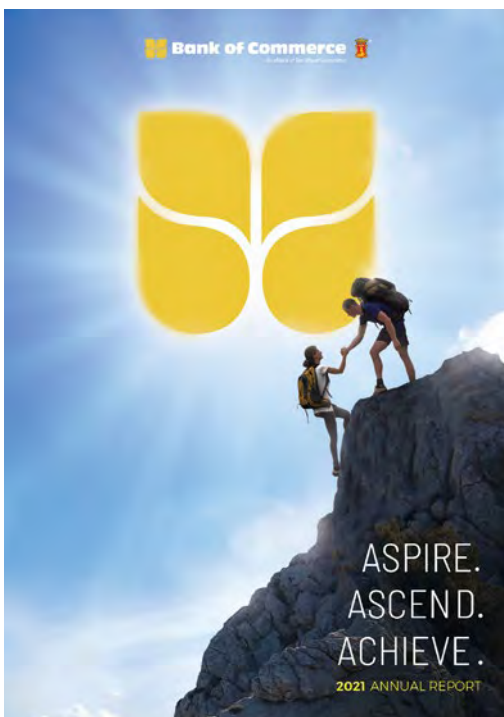




ASPIRE.
ASCEND.
ACHIEVE.

2021 ANNUAL REPORT



About the Cover

ASPIRE. ASCEND. ACHIEVE.

With stronger performance, improved operating profitability, an initial public offering, and a newly-granted universal bank license, Bank of Commerce stays optimistic about continued growth for the years ahead. By delivering products and services that go beyond customer expectations, we shall aspire, ascend, and achieve a brighter future.

This year's Annual Report cover portrays our relentless pursuit of progress, as we fearlessly soar above obstacles along our journey to the top.

ABOUT OUR PAPER

The 2021 Bank of Commerce Annual Report cover was 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. The main pages were printed on Chroma paper certified by the Programme for the Endorsement of Forest Certification (PEFC). The PEFC certification ensures that the product can be traced back to a sustainable source that has been managed with environmental, social and economic factors taken into consideration. Kodak Sonora process-free plates, nonpetroleum-based soy ink, and a Heidelberg carbon neutral offset press were utilized in the printing of this report.

Table of Contents

2	Company Profile	69	Internal Audit Division Report
4	Vision, Mission, and Service Promise	70	Statement of Management's Responsibility for Financial Statements
5	Economic Report and Forecast	71	Audited Financial Statements
6	Report from the Chairman and the President & CEO	72	Report of Independent Auditors
9	Products and Services	77	Statements of Financial Position
11	Financial Highlights	78	Statements of Income
12	Operational Highlights	80	Statements of Comprehensive Income
18	Corporate Social Responsibility	81	Statements of Changes in Equity
23	Corporate Governance	84	Statements of Cash Flows
32	Consumer Protection	87	Notes to the Financial Statements
38	Table of Organization	205	Senior Officers
40	Board of Directors	208	Branch / ATM Directory
49	Senior Executive Team	214	Annex A - Related Party Transactions
54	Risk Management		
66	Capital Management		

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 of America (USA), 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 purchased identified assets and liabilities of Pan Asia Bank in the year 2000 and Trader's Royal Bank in 2001. These acquisitions 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 38.54% of ownership, as of December 31, 2021. 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.

In December 2021, BSP approved the universal banking license of Bank of Commerce subject to the filing of the Bank’s Initial Public Offering (IPO).

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, 2021, the Bank has a network of 140 branches and 261 automated teller machines (ATMs) strategically located nationwide.

1980

Overseas Bank of Manila became known as ComBank.

1991

The Bank changed its official name to Bank of Commerce.

2016

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

2020

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



140
BRANCHES

1963

The Bank began operating as Overseas Bank of Manila.

1988

ComBank became known as Boston Bank of the Philippines.

2008

Bank of Commerce became an affiliate of San Miguel Corporation in 2008 and introduced its new logo bearing the SMC escudo.

