated at carrying amount.

In 2020, these properties ceased to be classified as held for sale since the sale was not highly probable. The Bank reclassified these properties to Investment properties account and recognized P48.1 million in Depreciation and amortization in the statement of income for the current period.

There were no additions and disposals of non-current assets held for sale in 2019.

There is no cumulative income or expense included in OCI relating to non-current assets held for sale.

13. Investment in an Associate - net

The details of movements of the Bank's equity investment in BIC follow:

	Note	**2020**	2019
Acquisition cost (24.26%-owned)		**P75,395,200**	P75,395,200
Accumulated equity in net loss and OCI:			
Balance at beginning of year		**(28,025,906)**	(29,487,304)
Share in net loss		**(753,029)**	(2,865,073)
Share in other comprehensive income (loss)		**(3,073)**	4,326,471
Balance at end of year		**(28,782,008)**	(28,025,906)
Allowance for impairment loss	*17*	**(5,925,786)**	(5,925,786)
	32	**P40,687,406**	P41,443,508

The following table shows the summarized financial information of BIC:

	2020**	2019*
Assets	**P179,192,558**	P182,018,232
Liabilities	**(11,409,432)**	(11,439,777)
Net assets	**167,783,126**	170,578,455
Revenues	**956,700**	1,168,192
Net loss for the year	**(2,782,659)**	(4,039,329)
Other comprehensive loss	**(12,670)**	(5,106)
Total comprehensive loss	**(2,795,329)**	(4,044,435)

**Based on 2019 audited financial statements*
***Based on 2020 unaudited numbers*

As at December 31, 2020 and 2019, the Bank's subscribed capital stock in BIC amounted to P75.8 million out of BIC's outstanding capital stock of P312.5 million.

14. Property and Equipment - net

The movements in property and equipment follow:

				December 31, 2020			
	Note	**Land**	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Right-of-Use Assets** (Note 29)	**Total**
Cost							
Balance at January 1		**P41,569,630**	**P852,916,703**	**P1,535,856,312**	**P818,750,027**	**P762,476,355**	**P4,011,569,027**
Additions		**-**	**1,253,430**	**86,666,609**	**10,308,715**	**220,979,671**	**319,208,425**
Disposals		**-**	**-**	**(82,166,966)**	**-**	**(43,050,807)**	**(125,217,773)**
Balance at December 31		**41,569,630**	**854,170,133**	**1,540,355,955**	**829,058,742**	**940,405,219**	**4,205,559,679**
Less Accumulated Depreciation and Amortization							
Balance at January 1		**-**	**220,640,955**	**1,122,019,787**	**751,645,607**	**170,031,581**	**2,264,337,930**
Depreciation and amortization		**-**	**22,180,554**	**113,180,003**	**24,200,831**	**196,113,592**	**355,674,980**
Disposals		**-**	**-**	**(37,264,285)**	**-**	**(42,746,185)**	**(80,010,470)**
Balance at December 31		**-**	**242,821,509**	**1,197,935,505**	**775,846,438**	**323,398,988**	**2,540,002,440**
Allowance for impairment losses	*17*	**5,022,885**	**1,133,017**	**-**	**-**	**-**	**6,155,902**
Net Book Value at December 31		**P36,546,745**	**P610,215,607**	**P342,420,450**	**P53,212,304**	**P617,006,231**	**P1,659,401,337**

		December 31, 2019					
	Note	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 29)	Total
Cost							
Balance at January		P41,569,630	P845,238,581	P1,649,552,985	P808,309,177	P550,480,190	P3,895,150,563
Additions		-	7,678,122	189,183,291	10,440,850	211,996,165	419,298,428
Disposals and Others		-	-	(302,879,964)	-	-	(302,879,964)
Balance at December 31		41,569,630	852,916,703	1,535,856,312	818,750,027	762,476,355	4,011,569,027
Less Accumulated Depreciation and Amortization							
Balance at January 1		-	198,472,522	1,267,389,443	722,813,031	-	2,188,674,996
Depreciation and amortization		-	22,168,433	108,753,170	28,832,576	170,031,581	329,785,760
Disposals		-	-	(254,122,826)	-	-	(254,122,826)
Balance at December 31		-	220,640,955	1,122,019,787	751,645,607	170,031,581	2,264,337,930
Allowance for impairment losses	*17*	5,022,885	1,133,017	-	-	-	6,155,902
Net Book Value at December 31		P36,546,745	P631,142,731	P413,836,525	P67,104,420	P592,444,774	P1,741,075,195

In 2020 and 2019, net gains on sale of property and equipment under “Gains on foreclosure and sale of property and equipment and foreclosed assets - net” account in the statements of income amounted to P0.5 million and P0.4 million, respectively.

As at December 31, 2020 and 2019, the cost of fully depreciated property and equipment still in use amounted to P1.6 billion and P0.8 billion, respectively.

15. Investment Properties - net

The movements in investment properties follow:

		December 31, 2020		
	Note	**Land**	**Buildings**	**Total**
Balance at January 1		**P3,382,699,201**	**P1,117,837,397**	**P4,500,536,598**
Additions		**11,786,963**	**12,404,057**	**24,191,020**
Reclassification	*12*	**-**	**58,930,175**	**58,930,175**
Disposals		**(39,584,003)**	**(11,919,235)**	**(51,503,238)**
Balance at December 31		**3,354,902,161**	**1,177,252,394**	**4,532,154,555**
Less Accumulated Depreciation				
Balance at January 1		**-**	**595,014,287**	**595,014,287**
Depreciation		**-**	**125,259,084**	**125,259,084**
Reclassification	*12*	**-**	**10,808,618**	**10,808,618**
Disposal		**-**	**(3,730,338)**	**(3,730,338)**
		-	**727,351,651**	**727,351,651**
Less Allowance for Impairment Losses	*17*	**172,547,531**	**7,268,767**	**179,816,298**
		P3,182,354,630	**P442,631,976**	**P3,624,986,606**

	Note	December 31, 2019 Land	Buildings	Total
Balance at January 1		P2,892,960,147	P925,714,857	P3,818,675,004
Additions	*30*	559,494,733	319,842,177	879,336,910
Disposals		(69,755,679)	(127,719,637)	(197,475,316)
Balance at December 31		3,382,699,201	1,117,837,397	4,500,536,598
Less Accumulated Depreciation				
Balance at January 1		-	529,929,280	529,929,280
Depreciation		-	73,682,841	73,682,841
Disposal		-	(8,597,834)	(8,597,834)
		-	595,014,287	595,014,287
Less Allowance for Impairment Losses	*17*	165,124,070	10,629,048	175,753,118
		P3,217,575,131	P512,194,062	P3,729,769,193

As at December 31, 2020 and 2019, the aggregate market value of investment properties amounted to P8.1 billion and P7.2 billion, respectively. Information about the fair value measurement of investment properties are presented in Note 6.

Gain on foreclosure and sale of investment properties under “Gains on foreclosure and sale of property and equipment and foreclosed assets - net” consists of the following:

	2020	2019
Gain on assets sold	**P45,987,545**	P134,937,859
Gain on foreclosure	**1,104,271**	193,461,664
	P47,091,816	P328,399,523

Rental income on investment properties (included in “Miscellaneous income” account in the statements of income) in 2020 and 2019 amounted to P0.2 million and P1.6 million, respectively (see Note 30).

No direct operating expenses on investment properties that generated rental income (included under “Litigation and acquired assets” in “Other expenses - miscellaneous” account and “Taxes and licenses” account in the statements of income) were incurred in 2020 and 2019. Direct operating expenses on investment properties such as litigation expenses, included under “Litigation and acquired assets” in “Other expenses - miscellaneous” account, and real estate taxes, included under “Taxes and licenses” account in the statements of income, that did not generate rental income in 2020 and 2019 amounted to P68.4 million and P70.2 million, respectively (see Note 30).

16. Other Assets - net

This account consists of:

	Note	**2020**	2019
Miscellaneous assets - TRB	*33*	**P4,435,569,820**	P4,435,986,451
Creditable withholding tax		**1,277,486,389**	1,124,318,843
Intangible assets*		**363,318,065**	393,067,200
Sinking fund	*23*	**279,765,823**	277,515,653
Documentary stamps		**102,095,989**	64,327,008
Other properties acquired*		**51,041,236**	140,467,777
Prepaid expenses		**21,596,789**	25,290,597
Others		**213,982,609**	181,400,604
		6,744,856,720	6,642,374,133
Less allowance for impairment losses	*17*	**4,615,724,154**	4,615,166,861
		P2,129,132,566	P2,027,207,272

**net of accumulated amortization/depreciation, gross of allowance for impairment losses*

Others include security deposit, unused supplies and forms and petty cash fund.

Miscellaneous Assets - TRB
This account includes non-performing assets (NPAs) amounting to P4.4 billion as at December 31, 2020 and 2019 which were assumed by the Bank in connection with the Purchase and Sale Agreement (PSA) entered into by the Bank with Traders Royal Bank (TRB) in 2002 (see Note 33). Pursuant to the requirements of PFRS, the impairment losses on the NPAs amounting to P4.4 billion as at December 31, 2020 and 2019, were charged in full in the period incurred.

For its separate prudential reporting to BSP, the Bank was allowed under the MB Resolution No. 1751, dated November 8, 2001, as further amended by MB Resolution No. 489, dated April 3, 2003 and pursuant to MB Resolution No. 1950, dated November 21, 2013, to defer the full recognition of the impairment losses. The Bank annually recognizes provisions for impairment losses to gradually meet the foregoing provisioning requirement based on the net yield earned by the Bank from the Financial Assistance Agreement (FAA) with Philippine Deposit Insurance Corporation (PDIC) until November 29, 2013 when the collateralized government securities was sold and the obligation was fully settled. In 2020 and 2019, provisions for impairment losses recognized for prudential reporting to BSP amounted to P160.0 million and P159.3 million, respectively (see Note 33).

Intangible Assets
Intangible assets consist of:

	Note	**2020**	2019
Software costs*		**P303,318,065**	P333,067,200
Branch licenses		**60,000,000**	60,000,000
		363,318,065	393,067,200
Less allowance for impairment losses	*17*	**90,278,696**	90,278,696
		P273,039,369	P302,788,504

**net of accumulated amortization, gross of allowance for impairment losses*

Movements in software costs follow:

	2020	2019
Cost		
Balance at January 1	**P861,720,028**	P730,123,876
Additions	**16,158,782**	131,596,152
Balance at end of year	**877,878,810**	861,720,028
Less Accumulated Amortization		
Balance at January 1	**528,652,828**	494,508,673
Amortization for the year	**45,907,917**	34,144,155
Balance at end of year	**574,560,745**	528,652,828
Less Allowance for Impairment Losses	**90,278,696**	90,278,696
Net Book Value	**P213,039,369**	P242,788,504

Other Properties Acquired

Movements in the other properties acquired follow:

	2020	2019
Cost		
Balance at January 1	**P246,655,672**	P228,602,522
Additions	**24,013,000**	49,947,500
Disposals	**(45,238,500)**	(31,511,000)
Write-off	**-**	(383,350)
Balance at end of year	**225,430,172**	246,655,672
Less Accumulated Depreciation		
Balance at January 1	**106,187,895**	38,239,801
Depreciation for the year	**86,916,796**	76,976,250
Disposals	**(18,715,755)**	(8,644,806)
Write-off	**-**	(383,350)
Balance at end of year	**174,388,936**	106,187,895
Less Allowance for Impairment Losses	**-**	25,777
Net Book Value	**P51,041,236**	P140,442,000

In 2020 and 2019, gain on foreclosure amounted to P0.2 million and P1.6 million, respectively. Gain on sale of other properties acquired under “Gains on foreclosure and sale of property and equipment and foreclosed assets - net” amounted to P11.0 million and P5.9 million in 2020 and 2019, respectively (see Note 32).

17. Allowance for Credit and Impairment Losses

Movements in ECL allowances in 2020 and 2019 on financial assets, other than loans and receivables, are summarized as follows (amounts in thousands):

	December 31, 2020					
	Due from BSP	**Due from Other Banks**	**Interbank Loans Receivable and SPURA** (Note 7)	**Financial Assets at FVOCI** (Note 9)	**Investment Securities at Amortized Cost** (Note 10)	**Total**
ECL allowance, January 1, 2020	**P2,964**	**P87**	**P1,813**	**P118**	**P2,965**	**P7,947**
Provision for (reversal of) credit and impairment losses for the year	**2,376**	**55**	**1,204**	**1,687**	**(1,707)**	**3,615**
Foreign exchange differences	**-**	**(4)**	**(39)**	**(35)**	**(27)**	**(105)**
ECL allowance, December 31, 2020	**P5,340**	**P138**	**P2,978**	**P1,770**	**P1,231**	**P11,457**

	December 31, 2019					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 7)	Financial Assets at FVOCI (Note 9)	Investment Securities at Amortized Cost (Note 10)	Total
ECL allowance, January 1, 2019	P2,893	P518	P1,618	P777	P3,109	P8,915
Provision for (reversal of) credit and impairment losses for the year	71	(423)	221	(656)	(119)	(906)
Foreign exchange differences	-	(8)	(26)	(3)	(25)	(62)
ECL allowance, December 31, 2019	P2,964	P87	P1,813	P118	P2,965	P7,947

All accounts above were carried at Stage 1 and there were no transfers into and out of Stage 1 in 2020 and 2019.

The ECL allowance on financial assets at FVOCI is included in the "Net unrealized gains on financial assets at FVOCI" account in the statements of financial position (see Note 9).

As at December 31, 2020 and 2019, ECL on off-balance sheet exposures amounted to P32.2 million and P47.9 million, respectively, (see Note 21). In 2020 and 2019, the Bank recognized reversal of ECL on loan commitment and financial guarantees amounting to P15.7 million and P8.0 million, respectively.

The table below summarizes the movement in ECL allowances on loans and receivables in 2020 and 2019 (amounts in thousands).

	December 31, 2020										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
ECL Loans, January 1, 2020	P595,718	P160,023	P93,507	P7,830	P1,022	P1,412	P23,986	P883,498	P3,986	P12,918	P900,402
Provision for credit and impairment losses	93,568	279,607	125,749	(420)	6,421	230	(2,358)	502,797	(633)	12,140	514,304
Transfer from Stage 1	(56,149)	(241,584)	(140,802)	-	(7,059)	-	(1,854)	(447,448)	(499)	(8,812)	(456,759)
Transfer from Stage 2	-	1,316	735	-	-	-	28	2,079	13	56	2,148
Transfer from Stage 3	-	82	41	-	-	-	-	123	5	4	132
Foreign exchange differences	(3,247)	(13)	-	(9)	(4)	-	(58)	(3,331)		(14)	(3,345)
	629,890	199,431	79,230	7,401	380	1,642	19,744	937,718	2,872	16,292	956,882
Stage 2											
ECL Loans, January 1, 2020	86,618	11,943	5,674	-	-	1,842	437	106,514	96	25,241	131,851
Provision for credit and impairment losses	(2,657)	43,875	26,193	-	235	(635)	(213)	66,798	(23)	9,325	76,100
Transfer from Stage 1	49,354	81,028	27,681	-	7,059	-	632	165,754	73	3,113	168,940
Transfer from Stage 2	(6,039)	(48,896)	(30,809)	-	-	-	(199)	(85,943)	(67)	(5,996)	(92,006)
Transfer from Stage 3	-	532	37	-	-	-	5,057	5,626	74	3	5,703
Movement due to foreclosure/settlement	(77,922)	-	-	-	-	-	-	(77,922)	-	-	(77,922)
Foreign exchange differences	-	-	-	-	(235)	-	-	(235)	-	(59)	(294)
	49,354	88,482	28,776	-	7,059	1,207	5,714	180,592	153	31,627	212,372
Stage 3											
ECL Loans, January 1, 2020	587,504	88,278	94,418	76,156	163,188	17,663	318,069	1,345,276	54,373	1,042,371	2,442,020
Provision for credit and impairment losses	(4,826)	9,420	24,142	(62)	-	-	356,011	384,685	(65)	(5,082)	379,538
Transfer from Stage 1	6,795	160,556	113,121	-	-	-	1,222	281,694	426	5,699	287,819
Transfer from Stage 2	6,039	47,580	30,074	-	-	-	171	83,864	54	5,940	89,858
Transfer from Stage 3	-	(614)	(78)	-	-	-	(5,057)	(5,749)	(79)	(7)	(5,835)
Movement due to foreclosure/settlement	-	-	(9,517)	-	-	-	-	(9,517)	-	(882)	(10,399)
Write-off	-	-	-	-	-	-	(108,923)	(108,923)	-	-	(108,923)
Foreign exchange differences	(1,801)	-	-	(2,384)	-	-	(2,411)	(6,596)	-	(4,678)	(11,274)
	593,711	305,220	252,160	73,710	163,188	17,663	559,082	1,964,734	54,709	1,043,361	3,062,804
TOTAL											
ECL Loans, January 1, 2020	1,269,840	260,244	193,599	83,986	164,210	20,917	342,492	2,335,288	58,455	1,080,530	3,474,273
Provision for credit and impairment losses	86,085	332,902	176,084	(482)	6,656	(405)	353,440	954,280	(721)	16,383	969,942
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	(77,922)	-	(9,517)	-	-	-	-	(87,439)	-	(882)	(88,321)
Write-off	-	-	-	-	-	-	(108,923)	(108,923)	-	-	(108,923)
Foreign exchange differences	(5,048)	(13)	-	(2,393)	(239)	-	(2,469)	(10,162)	-	(4,751)	(14,913)
	P1,272,955	P593,133	P360,166	P81,111	P170,627	P20,512	P584,540	P3,083,044	P57,734	P1,091,280	P4,232,058

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

	December 31, 2019										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
ECL Loans, January 1, 2019	P592,605	P129,606	P66,540	P3,662	P466	P4,911	P18,026	P815,816	P4,748	P6,381	P826,945
Provision for credit and impairment losses	33,062	26,326	31,634	4,180	568	(1,657)	7,008	101,121	(537)	5,748	106,865
Transfer from Stage 1	(27,836)	(7,773)	(8,775)	-	-	(1,842)	(1,095)	(47,321)	(306)	(1,080)	(51,382)
Transfer from Stage 2	-	8,416	2,669	-	-	-	124	11,209	34	1,812	13,021
Transfer from Stage 3	-	3,454	1,439	-	-	-	84	4,977	47	61	5,038
Foreign exchange differences	(2,113)	(6)	-	(12)	(12)	-	(161)	(2,304)	-	(4)	(2,308)
	595,718	160,023	93,507	7,83	1,022	1,412	23,986	883,498	3,986	12,918	898,179
Stage 2											
ECL Loans, January 1, 2019	174,686	15,909	4,614	-	-	-	271	195,480	48	25,247	220,775
Provision for credit and impairment losses	(90,393)	1,192	(2,579)	-	-	-	(17)	(91,797)	(50)	23,211	(68,586)
Transfer from Stage 1	716	3,544	4,996	-	-	1,842	265	11,363	99	264	11,627
Transfer from Stage 2	1,609	(11,526)	(4,108)	-	-	-	(170)	(14,195)	(36)	(23,555)	(37,776)
Transfer from Stage 3	-	2,82	2,751	-	-	-	88	5,663	35	88	5,751
Movement due to foreclosure/settlement	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-	-	(14)	(14)
	86,618	11,943	5,674	-	-	1,842	437	106,514	96	25,241	131,777
Stage 3											
ECL Loans, January 1, 2019	699,277	64,352	87,948	78,525	163,652	17,663	245,855	1,357,272	54,726	988,978	2,400,976
Provision for credit and impairment losses	(136,029)	25,057	19,351	(594)	(464)	-	73,136	(19,543)	(480)	35,725	15,119
Transfer from Stage 1	27,120	4,229	3,779	-	-	-	830	35,958	207	816	39,755
Transfer from Stage 2	(1,609)	3,110	1,439	-	-	-	46	2,986	2	21,743	24,755
Transfer from Stage 3	-	(6,278)	(4,190)	-	-	-	(172)	(10,640)	(82)	(149)	(10,789)
Movement due to foreclosure/settlement	-	(2,192)	(13,909)	-	-	-	-	(16,101)	-	(1,259)	(17,360)
Foreign exchange differences	(1,255.00)	-	-	(1,775)	-	-	(1,626)	(4,656)	-	(3,483)	(8,139)
	587,504.00	88,278	94,418	76,156	163,188	17,663	318,069	1,345,276	54,373	1,042,371	2,444,317
TOTAL											
ECL Loans, January 1, 2019	1,466,568	209,867	159,102	82,187	164,118	22,574	264,152	2,368,568	59,522	1,020,606	3,448,696
Provision for credit and impairment losses	(193,360)	52,575	48,406	3,586	104	(1,657)	80,127	(10,219)	(1,067)	64,684	53,398
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	-	(2,192)	(13,909)	-	-	-	-	(16,101)	-	(1,259)	(17,360)
Foreign exchange differences	(3,368)	(6)	-	(1,787)	(12)	-	(1,787)	(6,960)	-	(3,501)	(10,461)
	P1,269,840	P260,244	P193,599	P83,986	P164,210	P20,917	P342,492	P2,335,288	P58,455	P1,080,530	P3,474,273

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

The table below summarizes the movement in the gross carrying amounts of financial assets, other than loans and receivables, in 2020 and 2019 (amounts in thousands).

	December 31, 2020				
	Due from BSP	**Due from Other Banks**	**Interbank Loans Receivable and SPURA** (Note 7)	**Financial Assets at FVOCI** (Note 9)	**Investment Securities at Amortized Cost** (Note 10)
Gross carrying amount, January 1, 2020	**P21,958,460**	**P670,568**	**P13,431,093**	**P1,389,857**	**P22,550,797**
New assets purchased or originated	**2,608,260,913**	**19,120**	**2,224,513,173**	**29,751,469**	**5,989,528**
Assets derecognized or repaid	**(2,590,910,913)**	**(39,070)**	**(2,217,983,223)**	**(16,022,195)**	**(20,043,309)**
Other movements*	**244,090**	**372,776**	**2,097,763**	**305,117**	**650,493**
Gross carrying amount, December 31, 2020	**P39,552,550**	**P1,023,394**	**P22,058,806**	**P15,424,248**	**P9,147,509**

**Includes movements in outstanding balances and foreign exchange differences*

	December 31, 2019				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 7)	Financial Assets at FVOCI (Note 9)	Investment Securities at Amortized Cost (Note 10)
Gross carrying amount, January 1, 2020	P21,427,033	P3,838,567	P11,985,245	P7,974,183	P23,214,197
New assets purchased or originated	302,898,084	2,183	1,855,170,775	3,491,762	922,128
Assets derecognized or repaid	(296,148,084)	(58,168)	(1,851,378,614)	(10,024,308)	(1,557,000)
Other movements*	(6,218,573)	(3,112,014)	(2,346,313)	(51,780)	(28,528)
Gross carrying amount, December 31, 2020	P21,958,460	P670,568	P13,431,093	P1,389,857	P22,550,797

**Includes movements in outstanding balances and foreign exchange differences*

The table below summarizes the movement in the gross carrying amounts on loans and receivables in 2020 and 2019 (amounts in thousands).