2018

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

2021

BSP approved the universal banking license subject to an Initial Public Offering (IPO).



261
ATMS

About Us



Vision

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

Mission

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

Service Promise

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

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

We think CUSTOMERS

Economic Report & Forecast

The latest figures released by the Philippine Statistics Authority (PSA) reveal that the country's gross domestic product (GDP) rose by 5.7% last year. Last year's gross national income was pegged at 1.7% from the earlier estimate of 1.6%.

The country's economic growth was driven by industry sector's 8.5% growth along with the services sector at 5.4%. In the industry subsector, construction posted 10.0% growth, manufacturing 8.8%, and mining and quarrying 5%. Likewise, notable growth was observed in these services subsectors: information and communication at 9.2%, education at 8.3%, social activities at 5.7%, and financial and insurance activities at 4.7%.

Other contributors were government spending at 7.1% and trade in goods and services with exports at 8% and imports at 13%.

In the second year of the pandemic, the Philippine banking system (PBS) remained on solid ground. Total assets of the PBS grew by 7.2% year-on-year (YoY) to PHP20.6 trillion. Primarily funded by deposit generation and capital infusion, asset growth was higher than the 5.7% rate. Likewise, gross total loan portfolio (TLP) of the PBS increased by 4.9% YoY to PHP11.1 trillion, a turnaround from the previous year's 2.5% contraction. Significant to this reversal is the maintenance of the Bangko Sentral ng Pilipinas (BSP) of its key policy rate at 2%. BSP has kept this level since November 2020, encouraging banks to lend more to help spur economic activity.

Remittances reached a new high. According to the BSP, remittances coursed through banks rose by 5.1% to USD31.418 billion in 2021 from USD29.903 billion in 2020. While this presents a turnaround from the 0.8% drop in 2020, it is still slower than the 6% expansion estimated by the BSP.

Reflecting the improvement in the global economy, remittances from Filipinos in the Americas (7.1%), Europe (5.5%), Asia (4.5%), and the Middle East (0.7%) increased in 2021. Forty percent of remittances came from the United States of America (USA).

Taking the impact of the Russia-Ukraine conflict, China slowdown, and monetary policy normalization in the USA into account, the Philippine government revised its 2022 GDP growth target to 7% to 8% from the previous range of 7% to 9%. It also slightly lowered the budget deficit target to 7.6% of GDP from 7.7%.

The economy is rising from the effects of the pandemic. Many challenges still await, but Bank of Commerce is more than ready and able to meet these obstacles head on. Bank of Commerce shall continue to aspire for higher goals, ascend amidst challenges, and achieve a tomorrow beyond our wildest dreams.

Report from the Chairman and the President & CEO

To say that 2021 was “eventful” is to speak modestly about the unprecedented pandemic-induced challenges the year before. We mobilized ourselves with fresh learnings and a sharper focus to build our capacities and strengthen our balance sheet. This, as we met the gradual reopening of the economy with real gross domestic product (GDP) expanding by 12% in the second quarter with recovery continuing through the third quarter by 6.9%, and a 7.7% year-on-year growth in the fourth quarter.



Jose T. Pardo
Chairman

On a full-year basis, 2021 GDP growth of 5.7% exceeded the government's target of 5% to 5.5% and placed second only to Singapore's 7.5% versus other ASEAN members. It also indicated the country was on track to surpassing its pre-pandemic level, with a nominal GDP of PHP19.387 trillion versus PHP19.518 trillion in 2019.

Managing the Balance Sheet, Expanding the Bottomline

But, despite the complex challenges of the macroeconomic environment, our core business yielded commendable

results in 2021. For the first time, corporate banking, which supports the financing requirements of corporate and small-medium enterprises, generated net interest income reaching the PHP2 billion mark, well above its 2020 benchmark of PHP1.6 billion, and set a new record for generating total revenue of PHP2 billion in 2021 versus its previous PHP1.7 billion achieved in 2020. Total assets at PHP62.5 billion was slightly lower than the previous year. The Bank's corporate lending business reached a significantly lower Non-Performing Loan (NPL) ratio of 1.42% in 2021 from 1.50% in 2020.



Michelangelo R. Aguilar
President & CEO

Similarly, consumer lending saw its profitability turn around in 2021 after taking a conservative lending posture on auto, home, and salary loan offerings and target segments, and a keener approach to keeping accounts current. Together with the improvement in employment and other key economic indicators, this posture enabled us to maintain a portfolio with more predictable quality and performance. Combining this with tactical activities that were within the bounds of consumer protection, we were able to generate an unexpected level of fee income, improve our margins, and reverse nearly 60% of provisions for consumer loans booked in 2020.

We reached PHP3.3 billion in credit card billings and issued 6,200 new cards. We introduced a single currency product and converted to electronic statement of accounts to reduce cost. Our debit card campaigns coupled by the shift to acquirer-based automated teller machine (ATM) fees expanded our income base in an increasingly digitally-savvy market.

We also had significant wins in trade finance, with import letters of credit (LCs) rising from USD1.3 million to USD114 million, total foreign flows by PHP9.6 billion, and non-interest income by 36%. Some notable transactions were our foreign standby letter of credit (SBLC) to a beneficiary

in Taiwan and our SBLCs for a debt service reserve account (DSRA), accounting for 49% of domestic trade, bringing overall flows higher by PHP4.688 billion.

Our remittance business gained more momentum with 1,600 new domestic payout locations from a major pawnshop chain and fast cash payout through tie-ups for remittance to mobile wallet. New foreign partnerships have also led fee income from overseas remittances to rise by 14%.

Building Capacity, Protecting Customers and Employees

Adapting to the localized public health protocols, we adjusted our branch operations while keeping standards to ensure customers could bank safely and efficiently. Along with this was maintaining peak performance of our channels and systems. Aside from ensuring 98%-99% cash availability of our ATMs, we released a more secure version of our BankCom [Personal] online banking and mobile app. We noted a double-digit rise in enrollments by 30.8% and a sharp rise in bills payment by 92%, and InstaPay transfers by 124%. Likewise, BankCom [Business], the corporate variant, also saw growth in average daily balances of corporate banking clients at 9%, deposit flows at 22%, intrabank fund transfers at 87%, and InstaPay at 92%.

We also rolled out the upgraded treasury and trust banking systems followed by a revamped anti-money laundering (AML) system, all within a portfolio of IT projects composing the PHP1.2 billion budget that we set aside in 2019.

Development of trade finance, loan management, risk management, and cash management—which could bring in more than PHP10 billion from corporate and manager's check business and PHP1.5 billion from direct and cross-border fund transfers—have also begun.

Just as technology was critical to building capacity, so was ensuring that our customers were efficiently attended to whether physically or virtually. We launched an intensive "Star Look" program for branches which aimed not only to improve aesthetic quality but also to empower branch teams for more professional and enriched conversations with customers. We also installed a parallel customer care hotline operation in Iloilo City to complement and allow flexibility for our head office unit.

Growing Carefully, Profitably

Since 2018, when an expanded and revitalized management team came on board, we have been building our strength around an SMC ecosystem based strategy which targets not just the key players but also, and perhaps more extensively, their suppliers and distributors which include small and medium-scale enterprises.

Our Assets grew by 16.85% to PHP199.7 billion from PHP170.9 billion in 2020. Deposits shared the trend, rising during the same period from PHP149 billion to PHP172 billion, on the back of higher demand and savings volumes, mostly in low-cost. We on-boarded 41,000 new branch customers in 2021. With income outpacing asset growth, the Bank's Return on Average Assets increased from 0.50% to 0.65%.

In terms of trust Assets Under Management (AUM), we have experienced significant growth over the past three years, finishing 2021 with PHP63.69 billion in AUM, reflecting a growth of more than 60% versus the preceding year. As a result, we rose in ranking from the 10th to the 9th position in the industry.