	December 31, 2020										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Gross carrying amount, January 1, 2020	P56,117,848	P7,993,664	P4,312,736	P800,463	P765,368	P294,531	P1,803,761	P72,088,371	P398,621	P1,129,974	P73,616,966
New assets purchased or originated	26,701,798	784,403	887,809	641,585	446,383	247,344	358,892	30,068,214	59,627	1,120,087	31,247,928
Assets derecognized or repaid	(23,425,918)	(177,266)	(237,521)	(800,463)	(755,645)	(252,499)	(175,708)	(25,825,020)	(31,971)	(883,242)	(26,740,233)
Transfer from Stage 1	(740,284)	(1,191,508)	(1,038,585)	-	(36,954)	-	(458,306)	(3,465,637)	(49,855)	(108,137)	(3,623,629)
Transfer from Stage 2	-	39,885	27,235	-	-	-	1,149	68,269	1,322	1,896	71,487
Transfer from Stage 3	-	1,102	1,436	-	-	-	-	2,538	471	59	3,068
Other movements***	(3,350,140)	(549,443)	(1,034,352)	-	(19,971)	(10,553)	(112,806)	(5,077,265)	(90,998)	(89,947)	(5,258,210)
	55,303,304	6,900,837	2,918,758	641,585	399,181	278,823	1,416,982	67,859,470	287,217	1,170,690	69,317,377
Stage 2											
Gross carrying amount, January 1, 2020	308,470	251,179	180,775	-	-	22,338	10,283	773,045	9,585	26,664	809,294
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(301,354)	(13,099)	(17,709)	-	-	-	(2,904)	(335,066)	(616)	(16,341)	(352,023)
Transfer from Stage 1	726,822	795,254	787,817	-	36,954.00	-	60,489	2,407,336	7,378	76,933	2,491,647
Transfer from Stage 2	(6,130)	(165,733)	(96,204)	-	-	-	(2,726)	(270,793)	(6,668)	(9,410)	(286,871)
Transfer from Stage 3	-	4,938	1,177	-	-	-	17,020	23,135	7,377	53	30,565
Other movements***	(986)	(10,749)	(36,182)	-	-	(4,553)	(3,025)	(55,495)	(1,711)	666	(56,540)
	726,822	861,790	819,674	-	36,954	17,785	79,137	2,542,162	15,345	78,565	2,636,072
Stage 3											
Gross carrying amount, January 1, 2020	598,518	249,628	199,334	76,156	163,188	17,663	322,575	1,627,062	120,071	1,043,142	2,790,275
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(13,635)	(9,156)	(12,744)	-	-	-	(2,285)	(37,820)	(2,686)	(20,551)	(61,057)
Transfer from Stage 1	13,462	396,254	250,768	-	-	-	397,817	1,058,301	42,477	31,204	1,131,982
Transfer from Stage 2	6,130	125,848	68,969	-	-	-	1,577	202,524	5,346	7,514	215,384
Transfer from Stage 3	-	(6,040)	(2,613)	-	-	-	(17,020)	(25,673)	(7,848)	(112)	(33,633)
Write-off	-	-	-	-	-	-	(108,923)	(108,923)	-	-	(108,923)
Other movements***	(2,790)	(1,686)	(8,916)	(2,446)	-	-	(2,955)	(18,793)	(3,765)	(4,512)	(27,070)
	601,685	754,848	494,798	73,710	163,188	17,663	590,786	2,696,678	153,595	1,056,685	3,906,958
TOTAL											
Gross carrying amount, January 1, 2020	57,024,836	8,494,471	4,692,845	876,619	928,556	334,532	2,136,619	74,488,478	528,277	2,199,780	77,216,535
New assets purchased or originated	26,701,798	784,403	887,809	641,585	446,383	247,344	358,892	30,068,214	59,627	1,120,087	31,247,928
Assets derecognized or repaid	(23,740,907)	(199,521)	(267,974)	(800,463)	(755,645)	(252,499)	(180,897)	(26,197,906)	(35,273)	(920,134)	(27,153,313)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	(108,923)	(108,923)	-	-	(108,923)
Other movements***	(3,353,916)	(561,878)	(1,079,450)	(2,446)	(19,971)	(15,106)	(118,786)	(5,151,553)	(96,474)	(93,793)	(5,341,820)
	P56,631,811	P8,517,475	P4,233,230	P715,295	P599,323	P314,271	P2,086,905	P73,098,310	P456,157	P2,305,940	P75,860,407

*Comprised of benefit loans, salary loans and credit cards.
**Comprised of accrued interest receivables, accounts receivables and RCOCI
***Includes movements in outstanding balances and foreign exchange differences

	December 31, 2019										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Gross carrying amount, January 1, 2019	P56,954,903	P6,395,507	P3,260,811	P1,315,932	P888,175	P354,490	P1,194,998	P70,364,816	P474,781	P1,122,533	P71,962,130
New assets purchased or originated	26,585,114	2,406,631	2,317,012	800,463.	758,454	276,403	439,370	33,583,447	110,589	399,108	34,093,144
Assets derecognized or repaid	(24,669,612)	(237,305)	(241,628)	(1,315,932)	(880,015)	(299,161)	(221,350)	(27,865,003)	(94,809)	(341,384)	(28,301,196)
Transfer from Stage 1	(39,568)	(242,098)	(215,592)	-	-	(22,338)	(17,581)	(537,177)	(30,588)	(101,803)	(669,568)
Transfer from Stage 2	-	177,914	86,813	-	-	-	5,192	269,919	3,332	2,699	275,950
Transfer from Stage 3	-	9,731	3,436	-	-	-	169	13,336	4,748	106	18,190
Other movements***	(2,712,989)	(516,716)	(898,116)	-	(1,246)	(14,863)	402,963	(3,740,967)	(69,432)	48,715	(3,761,684)
	56,117,848	7,993,664	4,312,736	800,463	765,368	294,531	1,803,761	72,088,371	398,621	1,129,974	73,616,966
Stage 2											
Gross carrying amount, January 1, 2019	385,625	403,921	203,470	-	-	-	15,694	1,008,710	4,804	25,415	1,038,929
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(33,118)	(53,610)	(26,671)	-	-	-	(4,630)	(118,029)	(447)	(563)	(119,039)
Transfer from Stage 1	9,557	156,733	177,088	-	-	22,338	10,052	375,768	9,861	22,196	407,825
Transfer from Stage 2	-	(246,471)	(127,457)	-	-	-	(7,020)	(380,948)	(3,564)	(24,531)	(409,043)
Transfer from Stage 3	4,566	6,922	5,989	-	-	-	200	17,677	3,486	263	21,426
Other movements***	(58,160)	(16,316)	(51,644)	-	-	-	(4,013)	(130,133)	(4,555)	3,884	(130,804)
	308,470	251,179	180,775	-	-	22,338.00	10,283	773,045	9,585	26,664	809,294
Stage 3											
Gross carrying amount, January 1, 2019	712,431	160,139	179,398	78,525	163,859	17,66	251,128	1,563,143	155,339	1,000,216	2,718,698
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(134,677)	(42,661)	(27,683)	-	(671)	-	(2,454)	(208,146)	(42,584)	(1,486)	(252,216)
Transfer from Stage 1	30,011	85,365	38,504	-	-	-	7,529	161,409	20,727	79,607	261,743
Transfer from Stage 2	-	68,557	40,644	-	-	-	1,828	111,029	232	21,832	133,093
Transfer from Stage 3	(4,566)	(16,653)	(9,425)	-	-	-	(369)	(31,013)	(8,234)	(369)	(39,616)
Other movements***	(4,681)	(5,119)	(22,104)	(2,369)	-	-	64,913	30,640	(5,409)	(56,658)	(31,427)
	598,518	249,628	199,334	76,156	163,188	17,663	322,575	1,627,062	120,071	1,043,142	2,790,275
TOTAL											
Gross carrying amount, January 1, 2019	58,052,959	6,959,567	3,643,679	1,394,457	1,052,034	372,153	1,461,820	72,936,669	634,924	2,148,164	75,719,757
New assets purchased or originated	26,585,114	2,406,631	2,317,012	800,463	758,454	276,403	439,370	33,583,447	110,589	399,108	34,093,144
Assets derecognized or repaid	(24,837,407)	(333,576)	(295,982)	(1,315,932)	(880,686)	(299,161)	(228,434)	(28,191,178)	(137,840)	(343,433)	(28,672,451)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Other movements***	(2,775,830)	(538,151)	(971,864)	(2,369)	(1,246)	(14,863)	463,863	(3,840,460)	(79,396)	(4,059)	(3,923,915)
	P57,024,836	P8,494,471	P4,692,845	P876,619	P928,556	P334,532	P2,136,619	P74,488,478	P528,277	P2,199,780	P77,216,535

*Comprised of benefit loans, salary loans and credit cards.
**Comprised of accrued interest receivables, accounts receivables and RCOCI
***Includes movements in outstanding balances and foreign exchange differences

Movement in allowance for impairment losses as at December 31, 2020 and 2019 for investment in associate and non-financial assets are summarized as follows (amounts in thousands):

	December 31, 2020				
	Investment in Associate (Note 13)	**Property and Equipment** (Note 14)	**Investment Properties** (Note 15)	**Other Assets** (Note 16)	**Total**
Balance at beginning of year	**P5,926**	**P6,156**	**P175,753**	**P4,615,167**	**P4,803,002**
Provision for (Reversal of) impairment losses for the year	**-**	**-**	**4,063**	**564**	**4,627**
Foreign exchange differences	**-**	**-**	**-**	**(7)**	**(7)**
Balance at end of year	**P5,926**	**P6,156**	**P179,816**	**P4,615,724**	**P4,807,622**

	December 31, 2019				
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P166,121	P4,617,177	P4,795,380
Provision for (Reversal of) impairment losses for the year	-	-	9,632	(2,002)	7,630
Foreign exchange differences	-	-	-	(8)	(8)
Balance at end of year	P5,926	P6,156	P175,753	P4,615,167	P4,803,002

18. Deposit Liabilities

Long-term Negotiable Certificates of Time Deposit (LTNCTD)
On March 17, 2020, the Bank issued unsecured LTNCTD with 4.5% fixed interest rate at par value of P5.0 billion and maturing on September 17, 2025. The issuance of the LTNCTD was approved by the BOD on June 25, 2019 and by the BSP on October 31, 2019.

Reserve Requirement
On December 6, 2019, the BSP reduced the reserve requirement to 14.0% through the issuance of BSP Circular No.1063.

On March 31, 2020, the BSP issued Circular No. 1082 reducing the reserve requirement to 12.0% effective on the reserve week starting on April 3, 2020.

As at December 31, 2020 and 2019, the Bank is in compliance with such reserve requirements. Due from BSP demand deposit account amounting to P15.4 billion and P15.1 billion as at December 31, 2020 and 2019, respectively, is available for meeting these reserve requirements as reported to BSP.

Due from BSP-Overnight Deposit Accounts earned annual interest rates ranging from 1.5% to 3.5% in 2020 and from 3.5% to 4.3% in 2019. Due from BSP-Term Deposit Accounts earned annual interest rates ranging from 1.7% to 4.3% in 2020 and from 4.2% to 5.2% in 2019. Interest income on Due from BSP amounted to P255.2 million in 2020 and P104.9 million in 2019.

Interest expense on deposit liabilities follows:

	2020	2019
Demand	**P44,728,904**	P35,708,157
Savings	**710,148,562**	1,912,211,483
Time	**194,935,281**	398,347,203
LTNCTD	**177,915,733**	-
	P1,127,728,480	P2,346,266,843

Peso-denominated deposits are subject to annual interest rates ranging from 0.1% to 5.3% in 2020 and 2019. Foreign currency-denominated deposits are subject to annual interest rates ranging from 0.1% to 3.0% in 2020 and 2019.

19. Bills Payable

This account consists of SSURA, short-term borrowings from local banks and borrowings from rediscounting facility availed by TRB from Social Security System, which was assumed by the Bank in connection with the PSA entered into by the Bank with the TRB in 2002. As at December 31, 2020 and 2019, borrowings from rediscounting facility were collateralized by certain receivables from customers amounting to P0.04 million and P0.08 million, respectively.

As at December 31, 2020 and 2019, there are no financial assets at FVOCI pledged and transferred under SSURA transactions and no short-term borrowings from local banks.

Interest expense consists of:

	2020	2019
Local banks	**P272,528**	P2,660,677
SSURA	**-**	597,709
Other borrowings	**833,171**	1,597,608
	P1,105,699	P4,855,994

Peso-denominated short-term borrowings from local banks are subject to annual interest rate of 1.9% and annual interest rates ranging from 5.0% to 5.3% in 2020 and 2019, respectively. Foreign currency denominated short-term borrowings from local banks are subject to annual interest rate of 1.3% in 2020. No foreign currency denominated short-term borrowings in 2019.

SSURA were subject to annual interest rate of 2.8% in 2019.

Borrowings from rediscounting facility are subject to annual interest rate of 8.0% in 2020 and annual interest rates ranging from 8.0% to 12% in 2019.

20. Accrued Interest, Taxes and Other Expenses

This account consists of accruals for the following:

	Note	**2020**	2019
Interest payable:			
Deposit liabilities	*18*	**P51,639,625**	P150,513,201
Bills payable	*19*	**1,762**	2,244
		51,641,387	150,515,445
Employee and other benefits		**338,329,853**	216,523,457
Insurance		**144,295,518**	123,427,239
Penalties		**141,485,559**	81,642,389
Taxes payable		**73,083,225**	99,115,147
Equipment-related expenses		**23,502,169**	26,894,604
Fees and commissions		**22,796,639**	33,454,721
Rent		**11,201,623**	13,182,866
Management and professional fees		**9,360,289**	16,631,150
Others		**76,767,215**	53,647,785
		P892,463,477	P815,034,803

Other accrued expenses include accruals for utilities expenses, security services, janitorial, messengerial and various expenses attributable to the Bank's operations.

21. Other Liabilities

This account consists of:

	Note	**2020**	2019
Accounts payable		**P874,595,629**	P978,466,356
Lease liability	*29*	**681,997,064**	645,999,494
Bills purchased - contra	*11*	**640,565,660**	775,822,119
Retirement liability	*28*	**392,542,958**	315,118,153
Due to preferred shareholders	*23*	**279,765,823**	277,515,653
Other credits-dormant		**178,948,793**	107,139,500
Due to Treasurer of the Philippines		**56,618,723**	56,868,348
Withholding tax payable		**49,898,110**	76,276,475
ECL on off-balance sheet exposures	*17*	**32,194,847**	47,868,523
Miscellaneous		**98,918,230**	62,431,855
		P3,286,045,837	P3,343,506,476

Accounts payable mainly pertains to advance loan payments from borrowers, inward and outward remittances received by the Bank pending payment or application to designated deposit accounts.

Other credits - dormant account are long outstanding Managers' Checks that are yet to be encashed by the payee for more than one (1) year from the date of check.

ECL on off-balance sheet exposures relate to committed credit line, credit card lines, outstanding guarantees and unused commercial letter of credits (see Note 37).

Miscellaneous include deposits for keys of safety deposit boxes, SSS payable and unclaimed salaries of resigned employees.

22. Maturity Profile of Assets and Liabilities

The following tables present the maturity profile of the assets and liabilities of the Bank based on the amounts to be recovered or settled within and/or after more than 12 months after the reporting period (amounts in thousands):

		2020			2019		
	Note	**Within 12 Months**	**Over 12 Months**	**Total**	Within 12 Months	Over 12 Months	Total
Financial Assets - gross							
COCI		**P2,420,505**	**P -**	**P2,420,505**	P1,776,399	P -	P1,776,399
Due from BSP	*18*	**39,552,550**	**-**	**39,552,550**	21,958,460	-	21,958,460
Due from other banks		**1,023,394**	**-**	**1,023,394**	670,568	-	670,568
Interbank loans receivable and SPURA	*7*	**22,058,806**	**-**	**22,058,806**	13,431,093	-	13,431,093
Financial assets at FVPL:	*8*						
Government securities held-for-trading		**639,004**	**-**	**639,004**	257,572	-	257,572
Private debt securities		**-**	**602,404**	**602,404**	-	770,871	770,871
Derivative assets		**-**	**24,011**	**24,011**	-	25,318	25,318
Financial assets at FVOCI:	*9*						
Government securities		**10,545,490**	**4,402,607**	**14,948,097**	470,437	446,462	916,899
Private debt securities		**-**	**314,964**	**314,964**	-	311,359	311,359
Equity securities		**-**	**161,187**	**161,187**	-	161,600	161,600
Investment securities at amortized cost - gross:	*10*						
Government securities		**1,794,104**	**4,140,353**	**5,934,457**	1,582,316	17,370,558	18,952,874
Private debt securities		**2,358,976**	**854,076**	**3,213,052**	352,227	3,245,696	3,597,923
Loans and receivables - gross:	*11*						
Receivable from customers:							
Term loans		**22,498,929**	**34,132,883**	**56,631,812**	23,850,544	33,174,292	57,024,836
Housing loans		**1,673,336**	**6,844,248**	**8,517,584**	524,057	7,970,535	8,494,592
Auto loans		**1,499,126**	**2,734,134**	**4,233,260**	543,298	4,149,706	4,693,004
Bills purchased, import bills and trust receipts		**715,295**	**-**	**715,295**	876,619	-	876,619
Direct advances		**596,077**	**4,920**	**600,997**	918,763	12,511	931,274
Agri-agra loans		**266,282**	**48,537**	**314,819**	270,591	64,371	334,962
Others		**1,635,536**	**471,791**	**2,107,327**	1,532,216	623,889	2,156,105
Accounts receivable		**1,125,879**	**-**	**1,125,879**	1,091,478	-	1,091,478
Accrued interest receivable		**888,473**	**-**	**888,473**	816,629	-	816,629
Sales contract receivables		**168,409**	**287,748**	**456,157**	137,614	390,663	528,277
Unquoted debt securities		**291,578**	**-**	**291,578**	291,578	-	291,578
RCOCI		**10**	**-**	**10**	94	-	94
Investment in associate	*13*	**-**	**75,395**	**75,395**	-	75,395	75,395
		111,751,759	**55,099,258**	**166,851,017**	71,352,553	68,793,226	140,145,779
Non-financial Assets - gross							
Non-current assets held for sale	*12*	**-**	**-**	**-**	48,122	-	48,122
Property and equipment	*14*	**-**	**4,205,560**	**4,205,560**	-	4,011,569	4,011,569
Investment properties	*15*	**-**	**4,532,155**	**4,532,155**	-	4,500,537	4,500,537
Deferred tax assets - net	*31*	**-**	**955,380**	**955,380**	-	880,301	880,301
Other assets	*16*	**1,416,804**	**6,077,002**	**7,493,806**	1,227,041	6,050,174	7,277,215
		1,416,804	**15,770,097**	**17,186,901**	1,275,163	15,442,581	16,717,744
		P113,168,563	**P70,869,355**	**184,037,918**	P72,627,716	P84,235,807	156,863,523
Less:							
Allowance for credit and impairment losses	*17*			**9,049,367**			8,285,104
Accumulated depreciation and amortization	*14, 15, 16*			**4,016,304**			3,494,193
Accumulated equity in net loss	*13*			**28,782**			28,026
Unearned interest	*11*			**22,784**			22,914
Total				**P170,920,681**			P145,033,286

	Note	2020 Within 12 Months	2020 Over 12 Months	2020 Total	2019 Within 12 Months	2019 Over 12 Months	2019 Total
Financial Liabilities							
Deposit liabilities:	*18*						
Demand		**P39,659,286**	**P -**	**P39,659,286**	P34,158,478	P -	P34,158,478
Savings		**83,743,821**		**83,743,821**	72,016,488	77	72,016,565
Time		**19,162,549**	**1,510,535**	**20,673,084**	15,781,288	1,899,857	17,681,145
LTNCTD		**-**	**5,029,420**	**5,029,420**	-	-	-
Bills payable	*19*	**19**	**-**	**19**	-	105	105
Manager's checks		**870,080**	**-**	**870,080**	923,460	-	923,460
Accrued interest and other expenses*	*20*	**469,849**	**-**	**469,849**	486,213	-	486,213
Other liabilities**	*21*	**2,036,987**	**774,422**	**2,811,409**	2,150,117	754,126	2,904,243
		145,942,591	**7,314,377**	**153,256,968**	125,516,044	2,654,165	128,170,209
Non-financial Liabilities							
Accrued taxes and other expense payable	*20*	**422,615**	**-**	**422,615**	328,822	-	328,822
Other liabilities	*21*	**474,636**	**-**	**474,636**	439,263	-	439,263
		897,251	**-**	**897,251**	768,085	-	768,085
		P146,839,842	**P7,314,377**	**P154,154,219**	P126,284,129	P2,654,165	P128,938,294

**amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL of loan commitments and financial guarantees*

23. Capital

As at December 31, 2020 and 2019, the Bank's capital stock consists of the following:

	Shares 2020	Shares 2019	Amount 2020	Amount 2019
Authorized common stock, P100 par value	**170,251,147**	212,500,000	**P17,025,114,700**	P21,250,000,000
Authorized preferred stock, P100 par value	**45,500,000**	7,500,000	**4,550,000,000**	750,000,000
Common stock issued and outstanding	**112,241,112**	112,241,112	**11,224,111,200**	11,224,111,200
Additional paid-in capital	**-**	-	**5,594,079,646**	5,594,079,646

As at December 31, 2020 and 2019, the Bank has no outstanding preferred shares. However, the Bank has outstanding liability for the unpaid portion of the redemption price of preferred shares amounting to P279.8 million and P277.5 million as at December 31, 2020 and 2019, respectively, which is recorded as "Due to preferred shareholders" account under "Other liabilities" in Note 21 to the financial statements. As at December 31, 2020 and 2019, the related sinking fund which is recorded under "Other assets" account amounting to P279.8 million and P277.5 million, respectively, has been set up to fund the eventual settlement of this liability (see Note 16).