Securing the Destination of our Journey of Growth

For the past three years, we have set our sights on and committed ourselves to the goal of growing the Bank carefully and profitably. While the last two years have unfolded in immeasurably unexpected terms, this has not deterred us in striving towards our goal. Taking all angles into account, we have delivered on five key result areas for 2021:


- Return on Equity or ROE is now at 6% from 4.8% in 2020;
- a 54% increase in Profit to PHP1.2 billion; and
- a double-digit Asset Growth of 17% or nearly twice the industry's 8.59%;
- Deposits have grown by 15%.
- Last but not the least, our Capital Adequacy Ratio is at 21.57% — more than double the 10% minimum requirement of the BSP.

Augmented by the PHP5.5 billion capital infusion of San Miguel Corporation's 100%-owned subsidiary, SMC Equivest Corporation in August, the Bank's capital rose to PHP23 billion in 2021, or a growth of nearly 50% from its 2018 level of PHP15.5 billion. Having reached the minimum required capitalization, we proceeded to work on the deliverables that would bring us to our ultimate goal — becoming a universal bank.

Finally, in the second half of December, the Bangko Sentral ng Pilipinas (BSP) granted us approval for the upgrade of the Bank's license from a commercial bank to a universal bank subject to the public offering and listing of its shares through an initial public offering or IPO.

A landmark year 2021 was. With the unibank license approval, we have become more determined than ever to secure our commitment to take our customers and other stakeholders through to the destination of our journey of growth.


Jose T. Pardo
Chairman


Michelangelo R. Aguilar
President & CEO

Products & Services

Retail Products

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

Corporate Banking

- Working Capital Loan
- Term Loan
- Capital Expenditure Financing
- Project Financing
- Small Business Loan – Term Loan
- Small Business Loan – Business Credit Line



- Foreign Currency Denominated Loan
- Trade Financing
- Letters of Credit
- Export Packing Credit
- Export Bills Purchase
- Domestic Bills Purchase

Consumer Loans

- Home Loan
- Auto Loan
- Salary Loan

Credit Card

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

Trust Products and Services

- Unit Investment Trust Funds
 - 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 Solutions

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

Digital Channels

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

Remittance Services

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

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

Trade Products / Services

- Import
 - Import Letter of Credit
 - Standby Letter of Credit (SBLC) / Bank Guarantees
 - Import Collections
 - Documents Against Payment (DP)
 - Documents Against Acceptance (DA)
 - Trust Receipt Loan
 - Payment Abstract Secure (PAS5) Enrollment, and Bureau of Customs Duties and Taxes payment
 - Shipside Bond Guarantee
 - Airway Bill Endorsement
 - Foreign Exchange (FX) Purchase for Advance Payment of Importation
 - Direct Remittance (DR)
 - Open Account (OA) Arrangement
- Export
 - Export Bills for Collection
 - Export Bills Purchased
 - Export Advances
 - Export LC Advising / Confirmation / Transfer
- Domestic
 - Letter of Credit
 - Standby Letter of Credit / Bank Guarantees
 - Negotiation of Domestic Letter of Credit

Financial Highlights

	2021	2020
PROFITABILITY		
Total Net Interest Income	5.40	5.11
Total Non-Interest Income	0.83	1.76
Total Non-Interest Expenses	(5.03)	(4.87)
Expense from Income Tax	(0.62)	(0.26)
Pre-provision Profit	0.58	1.74
Reversal of (Provision for) Credit and Impairment Losses	0.63	(0.96)
Net Income	1.21	0.78
SELECTED BALANCE SHEET DATA		
Liquid Assets	191.44	162.35
Gross Loans	75.45	73.10
Total Assets	199.71	170.92
Deposits	171.71	149.11
Total Equity	23.36	16.77
SELECTED RATIOS		
Return on Equity	6.01%	4.77%
Return on Assets	0.65%	0.50%
CET 1 Capital Ratio (for UBs/KBs)	15.35%	15.58%
Tier 1 Capital Ratio (for UBs/KBs)	20.66%	15.58%
Capital Adequacy Ratio	21.57%	16.60%
PER COMMON SHARE DATA		
Net Income per Share:		
Basic	1.02	0.70
Diluted	0.93	0.70
Book Value	16.00	14.94
OTHERS		
Cash Dividends Declared	N/A	N/A
Headcount	1,873	1,910
Officers	905	920
Staff	968	990