On April 8, 2010, the SEC approved the Bank's application for the increase in authorized capital stock from P6.0 billion, divided into 52.5 million common shares and 7.5 million preferred shares both with the par value of P100 each, to P22.0 billion divided into 212.5 million common shares and 7.5 million preferred shares both with the par value of P100 each. The related amendment to the Articles of Incorporation of the Bank relative to its proposed increase in authorized capital stock from P6.0 billion to P22.0 billion was approved by BSP and the SEC on March 26, 2010 and April 8, 2010, respectively.

During its meeting on January 18, 2011, the BOD of the Bank passed a resolution approving the following:

- the sale of fully paid shares of Valiant Ventures & Development Holdings, Inc. (Valiant) in the Bank to SMPI and SMCRP amounting to 2,800,000 shares and 1,972,735 shares, respectively; and

- the assignment of subscription rights of Valiant to SMPI amounting to 523,726 shares (Tranche 1) and 4,713,539 shares (Tranche 2).

In this connection, the Bank secured the approval of the MB of BSP for such sale of shares and assignment of subscription of the shares of Valiant. This is mandated in BSP's MORB since the total shareholdings of Valiant entitles it to a board seat. The Board also approved that the sale of shares and assignment of subscription rights be recorded in the stock and transfer book of the Bank only after the approval of the MB has been obtained.

On March 30, 2011, the MB of BSP approved the sale of shares of Valiant. In 2011, the Bank's subscribed common stock totaling 59,741,113 shares have been fully paid in accordance with the subscription agreement.

On April 30, 2019, the BOD and the Stockholders approved to amend the Articles of Incorporation to deny pre-emptive rights. The said amendment was approved by the BSP on August 16, 2019 and by the SEC on September 5, 2019.

On January 30, 2020, the BOD and the Stockholders approved the amendment of the Articles of Incorporation to (a) reflect that the Bank's terms of existence shall be perpetual (b) retire 4,248,853 redeemed preferred shares thereby decreasing the Bank's authorized capital stock to P21,575,114,70 (c) reclassify 3,251,147 existing unissued preferred shares into new unissued preferred shares and (d) reclassify 42,248,853 existing unissued common shares into new unissued preferred shares. The amendments resulted in total new preferred shares of 45,500,000 with par value of P100 and decrease in common shares to 170,251,147 with par value of P100. These were approved by the BSP on May 21, 2020 and by the SEC on June 9, 2020.

Preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of the Bank and subject to the other terms and conditions as may be fixed by the BOD, required under regulations, and to the extent permitted by applicable law.

Capital Management

The Bank's capital base, comprised of capital stock, paid-in surplus and surplus reserves, is being actively managed to cover risks inherent in the Bank's operations. In 2009, SMPI and SMCRP infused additional capital amounting to P3.3 billion in the form of paid-up common stock. On February 18, 2010 and March 1, 2010, major stockholders infused P271.9 million and P2.1 billion, respectively, into the Bank in the form of advances for future stock subscriptions, which shall be treated as part of the Bank's paid-up capital upon the SEC's approval thereon and on the increase in the Bank's authorized capital stock.

In a disclosure to the Philippine Stock Exchange on November 7, 2019, San Miguel Corporation (SMC) declared that the BOD of SMC approved to provide an additional equity investment in the Bank of up to P5.5 billion in support of the application of the Bank for an upgrade of its commercial banking license to a universal banking license. The Bank continues to discuss the terms of the investment with SMC and is currently working on the other requirements of the BSP for a universal banking license.

Under Section 121 of the MORB, *Minimum Required Capital,* the minimum capitalization requirement applicable for the Bank (commercial banks with more than 100 branches) amounted to P15.0 billion. As at December 31, 2020 and 2019, the reported unimpaired capital of the Bank amounted to P16.5 billion and P16.0 billion, respectively.

The guidelines on bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework. In compliance with this new circular, the Bank has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Bank. The level and structure of capital are assessed and determined in light of the Bank's business environment, plans, performance, risks and budget; as well as regulatory edicts. The deadline for submission of ICAAP documents is March 31 of each year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles which differ from PFRSs in some respects.

The BSP sets and monitors compliance to minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 538 which implemented the Revised Risk-Based Capital Adequacy Framework under Basel II effective July 1, 2007. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10.0%.

Under Section 125 and Appendix 59 of the MORB, the regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprised common stock, additional paid-in capital and surplus. Tier 2 composed upper tier 2 and lower tier 2. Upper tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision and deposit for common stock subscription. Lower tier 2 consists of the unsecured subordinated debt.

The following are the minimum capital requirements for UBs and KBs and their subsidiary banks and quasi-banks (QBs):

- 6.0% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs)
- 7.5% Tier 1 Capital/RWAs, and
- 10.0% Total Qualifying Capital (Tier1 plus Tier2)/RWAs

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1(ATI)] and Tier 2 -'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a domestic bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer (CCB) of 2.5% of RWAs, comprised of CET1 capital, has been required of U/KBs and their subsidiary banks and quasi-banks. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress.

The CET1 capital requirement includes as an additional capital buffer, the Countercyclical capital buffer (CcyB) of zero percent (0%) subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increases in the CcyB rate shall be effective 12 months after announcement while decreases shall be effective immediately.

The countercyclical buffer requirement will extend the size of the capital conservation buffer. A bank shall not be subject to any restriction on distribution if the following conditions are met:

a. Has positive retained earnings as of the preceding quarter and has complied with the requirements on the declaration of dividends as provided in the MORB;

b. Has CET1 of more than the total required (minimum CET1 ratio of 6.0% plus CCB of 2.5% plus CcyB at the rate determined by the MB) before distribution; and

c. Has complied with the minimum capital ratios (CET1 ratio of 6.0%, Tier 1 ratio of 7.5% and 10.0% CAR) after the distribution.

Otherwise, the policy framework of the capital conservation buffer on the restriction on distributions shall apply, except for drawdowns. Thresholds on the restriction on distribution shall consider the CcyB requirement as an extension of the capital conservation buffer.

As at December 31, 2020 and 2019, based on the CAR reports submitted to BSP, the Bank's CAR of 16.60% and 15.93%, respectively, exceeded the minimum 10.0% requirement as computed and monitored using the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios"), based on the Basel III framework. The increase in CAR ratio was mainly due to the movement in the credit risk weighted amount of loans and other risk assets.

The breakdown of the Bank's risk-weighted assets as at December 31, 2020 and 2019 as reported to BSP follows (amounts in thousands):

	2020	2019
Credit risk-weighted assets	**P87,988,590**	P89,735,017
Market-risk weighted assets	**733,210**	409,223
Operational risk-weighted assets	**8,310,351**	7,472,407
	P97,032,151	P97,616,647

The Bank is also required to maintain a minimum Tier 1 capital ratio of 7.5% in 2020 and 2019 (in millions) which was complied as per below:

	2020	2019
Tier 1 capital	**P15,120**	P14,715
Tier 2 capital	**984**	837
Total qualifying capital	**P16,104**	P15,552
Risk-weighted assets	**P97,032**	P97,617
Tier 1 capital ratio	**15.58%**	15.07%
Total capital ratio	**16.60%**	15.93%

Certain adjustments are made to PFRSs results and reserves to calculate CAR which included the Bank's accounting of the following transactions that require different accounting treatments under PFRSs:

a) non-performing assets and operating losses of TRB capitalized as miscellaneous assets and subject to staggered allowance provisioning through offset of net yield earned from the financial assistance;

b) accounting for investment properties.

The recognition of the Bank is based on the accounting treatment approved by BSP (see Notes 15 and 16).

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5.0% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank Exceeded the minimum leverage ratio 5.0% in 2020 and 2019 (in thousands) which was complied as per below breakdown (amounts in thousands):

	2020	2019
Capital measure	**P15,120,329**	P14,714,742
Exposure measure	**174,068,012**	148,518,664
Leverage ratio	**8.69%**	9.91%

The LCR framework under Section 145 of the MORB promotes short-term resilience of liquidity risk profile of a bank. The LCR is the ratio of HQLAs to total net cash outflows. Under normal situation, the value of the ratio should be no lower than 100.0% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress. The compliance with the LCR minimum requirement commenced on January 01, 2018 and the prescribed minimum shall be set initially at 90% for 2018 and raised to the minimum level of 100% on January 01, 2019.

Based on the LCR reports submitted to the BSP as at December 31, 2020 and 2019, the Bank's LCR were 165.00% and 149.64% respectively, which were above the prescribed minimum requirement set at 100.0%.

While the NSFR promotes long-term resilience of banks against liquidity risk and maintains stable funding profile in relation to the composition of its assets and off-balance sheet activities. The implementation of the minimum NSFR was phased-in, banks undergone observation period from July 1, 2018 up to December 31, 2018 while actual implementation commenced on January 01, 2019. The NSR is the ratio of Bank's available stable funding to its required stable funding and shall maintain at least 100.0% at all times.

As at December 31, 2020 and 2019, the reported NSFR of 161% and 137% respectively, exceeded the required minimum of 100%.

This applies to U/KBs as well as their subsidiary banks and quasi-banks with the framework anchored on the international standards issued by the Basel Committee on Banking Supervision known as the Basel 3 reforms.

24. Surplus Reserves

	2020	2019
Reserve for general provision - special reserve	**P208,882,885**	P223,344,419
Reserve for trust business	**126,719,455**	115,918,324
Reserve for self-insurance	**60,000,000**	60,000,000
	P395,602,340	P399,262,743

The BSP, through Circular No. 1011, *Guidelines on the Adoption of the PFRS 9 - Financial Instruments*, requires appropriation of the Bank's Retained earnings in case the computed allowance for credit losses on loans based on PFRS 9 is less than the BSP required 1.0% general provision on outstanding Stage 1 on-balance sheet loans, except for accounts considered as risk-free under existing regulations.

In compliance with BSP regulations, 10.0% of the Bank's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Bank's authorized capital stock.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation and other unlawful acts of the Bank's personnel or third parties.

25. Interest Income on Debt Securities

This account consists of:

	Note	**2020**	2019
Investment securities at amortized cost:	*10*		
Government securities		**P571,132,356**	P754,709,801
Private debt securities		**177,633,500**	171,893,382
Financial assets at FVOCI:	*9*		
Government securities		**150,809,611**	162,313,770
Private debt securities		**19,799,002**	28,175,322
		919,374,469	1,117,092,275
Financial assets at FVPL:	*8*		
Government securities held for trading		**16,991,151**	16,058,663
		P936,365,620	P1,133,150,938

Foreign currency-denominated financial assets at FVPL bear annual interest rates ranging from 0.6% to 9.5% in 2020 and from 0.3% to 8.6% in 2019. Peso-denominated financial assets at FVPL bear annual interest rates ranging from 0.8% to 8.1% and 3.6% to 8.1% in 2020 and 2019, respectively.

Foreign currency-denominated financial assets at FVOCI bear EIRs ranging from 0.1% to 3.9% and from 2.0% to 3.9%, respectively, in 2020 and 2019. Peso-denominated financial assets at FVOCI bear EIRs ranging from 1.4% to 7.1% in 2020 and from 6.0% to 7.2% in 2019.

Foreign currency-denominated investment securities at amortized cost bear EIRs ranging from 0.8% to 3.4% and from 2.0% to 3.4%, respectively, in 2020 and 2019. Peso-denominated investment securities at amortized cost bear EIRs ranging from 1.7% to 8.1% in 2020 and from 3.2% to 8.1% in 2019.

26. Service Charges, Fees and Commissions

This account consists of:

	2020	2019
Trust income	**P124,291,947**	P107,985,620
Service charges	**123,659,614**	142,303,916
Credit card fees	**90,918,959**	114,954,396
Remittance fees	**42,395,261**	41,849,712
Commitment fee	**26,054,795**	2,280,159
Letters of credit fees	**11,347,102**	16,036,627
Penalty charges	**8,626,070**	19,629,875
Fees and commissions	**2,999,204**	3,285,774
Telegraphic transfer fees	**2,363,815**	3,053,339
Others	**11,980,303**	25,894,862
	P444,637,070	P477,274,280

Service charges include charges on loans, ATM fees and deposit taking-related activities.

Others include commission on acceptance fee, insurance, auto and housing loans, processing and sale of demand drafts.

27. Trading and Investment Securities Gains - net

This account consists of realized and unrealized gains (losses) from the following securities:

	Note	**2020**	2019
Financial assets and liabilities at FVPL:			
Debt securities:			
Unrealized	*8*	**P69,731,751**	P135,535,224
Realized		**30,065,549**	21,326,085
Financial assets at FVOCI	*9*	**280,743,443**	198,827,405
Investment securities at amortized cost	*10*	**767,033,010**	-
		P1,147,573,753	P355,688,714

28. Employee Benefits

Retirement Plan

The Bank has a funded noncontributory defined benefit retirement plan covering its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using projected unit credit method.

The Bank's retirement benefits are based on the employee's years of service and a percentage of his gross monthly salary. An employee shall be retired and shall be entitled to full retirement benefits upon his attainment of 60 years of age.

An employee, upon reaching the age of 50 years and with the completion of no less than 10 years of service as a regular employee and with 30 days prior notice to the Bank, may retire at his option and shall be entitled to the retirement benefits.

An employee who has at least 10 years of service as a regular employee, but who has not reached the age of 50 years, may retire at his option and shall be entitled to the retirement benefits but such retirement benefit shall be subject to the pertinent requirements of the BIR.

The Bank's retirement plan is registered with the BIR as a tax-qualified plan under RA No. 4917, as amended, and complies with the minimum retirement benefit specified under RA No. 7641, the "New Retirement Law."

The date of the last actuarial valuation is December 31, 2020. Valuations are performed on an annual basis.

As at December 31, 2020 and 2019, the principal actuarial assumptions used in determining retirement benefits liability for the Bank's retirement plan are shown below:

	2020	2019
Average working life	**13.0**	13.0
Discount rate	**3.9%**	5.3%
Future salary increases	**6.6%**	6.6%

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability and its components (in thousands).

	Defined Benefits Obligation		**Fair Value of Plan Assets**		**Net Retirement Benefit Liability**	
	2020	2019	**2020**	2019	**2020**	2019
Balance at January 1	**P1,137,202**	P822,021	**(P822,084)**	(P620,813)	**P315,118**	P201,208
Included in Profit or Loss						
Current service cost	**108,067**	76,083	**-**	-	**108,067**	76,083
Interest expense (income)	**60,272**	62,474	**(43,570)**	(47,182)	**16,702**	15,292
	168,339	138,557	**(43,570)**	(47,182)	**124,769**	91,375
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Financial assumptions	**196,092**	234,215	**-**	-	**196,092**	234,215
Experience adjustment	**(87,254)**	(5,378)	**-**	-	**(87,254)**	(5,378)
Return on plan assets excluding interest income	**-**	-	**20,251**	(4,151)	**20,251**	(4,151)
	108,838	228,837	**20,251**	(4,151)	**129,089**	224,686
Others						
Contributions paid by the employer	**-**	-	**(176,433)**	(202,151)	**(176,433)**	(202,151)
Benefits paid	**(85,013)**	(52,213)	**85,013**	52,213	**-**	-
	(85,013)	(52,213)	**(91,420)**	(149,938)	**(176,433)**	(202,151)
Balance at December 31	**P1,329,366**	P1,137,202	**(P936,823)**	(P822,084)	**P392,543**	P315,118

The movements of the remeasurement losses on retirement liability of the Bank follow:

	2020	2019
Balance at beginning of year	**P319,998,451**	P95,312,091
Remeasurement losses (gains) on:		
Defined benefits obligation	**108,837,990**	228,837,578
Plan assets	**20,251,559**	(4,151,218)
	129,089,549	224,686,360
Balance at end of year	**P449,088,000**	P319,998,451

The actual gain on plan assets amounted to P23.3 million and P51.3 million in 2020 and 2019, respectively.

The Bank expects to contribute P192.4 million to its defined benefits retirement plan in 2021.

The major categories of the fair value of plan assets as at December 31, 2020 and 2019 follow:

	2020	2019
Financial assets at FVOCI:		
Government and other debt securities	**P515,228,053**	P425,389,037
Quoted equity securities	**211,844,705**	196,084,992
Unquoted equity securities	**10,986,031**	12,223,787
Deposits with the bank	**69,142,094**	63,689,062
Loans receivables	**122,556,146**	115,816,489
Other receivables	**7,065,856**	8,880,528
Total Plan Assets	**P936,822,885**	P822,083,895

Sensitivity Analysis

Reasonably possible changes to one of the relevant actuarial assumptions, with all other assumptions constant, would have affected the net retirement liability of the Bank by the amounts shown below:

	December 31, 2020			
	Discount Rate		**Salary Increase Rate**	
	+1.00%	**-1.00%**	**+1.00%**	**-1.00%**
Present value of the defined benefit obligation	**P1,184,591,907**	**P1,502,174,842**	**P1,486,931,398**	**P1,193,854,763**
Fair value of plan assets	**936,822,885**	**936,822,885**	**936,822,885**	**936,822,885**
Net retirement liability	**P247,769,022**	**P565,351,957**	**P550,108,513**	**P257,031,878**

	December 31, 2019			
	Discount Rate		Salary Increase Rate	
	+0.50%	-0.50%	+0.50%	-0.50%
Present value of the defined benefit obligation	P1,024,750,080	P1,270,093,388	P1,259,632,270	P1,031,132,850
Fair value of plan assets	822,083,895	822,083,895	822,083,895	822,083,895
Net retirement liability	P202,666,185	P448,009,493	P437,548,375	P209,048,955

The maturity analyses of the undiscounted benefit payments as at December 31, 2020 and 2019 are as follows:

	2020	2019
1 - 5 years	**P346,025,220**	P400,997,606
6 - 10 years	**774,482,245**	671,856,271
11 - 15 years	**1,108,344,179**	1,109,714,344
16 years and up	**4,353,924,242**	4,529,654,517

The defined benefit plans expose the Bank to actuarial risks, such as longevity risk, interest risk, and market (investment risk).

The overall investment policy and strategy of the retirement plan is based on the Bank's suitability assessment, as provided by its Trust Services Group, in compliance with BSP requirements.

The weighted average duration of the defined benefit obligations is equal to the expected average remaining working lives as at December 31, 2020 and 2019.

Compensation and Fringe Benefits

The details of the following accounts for the year ended December 31 follow:

	2020	2019
Salaries and allowances	**P970,341,304**	P939,044,104
Employee benefits	**371,032,809**	318,705,457
Bonuses	**332,320,000**	298,945,157
Retirement benefits	**124,768,607**	91,375,015
Overtime	**20,929,533**	36,468,698
	P1,819,392,253	P1,684,538,431

29. Lease Contracts

Bank as Lessee

The Bank leases the premises occupied by most of its branches. The lease contracts are for periods ranging from 1 to 15 years and are renewable upon mutual agreement between the Bank and the lessors. Various lease contracts include escalation clauses, most of which bear an annual rent increase ranging from 3.0% to 20.0%.

The Bank also leases IT equipment such as ATMs and photocopier machine with contract term of 1 year. These leases are short-term and/or leases of low value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases. Rent expenses related to these contracts are charged against current operations (included under "Rent and utilities" account in the statements of income).

Information about leases for which the Bank is a lessee is presented below:

Right-of-Use Assets

Right-of-use assets relate to leased branch and office premises. Details of right-of-use assets are presented within property and equipment (see Note 14).

Lease Liabilities

See Note 5 for maturity analysis of lease liabilities as at December 31, 2020 and 2019.

The table below shows the amounts recognized in the statement of income in 2020 and 2019 related to leases under PFRS 16 (amounts in millions).

	2020	2019
Interest on lease liabilities	**P42.9**	P45.4
Expenses relating to short-term leases	**44.4**	56.0
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	**13.2**	10.5

Total cash outflow for leases recognized in the statement of cash flows in 2020 and 2019 amounted to P280.9 million and P275.9 million, respectively.

Bank as Lessor
The Bank leases out its commercial properties for office space. These non-cancellable leases have remaining lease terms of less than 1 year in 2019 and expired in 2020. The Bank has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the Bank on its commercial properties (shown under "Miscellaneous" in the statements of income) during the years ended December 31, 2020 and 2019 were P0.7 million and P2.6 million, respectively, and includes rental income on investment properties (Note 15). The Bank also recognized income from the use of safety deposit boxes amounting to P2.8 million and P2.9 million during the years ended December 31, 2020 and 2019, respectively (see Note 30).

The following table sets out a maturity analysis of lease payments in 2020 and 2019, showing undiscounted lease payments to be received after the reporting date (amounts in millions).

Operating Leases under PFRS 16	**2020**	2019
Less than one year	**P -**	P0.4
Total	**P -**	P0.4

30. Miscellaneous Income and Expenses

Miscellaneous Income
This account consists of:

	Note	**2020**	2019
Passed-on GRT		**P33,438,750**	P54,649,626
Dividend income	*9*	**12,228,425**	8,201,707
Rent income	*29*	**3,546,544**	5,509,668
Gain on exchange	*15*	**-**	363,450,000
Others		**16,204,006**	28,050,227
		P65,417,725	P459,861,228

In December 2019, the Bank received a parcel of land located in Sto. Domingo, Quezon City, as a replacement for certain assets (condominium units) booked as investment properties. The assignment of the condominium units to the Bank was made in 1998 as settlement of a loan. However, the covering Condominium Certificates of Title could not be transferred to the Bank since the related project was not completed by the developer. In order to finally settle the issues relating to the above condominium units, a settlement agreement has been executed by the Bank and the borrower to replace the recorded condominium units with the above mentioned parcel of land.

The Bank recognized gain from exchange of properties and provision for deferred tax (included in "Income tax expense" account in the statements of income (see Note 31) from this transaction amounting to P363.5 million and P109.0 million, respectively.

Others include gain due to rent concessions, recovery from charged-off assets and excess chattel fees.

Miscellaneous Expense
This account consists of:

	Note	**2020**	2019
Fines and penalties		**P61,931,157**	P41,932,646
Supervision and examination fee		**55,138,108**	47,807,051
Messengerial services		**53,324,266**	52,025,020
Communications		**52,048,887**	57,879,402
Marketing		**51,243,101**	73,927,301
Forms and supplies		**40,537,784**	38,009,159
Membership dues		**13,307,104**	12,670,088
Transportation and travel		**11,465,185**	22,657,826
Litigation and acquired assets-related expenses	*16*	**5,416,646**	11,388,756
Others		**37,346,912**	41,487,429
		P381,759,150	P399,784,678

Others include management fee on deposits, charges on correspondent banks and postage.

31. Income and Other Taxes

Income and other taxes are comprised of RBU and FCDU taxes which are discussed as follows:

Regular Banking Unit
Under Philippine tax laws, the Bank is subject to percentage and other taxes (presented under "Taxes and licenses" account in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

Income tax expense include corporate income tax, as discussed below, and final taxes paid at the rate of 20.0%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

The corporate income tax rate is 30.0%. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.0% of interest income subjected to final tax.

The regulations also provide for MCIT of 2.0% on modified gross income and allow NOLCO. The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a 3-year period from the year of incurrence.

In addition, Revenue Regulations (RR) No. 10-2002 provides for the ceiling on the amount of entertainment, amusement and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue.

In 2011, the BIR issued RR 4-2011, *Proper allocation of costs and expenses amongst income earning of banks and other financial institutions for income tax reporting purposes*, which requires banks to allocate and claim as deduction only those costs and expenses attributable to RBU to arrive at the taxable income of the RBU subject to regular income tax. Any cost or expense related with or incurred for the operations FCDU are not allowed as deduction from the RBU's taxable income. In computing for the amount allowable as deduction from RBU operations, all costs and expenses should be allocated between the RBU and FCDU by specific identification and by allocation.

Foreign Currency Deposit Unit
RA No. 9294, the existing applicable tax regulation governing the taxation of FCDU provides, among others, the following:

- Offshore income or the income derived by FCDUs from foreign currency transactions with nonresidents, Offshore Banking Units (OBUs) in the Philippines, local commercial banks including branches of foreign banks that may be authorized by BSP to transact business with FCDUs and other depository banks under the foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the MB to be subject to the regular income tax payable by banks.

- Gross onshore income or interest income from foreign currency loans granted by FCDUs to residents through offshore units in the Philippines or other depository banks under the expanded system shall be subject to final tax at a rate of 10.0%; and

- Interest income derived by resident individual or corporation on deposits with FCDUs and OBUs are subject to 15.0% final tax.

Income tax expense consists of:

	2020	2019
Current:		
Final	**P278,627,049**	P281,701,979
RCIT	**136,789,048**	1,536,421
Tax benefit	**(80,130,816)**	-
MCIT	**-**	61,363,313
	335,285,281	344,601,713
Deferred	**(78,162,871)**	119,584,686
	P257,122,410	P464,186,399

The amount of tax benefit relates to previously unrecognized MCIT of prior periods that is used to reduce current tax payable.

The amount of deferred tax income relates to the origination and reversal of temporary differences.

The reconciliation of the income tax expense computed at the statutory tax rate to the effective income tax shown in the statements of income follows:

	2020	2019
Income before income tax expense	**P1,041,556,198**	P1,116,908,933
Income tax at statutory rate	**P312,466,859**	P335,072,680
Additions to (reductions in) income taxes resulting from the tax effects of:		
Nondeductible expenses	**340,769,185**	319,664,541
Nontaxable income	**(209,326,488)**	(79,941,478)
Tax paid income	**(129,117,988)**	(142,426,503)
Changes in unrecognized deferred tax assets	**87,538,287**	12,565,790
FCDU income	**(71,635,416)**	(28,009,350)
Others	**(73,572,029)**	47,260,719
Effective income tax	**P257,122,410**	P464,186,399

The components of net deferred tax assets and deferred tax liabilities in the statements of financial position follow:

	Beginning Balance (December 31, 2019 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2020 Tax Effect)
Deferred tax assets:				
Allowance for credit and impairment losses	P1,052,927,615	P -	P -	P1,052,927,615
Accumulated depreciation on foreclosed properties	175,304,119	42,901,376	-	218,205,495
Accrued employee benefits and other expenses	100,210,650	38,887,522	-	139,098,172
Unrealized loss on foreclosed properties	87,296,490	4,398,110	-	91,694,600
Net lease liability	16,066,416	3,430,834	-	19,497,250
Accrued rent expense	1,441,827	1,641,965	-	3,083,792
	1,433,247,117	91,259,807	-	1,524,506,924
Deferred tax liability:				
Unrealized gain on foreclosed properties	(457,536,129)	(1,415,939)	-	(458,952,068)
Unrealized foreign exchange gain	(54,429,444)	6,088,710	-	(48,340,734)
Gain on investment properties sold under installments	(36,211,019)	1,327,746	-	(34,883,273)
Unrealized gain on financial assets at FVOCI	(3,305,159)	-	(3,084,165)	(6,389,324)
Unrealized gain on financial assets at FVPL	-	(3,598,029)	-	(3,598,029)
Retirement benefits	(1,464,089)	(15,499,424)	-	(16,963,513)
	(552,945,840)	(13,096,936)	(3,084,165)	(569,126,941)
Net Deferred Tax Assets (Liabilities)	P880,301,277	P78,162,871	(P3,084,165)	P955,379,983

	Beginning Balance (December 31, 2018 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2019 Tax Effect)
Deferred tax assets:				
Allowance for credit and impairment losses	P1,050,037,901	P2,889,714	P -	P1,052,927,615
Accumulated depreciation on foreclosed properties	156,013,550	19,290,569	-	175,304,119
Accrued employee benefits and other expenses	86,317,408	13,893,242	-	100,210,650
Unrealized loss on foreclosed properties	138,450,921	(51,154,431)	-	87,296,490
Net lease liability	-	16,066,416	-	16,066,416
Accrued rent expense	18,594,692	(17,152,865)	-	1,441,827
	1,449,414,472	(16,167,355)	-	1,433,247,117
Deferred tax liability:				
Unrealized gain on foreclosed properties	(345,683,932)	(111,852,197)	-	(457,536,129)
Unrealized foreign exchange gain	(53,260,423)	(1,169,021)	-	(54,429,444)
Gain on investment properties sold under installments	(47,278,995)	11,067,976	-	(36,211,019)
Unrealized gain on financial assets at FVOCI	-	-	(3,305,159)	(3,305,159)
Retirement benefits	-	(1,464,089)	-	(1,464,089)
	(446,223,350)	(103,417,331)	(3,305,159)	(552,945,840)
Net Deferred Tax Assets (Liabilities)	P1,003,191,122	(P119,584,686)	(P3,305,159)	P880,301,277

Management believes that certain future deductible items may not be realized in the near foreseeable future as future taxable income may not be sufficient for the related tax benefits to be realized. Accordingly, the Bank did not set up deferred tax assets on the following temporary differences and carry forward benefits of NOLCO and MCIT:

	2020		2019	
	Deductible Temporary Differences	**Deferred Tax Asset**	Deductible Temporary Differences	Deferred Tax Assets
Allowance for credit and impairment losses	**P3,027,818,815**	**P908,345,645**	P2,280,245,612	P684,073,684
MCIT	**91,992,619**	**91,992,619**	172,123,436	172,123,436
NOLCO	**-**	**-**	207,378,429	62,213,529
Unrealized loss on financial assets at FVPL	**-**	**-**	1,556,373	466,912
Others	**142,823,016**	**42,846,905**	122,564,407	36,769,322
Deferred tax items not recognized in profit or loss	**3,262,634,450**	**1,043,185,169**	2,783,868,257	955,646,883
Remeasurement losses on retirement liability	**449,088,000**	**134,726,400**	319,998,451	95,999,535
Deferred tax items not recognized in OCI	**449,088,000**	**134,726,400**	319,998,451	95,999,535
	P3,711,722,450	**P1,177,911,569**	P3,103,866,708	P1,051,646,418

Details of the Bank's RBU NOLCO and MCIT as at December 31, 2020 follow:

NOLCO

Inception Year	Amount	Used	Balance	Expiry Year
2018	P114,621,525	P114,621,525	P -	2021
2019	92,756,904	92,756,904	-	2022
	P207,378,429	P207,378,429	P -	

MCIT

Inception Year	Amount	Used	Balance	Expiry Year
2017	P53,578,087	P53,578,087	P -	2020
2018	57,182,035	26,552,729	30,629,306	2021
2019	61,363,313	-	61,363,313	2022
	P172,123,435	P80,130,816	P91,992,619	

32. Related Party Transactions

The Bank has various transactions with its related parties and with certain directors, officers, stockholders and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.

Under current banking regulations, total outstanding loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in the Bank: *Provided, however,* that unsecured loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall not exceed 30.0% of their respective total loans, other accommodations and guarantees. Loans, other credit accommodations, and guarantees granted by the Bank to its DOSRI for the purpose of project finance, shall be exempted from the 30.0% unsecured individual ceiling during the project gestation phase: *Provided*, That: the Bank shall ensure that standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of the borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project documents.

Except with the prior approval of the Monetary Board, the total outstanding loans, other credit accommodations and guarantees to DOSRI shall not exceed 15% of the total loan portfolio of the bank or 100.0% of net worth whichever is lower: *Provided*, That in no case shall the total unsecured loans, other credit accommodations and guarantees to said DOSRI exceed 30.0% of the aggregate ceiling or the outstanding loans, other credit accommodations and guarantees, whichever is lower. For the purpose of determining compliance with the ceiling on unsecured loans, other credit accommodations and guarantees, banks shall be allowed to average their ceiling on unsecured loans, other credit accommodations and guarantees every week.

The total outstanding loans, other credit accommodations and guarantees to each of the bank's subsidiaries and affiliates shall not exceed 10.0% of the net worth of the lending bank: *Provided*, That the unsecured loans, other credit accommodations and guarantees to each of said subsidiaries and affiliates shall not exceed 5.0% of such net worth: *Provided*, further, That the total outstanding loans, other credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.0% of the net worth of the lending bank: *Provided*, finally, That these subsidiaries and affiliates are not related interest of any of the director, officer, and/or stockholder of the lending bank.

The following table shows information on related party loans (amounts in thousands):

	2020		2019	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI)
Total outstanding loans	**P -**	**P21,783,009**	P1,746	P25,283,718
Percent of DOSRI/Related Party loans to total loans	**0.00%**	**29.80%**	0.00%	33.93%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**62.71%**	16.59%	66.09%
Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**0.04%**	14.18%	0.01%
Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**0.07%**	0.00%	0.01%

The details of significant related party transactions of the Bank follow (amounts in thousands):

Category	*Note*	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Associate	*13*			
2020				
Investment in an associate		**P -**	**P40,687**	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		**753**	**-**	Share in net loss of BIC
2019				
Investment in an associate		-	41,444	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		2,865	-	Share in net loss of BIC

Unless otherwise stated, RPTs disclosed are unsecured.

Category	Note	December 31, 2020 Amount/ Volume	December 31, 2020 Outstanding Balance	December 31, 2019 Amount/ Volume	December 31, 2019 Outstanding Balance	Nature, Terms and Conditions
Other Related Parties						
Financial assets at FVOCI:	*9*					
Equity securities		**P -**	**P18,531**	P -	P17,812	8.57% equity interest in BANGE
Private debt securities		**-**	**314,964**	-	311,359	Long-term bond with interest rate of 6.6% with maturity in 2022.
Maturities		**-**	**-**	558,581	-	Matured bond had interest rate of 5.9%
Investment securities at amortized cost	*10*	**-**	**1,711,696**	-	2,044,107	Long-term bonds with interest rates ranging from 4.0% to 8.1% with maturity years ranging from 2021 to 2025.
Maturities		**332,380**	**-**	-	-	Matured bond had interest rate of 5.0%
Loans and receivables - net:	*11*					
Receivables from customers:		**-**	**21,449,789**	-	24,587,767	Term, housing, auto, salary and personal loans with interest rates ranging from 2.7% to 23.0% and with maturity of less than 1 year to 20 years; Collateral includes real estate mortgage, unregistered chattel mortgage, hold-out on deposit, assignment of contract and concession agreement, continuing surety agreement, mortgage trust indenture and pledge agreement on shares;
Availments		**57,727,441**	**-**	97,558,958	-	
Settlements		**60,698,979**	**-**	100,372,158	-	
Sales contract receivables and accrued interest receivables:		**-**	**130,863**	-	171,069	Sales contract receivables with annual interest rates ranging from 6.3% to 10.5% and with maturity years of 5 to 10 years; accrued interest receivables on loans, sales contract receivables and long-term bonds;
Availments		**-**	**-**	-	-	
Settlements		**998**	**-**	32,491	-	
Interest income		**1,948,698**	**-**	2,337,264	-	Interest income on loans, sales contract receivables and long-term bonds;
Deposit liabilities:	*18*	**-**	**42,747,440**	-	28,795,694	Consists of current, savings and time deposits which earn interest at the respective bank deposit rates
Deposits		**3,171,896,515**	**-**	3,654,227,740	-	
Withdrawals		**2,570,073,386**	**-**	2,330,818,579	-	
Accrued interest payable	*20*	**138,076**	**2,377**	558,705	13,805	Interest expense and accrued interest payable on deposits;
Accrued other expenses and other liabilities	*21*	**144,915**	**2,951**	166,865	5,061	Accrued other expenses include professional fees, per diem of Directors and accruals for rent and utilities; On demand, unsecured and non-interest bearing; Other liabilities consists of accounts payable to Bank's officers; On demand, unsecured and non-interest bearing.
Fees and other income	*26, 30*	**49,736**	**-**	62,269	-	Loan and investment-related fees and commission income, gain from the cash sale transactions of foreclosed properties, dividend received from BANGE and passed-on GRT
Commitments and contingent liabilities	*32*	**-**	**1,811,745**	-	P1,897,609	Bank guarantees in favor of related party and outstanding sight import letters of credit

Unless otherwise stated, RPTs disclosed are unsecured and balances are gross of allowance.

As at December 31, 2020 and 2019, outstanding bills purchased of related parties with contra account in “Other liabilities” amounted to P419.8 million and P695.0 million, respectively (see Notes 11 and 21).

Other related parties are companies linked directly or indirectly to the Bank through one or more intermediaries or are members of the same group, is controlled by, is under the same significant influence, or is under common control with the Bank.

The related party transactions shall be settled in cash. As at December 31, 2020 and 2019, the allowance for credit losses on outstanding transactions with other related parties amounted to P361.6 million and P377.2 million, respectively. Reversal of credit losses recorded in 2020 and 2019 on such related party transactions totaled to P15.5 million and P98.7 million, respectively. Such outstanding transactions include private debt securities at FVOCI, investment securities at amortized cost, receivables from customers, sales contract receivables and accrued interest receivable under the “Loans and receivables - net” account in the statements of financial position and commitment and contingent liabilities.

Transactions with Retirement Plan
The Bank’s retirement plan is managed and administered by the Bank’s Trust Services Group which is covered by an IMA Agreement (agency relationship). The fair values of the plan assets are disclosed in Note 28.

Related information on assets/liabilities and income/expense of the funds as at and for the years ended December 31, 2020 and 2019 follow:

	2020	2019
Financial assets at FVOCI:		
Government and other debt securities	**P515,228,053**	P425,389,037
Quoted equity securities	**211,844,705**	196,084,992
Unquoted equity securities	**10,986,031**	12,223,787
Loans and other receivables	**129,622,002**	124,697,017
Deposits with the Bank	**71,106,690**	66,464,054
Total Plan Assets	**P938,787,481**	P824,858,887
Due to Broker	**P1,728,636**	P2,582,777
Trust fee payable	**201,974**	177,615
Other liabilities	**33,986**	14,600
Total Plan Liabilities	**P1,964,596**	P2,774,992

Plan Income	**2020**	2019
Interest income	**P26,049,369**	P25,325,513
Trading and investment gains (loss)	**(10,560,419)**	1,742,765
Dividend income and others	**8,193,257**	6,625,221
	P23,682,207	P33,693,499
Plan Expense		
Trust fees	**P2,088,834**	P1,755,143
Other expenses	**647,155**	752,211
Provision for credit losses	**73,991**	277,864
	P2,809,980	P2,785,218

As at December 31, 2020 and 2019, the retirement plan assets of the Bank include 73,067 shares of the Bank classified under financial assets at FVOCI. The allowance for probable losses on the retirement plan's shares of the Bank amounted to P11.1 million and P9.9 million as at December 31, 2020 and 2019, respectively. Limitations and restrictions are covered by the IMA Agreement and anything outside the IMA Agreement must be explicitly authorized by the Board of Trustees (BOT).

Interest income on deposit with the Bank amounted to P129,977 and P10,537 as at December 31, 2020 and 2019, respectively. Investments are subject to the limitations of the agreement and all other actions pertaining to the fund are to be executed only upon explicit authority by the BOT of the fund.

The Bank's contribution to its defined benefits retirement plan amounted to P176.4 million and P202.2 million in 2020 and 2019, respectively. Benefits paid out of the Bank's plan assets amounted to P85.0 million and P52.2 million in 2020 and 2019, respectively (see Note 28).

Compensation of Key Management Personnel of the Bank

The remuneration of directors and other members of key management included in the "Compensation and fringe benefits" account in the statements of income for the years ended December 31, 2020 and 2019 follows:

	2020	2019
Short-term employee benefits	**P530,809,650**	P536,003,622
Post-employment benefits	**37,430,582**	29,240,005
	P568,240,232	P565,243,627

33. Acquisition of Selected Assets and Assumption of Certain Liabilities of TRB

A summary of the significant transactions related to the PSA entered into by the Bank with TRB on November 9, 2001 follows:

a. TRB sold and transferred, in favor of the Bank, identified recorded assets owned by TRB both real and personal, or in which TRB has title or interest, and which are included and deemed part of the assets listed and referred to in TRB's Consolidated Statement of Condition (CSOC) as at August 31, 2001. The said assets are inclusive of the banking goodwill of TRB, bank premises, licenses to operate its head office and branches, leasehold rights and patents used in connection with its business or products. In consideration of the sale of identified recorded assets, the Bank assumed identified recorded TRB liabilities including contingent liabilities as listed and referred to in its CSOC as at August 31, 2001. The liabilities assumed do not include the liability for the payment of compensation, retirement pay, separation benefits and any labor benefits whatsoever arising from, incidental to, or connected with employment in, or rendition of employee services to TRB, whether permanent, regular, temporary, casual or contractual and items in litigation, both actual and prospective, against TRB.

b. The Bank is allowed to avail of certain BSP incentives including but not limited to the following: (a) full waiver of the liquidated damages on the emergency loan of TRB and penalties related to reserve deficiencies and all other outstanding penalties at the time of acquisition may be paid over a period of 1 year, (b) relocation of branches shall be allowed within 1 year from the date of BSP approval of the PSA. Relocation shall be allowed in accordance with BSP Circular No. 293. The 90-day notice requirement on branch relocation has been waived, and (c) availment of rediscounting facility window subject to present BSP regulations.

c. The Bank paid the outstanding emergency advances owed by TRB to BSP originally amounting to P2.4 billion through dacion en pago with mandatory buy-back agreement of certain assets of the Bank and TRB at a price set at 80.0% of the appraised value of those assets (see discussions on Settlement of Liabilities of TRB).

d. The Bank arranged with PDIC a liquidity facility for the first year following the effectivity date in the amount not to exceed 10.0% of the assumed deposit liabilities of TRB to service unanticipated withdrawals by TRB depositors, subject to terms and conditions as may be imposed by PDIC.

Settlement of Liabilities of TRB
Part of the liabilities of TRB assumed by the Bank includes P2.4 billion emergency advances from BSP. As settlement for the emergency advances, a dacion en pago with mandatory buy-back agreement involving certain bank premises and ROPA (with a dacion price equivalent to 80.0% of the average appraised value of the dacion properties) was executed. The dacion en pago with mandatory buy-back agreement contained the following significant terms and conditions:

a. The Bank may repurchase the bank premises and ROPA within 10 years from the execution of the agreement.

b. The buy-back price for the ROPA is the dacion price plus, if applicable, real estate taxes paid by BSP. The buy-back price for the bank premises used in operations shall be the dacion price plus 6.0% simple interest per annum plus 50.0% of rental rates based on prevailing rates in the locality as mutually agreed by the parties with a 4.3% yearly increment.

c. Any gain on sale of the dacion properties within the 10-year holding period, in excess or over the buy-back price, net of any taxes paid related to the sale, shall be shared 70-30 between the Bank and BSP, respectively.

   As approved by BSP, properties of the Bank and TRB with net book value amounting to P2.3 billion fully settled the liabilities to BSP assumed by the Bank from TRB amounting to P2.4 billion at the time of dacion; the difference amounting to P102.0 million was credited to other deferred credits (ODC) account. Expenses incurred related to the dacion of properties were offset against ODC.

   The Bank fully settled its emergency loan with BSP in June 2012 through cash settlement and permanent transfer of dacioned properties.

FAA

The summary of significant transactions related to the FAA entered into by the Bank with the PDIC, for acting as a “White Knight” by agreeing to the terms and conditions of the PSA with TRB, follows:

a. The PDIC granted the Bank a loan amounting to P1.8 billion representing the amount of insured deposits of TRB as at June 30, 2001, which should have been paid by PDIC under a closure scenario. The proceeds of the loan were used to purchase a 20-year government securities with a coupon rate of 15.0% per annum to be pledged as collateral for the loan. Yield on the 20-year government securities (net of 20.0% withholding tax and the 3.0% interest to be paid on the loan from PDIC) shall be used to offset on a staggered basis, for prudential reporting purposes, against TRB’s unbooked valuation reserves on NPAs with a total face value of P4.5 billion, which was approved by BSP to be booked as “Miscellaneous assets”.

   On November 29, 2013, the Bank fully settled its loan from PDIC amounting to P1.8 billion.

b. The Bank infused additional fresh capital amounting to P200.0 million in 2001 and commits to infuse additional capital in the event a shortfall in order to comply with BSP’s pertinent regulations on minimum capital requirement.

c. The Bank agrees to comply with certain regulatory requirements, to provide information as required by the PDIC, to pursue realization of performance targets based on the financial plan, to secure PDIC’s written consent for the appointment of an external auditor, and to entitle PDIC to appoint a consultant.

d. The Bank shall not, among others, without the prior written consent of PDIC, grant new DOSRI loans, make any single major or significant total capital expenditures within 5 years as defined in the FAA, establish new banking offices or branches, dispose all or substantial portion of its assets except in the ordinary course of business, declare or pay cash dividends, effect any profit sharing or distribution of bonuses to directors and officers of the Bank not in accordance with the financial plan and other transactions or activities not in accordance with the financial plan.