(Amounts in PHP billion, except Ratios, per Common Share and Headcount)

Operational Highlights



The value and success of operations drive BankCom's journey of growth to greater heights, where stakeholders are met with new opportunities for development. With an empowered organization and improved organization, the Bank will continue to move its business and valued clients forward to success.

Branch Banking Group

In 2021, the Branch Banking Group (BBG) had to adapt and comply with pandemic restrictions and government regulations while maintaining the safety and well-being of its personnel and customers. To achieve this, BBG continued to implement the following:

- Identification of buddy branches to support the customers of identified branches to be closed for disinfection
- 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 as physical barriers, and safety reminder notices
- Branch employee training on proper personal sanitation and social distancing

BBG also started its “Star Look” transformation to prepare for the Bank’s entrance into the universal banking market. The layout of the branch lobby was improved to promote a conducive flow which optimizes the handling of branch transactions. Branch personnel also went through intensive training on quality customer service and safety protocols.

Led by its seasoned senior officers, BBG maintained its growth momentum by exceeding its full-year targets. Through 140 strategically located branches nationwide, BBG on-boarded 41,000 new customers, and increased low-cost deposits by PHP14.545 billion or 21%, high-cost deposits by PHP8.445 billion or 15%, and the total deposits by PHP22.990 billion or 18%. In terms of financials, BBG generated a net interest income of PHP3.319 billion (153% over its target), total revenues of PHP3.402 billion (149% over its target), and a net profit of PHP1.695 billion (320% over its target).

Given its strategic collaborations with Credit Cards Group (CCG), Consumer Group (CG), Trust Services Group (TSG), and Treasury Management Group (TMG), BBG referred 4,165 new credit card holders, and generated PHP1.281 billion in consumer loans (PHP747 million Auto, PHP533 million Home), PHP59 million in Trust Referral Income, and PHP34 million in FOREX income. BBG also supported the Transaction Banking Group (TBG) by promoting Personal and Corporate Online Banking. It also operated as TBG’s check releasing counters, deposit pick-up facilitators, and auto-debit arrangement facilitators.

For 2022, BBG will continue the following initiatives:

- Refocusing of branch roles toward more efficient servicing of customers
- Aligning branch banking technology to improve the customer journey and overall experience
- Re-fleeting onsite ATMs
- Promoting “BankCom Experience” —an exclusive membership program which provides customized and personalized service for valued retail customers

As the nucleus of the Bank and the main contact for customers, BBG will continue to focus on providing a comprehensive financial experience for the Bank’s emerging and affluent customers while managing the challenges of the new normal.

Corporate Banking Group

The Corporate Banking Group (CBG) met the year 2021 with an optimistic outlook as the country moved toward economic rebound, and a more progressive approach in loans management. CBG ended the year by generating its first net interest income to reach the PHP2.0 billion mark, an increase of 25% from the previous benchmark of PHP1.6 billion in 2020. Likewise, CBG’s total revenue grew by 17% to PHP2.0 billion from a previous record of PHP1.7 billion in 2020. By maintaining a balanced portfolio, CBG achieved a lower Non-Performing Loan (NPL) ratio of 1.42% in 2021 from 1.50% in the previous year. These significant milestones defined the growth trajectory of BankCom’s corporate lending business, which has seen exemplary year-on-year progress. However, CBG recorded a slightly lower Total Assets in 2021 with PHP62.5 billion compared to PHP63.1 billion in 2020.