On September 22, 2009, the Bank and PDIC signed a Supplemental Agreement to the 2002 FAA with the following additional terms:

a. To the extent and in the context relevant to the terms of the FAA, PDIC hereby agrees to a limited adjustment of TRB's unbooked valuation reserves/deferred charges/accumulated operating losses, so as to include operating losses accumulated from the period October 2001 to July 2002 in the amount of P596.0 million which shall bring TRB's total unbooked valuation reserves, deferred charges and accumulated operating losses to P4.5 billion;

b. Extension of the FAA for such limited period as shall exactly be sufficient to fully set off on staggered basis the MA-TRB against the net yield of the new series 20-year government securities to be purchased to replace the maturing government securities in March 2022 and likewise to be pledged to PDIC; and

c. Income resulting from the difference between the dacion price and book value of the assets as collateral to BSP, if any, as well as future collections derived by the Bank from NPLs covered by the unbooked valuation reserves shall be deducted from the above amount of P4.5 billion. Such set-off shall be formally and officially reported by BSP to PDIC.

The foregoing Supplemental Agreement did not constitute a significant modification of the terms of the PDIC's below-market loan to the Bank. Had the modification been significant, it would have resulted to the derecognition of the old liability and the recognition of the new liability at its fair value.

In addition, as part of the PSA, there were transactions allowed and approved by BSP, which required different treatment under PFRSs. These transactions and their effects are described below:

Assumption of NPAs of TRB
In addition to the provisions of FAA and subsequent to the approval by BSP and PDIC to recognize NPAs of P144.2 million as miscellaneous assets, the Bank negotiated with BSP and PDIC to include as miscellaneous assets the additional operating losses of TRB amounting to P595.6 million incurred during the transition period of the Bank's assumption of TRB's assets and liabilities.

As at December 31, 2002, a portion of the additional operating losses of TRB amounting to P227.2 million was approved by BSP and PDIC to be included as additional miscellaneous assets. On April 28, 2003, BSP approved the deferral of operating losses amounting to P596.4 million (instead of P595.6 million which was previously negotiated by the Bank and P227.2 million which was previously approved by BSP) thereby increasing the TRB-related bookings to miscellaneous assets to P4.4 billion (see Note 16). NPL included under miscellaneous assets comprised TRB's loans amounting to P3.1 billion as at August 31, 2001 which is excluded in the determination of financial ratios, provisioning and computation of CAR based on the agreed term sheet. Also, BSP considered these miscellaneous assets as non-risk assets and are not subject to classification.

Pursuant to the requirements of PFRS, the impairment losses on the NPAs amounting to P4.4 billion as at December 31, 2020 and 2019 were charged in full in the period incurred (see Note 16).

For its separate prudential reporting to BSP, the Bank continues to recognize the P4.4 billion impairment losses on a staggered basis as provided under MB No. 1950 (see Note 16).

34. Notes to Statements of Cash Flows

As at December 31, 2020 and 2019, interbank loans receivable amounting to P106.5 million and P110.9 million, respectively, were not considered as part of cash and cash equivalents, having a maturity of more than 3 months.

The following is a summary of noncash activities of the Bank:

	2020	2019
Noncash investing activities:		
Additions to investment properties and other properties acquired in settlement of loans	**P46,108,250**	P433,122,836
Increase in sales contract receivables from sale of investment properties	**43,862,200**	118,925,434

The following table shows the reconciliation analysis of liabilities arising from financing liabilities for period ended December 31, 2020 and 2019:

	2020	2019
Beginning balance	**P646,104,589**	P1,145,254,495
Additions to lease liabilities	**220,703,671**	206,273,261
Cash flows during the year:		
Proceeds	**1,984,184,000**	6,554,445,000
Settlements	**(2,162,076,779)**	(7,259,868,167)
	(177,892,779)	(705,423,167)
Other adjustments	**(6,899,742)**	-
Ending balance	**P682,015,739**	P646,104,589

Other adjustments pertain to reductions to lease liabilities due to rent concessions and pre-termination of lease contracts.

As allowed by PAS 7, short-term borrowings from local banks amounting to P2.0 billion and P6.6 billion in 2020 and 2019, respectively, are presented in statements of cash flows on a net basis.

35. Events after the Reporting Date

On January 26, 2021, the BOD approved the issuance of 41,666,667 preferred shares to San Miguel Corporation. These shares will be issued out of the unissued Series 1 Preferred Shares of the Bank. BSP clearance of the indicative terms and conditions of these Preferred Shares is being requested to ensure that the investment meets the requirements for Additional Tier 1 capital. Final share price will also be dependent on the cleared terms and conditions.

On the same date, the BOD also approved the plan for equity restructuring to wipe out the deficit through the use of the Bank's Paid-in Surplus.

On February 23, 2021, the BOD approved a Bond Issuance Program of up to P20.0 billion, in multiple tranches, with a minimum term of 1.5 years. Interest rates will be based on prevailing market rates. The Bond Issuance Program aims to further diversify the Bank's funding sources and generate stable longer-term funding to support the Bank's expansion activities.

36. Supplementary Information Required under BSP Circular No. 1074

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements to Section 174 of the MORB of the BSP, issued through BSP Circular No. 1074.

(a) Financial Performance Indicators

The following basic ratios measure the financial performance of the Bank:

	2020	2019
Return on average equity	**4.77%**	4.13%
Return on average assets	**0.50%**	0.44%
Net interest margin on average earning assets	**3.87%**	3.45%

(b) Commitments and Contingencies

In the normal course of operations, the Bank makes various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingencies at their peso equivalent contractual amounts arising from off-books accounts as at December 31, 2020 and 2019:

	2020	2019
Contingent assets:		
Future/spot exchange bought	**P168,080,500**	P101,270,000
Outward bills for collection	**3,286,476**	1,012,065
Fixed income securities purchased	**248,291**	60,938,300
	P171,615,267	P163,220,365
Commitments and contingent liabilities:		
Trust department accounts	**P39,055,150,377**	P40,329,500,019
Credit card lines	**3,708,362,146**	4,114,539,042
Committed credit line	**3,577,500,000**	3,325,000,000
Outstanding guarantees	**1,165,637,379**	1,695,038,981
Unused commercial letters of credit	**800,505,453**	382,345,641
Future/spot exchange sold	**528,253,000**	658,255,000
Late deposits/payments received	**171,532,610**	99,280,942
Fixed income securities sold	**496,582**	19,752
Items held for safekeeping/securities held as collateral	**54,088**	851,068
	P49,007,491,635	P50,604,830,445

The Bank has several loan-related suits, claims and regulatory examinations that remain unsettled or ongoing. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, in consultation with its legal counsels, the suits and claims, if decided adversely, will not involve sums having a material effect on the Bank's financial statements.

Other Commitments

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or re-pledge the assets, they are classified in the statements of financial position as pledged collateral. The pledged assets will be returned to the Bank when the underlying transaction is terminated but, in the event of the Bank's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No asset is being pledged by the Bank to secure outstanding liabilities as at December 31, 2020 and 2019.

(c) Trust Assets

Securities and other properties (other than deposits) held by the Bank in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Bank. Total assets held by the Bank's Trust Services Group amounted to P39.1 billion (unaudited) and P40.3 billion (audited) as at December 31, 2020 and 2019, respectively.

In compliance with the requirements of current banking regulations relative to the Bank's trust functions, government securities with face value of P504.0 million and P439.0 million as at December 31, 2020 and 2019, respectively, which have been included under "Investment securities at amortized cost" (see Note 10), are deposited with BSP.

Other relevant disclosures required by BSP Circular No. 1074 are in Notes 11, 23 and 32.

37. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The Bureau of Internal Revenue (BIR) has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to financial statements. The Bank reported and/or paid the following types of taxes in 2020:

a. Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under the 'Taxes and Licenses' account in the Bank's statement of income.

Details of taxes and licenses for the year consist of the following:

Documentary stamp tax	**P407,266,395**
Gross receipts tax	**349,550,289**
License and permit fees	**39,381,605**
Real estate taxes	**17,315,921**
Fringe benefits	**8,327,769**
Transfer taxes	**7,667,241**
Capital gains tax	**550,681**
Others	**98,537**
	P830,158,438

b. Withholding Tax Remittances to BIR

As withholding agent, the Bank remitted the following withheld taxes during the year:

Final withholding taxes	**P278,738,710**
Tax on compensation and benefits	**182,571,378**
Expanded withholding taxes	**46,439,694**
	P507,749,782

c. Deficiency Tax Assessments

Period Covered	
2003	**P3,095,735***

**Amount of deficiency tax assessments, whether protested or not.*

Management, in consultation with its legal counsels, believes that the deficiency tax assessment above is without legal basis. Accordingly, the Bank has filed abatement on January 27, 2006 for the closure of the case. The said abatement is pending decision by the BIR.

d. Tax Cases

As at December 31, 2020, the Bank has no outstanding tax cases and assessments.

SENIOR OFFICERS

(as of December 31, 2020)

Michelangelo R. Aguilar
President & CEO
Office of the President

EXECUTIVE VICE PRESIDENTS

Manuel A. Castañeda III
Group Head
Corporate Banking Group

Felipe Martin F. Timbol
Group Head
Treasury Management Group

SENIOR VICE PRESIDENTS

Mary Assumpta Gail C. Bautista
Group Head
Transaction Banking Group

Gamalielh Ariel O. Benavides
Chief Trust Officer
Trust Services Group

Joel T. Carranto
Group Head
Branch Banking Group

Anna Marie A. Cruz
Division Head
Corporate Communications & Consumer Protection Division

Ma. Katrina A. Felix
Group Head
Credit Card Group

Antonio S. Laquindanum
Chief Financial Officer
Finance and Controllership Group

Donald Benjamin G. Limcaco
Group Head / Chief Technology Officer
Executive Support Group

Reginald C. Nery
Chief Audit Executive
Internal Audit Division

Paul John T. Reyes
Division Head & Chief Dealer
TMG-Foreign Exchange Trading Division

Jay S. Velasco
Group Head
Operations Group

FIRST VICE PRESIDENTS

Danielyn P. Casaul
Division Head
CBG I-Corporate Banking II Division (Commercial)

Ma. Eleanor Christina S. Castañeda
Division Head
CoG-Consumer Loans Division-Organic Channels

Antonio Basilio C. De Guzman
Division Head
TMG-Structures & Investments Division

Maria Ana P. Dela Paz
Group Head
Credit Group

Monette G. De Leon
Division Head
TMG-Liquidity & Asset Liability Management Division concurrent Financial Institution Division

Louella P. Ira
Division Head
Legal Services Division

Ma. Isabel D. Lipana
Division Head
BBG-Luzon Division

Corazon T. Llagas
Chief Compliance Officer
Compliance Division

Maria Leticia D. Madridejos
Division Head / Special Assistant to the President
CBG II-Corporate Banking I Division concurrent Office of the President / CEO

Marie Kristin G. Mayo
Division Head
Human Resource Management & Development Division

Arturo Gerard T. Medrano III
Division Head
FCG-Acquired Assets Division

Leocente G. Reyes
Division Head
TBG-Cash Management Division

Juan Angel L. Tinio
Chief Information Officer
ESG-Information & Technology Services Division

Jose Mari M. Zerna
Group Head
Consumer Group

VICE PRESIDENTS

Morena V. Abadilla
Division Head
OG-International Operations Division

Amalia Q. Belarmino
Department Head
TSG-Investment & Portfolio Management Department

Orlando M. Bibares
Division Head
OG-Loan Operations Division

Georgina M. Borcelis
Division Head
BBG-Metro Manila Division I

Esperanza B. Cabreros
Division Head
OG-Treasury Operations Division

Andrew D. Cajucom
Department Head
CCG-Credit Card Marketing Department

Fernando V. Carpio
Division Head
ESG-Solutions Management Division

Reginald M. Dayrit
Division Head
TBG-Trade Division

Annalyn D. Delos Santos
Division Head
BBG-Metro Manila Division II

Jacqueline A. Domingo
Division Head
BBG-BOD-Branch Operations Control Center

Noel R. Godoy
Division Head
CoG-Consumer Credit Division

Marlene P. Ignacio
Division Head
CBG-Corporate Banking III
Division (Large Corporates)

Jocelyn Isabel S. Legaspi
Department Head
LSD-Operations Department

Joel O. Longalong
Department Head
IAD-IT Audit Department

Lawrence L. Lusung
Area Head
BBG-LD-Central Luzon Area

Marlo D. Montelibano
Area Head
BBG-VMD-Western Visayas
Area

Helen D. Paciencia
Division Head
ESG-Business Systems and
Quality Assurance Division

Dino Joseph A. Ramirez
Division Head
TMG-Fixed Income Trading
Division

Cecilia A. Rentoy
Division Head
BBG-Branch Operations
Division

Jeremy H. Reyes
Chief Risk Officer
Risk Management Division

Carmen Dee P. Sallan
Department Head
LSD-Documentation
Department

Ma. Consuelo M. Tan
Division Head
BBG-VisMin Division

Girlie Isabel D.
Umali-Requizo
Department Head
CBG-Remedial Management
Department

Baldwin V. Villena
Department Head
HRMDD-Compensation
& Benefits Administration
Department

Aiveth D. Yuseco
Department Head
TBG-CMD-Product
Management Department

ASSISTANT VICE PRESIDENTS

Medallon R. Abrena
Department Head
ESG-BSQAD-Methods &
Standards Department

Ma. Clariza M. Ang
Branch Head
BBG-MMD II-MA-Ayala Branch

Cristina T. Ang Dy Pay
Branch Head
BBG-MMD I-QCA-Del Monte
Branch

Ulysses C. Aquino
Department Head / IT
Operations Manager
ESG-ITSD-Operations
Management Department

Rommelwin M. Ardidon
Department Head
RMD-IT Risk Management
Department

Joie Zendel A. Bacar
Branch Head
BBG-MMD II-MMEA-Main Office
Branch

Erasmus R. Bagunas
Division Head
FCG-General Accounting
and Financial Systems Control
Division

Liberty A. Balgemino
Branch Head
BBG-MMD II-MMEA-Main Office
Branch

Dominador Anthony P.
Banaag Jr.
Department Head
BBG-BOD-BOQC-Branch
System & Process Department

Hazel V. Batocael
Area Head
BBG-VMD-Mindanao Area

Paulyn V. Bernabe
Division Head
TMG-Treasury Marketing
& Sales Division

Percelin T. Billate
Department Head /
Applications Development
and Maintenance Manager
ESG-ITSD-Applications
Development & Maintenance
Department

Alexander R. Brillon
Department Head /
Correspondent Banking Officer
TMG-PESID-Strategic Support
Department concurrent
Financial Insitution Division

Augusto Manuel M. Briones
Department Head
TMG-TMSD-Wholesale
Department I

Evelyn G. Brucales
Department Head
CD-Compliance Management
& Monitoring Department

Rafael Lito D. Carbonell
Branch Strategic Support
Center Head
BBG-BOD-Branch Strategic
Support Center

Januario G. Caringal
Chief Security Officer
Security Department

Lolita B. Carlos
Branch Head
BBG-MMD II-MA-Dela Costa
Alfaro Branch

Ronald C. Castillo
Area Head
BBG-MMD I-Quezon City Area

Janet D. Casyao
Division Head
BBG-BOD-Branch Operations
Quality Center

Nicole Francine
Ariadne C. Chua
Department Head
TMG-FITD-US Treasury Trading
Department

Peter M. Co
Area Head
BBG-MMD II-Makati Area

Leah Antoinette C. Cruz
Department Head
HRMDD-Learning &
Development, Employee &
Labor Relations Department

Renato B. De Leon
Department Head
FCG-CPD-Information
Management & Budget
Department

Marian G. De Los Reyes
Department Head
CBG-CBD 2 (Commercial)-Metro Manila

Johnny W. Dee
Area Head
BBG-MMD I-Manila Proper Area

Joanne A. Del Rosario
Department Head
CG-CERD-Credit Review Department

Milliel D. Dela Rosa
Section Head
CoG-CCD-Housing Loans Credit Evaluation Section

Joseph Alfred R. Estiva
Department Head
TMG-FITD-Domestic Fixed Income Department

Lynn Karen S. Fajardo
Department Head
TBG-CMD-Cash Sales Department

Cheryl A. Foronda
Branch Head
BBG-MMD II-MMEA-Pasig Branch

Lena R. Galang
Division Head
CG-Credit Evaluation & Review Division

Jean N. Gannaban
Department Head
IAD-Metro Manila Branch Audit Department

Cecilia Ruby D. Gloria
Branch Head
BBG-LD-SLA-San Pedro Branch

Francisco Raymund P. Gonzales
Department Head
CCCPD-Product Development & Customer Protection Department

Cenen R. Grajo
Division Head
OG-Electronic Banking & Card Support Division concurrent Centralized Operations Support Division

Rosanne D. Ignacio
Department Head
CCCPD-Marketing Services Department

Manolo B. Kimpo Jr.
Department Head
TMG-LALM-Domestic Fund Management Department

Romil D. Langones
Division Head
CBG-Corporate Banking 5 Division (VisMin)

Joey R. Laqueo
Branch Head
BBG-MMD I-MMNA-Malabon Gen. Luna Branch

Augustus Caesar B. Lopez
Section Head
CoG-CCD-Auto Loans Credit Evaluation Section

Brian Owen T. Macalinao
Section Head
CCG-Cards Business System Administration Department

Paul V. Manlongat
Area Head
BBG-LD-South Luzon Area

Ester S. Maraat
Quality Assurance Officer
BBG-BOD-BOQC-VisMin Division

Ruby P. Mariano
Area Head
BBG-MMD I-Metro Manila North Area

Roderick M. Martinez
Department Head / Network & Communications Services Manager
ESG-ITSD-Network Management Department

Michael Karlo C. Montecillo
Division Head
OG-General Services Division

Katherine Anne E. Ongchangco
Department Head
TSG-TuSMD-Ecosystem Market Department

Alyn R. Pugal
Area Operations Officer
BBG-BOD-BOCC-CLA & NLA

Belen T. Ramos
Branch Head
BBG-MMD I-MPA-Soler Branch

Camilla Genevieve A. Rimando
Department Head
TBG-Digital Channels Department

Don M. San Juan
Quality Assurance Officer
BBG-BOD-BOQC-Luzon Division

Alfredo T. San Juan Jr.
Department Head
CoG-CLD-Auto Loans Department

Rio Generoso F. Santiago
Branch Head
BBG-MMD I-QCA-Cubao Branch

Bernard Louie M. Sison
Branch Business Development Head
BBG-Branch Business Development Department

Rowena O. Tan
Department Head
OG-TOD-International Treasury Operations Department

Rizaldy D. Tolentino
Department Head
CBG-CBD 2 (Commercial)-North & South Luzon

Mary Russell D. Velasco
Branch Head
BBG-MMD II-MMEA-Eastwood Petron Branch

Carolina R. Vicente
Department Head / Solutions Manager
ESG-SolMD-Solutions Delivery Department

Wilson C. Vinoya
Department Head
LSD-Litigation Department

Cherry Anne G. Yap
Area Head
BBG-LD-North Luzon Area

Romil D. Langones
AVP-Division Head
Corporate Banking Group-VisMin Division

Richard L. Dela Cruz
BankCom Employees - Union President

TRIBUTE TO FRONTLINERS

If there is one thing that the ongoing pandemic has brought out in all of us, it is our unwavering resolve to serve our fellowmen and continue displaying exemplary performance in every service that we provide them.

This has been evident in how Bank of Commerce frontliners have been consistently serving our customers through all the ever-changing quarantine classifications that the country has been placed under since Day 1. Even in the face of uncertainty, our Bank frontliners have been front and center in ensuring that our customers continue to receive the best banking experience that they deserve no matter the circumstances.

Such is the mark of a true champion of exceptional service. A real servant of the people.

This dedication to hard work and professionalism is what we will remember of Romil D. Langones, Assistant Vice President-Division Head of the Corporate Banking Group - VisMin Division, and Richard L. Dela Cruz, President of BankCom Employees' Union. Although they are no longer with us today, their legacy of true leadership and service excellence will continue to live on and inspire their colleagues to serve above and beyond the call of duty, especially in such difficult times.

We honor and celebrate Mr. Langones and Mr. Dela Cruz for their selfless devotion as frontliners of the banking industry. They are, like many of our frontliners today, the real heroes of this time and a true embodiment of the Bank's commitment to serving customers with *malasakit* and unparalleled banking excellence.

We will forever be grateful for their years of service and will choose to serve as they served, as we continue to face this pandemic with hope and unyielding resilience. Their commitment to leadership is a strong reminder that there is nothing we cannot conquer when we do our part with passion for serving others.

BRANCH DIRECTORY

METRO MANILA	ATMS	BRANCHES
Caloocan	3	2
Las Piñas City	4	1
Makati City	11	10
Malabon	3	2
Mandaluyong City	10	2
Manila	19	11
Marikina	5	3
Muntinlupa	4	1
Parañaque	5	3
Pasay City	9	4
Pasig City	5	2
Quezon City	26	16
San Juan	1	1
Taguig	7	2
Valenzuela	4	1
LUZON		
Albay	2	1
Baguio	4	1
Bataan	3	1
Batangas	7	4
Bulacan	7	4
Cagayan	2	1
Camarines Sur	1	1
Cavite	5	2
Ilocos Norte	1	1
Ilocos Sur	3	2
Isabela	2	2
La Union	5	2
Laguna	13	4
Nueva Ecija	1	1
Oriental Mindoro	1	1
Palawan	1	1
Pampanga	12	6
Pangasinan	5	2
Quezon	1	1
Rizal	4	1
Tarlac	2	1
Zambales	6	3
VISAYAS		
Aklan	3	1
Bohol	1	1
Capiz	1	1
Cebu	14	8
Iloilo	6	5
Leyte	1	2
Negros Occidental	5	4
Negros Oriental	1	1
MINDANAO		
Agusan Del Norte	4	1
Bukidnon	2	1
Davao Del Norte	1	1
Davao Del Sur	4	3
General Santos	1	1
Lanao Del Norte	1	1
Misamis Oriental	5	3
Zamboanga del Sur	4	2
GRAND TOTAL	261	140

METRO MANILA

ATM AVAILABLE

MAKATI AREA

AYALA
G/F STI Holdings Building,
6764 Ayala Ave., Makati City
8-891-3814 / 7-219-0255 /
8-810-0651 (Fax)

BEL-AIR PETRON
Bel-Air Petron Square,
363 Sen. Gil Puyat Avenue,
Brgy. Bel-Air, Makati City
8-898-2309 / 8-219-0279 /
8-896-7085

DELA COSTA - ALFARO
G/F Don Chua Lamko Bldg.,
Dela Costa cor. Leviste St.,
Salcedo Village, Makati City
8-840-2789 / 7-261-0762 /
8-840-2719

DELA ROSA
G/F King's Court Building II,
2129 Dela Rosa cor. Chino
Roces Avenue, Makati City
8-831-7156 / 8-831-7155 (Fax)
/ 7- 624-9497

JUPITER
64/66 Jupiter St.,
Brgy. Bel-Air, Makati City
5-310-5944 / 8-828-4397 /
5-310-5952

MAGALLANES
G/F Tritan Plaza Bldg.,
Paseo de Magallanes,
Makati City
8-851-1424 / 7-219-0153

PASAY ROAD
Cedar Executive Bldg.,
1006 A. Arnaiz Ave.
(Pasay Road),
San Lorenzo Village,
Makati City
8-840-5612 /
8-840-5640 (Fax)

PASONG TAMO EXTENSION
2295 Opvi Center Pasong
Tamo Ext., Makati City
8-892-9700 / 7-219-0271 /
8-817-9300 (Fax)

ROCKWELL
Level P1 The Powerplant Mall,
Rockwell Center, Makati City
8-898-1523 / 7-219-0114 /
8-898-1522 (Fax)

SALCEDO
G/F, Aguirre Building,
108 Tordesillas cor. H.V. Dela
Costa Street, Salcedo Village,
Bel-Air, Makati City
8-813-2220 / 8-813-2734 (Fax)

MAKATI AVENUE - ZUELLIG
Unit 2, G/F Zuellig Bldg.
Makati Avenue cor.
Paseo de Roxas and
Sta. Potenciana Streets,
Makati City
8-961-7628 / 7-219-0127 /
8-961-8364 (Fax)

METRO MANILA NORTH AREA

BALIUAG
Victoria Bldg., Poblacion,
Baliuag, Bulacan
(044) 766-7701 (Fax) / (044)
766-2811

BALIUAG DRT HIGHWAY
Unit 6-11, 3006 Augustine
Square Commercial Complex,
Doña Remedios Trinidad
(DRT) Highway,
Baliuag, Bulacan
(044) 798-1799

BANAWE
128-B WAS Bldg.,
Banawe St., Quezon City
8-711-9428 / 8-711-9456

TOMAS MORATO
Tomas Morato Avenue cor.
Dr. Lascano Street, Kamuning,
Quezon City
8-261 0766 / 8-922-7981 /
8-922-7982

CALOOCAN
100 8th Avenue cor.
A. Del Mundo St. Brgy. 058,
Caloocan City
8-287-2344 / 8-287-4709 (Fax)

GRACE PARK
G/F HGL Bldg., 554 EDSA cor.
Biglang Awa St.,
Caloocan City
8-361-1832 / 8-219-0126 /
8-361-0931 (Fax)

MALABON
29 Gov. Pascual Acacia Ave.,
Malabon City
8-446-7385 / 8-288-7571 (Fax)

MALABON - GEN. LUNA
55 Gen Luna St.,
San Agustin, Malabon City
8-441-0977 / 8-332-5392 /
8-281-5612 (Fax)

MALOLOS
Paseo del Congreso,
Malolos, Bulacan
(044) 791-0342 /
(044) 791-2452 (Fax)

SAN JOSE DEL MONTE
Block 2 Lot 12,
Quirino Highway cor.
Diamond Crest Village, Brgy.
San Manuel, San Jose Del
Monte, Bulacan
(044) 802-8866

STA. MARIA
Jover Bldg., Brgy. Sta. Clara,
Narra St., Sta. Maria, Bulacan
(044) 796-3797 /
(044) 796-3813

VALENZUELA
Unit 12-13, Puregold Price Club,
Brgy. Dalandanan, McArthur
Highway, Valenzuela
8-332-2260 / 3-975-2401

METRO MANILA SOUTH AREA

ALABANG
Unit 6, El Molito Bldg., Madrigal
Ave, Alabang, Muntinlupa City
8-850-8718 / 7-219-0121

BICUTAN
G/F FilHome Builders Bldg.,
68 Doña Soledad Ave.,
Parañaque City
8-219-0129 / 8-776-4146

BF HOMES
33 President's Ave.,
Brgy. B.F. Homes,
Parañaque City
7-219-0149 / 8-403-8941 (Fax)

DASMARIÑAS - CAVITE
Veluz-Frances Plaza Bldg.,
Brgy. Zone 1, Aguinaldo
Highway, Dasmariñas, Cavite
Manila Line:
(02) 8-529-8129 (Fax)
Cavite Line: (046) 416-2335

LAS PIÑAS
Elena Bldg., Real St.,
Alabang-Zapote Road,
Pamplona, Las Piñas City
8-556-1507 / 8-556-1501 /
8-556-1500

NAIA
IPT Bldg. Terminal 1,
Arrival Area, Sto. Niño,
Parañaque City
8-219-0132 / 8-853-0712

NAIA TERMINAL 3
Stall 14, Arrival Lobby,
NAIA Terminal 3 Complex,
Pasay City
8-833-7295

NINOY AQUINO AVENUE
Units W & Y, No. 707 Columbia
Airfreight Complex, Ninoy
Aquino Ave., Brgy. Sto Niño,
Parañaque City
8-851-2680 / 8-219-0185 /
8-854-4071 (Fax)

RESORTS WORLD
Unit R3, G/F Star Cruises
Centre, 100 Andrews Ave.,
Newport City, Pasay City
7-219-0197 / 8-551-3521 /
8-551-3520 (Fax)

SUCAT
Fortuna II Bldg.,
8338 Dr. A. Santos Ave., Sucat,
Parañaque City
8-826-8415 / 8-820-7747 (Fax)

IMUS
Block 1 Lot 3, Anabu 1,
Aguinaldo Highway,
Imus, Cavite
(046) 438-8451 (Fax)

MANILA PROPER AREA

ADUANA
G/F FEMII (Main) Bldg.,
A. Soriano St., Aduana,
Intramuros, Manila
8-527-2893 / 7-219-0180 /
8-527-2947 (Fax)

ERMITA
1312 A. Mabini St.,
Ermita, Manila
8-254-7545 / 7-219-0178

DASMARIÑAS - BINONDO
STP Bldg., Dasmariñas St. cor.
Marquina St.,
Binondo, Manila
8-247-1472 / 8-247-1473

JUAN LUNA
465 Juan Luna St.,
Binondo, Manila
8-241-0234 / 8-241-0407 (Fax)

PORT AREA
G/F Mary Bachrach cor.
25th & AC Delgado Sts.,
Port Area, Manila
8-527-7986 / 7-219-0191 /
8-527-3978 (Fax)

QUIAPO
609 Sales St., Quiapo, Manila
8-733-9326 / 7-219-0117 /
8-733-9366 (Fax)

SOLER
1004 Reina Regente
cor. Soler St.,
Binondo, Manila
8-244-7003 / 7-219-0120 /
8-244-7001 (Fax)

STO. CRISTO
Units 471-483, Kim Siu Ching
Foundation Bldg., Sto. Cristo
cor. Jaboneros St.,
Binondo, Manila
8-241-4151 / 8-242-0842 (Fax)

TAFT AVENUE
G/F Endriga Bldg.,
2270 Taft Ave., Malate, Manila
8-523-2297 / 7-219-0194 /
8-521-9124 (Fax)

TAFT - PGH
G/F Mirasol Bldg.,
854 Apacible St. cor. Taft Ave.,
Ermita, Manila
8-536-4959 (Fax) /
7-219-0199

TUTUBAN
LSCM 19-20,
Tutuban Centermall,
C.M. Recto Ave., Manila
7-219-0124 / 8-353-0086 (Fax)

UN AVENUE
429 Victoria Bldg.,
United Nations Ave.,
Ermita, Manila
8-526-0590 / 7-219-0226 /
8-524-9935 (Fax)

MAIN OFFICE BRANCH AREA

MAIN OFFICE BRANCH (MOB)
Unit A, G/F San Miguel
Properties Centre, No. 7 St.
Francis Street,
Mandaluyong City
7-219-0213 / 8-633-9296 /
8-634-2445 / 8-633-2430
(Fax)

METRO MANILA EAST AREA

BONIFACIO GLOBAL CITY
G/F Kensington Place,
Burgos Circle, Fort Bonifacio,
Taguig City
8-856-1707 / 7-219-0107 /
8-856-1696

BONIFACIO HIGH STREET
G/F Active Fun Bldg., 9th
Avenue cor., 28th Street, Fort
Bonifacio, Taguig City
8-779-8023 / 8-779-8024 /
7-957-9320

CAINTA
40 Felix Ave., San Isidro,
Cainta, Rizal
8-682-8524 / 7-219-0214 /
8-682-6243

CONCEPCION
PACLEB Bldg.,
52 Bayan-Bayanan Ave.,
Concepcion, Marikina City
8-941-0714 / 7-219-0125 /
8-942-0429

EASTWOOD - PETRON
188 E. Rodriguez Jr. Ave. (C-5),
Bagumbayan, Quezon City
8-654-0084 / 7-216-9879 /
8-655-1204

GREENHILLS
Eisenhower Tower,
No. 7 Eisenhower St.,
Greenhills, San Juan
8-723-5380 (Fax) /
7-219-0207

MARCOS HIGHWAY
Unit 10, Thaddeus Arcade,
Pitpitan cor.
Gil Fernando Ave., San Roque,
Marikina City
8-647-7172 / 7-219-2723 /
8-647-7165

MARIKINA
258 J.P. Rizal St., Sta. Elena,
Marikina City
8-646-1808 / 7-219-3453 /
8-646-1802

PASIG
Renaissance 2000 Tower,
Meralco Ave., Pasig City
8-635-0392 / 7-217-1674 /
8-635-3661 / 8-631-3769

PASIG BOULEVARD
152 Pasig Blvd.,
Brgy. Bagong Ilog, Pasig City
8-650-6560 / 7-217-3403 /
8-650-6561

WACK-WACK PETRON
553 Shaw Blvd.,
Brgy. Wack-Wack,
Mandaluyong City
7-738-1984 / 7-217-2180

QUEZON CITY AREA

BROADCAST CITY
Broadcast City Compound,
Capitol Hills, Quezon City
8-932-4628 / 7-219-0188 /
8-932-4969

COMMONWEALTH
G/F Verde Oro Bldg., 535
Commonwealth Ave.,
Old Balara, Quezon City
8-952-7990 / 7-216-7636 /
8-952-7989

CUBAO
Unit 1, G/F Harvester Corporate
Center, P. Tuazon cor. 7th &
8th Ave., Brgy. Socorro,
Cubao, Quezon City
8-911-2486 / 7-219-0202 /
8-911-2485

E. RODRIGUEZ
E. Rodriguez Sr. Ave. cor.
84 Hemady St.,
Brgy. Mariana, New Manila,
Quezon City
8-722-2379 / 8-722-2197 /
8-705-1943

DEL MONTE
Bank of Commerce Bldg.,
Del Monte Ave. cor.
D. Tuazon St., Quezon City
3-410-8025 / 7-219-3786 /
8-743-2541

DILIMAN
Commonwealth Ave. cor.
Masaya St., Diliman,
Quezon City
8-927-6074 / 7-219-7093 /
8-920-2324

FAIRVIEW PETRON
Petron Fairview,
Commonwealth Ave., Fairview,
Quezon City
8-376-1023 / 8-376-1025

KATIPUNAN - PETRON
Petron Katipunan Complex,
Katipunan Ave. cor.
Mangyan Road, La Vista,
Quezon City
8-921-4020 / 7-219-0174 /
8-921-4042

QUEZON AVENUE
Sto. Domingo Church
Compound, No. 8 Biak na Bato
St., cor. Quezon Ave.,
Quezon City
8-712-2534 / 8-732-8360

VISAYAS AVENUE
No. 15 Visayas Avenue Ext.,
Brgy. Culiat, Quezon City
8-426-4732 / 7-219-0155 /
8-426-4854

WEST AVENUE
No. 68 – A Carbal Building
West Avenue, Quezon City
8-374-5544 / 7-219-0168 /
8-374-5548

WEST TRIANGLE
1451 Quezon Ave. cor.
Examiner St., Quezon City
8-925-1209 / 7-219-0160 /
8-927-4063

NORTH LUZON AREA

BAGUIO
G/F YMCA Baguio Bldg.,
Post Office Loop (Upper
Session Road), Baguio City
(074) 619-0073 /
(074) 619-0072 (Fax)

CANDON
National Highway,
Brgy. San Jose, Candon City,
Ilocos Sur
(077) 674-0623 /
(077) 644-0288 (Fax)

CARMEN
McArthur Highway, Carmen,
Rosales, Pangasinan
(075) 582-7365 /
(075) 582-7370 (Fax)

CAUAYAN CITY, ISABELA
G/F Majesty Commercial Bldg.,
National Highway,
Brgy. Fermin,
Cauayan City, Isabela
(078) 652-2339 (Fax)

DAGUPAN
Eastgate Plaza Bldg.,
A.B. Fernandez East,
Dagupan City, Pangasinan
(075) 522-8691 /
(075) 522-8963 (Fax)

LAOAG
N. Corpuz Bldg., J.P Rizal cor.,
Gen. Hizon St., Laoag City
(077) 677-2572 / (077) 617-1363
/ (077) 617-1603 (Fax)

LA UNION
Northway Plaza, National
Highway, Brgy. Sevilla
San Fernando City, La Union
(072) 700-1618 /
(072) 242-5683 (Fax)

SANTIAGO CITY, ISABELA
G/F, Oryza Building, Maharlika
Highway, Villasis, Santiago City
(078) 305-5360

TUGUEGARAO
27 Bonifacio cor. Washington
St.,Tuguegarao City,
Cagayan
(078) 844-8041 /
(078) 844-8044 (Fax)

URDANETA
The Pentagon Bldg.,
McArthur Highway,
Nancayasan, Urdaneta City,
Pangasinan
(075) 656-1017 /
(075) 656-1018 (Fax)

VIGAN
Plaza Maestro Commercial
Complex, Jacinto cor.
Florentino St., Vigan City,
Ilocos Sur
(077) 722-2119 /
(077) 632-0802 (Fax)

CENTRAL LUZON AREA

ANGELES
McArthur Highway cor.
B. Aquino St., Lourdes Sur
East, Angeles City
(045) 626-2010 (Fax) /
(045) 323-4130 (Fax)

ANGELES NEPOMART
G/F Entec Bldg., Teresa Ave.,
NepoMart Complex,
Brgy. Cutcut, Angeles City
(045) 497-0551

BALANGA
Paterno St., Poblacion,
Balanga City, Bataan
(047) 237-7622 /
(047) 237-2366 (Fax)

BALIBAGO
McArthur Highway cor.
Victor St., Balibago,
Angeles City
(045) 892-0875 /
(045) 331-3389 /
(045) 625-5586 (Fax)

CABANATUAN
V.P Bldg., Maharlika Highway
Brgy. H. Concepcion,
Cabanatuan City, Nueva Ecija
(044) 940-1254 /
(044) 940-1263 (Fax)

IBA
TRB Bldg.,
Ramon Magsaysay Ave.,
Iba, Zambales
(047) 602-1866 /
(047) 811-1025 (Fax)

SAN FERNANDO, PAMPANGA
Insular Life Bldg.,
McArthur Highway,
San Fernando, Pampanga
(045) 961-1624 /
(045) 961-1680 (Fax)

STA. CRUZ
National Road cor. Misola St.,
Poblacion South,
Sta. Cruz, Zambales
(047) 831-1113 (Fax)

SUBIC
Unit A, The Venue Annex Bldg.,
101 Rizal Highway,
Subic Freeport Zone
(047) 252-1851 /
(047) 252-1863 (Fax)

TARLAC
Units 110-112 Rising Sun Bldg.,
Block 4, Brgy. San Nicolas,
MacArthur Highway,
Tarlac City
(045) 982-5401 /
(045) 982-5365 (Fax)

MABALACAT
McArthur Highway,
San Francisco, Mabalacat City
(045) 649-4407 /
(045) 308-0516

SINDALAN
Jumbo Jenra, Brgy. Sindalan
McArthur Highway,
San Fernando City
(045) 403-9338 /
(045) 409-8108

SOUTH LUZON AREA

BATANGAS - CAEDO
Caedo Commercial Complex,
Calicanto, Batangas City,
Batangas
(043) 723-6773 /
(043) 723-1410 (Fax)

BATANGAS - P. BURGOS
No. 27 P. Burgos St.,
Batangas City, Batangas
(043) 723-0275 /
(043) 723-0909 (Fax)

CALAMBA
Units 6-7, New Parian Business
Center cor. Lawa Road,
National Highway, Parian,
Calamba City, Laguna
(049) 502-7922 /
(049) 502-8508 (Fax)

CALAPAN
Leona Yap Ong Bldg.,
J.P Rizal St., Calapan City,
Oriental Mindoro
(043) 288-4496 /
(043) 288-4031 (Fax)

LEGAZPI CITY
G/F Diabetes One-Stop Center,
LANDCO Business Park,
Legazpi City, Albay
(052) 742-0691 /
(052) 480-6054

LIPA
No. 7 Bank of Commerce Bldg.,
C.M. Recto Ave., Brgy. 9,
Lipa City, Batangas
(043) 756-4214 /
(043) 756-2588 (Fax)

LUCENA
Quezon Ave. cor. Lakandula St.,
Brgy. IX, Lucena City,
Quezon
(042) 710-9691 /
(042) 710-9692 (Fax)

NAGA
Romar-I Bldg., Elias Angeles St.,
Naga City, Camarines Sur
Manila Line:
(054) 473-4080 / (054) 811-8931
/ (02) 250-8093 (Fax)

PUERTO PRINCESA
WD Building, Rizal Ave.,
Brgy. Manggahan,
Puerto Princesa City, Palawan
(048) 434-2172 /
(048) 434-2170 (Fax)

SAN PEDRO
Pacita Commercial Complex,
San Pedro, Laguna
808-2026 / 808-2002

STA. ROSA
Shop I-A, G/F Paseo 3,
Paseo de Sta. Rosa,
Sta. Rosa City, Laguna
(049) 541-1546 /
(049) 541-1795 (Fax)

TANAUAN
Unit G-04, The City Walk,
No. 2 Pres. Laurel Highway,
Brgy. Darasa, Tanauan City,
Batangas
(043) 784-6990 /
(043) 784-6994 (Fax)

VISAYAS

EASTERN VISAYAS AREA

CEBU F. CABAHUG
Units 5-6, GPH Central,
F. Cabahug cor. Pres. Roxas St.,
Brgy. Kasambagan, Mabolo,
Cebu City, Cebu
(032) 316-9913 /
(032) 342-7144 (Fax)

CEBU - BANILAD
888 First Jomika Realty Bldg.,
Banilad, Mandaue City, Cebu
(032) 231-6704 /
(032) 316-9921

CEBU - MAIN
B. Rodriguez cor. Osmeña Blvd.,
Cebu City, Cebu
(032) 253-1951 /
(032) 316-9912 /
(032) 255-4223 (Fax)

CEBU STO. NIÑO - MAGALLANES
G/F Unit-2, Martina Sugbo Bldg.,
P. Burgos cor. Magallanes St.,
Brgy. Sto Niño, Cebu City, Cebu
(032) 254-1825 /
(032) 316-9925 /
(032) 253-3999

CEBU TALISAY
G/F PCJ Building,
National Highway, Bulacao,
Talisay City, Cebu
(032) 231-6027 /
(032) 462-2065

LAPU-LAPU
Units 3-5 AJS Bldg., Pusok,
Lapu-Lapu City, Cebu
(032) 341-3854 /
(032) 316-9927 /
(032) 341-3855 (Fax)

MANDAUE
Entienza Bldg.,
National Highway,
Mandaue City, Cebu
(032) 346-6901 /
(032) 316-9262 /
(032) 346-6902 (Fax)

MANDAUE NRA
G/F City Time Square Phase II,
Mantawe Ave., Brgy. Tipolo,
North Reclamation Area,
Mandaue City, Cebu
(032) 268-4693 /
(032) 316-9926 /
(032) 564-3249 (Fax)

ORMOC
Real St., Ormoc City, Leyte
(053) 561-8523 /
(053) 255-4366 (Fax)

TACLOBAN
Doors 12-13, RUL Bldg.,
Brgy. 15, Justice
Romualdez St., Leyte
Tacloban City
(053) 832-2866 / 09173281721

TAGBILARAN
G/F Karan's Building, B. Inting
St., 2nd District, Brgy. Poblacion,
Tagbilaran City, Bohol
(038) 411-5400 /
(038) 411-3773 (Fax)

WESTERN VISAYAS AREA

BACOLOD - ARANETA
Yusay Arcade, Araneta St.,
Bacolod City
(034) 433-4667 /
(034) 433-2267 (Fax)

BACOLOD - CAPITOL
GR4 & GR5, 888 Chinatown
Premier Mall, Gatuslao St.,
Brgy. 8, Bacolod City
(034) 432-3287

BACOLOD - LACSON
Cor. 12th & Lacson Sts.,
Bacolod City
(034) 433-4238 /
(034) 433-1139 (Fax)

DUMAGUETE
CAP Bldg., Rizal Ave., Poblacion,
Dumaguete City
(035) 225-7668 /
(035) 422-6896 (Fax)

ESTANCIA
Clement St., Estancia, Iloilo
(033) 397-0222 /
(033) 397-0220 (Fax)

ILOILO - ATRIA
F&B 2 UPMB Bldg.,
Atria Park District,
Brgy. San Rafael,
Manduriao, Iloilo City
(033) 501-6013 /
(033) 517-0684

ILOILO - IZNART
TCT Bldg., Iznart St.,
Iloilo City
(033) 335-0710 /
(033) 335-0712

ILOILO - J.M. BASA
G/F TTW Bldg.,
J.M. Basa & Mapa Sts.,
Iloilo City
(033) 337-8721 /
(033) 335-1020 (Fax)