To fulfill its mission of continuously growing its business, CBG’s strategy will remain focused on providing support for the financing requirements of corporate and small-medium enterprises while actively participating in big-ticket financing transactions; engaging with capital market issuances; forging stronger collaborative efforts with other business units for cross-selling initiatives; and refining its culture of relationship management.

Consumer Group

The Consumer Group (CG) recorded a turnaround in profitability amid a challenging macro backdrop of economic disruptions in 2021.

CG took a conservative lending posture that focused on servicing the requirements of the Bank’s existing customers and of an identified target market of desirable borrowers who met stringent criteria. With this posture, attention was diverted to helping existing borrowers navigate through the effects of the pandemic on their consumer loans payables. The slowdown in interest income from consumer loans was moderated by fee income that was well above expectations.

Due to the lending posture, the quality of the performing portfolio improved, underpinned by the recovery in economic conditions. This drove CG’s profitability higher because more borrowers were able to keep their loans up to date and settle their obligations with the Bank. The credit

upgrades as well as the repayment of weaker exposures and the recovery of the collateral on the defaulted loans resulted in a general allowance write-back. Around 60% of the provisions for consumer loans booked in 2020 were reversed as CG showed improvement in the quality of its loan portfolio.

The Consumer Group will continue to exercise prudence in borrower selection. Looking ahead, as the world exhibits uneven economic recovery, CG will remain watchful of the impact of the pandemic to local borrowers and continue with the calibration of its credit underwriting criteria according to market conditions.

Credit Card Group

The Credit Card Group (CCG) was able to steer the overall business to end the year positively, and improve the portfolio quality. New cards issued for the year remained conservative at 6,200 accounts, but with billings reaching a robust PHP3.3 billion.

The launch of Debit Card marketing campaigns marked a new highlight for the group. This was an ongoing program to increase debit card awareness and use. The remarkable improvement reflected customers' interest and adoption of the debit card as a payment option.

Business process improvements were likewise introduced, resulting in cost savings and operational efficiency. Among the changes were: the conversion to electronic statement of accounts, and the introduction of the single currency

product. With customers in mind, CCG re-designed the Customer Service Hotline head office operations to have parallel operations in Iloilo City, to ensure continued servicing in light of the ongoing uncertainty.

There is a marked optimism as we look at 2022. CCG will stay focused on customers and on serving them better through dynamic and relevant campaigns, and product and service enhancements.

Treasury Management Group

With diligent research and prudent management, the Bank's fixed income portfolio enabled us to navigate the difficult bond market. The Treasury Management Group (TMG) was able to avoid significant trading losses in its trading book despite the persistent, adverse market trends.

Towards the end of the year, TMG, with Management approval, reduced the size of its hold-to-collect-and-sell business model and locked in its losses in the income statement. This defensive maneuver was meant to shield the Bank's capital from further deterioration that may be brought about by the imminent rise in interest rates in the coming year.

With the lack of trading opportunities in the bond market, TMG focused on augmenting the Bank's interest income by buying select securities for its hold-to-collect business model. This move helped cover the tepid loan demand for the year as the haunting pandemic dampened the borrowing appetite of businesses.

On the other side of the balance sheet, the Bank was experiencing substantial deposit growth. Mindful of the looming threat of interest rate risk due to interest rate normalization, the Bank had to grapple with deploying excess funds in this historically low interest rate environment amid uncertainty of the durability and "stickiness" of the influx of new deposits.

Against this backdrop, the focus was on managing the safety and soundness of the balance sheet, ensuring sufficient liquidity at all times to support client needs as well as the Bank's strategy. In addition, efforts were geared towards the further reduction of the bank's interest expense by dynamically managing and optimizing assets, liabilities, and cash flows. As a result, net interest income



(NII) increased by 6% to PHP5.4 billion in 2021 despite muted loan demand and lower yields on earning assets. The NII growth can be mainly attributed to the robust growth of Current Account / Savings Account (CASA) deposits, which grew 24% year-on-year coupled with the significant decline in interest expense from high-cost deposits, which fell by 62% to PHP0.334 billion from PHP0.878 billion the previous year.