KABANKALAN
Guanzon St.,
Kabankalan City,
Negros Occidental
(034) 471-2853

KALIBO
1280 Garcia Bldg.,
C. Laserna St.,
Kalibo, Aklan
(036) 262-5294 /
(036) 268-9032 (Fax)

ROXAS CITY
Gaisano Arcade, Arnaldo Blvd.,
Roxas City, Capiz
(036) 621-0845 /
(036) 621-1760 (Fax)

MINDANAO

MINDANAO AREA

BUTUAN
G/F Cesia Bldg., Montilla Blvd.,
Butuan City, Agusan del Norte
(085) 815-9633 /
(085) 342-9321 /
(085) 342-6248 (Fax)

CAGAYAN DE ORO - CARMEN
Eric Tan Bldg., Vamenta Blvd.,
Carmen, Cagayan de Oro City,
Misamis Oriental
(088) 231-4167 (Fax)

CAGAYAN DE ORO - LAPASAN
Suites 6-7, Gateway Tower 1,
Limketkai Center,
Cagayan de Oro City,
Misamis Oriental
(088) 856-3991 /
(088) 856-3977 (Fax)

CAGAYAN DE ORO - VELEZ
Don A. Velez-Akut Sts.,
Cagayan de Oro City,
Misamis Oriental
(088) 856-4371 (Fax)

DAVAO - CITY HALL
Valgoson's Realty Bldg.,
City Hall Drive,
Davao City
(082) 226-4074 /
(082) 226-4075 (Fax)

DAVAO - LANANG
G/F Consuelo Bldg., KM. 07,
Brgy. San Antonio,
Agdao District, Lanang,
Davao City
(082) 234-1042 /
(082) 226-2859 (Fax)

DAVAO - RIZAL
CAP Dev't Center Bldg.,
Rizal St., Davao City
(082) 226-2223 /
(082) 222-0904 (Fax)

GENERAL SANTOS
G/F Sunshine Hardware Bldg.,
Santiago Blvd.,
General Santos City
(083) 552-9375 /
(083) 552-5236 (Fax)

ILIGAN
G/F Barnuevo Bldg.,
M. Badelles St., Poblacion,
Iligan City
(063) 224-6488

MARAMAG
G/F TRB Bldg., Sayre Highway,
North Poblacion, Maramag,
Bukidnon
+63917 516 0606

PAGADIAN CITY
F.S. Pajares Ave.,
Gatas District, Pagadian
Zamboanga del Sur
(062) 925-3399

TAGUM
Units 104-105, PLJ Bldg.,
Apokon Road,
Magugpo, Tagum City,
Davao del Norte
(084) 216-5364

ZAMBOANGA - VETERANS
Veterans Ave., cor. Camachile
St., Zamboanga City,
Zamboanga
(062) 991-2381 /
(062) 991-2980

ANNEX A - RELATED PARTY TRANSACTIONS

Annex B

Category: Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE Name of Bank	120 Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City Address	

Report on Material Related Party Transactions

As of March 31, 2020
(Quarter-End)

REPUBLIC OF THE PHILIPPINES)
______________________) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

MICHELANGELO R. AGUILAR
President/Chief Executive Officer
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this ______________ day of 20 _____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public
Until December 31, 20 __________
PTR No. ______________
Place ______________

Doc. No. ________
Page No. ________
Book No. ________
Series of ________

Material Related Party Transactions

BANK OF COMMERCE — Name of Bank | 120 — Bank Code

March 31, 2020 — Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Transaction
ADVANTAGE PROPERTIES CORPORATION	Affiliate	March 31, 2020	SALE OF ROPA	PHP	30,980,000.00	-	Regular business transaction with resulting profit
ANDOKS LITSON CORPORATION	Economic Interdependence	February 24, 2020	LETTER OF CREDIT	PHP	120,000,000.00	360 Days	Regular business transaction with resulting profit
BIG 8 ENTERPRISES & SONS, INC.	Economic Interdependence	March 13, 2020	LETTER OF CREDIT	PHP	40,000,000.00	105 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	42,000,000.00	91 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,000,000.00	32 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	44,000,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	32,300,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	39,900,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	79,000,000.00	92 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	January 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	31,400,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	February 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	71,200,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	February 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	69,800,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	February 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	49,000,000.00	31 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	February 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	45,700,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	February 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	46,500,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	March 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	49,000,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	March 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	45,700,000.00	31 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	March 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	46,500,000.00	31 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 6, 2020	BILLS PURCHASED AVAILMENT	PHP	80,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 9, 2020	BILLS PURCHASED AVAILMENT	PHP	73,335,702.37	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 9, 2020	BILLS PURCHASED AVAILMENT	PHP	150,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 10, 2020	BILLS PURCHASED AVAILMENT	PHP	82,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 10, 2020	BILLS PURCHASED AVAILMENT	PHP	38,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 15, 2020	BILLS PURCHASED AVAILMENT	PHP	87,686,524.60	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 20, 2020	BILLS PURCHASED AVAILMENT	PHP	43,585,714.30	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 23, 2020	BILLS PURCHASED AVAILMENT	PHP	320,128,413.69	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	January 30, 2020	BILLS PURCHASED AVAILMENT	PHP	169,355,420.03	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 6, 2020	BILLS PURCHASED AVAILMENT	PHP	109,554,726.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 7, 2020	BILLS PURCHASED AVAILMENT	PHP	150,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 7, 2020	BILLS PURCHASED AVAILMENT	PHP	109,649,379.65	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 13, 2020	BILLS PURCHASED AVAILMENT	PHP	184,407,232.47	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 20, 2020	BILLS PURCHASED AVAILMENT	PHP	85,655,899.37	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	179,575,841.13	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	130,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	100,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	March 5, 2020	BILLS PURCHASED AVAILMENT	PHP	189,343,079.73	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	March 12, 2020	BILLS PURCHASED AVAILMENT	PHP	307,258,840.09	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of corresponding person	March 12, 2020	BILLS PURCHASED AVAILMENT	PHP	50,000,000.00	3 Days	Regular business transaction with resulting profit
EEI CORPORATION	Economic Interdependence	February 11, 2020	BANK GUARANTEE	PHP	122,202,454.06	299 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 02, 2020	BILLS PURCHASED AVAILMENT	PHP	87,373,941.82	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 08, 2020	BILLS PURCHASED AVAILMENT	PHP	90,208,532.94	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 09, 2020	BILLS PURCHASED AVAILMENT	PHP	49,579,034.54	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 10, 2020	BILLS PURCHASED AVAILMENT	PHP	58,208,204.41	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 14, 2020	BILLS PURCHASED AVAILMENT	PHP	79,559,459.80	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 15, 2020	BILLS PURCHASED AVAILMENT	PHP	78,274,311.28	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 17, 2020	BILLS PURCHASED AVAILMENT	PHP	107,355,002.13	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 21, 2020	BILLS PURCHASED AVAILMENT	PHP	36,510,327.47	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 22, 2020	BILLS PURCHASED AVAILMENT	PHP	204,431,458.25	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 23, 2020	BILLS PURCHASED AVAILMENT	PHP	40,683,866.66	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 24, 2020	BILLS PURCHASED AVAILMENT	PHP	242,130,581.32	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	January 29, 2020	BILLS PURCHASED AVAILMENT	PHP	119,282,221.21	3 Days	Regular business transaction with resulting profit

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GINEBRA SAN MIGUEL, INC.	Affiliate	January 30, 2020	BILLS PURCHASED AVAILMENT	PHP	117,088,961.64	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 03, 2020	BILLS PURCHASED AVAILMENT	PHP	72,217,473.24	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 05, 2020	BILLS PURCHASED AVAILMENT	PHP	57,752,425.61	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 07, 2020	BILLS PURCHASED AVAILMENT	PHP	40,743,741.77	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 10, 2020	BILLS PURCHASED AVAILMENT	PHP	84,463,296.70	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 11, 2020	BILLS PURCHASED AVAILMENT	PHP	149,083,339.15	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 12, 2020	BILLS PURCHASED AVAILMENT	PHP	41,897,155.31	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 13, 2020	BILLS PURCHASED AVAILMENT	PHP	38,796,099.25	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 14, 2020	BILLS PURCHASED AVAILMENT	PHP	85,413,594.75	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 18, 2020	BILLS PURCHASED AVAILMENT	PHP	100,415,443.70	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 20, 2020	BILLS PURCHASED AVAILMENT	PHP	47,698,739.88	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 21, 2020	BILLS PURCHASED AVAILMENT	PHP	106,134,309.14	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 24, 2020	BILLS PURCHASED AVAILMENT	PHP	272,989,895.77	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 26, 2020	BILLS PURCHASED AVAILMENT	PHP	101,391,344.85	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 27, 2020	BILLS PURCHASED AVAILMENT	PHP	102,454,757.58	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	124,125,477.44	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 03, 2020	BILLS PURCHASED AVAILMENT	PHP	146,305,059.34	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 04, 2020	BILLS PURCHASED AVAILMENT	PHP	32,783,735.76	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 05, 2020	BILLS PURCHASED AVAILMENT	PHP	50,646,297.16	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 06, 2020	BILLS PURCHASED AVAILMENT	PHP	53,756,701.31	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 10, 2020	BILLS PURCHASED AVAILMENT	PHP	80,801,601.51	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 11, 2020	BILLS PURCHASED AVAILMENT	PHP	110,491,182.89	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 12, 2020	BILLS PURCHASED AVAILMENT	PHP	32,040,447.45	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 13, 2020	BILLS PURCHASED AVAILMENT	PHP	58,570,876.20	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 16, 2020	BILLS PURCHASED AVAILMENT	PHP	48,927,074.84	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 20, 2020	BILLS PURCHASED AVAILMENT	PHP	88,127,149.41	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 20, 2020	BILLS PURCHASED AVAILMENT	PHP	88,127,149.41	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	35,000,000.00	90 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Affiliate	January 23, 2020	LOAN	PHP	50,000,000.00	90 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Affiliate	March 9, 2020	LOAN	PHP	50,000,000.00	30 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Affiliate	February 28, 2020	LETTER OF CREDIT	PHP	58,419,724.17	360 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	164,600,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	164,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	38,000,000.00	90 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	January 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	90 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	February 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	54,500,000.00	90 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	February 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	76,700,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	February 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	87,300,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	February 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	164,500,000.00	61 Days	Regular business transaction with resulting profit
METROPLEX HOLDINGS CORPORATION	Affiliate	January 23, 2020	LOAN	PHP	530,000,000.00	120 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC.	Affiliate	February 24, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	62 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC.	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	90 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC.	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,000,000.00	90 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 8, 2020	LOAN	PHP	320,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 9, 2020	LOAN	PHP	2,180,000,000.00	27 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 10, 2020	LOAN	PHP	683,000,000.00	27 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	February 7, 2020	LOAN	PHP	1,700,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	February 6, 2020	LOAN	PHP	450,000,000.00	32 Days	Regular business transaction with resulting profit

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PETRON CORPORATION	Affiliate	February 6, 2020	LOAN	PHP	680,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	February 7, 2020	LOAN	PHP	320,000,000.00	31 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 6, 2020	LOAN	PHP	1,700,000,000.00	18 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 9, 2020	LOAN	PHP	1,485,000,000.00	15 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 24, 2020	LOAN	PHP	2,483,000,000.00	23 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 27, 2020	LOAN	PHP	700,000,000.00	32 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY CORPORATION	Economic Interdependence	February 19, 2020	LOAN	PHP	285,000,000.00	41 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY CORPORATION	Economic Interdependence	February 21, 2020	LOAN	PHP	189,000,000.00	38 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY CORPORATION	Economic Interdependence	March 31, 2020	LOAN	PHP	475,000,000.00	17 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 2, 2020	BILLS PURCHASED AVAILMENT	PHP	220,400,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 3, 2020	BILLS PURCHASED AVAILMENT	PHP	37,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 6, 2020	BILLS PURCHASED AVAILMENT	PHP	33,205,042.29	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 6, 2020	BILLS PURCHASED AVAILMENT	PHP	33,205,042.29	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 6, 2020	BILLS PURCHASED AVAILMENT	PHP	33,205,042.29	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 6, 2020	BILLS PURCHASED AVAILMENT	PHP	437,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 7, 2020	BILLS PURCHASED AVAILMENT	PHP	251,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 8, 2020	BILLS PURCHASED AVAILMENT	PHP	249,800,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 9, 2020	BILLS PURCHASED AVAILMENT	PHP	708,424,050.50	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 10, 2020	BILLS PURCHASED AVAILMENT	PHP	300,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 14, 2020	BILLS PURCHASED AVAILMENT	PHP	95,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 14, 2020	BILLS PURCHASED AVAILMENT	PHP	95,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 15, 2020	BILLS PURCHASED AVAILMENT	PHP	555,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 16, 2020	BILLS PURCHASED AVAILMENT	PHP	332,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 17, 2020	BILLS PURCHASED AVAILMENT	PHP	309,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 20, 2020	BILLS PURCHASED AVAILMENT	PHP	683,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 21, 2020	BILLS PURCHASED AVAILMENT	PHP	40,700,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 22, 2020	BILLS PURCHASED AVAILMENT	PHP	43,900,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 23, 2020	BILLS PURCHASED AVAILMENT	PHP	299,100,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 24, 2020	BILLS PURCHASED AVAILMENT	PHP	342,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 27, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 28, 2020	BILLS PURCHASED AVAILMENT	PHP	369,100,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 28, 2020	BILLS PURCHASED AVAILMENT	PHP	369,100,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 29, 2020	BILLS PURCHASED AVAILMENT	PHP	110,987,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 30, 2020	BILLS PURCHASED AVAILMENT	PHP	366,592,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 31, 2020	BILLS PURCHASED AVAILMENT	PHP	398,298,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 3, 2020	BILLS PURCHASED AVAILMENT	PHP	728,900,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 4, 2020	BILLS PURCHASED AVAILMENT	PHP	403,100,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 5, 2020	BILLS PURCHASED AVAILMENT	PHP	107,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 6, 2020	BILLS PURCHASED AVAILMENT	PHP	227,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 7, 2020	BILLS PURCHASED AVAILMENT	PHP	227,200,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 10, 2020	BILLS PURCHASED AVAILMENT	PHP	575,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 11, 2020	BILLS PURCHASED AVAILMENT	PHP	475,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 12, 2020	BILLS PURCHASED AVAILMENT	PHP	629,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 13, 2020	BILLS PURCHASED AVAILMENT	PHP	317,900,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 14, 2020	BILLS PURCHASED AVAILMENT	PHP	314,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 17, 2020	BILLS PURCHASED AVAILMENT	PHP	43,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 18, 2020	BILLS PURCHASED AVAILMENT	PHP	389,100,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 19, 2020	BILLS PURCHASED AVAILMENT	PHP	628,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 20, 2020	BILLS PURCHASED AVAILMENT	PHP	322,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 21, 2020	BILLS PURCHASED AVAILMENT	PHP	363,000,000.00	3 Days	Regular business transaction with resulting profit

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SAN MIGUEL BREWERY INC.	Affiliate	February 24, 2020	BILLS PURCHASED AVAILMENT	PHP	354,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 26, 2020	BILLS PURCHASED AVAILMENT	PHP	74,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 27, 2020	BILLS PURCHASED AVAILMENT	PHP	31,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 27, 2020	BILLS PURCHASED AVAILMENT	PHP	336,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	49,277,829.02	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 28, 2020	BILLS PURCHASED AVAILMENT	PHP	461,800,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 2, 2020	BILLS PURCHASED AVAILMENT	PHP	71,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 3, 2020	BILLS PURCHASED AVAILMENT	PHP	104,200,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 4, 2020	BILLS PURCHASED AVAILMENT	PHP	329,900,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 5, 2020	BILLS PURCHASED AVAILMENT	PHP	152,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 6, 2020	BILLS PURCHASED AVAILMENT	PHP	171,800,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 9, 2020	BILLS PURCHASED AVAILMENT	PHP	420,200,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 10, 2020	BILLS PURCHASED AVAILMENT	PHP	222,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 11, 2020	BILLS PURCHASED AVAILMENT	PHP	285,700,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 12, 2020	BILLS PURCHASED AVAILMENT	PHP	214,400,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 13, 2020	BILLS PURCHASED AVAILMENT	PHP	505,375,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 16, 2020	BILLS PURCHASED AVAILMENT	PHP	510,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 26, 2020	BILLS PURCHASED AVAILMENT	PHP	800,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	January 9, 2020	BILLS PURCHASED AVAILMENT	PHP	89,617,364.05	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	January 14, 2020	BILLS PURCHASED AVAILMENT	PHP	96,617,264.76	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	January 21, 2020	BILLS PURCHASED AVAILMENT	PHP	229,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	January 31, 2020	BILLS PURCHASED AVAILMENT	PHP	225,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	February 7, 2020	BILLS PURCHASED AVAILMENT	PHP	115,949,428.33	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	February 11, 2020	BILLS PURCHASED AVAILMENT	PHP	111,934,075.61	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	February 20, 2020	BILLS PURCHASED AVAILMENT	PHP	226,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	March 9, 2020	BILLS PURCHASED AVAILMENT	PHP	103,144,417.58	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	March 11, 2020	BILLS PURCHASED AVAILMENT	PHP	106,710,659.87	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	March 16, 2020	BILLS PURCHASED AVAILMENT	PHP	238,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL FOODS, INC.	Affiliate	February 13, 2020	LOAN	PHP	135,000,000.00	13 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	January 6, 2020	LOAN	PHP	200,500,000.00	39 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	January 6, 2020	LOAN	PHP	203,000,000.00	25 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	January 6, 2020	LOAN	PHP	201,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	January 10, 2020	LOAN	PHP	645,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	February 13, 2020	LOAN	PHP	353,100,000.00	18 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	February 14, 2020	LOAN	PHP	94,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	February 28, 2020	LOAN	PHP	352,500,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	March 12, 2020	LOAN	PHP	376,500,000.00	36 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	March 12, 2020	LOAN	PHP	300,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	March 16, 2020	LOAN	PHP	33,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	March 17, 2020	LOAN	PHP	300,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC	Affiliate	March 31, 2020	LOAN	PHP	352,500,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 16, 2020	LOAN	PHP	518,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	95,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	51,200,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	46,900,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	56,800,000.00	62 Days	Regular business transaction with resulting profit

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Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 47,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 40,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 43,200,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 8, 2020	LOAN	PHP 205,000,000.00	83 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 28, 2020	LOAN	PHP 65,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 27, 2020	LOAN	PHP 65,000,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 11, 2020	LOAN	PHP 818,800,000.00	43 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 12, 2020	LOAN	PHP 137,200,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 18, 2020	LOAN	PHP 1,122,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 30, 2020	LOAN	PHP 65,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 36,800,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 54,000,000.00	63 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	63 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 112,800,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 35,000,000.00	59 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 35,000,000.00	59 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 40,800,000.00	51 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	51 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	43 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	51 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 36,800,000.00	42 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 40,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 32,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 110,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 112,800,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 24, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 54,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 24, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 150,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 30, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 112,800,000.00	30 Days	Regular business transaction with resulting profit
SOUTH PREMIERE POWER CORPORATION	Affiliate	March 13, 2020	BILLS PURCHASED AVAILMENT	PHP 146,305,424.30	3 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 7, 2020	LOAN	PHP 69,500,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 12, 2020	LOAN	PHP 87,400,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 18, 2020	LOAN	PHP 43,700,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 19, 2020	LOAN	PHP 169,100,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 21, 2020	LOAN	PHP 99,400,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 24, 2020	LOAN	PHP 73,000,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 26, 2020	LOAN	PHP 1,000,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	March 3, 2020	LOAN	PHP 80,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	March 5, 2020	LOAN	PHP 53,800,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	March 10, 2020	LOAN	PHP 101,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	March 18, 2020	LOAN	PHP 98,600,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	March 18, 2020	LOAN	PHP 69,800,000.00	90 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE 120
Name of Bank Bank Code

March 31, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Transaction
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,200,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	95,300,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	52,100,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	96,800,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	34,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	33,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	45,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	March 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 7, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	87,700,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 7, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	45,300,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	34,500,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	65,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	93 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 23, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	56,400,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	34,200,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,300,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	61,300,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	85,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,500,000.00	34 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	33,100,000.00	34 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 10, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	117,400,000.00	92 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	43,200,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	55,800,000.00	92 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	62,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	59,800,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	45,300,000.00	64 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	34,500,000.00	64 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,200,000.00	63 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	38,100,000.00	63 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	30 Days	Regular business transaction with resulting profit

BOARD OF DIRECTORS
Resolution No. 21-125
NOTED
23 FEB 2021
Certified by:

9/16/2020

Annex B

Category: Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of	June 30, 2020
	(Quarter-End)

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

MICHELANGELO R. AGUILAR
President/Chief Executive Officer
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this SEP 16 2020 day of 20 _____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public
Until December 31, 20 ________
PTR No. ________
Place ________

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Page No. 64
Book No. 1
Series of 2020

FULGENCIO A. ESTILLORE
NOTARY PUBLIC FOR MANDALUYONG CITY
ROLL OF ATTORNEYS NO. 40466

Material Related Party Transactions

BANK OF COMMERCE — 120
Name of Bank — Bank Code

June 30, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
CAN ASIA, INC	Affiliate	April 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 45,700,000.00	30 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	April 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 71,200,000.00	31 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	April 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 46,500,000.00	30 days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	April 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 69,800,000.00	31 days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	May 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 49,000,000.00	31 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	May 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 71,200,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	May 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 69,800,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	June 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	April 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 79,000,000.00	90 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	May 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 45,700,000.00	61 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	May 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 46,500,000.00	61 Days	Regular business transaction with resulting profit
CAN ASIA, INC	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 46,200,000.00	64 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS, INC	Affiliate	June 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 984,546,000.00	91 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS, INC	Affiliate	May 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 984,546,116.11	32 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 07, 2020	BILLS PURCHASED AVAILMENT	PHP 88,321,646.96	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 19, 2020	BILLS PURCHASED AVAILMENT	PHP 108,097,709.77	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 139,200,000.00	61 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	90 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 34,000,000.00	90 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 35,000,000.00	61 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 40,000,000.00	90 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC	Affiliate	April 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 104,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC	Affiliate	May 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 104,000,000.00	61 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC	Affiliate	April 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 75,000,000.00	91 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC	Affiliate	April 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 38,000,000.00	91 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC	Affiliate	May 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC	Affiliate	May 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 40,000,000.00	90 Days	Regular business transaction with resulting profit
MINDANAO CORRUGATED FIBERBOARD, INC	Affiliate	May 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC	Affiliate	May 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 1,129,865,927.78	32 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC	Affiliate	June 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 1,129,865,000.00	91 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 16, 2020	LOAN	PHP 2,480,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 22, 2020	LOAN	PHP 700,000,000.00	23 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY CORPORATION	Economic Interdependence	June 29, 2020	LOAN	PHP 475,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	April 1, 2020	BILLS PURCHASED AVAILMENT	PHP 46,064,194.08	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	April 13, 2020	BILLS PURCHASED AVAILMENT	PHP 130,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	April 20, 2020	BILLS PURCHASED AVAILMENT	PHP 55,911,150.78	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	May 4, 2020	BILLS PURCHASED AVAILMENT	PHP 95,873,947.50	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	May 6, 2020	BILLS PURCHASED AVAILMENT	PHP 35,505,026.30	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	June 15, 2020	BILLS PURCHASED AVAILMENT	PHP 687,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	June 18, 2020	BILLS PURCHASED AVAILMENT	PHP 158,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	June 20, 2020	BILLS PURCHASED AVAILMENT	PHP 137,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC	Affiliate	June 30, 2020	BILLS PURCHASED AVAILMENT	PHP 85,700,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	April 13, 2020	BILLS PURCHASED AVAILMENT	PHP 32,451,451.25	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	May 18, 2020	BILLS PURCHASED AVAILMENT	PHP 221,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 22, 2020	BILLS PURCHASED AVAILMENT	PHP 805,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 96,800,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 96,800,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	90 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE 120
Name of Bank Bank Code

June 30, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 139,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 34,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	April 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 44,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	June 11, 2020	LOAN	PHP 519,000,000.00	32 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 34,500,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,200,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 59,800,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 80,000,000.00	62 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 51,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,300,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	April 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 62,000,000.00	92 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	April 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 98,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	April 7, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	April 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	April 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 43,200,000.00	61 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,700,000.00	61 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 45,300,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 38,100,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 34,500,000.00	32 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 47,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	April 17, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 289,535,442.26	32 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	May 19, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 2,004,098,913.54	30 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	May 14, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 673,196,955.98	32 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	May 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 206,290,150.74	31 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	May 19, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 288,535,442.26	31 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 507,834,870.23	84 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 583,958,484.48	88 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 507,876,065.70	88 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 18, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 507,887,140.64	89 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 18, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 512,028,747.23	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP 211,607,382.03	90 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE — Name of Bank

120 — Bank Code

June 30, 2020 — Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Transaction
SMC POWERGEN, INC.	Affiliate	June 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	400,000,000.00	84 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	443,359,947.88	85 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	384,344,037.10	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	June 19, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	296,228,047.81	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 1, 2020	LOAN	PHP	355,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	48,800,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,400,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 23, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	54,000,000.00	50 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 23, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	113,800,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,400,000.00	58 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 7, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	40 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	65 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,800,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	64 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	April 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	55,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	55,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	55,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 25, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 25, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	110,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	63 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	48,800,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 8, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 7, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	32 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	30,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	35,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	35,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	40,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 3, 2020	LOAN	PHP	235,800,000.00	40 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 17, 2020	LOAN	PHP	1,122,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2020	LOAN	PHP	292,000,000.00	30 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 1, 2020	LOAN	PHP	80,000,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 3, 2020	LOAN	PHP	53,800,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 5, 2020	LOAN	PHP	69,500,000.00	83 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 8, 2020	LOAN	PHP	101,000,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 11, 2020	LOAN	PHP	67,400,000.00	60 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 16, 2020	LOAN	PHP	98,600,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 17, 2020	LOAN	PHP	69,900,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 17, 2020	LOAN	PHP	43,700,000.00	58 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 18, 2020	LOAN	PHP	169,100,000.00	60 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 19, 2020	LOAN	PHP	99,400,000.00	60 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 19, 2020	LOAN	PHP	75,000,000.00	60 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	June 25, 2020	LOAN	PHP	1,000,000,000.00	90 Days	Regular business transaction with resulting profit

FILE

BOARD OF DIRECTORS
Resolution No. 20-186
NOTED
29 June 2020
Certified by:

Annex B

Category: Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of	September 30, 2020
	(Quarter-End)

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

MICHELANGELO R. AGUILAR
President/Chief Executive Officer
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this OCT 28 2020 day of 20 _____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public
Until December 31, 20 ________
PTR No. ________
Place ________

Doc. No. 366
Page No. 74
Book No. 1
Series of 2020

FULGENCIO T. ESTILLORE
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0440-19
UNTIL DECEMBER 31, 2020
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. [illegible] / MANDALUYONG CITY
IBP LIFETIME NO. [illegible]
ROLL OF ATTORNEYS NO. [illegible]

Material Related Party Transactions

BANK OF COMMERCE — Name of Bank
120 — Bank Code

September 30, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction		Amount/Contract Price	Terms	Rationale for Entering into the Transaction
BIG 8 ENTERPRISES & SONS, INC.	Economic Interdependence	September 24, 2020	BANK GUARANTY	PHP	60,000,000.00	358 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	September 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	September 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	69,600,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	September 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	71,200,000.00	60 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	July 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	79,000,000.00	91 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	July 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	71,200,000.00	62 Days	Regular business transaction with resulting profit
CAN ASIA, INC.	Affiliate	July 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	69,600,000.00	62 Days	Regular business transaction with resulting profit
CLARIDEN HOLDINGS, INC.	Affiliate	September 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	984,546,000.00	91 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	July 22, 2020	BILLS PURCHASED AVAILMENT	PHP	40,819,803.00	3 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Affiliate	September 14, 2020	LOAN	PHP	100,000,000.00	91 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	July 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	164,600,000.00	60 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	September 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	64,600,000.00	60 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT, INC.	Affiliate	July 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	73,000,000.00	90 Days	Regular business transaction with resulting profit
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	September 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	1,129,865,000.00	91 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 15, 2020	LOAN	PHP	700,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 16, 2020	LOAN	PHP	2,480,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 13, 2020	LOAN	PHP	700,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 14, 2020	LOAN	PHP	2,480,000,000.00	27 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 10, 2020	LOAN	PHP	2,480,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 11, 2020	LOAN	PHP	700,000,000.00	32 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY CORPORATION	Economic Interdependence	August 28, 2020	LOAN	PHP	403,150,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 9, 2020	BILLS PURCHASED AVAILMENT	PHP	84,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 7, 2020	BILLS PURCHASED AVAILMENT	PHP	91,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 15, 2020	BILLS PURCHASED AVAILMENT	PHP	64,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 17, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 23, 2020	BILLS PURCHASED AVAILMENT	PHP	146,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 25, 2020	BILLS PURCHASED AVAILMENT	PHP	40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 30, 2020	BILLS PURCHASED AVAILMENT	PHP	172,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 16, 2020	BILLS PURCHASED AVAILMENT	PHP	451,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	September 22, 2020	BILLS PURCHASED AVAILMENT	PHP	630,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 1, 2020	LOAN	PHP	150,000,000.00	34 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 1, 2020	LOAN	PHP	150,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 1, 2020	LOAN	PHP	200,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 1, 2020	LOAN	PHP	200,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 15, 2020	LOAN	PHP	200,000,000.00	35 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 15, 2020	LOAN	PHP	150,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 15, 2020	LOAN	PHP	200,000,000.00	34 Days	Regular business transaction with resulting profit
SAN MIGUEL MILLS INC.	Affiliate	September 15, 2020	LOAN	PHP	200,000,000.00	31 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 13, 2020	LOAN	PHP	400,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 12, 2020	LOAN	PHP	305,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 11, 2020	LOAN	PHP	450,000,000.00	32 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	95,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	139,000,000.00	91 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	30 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE 120
Name of Bank **Bank Code**

September 30, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Transaction
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	53,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	176,000,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	96,800,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	August 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	60 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 30, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	34 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	September 30, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	34 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	33 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	60,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	59,800,000.00	60 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	81,000,000.00	62 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	86,000,000.00	92 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 10, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	117,400,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 11, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,200,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	90,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	62,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	65,860,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	32 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	60,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	60,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	July 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	60,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	30 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 14, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	513,915,201.44	61 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	514,048,261.16	87 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	516,320,333.58	89 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 10, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	513,732,360.74	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	660,218,791.43	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 8, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	214,212,178.69	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 3, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	485,224,605.67	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 4, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	448,559,858.83	90 Days	Regular business transaction with resulting profit
SMC POWERGEN, INC.	Affiliate	September 8, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	389,075,150.53	90 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE 120
Name of Bank **Bank Code**

September 30, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Transaction
SMC POWERGEN, INC.	Affiliate	September 17, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	299,868,317.38	89 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 13, 2020	LOAN	PHP	235,800,000.00	64 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 22, 2020	LOAN	PHP	292,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 18, 2020	LOAN	PHP	622,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 24, 2020	LOAN	PHP	292,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 8, 2020	LOAN	PHP	328,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 15, 2020	LOAN	PHP	235,800,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 23, 2020	LOAN	PHP	292,000,000.00	34 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 29, 2020	LOAN	PHP	600,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	65,000,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 20, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 24, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	92 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 25, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	August 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,800,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	55,000,000.00	88 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	88 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 21, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	88 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	September 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,400,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 6, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 29, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,400,000.00	61 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	July 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	60 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 7, 2020	LOAN	PHP	165,700,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 14, 2020	LOAN	PHP	232,800,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 18, 2020	LOAN	PHP	175,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 28, 2020	LOAN	PHP	101,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	September 1, 2020	LOAN	PHP	53,800,000.00	87 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	September 4, 2020	LOAN	PHP	101,000,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	September 14, 2020	LOAN	PHP	98,000,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	September 15, 2020	LOAN	PHP	69,900,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	September 23, 2020	LOAN	PHP	1,000,000,000.00	58 Days	Regular business transaction with resulting profit

SOC Copy

Annex B

Category: Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

Report on Material Related Party Transactions

As of December 31, 2020
(Quarter-End)

20JAN'21PM3:02SOMD-FSAD020

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

MICHELANGELO R. AGUILAR
President/Chief Executive Officer
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this JAN 20 2021 day of 20 _____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public
Until December 31, 20
PTR No.
Place

FULGENCIO A. ESTILLORE
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0440-19
UNTIL JUNE 30, 2021
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. 4549090/01-05-2021/MANDALUYONG CITY
IBP LIFETIME NO. 08943
ROLL OF ATTORNEYS NO. 45466

Doc. No. 279
Page No. 69
Book No. II
Series of 2021

Material Related Party Transactions

BANK OF COMMERCE 120

Name of Bank Bank Code

December 31, 2020

Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Trans
ANDOKS LITSON CORPORATION	Economic Interdependence	October 16, 2020	LOAN	PHP	100,000,000.00	360 Days	Regular business transaction with result
CAN ASIA, INC.	Affiliate	October 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	52,000,000.00	30 Days	Regular business transaction with result
CAN ASIA, INC.	Affiliate	November 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	71,200,000.00	32 Days	Regular business transaction with result
CAN ASIA, INC.	Affiliate	November 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	69,800,000.00	32 Days	Regular business transaction with result
CAN ASIA, INC.	Affiliate	November 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	52,000,000.00	30 Days	Regular business transaction with result
CAN ASIA, INC.	Affiliate	December 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	52,000,000.00	45 Days	Regular business transaction with result
CLARIDEN HOLDINGS, INC.	Affiliate	December 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	1,056,346,000.00	90 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	October 1, 2020	BILLS PURCHASED AVAILMENT	PHP	326,604,754.79	3 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	October 16, 2020	BILLS PURCHASED AVAILMENT	PHP	219,578,773.27	3 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	October 27, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	November 17, 2020	BILLS PURCHASED AVAILMENT	PHP	169,711,494.34	3 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	November 26, 2020	BILLS PURCHASED AVAILMENT	PHP	111,020,697.48	3 Days	Regular business transaction with result
EAGLE CEMENT CORPORATION	Presence of corresponding person	December 18, 2020	BILLS PURCHASED AVAILMENT	PHP	290,618,451.73	3 Days	Regular business transaction with result
GINEBRA SAN MIGUEL, INC.	Affiliate	December 07, 2020	BILLS PURCHASED AVAILMENT	PHP	33,376,035.69	3 Days	Regular business transaction with result
GINEBRA SAN MIGUEL, INC.	Affiliate	December 21, 2020	BILLS PURCHASED AVAILMENT	PHP	38,660,261.35	3 Days	Regular business transaction with result
J.E. MANALO & COMPANY INC.	Economic Interdependence	November 23, 2020	LETTER OF CREDIT	PHP	160,254,965.28	261 Days	Regular business transaction with result
J.E. MANALO & COMPANY INC.	Economic Interdependence	October 26, 2020	BANK GUARANTEE	PHP	265,594,398.24	370 days	Regular business transaction with result
J.E. MANALO & COMPANY INC.	Economic Interdependence	October 26, 2020	BANK GUARANTEE	PHP	571,198,792.47	370 days	Regular business transaction with result
MANILA NORTH HARBOR PORT, INC.	Affiliate	October 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	30 Days	Regular business transaction with result
MANILA NORTH HARBOR PORT, INC.	Affiliate	November 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	64,600,000.00	30 Days	Regular business transaction with result
MANILA NORTH HARBOR PORT, INC.	Affiliate	December 17, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	64,600,000.00	32 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	October 6, 2020	BILLS PURCHASED AVAILMENT	PHP	81,000,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	October 12, 2020	BILLS PURCHASED AVAILMENT	PHP	86,000,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	October 19, 2020	BILLS PURCHASED AVAILMENT	PHP	106,800,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	October 23, 2020	BILLS PURCHASED AVAILMENT	PHP	72,200,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	October 30, 2020	BILLS PURCHASED AVAILMENT	PHP	84,000,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	November 6, 2020	BILLS PURCHASED AVAILMENT	PHP	89,000,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	November 13, 2020	BILLS PURCHASED AVAILMENT	PHP	96,300,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	November 20, 2020	BILLS PURCHASED AVAILMENT	PHP	128,400,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	November 27, 2020	BILLS PURCHASED AVAILMENT	PHP	103,400,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 2, 2020	BILLS PURCHASED AVAILMENT	PHP	93,200,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 4, 2020	BILLS PURCHASED AVAILMENT	PHP	48,200,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 10, 2020	BILLS PURCHASED AVAILMENT	PHP	75,300,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 15, 2020	BILLS PURCHASED AVAILMENT	PHP	75,700,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 18, 2020	BILLS PURCHASED AVAILMENT	PHP	73,600,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 23, 2020	BILLS PURCHASED AVAILMENT	PHP	73,000,000.00	3 Days	Regular business transaction with result
NORTHERN CEMENT CORPORATION	Affiliate	December 29, 2020	BILLS PURCHASED AVAILMENT	PHP	33,000,000.00	3 Days	Regular business transaction with result
PACIFIC NICKEL PHILIPPINES INC.	Affiliate	December 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	1,197,060,000.00	90 Days	Regular business transaction with result
PANASIA ENERGY INC.	Economic Interdependence	October 16, 2020	LETTER OF CREDIT	PHP	80,000,000.00	51 days	Regular business transaction with result
PETRON CORPORATION	Affiliate	December 10, 2020	LOAN	PHP	700,000,000.00	34 Days	Regular business transaction with result
PETRON CORPORATION	Affiliate	December 11, 2020	LOAN	PHP	2,485,000,000.00	35 Days	Regular business transaction with result
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	October 2, 2020	LOAN	PHP	160,000,000.00	14 Days	Regular business transaction with result
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	October 16, 2020	LOAN	PHP	160,000,000.00	14 Days	Regular business transaction with result
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	November 9, 2020	LOAN	PHP	37,000,000.00	14 Days	Regular business transaction with result
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 14, 2020	LOAN	PHP	50,000,000.00	21 Days	Regular business transaction with result
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 28, 2020	LOAN	PHP	100,000,000.00	14 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 7, 2020	BILLS PURCHASED AVAILMENT	PHP	73,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 13, 2020	BILLS PURCHASED AVAILMENT	PHP	50,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 13, 2020	BILLS PURCHASED AVAILMENT	PHP	61,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 15, 2020	BILLS PURCHASED AVAILMENT	PHP	58,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 19, 2020	BILLS PURCHASED AVAILMENT	PHP	52,000,000.00	3 Days	Regular business transaction with result

Material Related Party Transactions

BANK OF COMMERCE 120
Name of Bank Bank Code

December 31, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction		Amount/Contract Price	Terms	Rationale for Entering into the Trans
SAN MIGUEL BREWERY INC.	Affiliate	October 21, 2020	BILLS PURCHASED AVAILMENT	PHP	46,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 27, 2020	BILLS PURCHASED AVAILMENT	PHP	101,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 30, 2020	BILLS PURCHASED AVAILMENT	PHP	57,918,480.47	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	October 30, 2020	BILLS PURCHASED AVAILMENT	PHP	83,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 11, 2020	BILLS PURCHASED AVAILMENT	PHP	58,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 17, 2020	BILLS PURCHASED AVAILMENT	PHP	81,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 20, 2020	BILLS PURCHASED AVAILMENT	PHP	78,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 24, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 25, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	November 27, 2020	BILLS PURCHASED AVAILMENT	PHP	122,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 2, 2020	BILLS PURCHASED AVAILMENT	PHP	108,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 8, 2020	BILLS PURCHASED AVAILMENT	PHP	81,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 10, 2020	BILLS PURCHASED AVAILMENT	PHP	62,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 14, 2020	BILLS PURCHASED AVAILMENT	PHP	60,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 15, 2020	BILLS PURCHASED AVAILMENT	PHP	53,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 18, 2020	BILLS PURCHASED AVAILMENT	PHP	118,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 22, 2020	BILLS PURCHASED AVAILMENT	PHP	119,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 23, 2020	BILLS PURCHASED AVAILMENT	PHP	38,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL BREWERY INC.	Affiliate	December 28, 2020	BILLS PURCHASED AVAILMENT	PHP	180,500,000.00	3 Days	Regular business transaction with result
SAN MIGUEL CORPORATION	Affiliate	December 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	1,058,346,000.00	90 Days	Regular business transaction with result
SAN MIGUEL CORPORATION	Affiliate	December 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	1,197,065,000.00	90 Days	Regular business transaction with result
SAN MIGUEL ENERGY CORPORATION	Affiliate	October 23, 2020	BILLS PURCHASED AVAILMENT	PHP	427,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL ENERGY CORPORATION	Affiliate	December 15, 2020	BILLS PURCHASED AVAILMENT	PHP	572,000,000.00	3 Days	Regular business transaction with result
SAN MIGUEL MILLS INC	Affiliate	October 6, 2020	LOAN	PHP	200,000,000.00	30 Days	Regular business transaction with result
SAN MIGUEL MILLS INC	Affiliate	October 20, 2020	LOAN	PHP	150,000,000.00	30 Days	Regular business transaction with result
SAN MIGUEL MILLS INC	Affiliate	November 5, 2020	LOAN	PHP	150,000,000.00	32 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 30, 2020	LOAN	PHP	340,000,000.00	35 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	30 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	96,800,000.00	30 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	60,000,000.00	30 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	139,000,000.00	91 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	October 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	176,000,000.00	30 Days	Regular business transaction with result
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	November 13, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	66,800,000.00	32 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 2, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	59,800,000.00	60 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 12, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	60 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	30 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 5, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	34 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	90 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	52,200,000.00	32 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,000,000.00	64 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	61,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,300,000.00	91 Days	Regular business transaction with result

Material Related Party Transactions

BANK OF COMMERCE | 120
Name of Bank | Bank Code

December 31, 2020
Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price		Terms	Rationale for Entering into the Trans
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	58,000,000.00	30 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	90,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 9, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	117,400,000.00	92 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	85,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	59,600,000.00	63 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 14, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	62,000,000.00	91 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	61 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 4, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	38,000,000.00	90 Days	Regular business transaction with result
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	December 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	65,600,000.00	91 Days	Regular business transaction with result
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 26, 2020	LETTER OF CREDIT	PHP	100,238,725.04	364 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 14, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	524,415,426.40	88 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 9, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	520,355,908.56	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 11, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	520,198,801.71	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 4, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	519,703,888.60	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	700,739,713.58	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 9, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	216,869,490.90	69 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 7, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	393,848,286.43	68 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 2, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	490,829,241.28	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 3, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	454,061,243.24	90 Days	Regular business transaction with result
SMC POWERGEN, INC.	Affiliate	December 15, 2020	DIRECTIONAL LOAN (FUNDER)	PHP	323,524,729.40	90 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 20, 2020	LOAN	PHP	218,000,000.00	30 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 27, 2020	LOAN	PHP	492,000,000.00	30 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 4, 2020	LOAN	PHP	506,000,000.00	36 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 19, 2020	LOAN	PHP	108,000,000.00	32 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 10, 2020	LOAN	PHP	500,000,000.00	33 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 16, 2020	LOAN	PHP	235,800,000.00	32 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 21, 2020	LOAN	PHP	109,000,000.00	39 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 16, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	60 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,800,000.00	30 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	150,000,000.00	92 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	91 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 19, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	91 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 27, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,400,000.00	61 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 3, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	64 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 26, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	80,800,000.00	61 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 24, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	34 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 15, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	75,000,000.00	62 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 1, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	50,000,000.00	63 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	70,000,000.00	90 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	100,000,000.00	32 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 18, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	35,000,000.00	90 Days	Regular business transaction with result
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 28, 2020	DIRECTIONAL LOAN (BORROWER)	PHP	200,000,000.00	30 Days	Regular business transaction with result
STA. CLARA INTERNATIONAL CORPORATION	The Beneficiary is South Luzon Tollway Corporation, an Affiliate of Bank of Commerce	December 3, 2020	BANK GUARANTEE	PHP	190,456,217.92	209 days	Regular business transaction with result
STA. CLARA INTERNATIONAL CORPORATION	The Beneficiary is South Luzon Tollway Corporation, an Affiliate of Bank of Commerce	December 3, 2020	BANK GUARANTEE	PHP	106,212,145.23	210 days	Regular business transaction with result
SMC HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	December 14, 2020	LOAN	PHP	69,900,000.00	88 Days	Regular business transaction with result

Bank of Commerce

An affiliate of San Miguel Corporation

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