Meanwhile, TMG successfully threaded a volatile foreign exchange market, owing to the low growth rate of exports and Overseas Filipino Workers' remittance volume. The Bank's FX business was able to take advantage of market volatilities along with an increase in client-based FX flows in 2021.

Trust Services Group

The Assets Under Management (AUM) of BankCom's Trust Services Group (TSG) continued its momentum, growing by 63% year-on-year to end at PHP63.69 billion. The dynamic synergy between TSG and the Branch Banking Group (BBG) unlocked the wealth of opportunities for the engagement of clients with trust products and services.

It was another banner year for BankCom's Diversity Unit Investment Trust Funds, as AUM increased 126.46% year-on-year to PHP990 million, while investment management AUM grew by 65.71%, ending at PHP58.52 billion.

TSG sets its sights on a 20% increase in AUM and revenues for 2022. With the strong support of its principal, San Miguel Corporation, TSG creates value by enabling the conglomerate's employees, suppliers, distributors, and consumers with tools to protect and grow savings through prudent and informed investing.

Transaction Banking Group

The Transaction Banking Group (TBG) exceeded its non-interest income by 24% versus budget and 36% against 2020. TBG's corporate product segment, the Trade Product Team was finally stabilized two years after TBG was set up, enabling the growth of its contingent liabilities by 327%, and achieving an increase of 182% in fees. TBG's Trade team increased its transactions for its foreign counterparts, as it issued its foreign Standby Letter of Credit (SBLC) to a beneficiary in Taiwan and saw an increase in usage of import Letters of Credit (LCs) from USD1.3 million to USD114 million in 2021.



TBG Trade also issued its SBLCs for debt service reserve account (DSRA), which accounts for 49% of domestic trade. Overall, flows for TBG trade grew by PHP4.688 billion for domestic and PHP9.6 billion for foreign flows. BankCom corporate customers in succeeding years can expect more innovative solutions from this team, especially once the electronic supply chain service is launched.

Cash Management team grew its deposit flows by 22% in 2021, onboarding PHP35 billion worth of corporate clients in its solutions. The team focused on clients with growth momentum despite the pandemic, on-boarding 625 clients in BankCom [Business], achieving a growth of 9% on the average daily balances of their corporate banking clients, and 36% for BBG. In view of process efficiency and more automation, the team enrolled more clients in BankCom [Business] for payroll, instead of having this processed manually by the branch the traditional way. Intra-bank fund transfer grew by 87% within BankCom in view of cash flows among ecosystems, whereas fund transfers domestic grew by 92% for InstaPay. To assure our clients of secured transactions due to cybersecurity threats, the Bank implemented and spent on its multi-factor authentication (MFA), also as directed by BSP. To establish name recall, standardization and proper name identifier in relation to the solutions it provides, the team also rebranded its products and services according to their function: BankCom Collect, BankCom Pay, and BankCom Connect. This paves the way for the robust corporate banking platform of the soon-to-be-revamped BankCom [Business].

For the retail services of TBG, the Digital Channels team grew its fees by 18% and 107% of its deposit base compared to 2020. This was made possible due to the on-time implementation of Acquire-Based Fee Charging (ABFC) in Q2 2021, whereby the shift of fees was more in favor of those who own the machines (like BankCom).

Due to the 31% increase of enrollees in BankCom [Personal], more and more transactions flowed through bills payment, achieving an increase of 92% in transactional fees for this leg. With the pandemic-induced shift from cash basis to more electronic channels for more banking transactions, TBG achieved a transaction growth of 124% for InstaPay alone. In 2022, retail clients can look forward to more functionalities on our BankCom [Personal] such as usage of QR, biometrics, fund transfer via mobile and email, plus load on prepaid cards. This shows that BankCom continues to develop capabilities to cater to ongoing changes on the retail front.

For our overseas clients, the fee income of our Remittance team grew by 14% from the previous year, brought about by transactional growth from Bank Al Bilad (Enjaz) and Eastern Allied (Australia). Considering the close partnership established with other partner banks like Bank Aljazira (Fawri) and Prabhu, remittance to mobile wallet was actively promoted as one of the key product differentiators via InstaPay, to support the needs of the beneficiaries in receiving immediate cash despite regulated movements caused by various lockdowns in the country. To support further the domestic needs, TBG's Remittance team also launched its domestic remit through its partnership with RD Pawnshop, catering to 1,600 locations nationwide. Through this service, a sender can now go to any BankCom branch, which can then remit to any beneficiary domestically.

Support Initiatives

Digital Services Group

In 2021, the IT Services Division (ITSD) was reorganized into the Digital Services Group (DSG). This is an enterprise IT organization that has aligned its technology personnel, assets, and services to accelerate through the establishment of a capable Cloud Services Team, maturing IT Service Management (ITSM), a strong Program & Portfolio

Management Team, and a robust Technology Management Office. It also started the incubation of Business Insights and Analytics as a core capability.

To combat employee attrition, which plagued IT organizations all over the world, DSG implemented a flexible and reasonable work arrangement, maintained transparency in employee communications, and promoted a culture of shared accountability. DSG also prioritized the physical well-being of employees and ensured pay equity to align with the industry.

As part of the Bank's five-year (2019-2024) IT Investment Plan, DSG prioritized its investments in the updating of legacy infrastructure and systems at the Bank, and simultaneously implemented the foundations necessary to scale with cloud-based services and solutions.

DSG upgraded its core PABX Communications Platform to resolve technology obsolescence by shifting from physical phone handsets to "soft" phones through applications on the work desktop/laptop and mobile phones. This lowered operating costs and improved both internal and external communication.

Modernization efforts continued with the replacement of the current ATM Fleet (280 ATMs) with modern ATMs, Cash Recycler Machines (CRMs), and Cash Deposit Machines (CDMs) in order to extend financial access across the country.

DSG utilized solutions that are cloud-enabled and readily available. The Bank's internal and external communications platform migrated to Microsoft 365, which enabled business continuity especially when the pandemic forced organizations to instantly transition to a remote work environment. Another cloud-based initiative included wholesale banking solution provider's Vector Risk solution, which is used for providing risk calculations for the Bank's trading books.

On top of setting up the right foundation for the deployment of the Bank's digital channels, DSG continued with its planned technology refresh for IT assets reaching end-of-life / support for greater than 75% of its IT Asset Portfolio through 2023.

The Bank executed adequate security protocols including protective measures that are commensurate with the consequences and probability of loss, misuse, or unauthorized access to, or modification of information. Such measures include continuous monitoring using Security Event & Information Management (SIEM), Artificial Intelligence (AI) technologies to detect anomalies, patterns, and events across the bank network, sharing of information with other Financial Services Institutions (FSI) to cross-check security threats, continuous risk assessments, and maintaining our identity and access management platform for currency.

DSG also expanded its coverage to monitoring threat intelligence, engaging third party cybersecurity experts to conduct “Purple Exercises” to probe for weaknesses and evaluate our response to cybersecurity events with the use of simulation exercises. The Bank’s Information Security posture remained adequate and is constantly evolving to match the ever-increasing threat vectors of the digital age.

Human Resource Management and Development Division

The Human Resource Management and Development Division (HRMDD) continued to address the needs of the business and employees in 2021. Among the priorities were COVID-19 swab testing, vaccination, and booster administration, in coordination with San Miguel Corporation’s Corporate Human Resources. As of December 2021, 98% of our organic employees were already fully vaccinated. A team consisting of a physician and the Bank Nurse was also dedicated to monitor the health condition of employees who tested positive and who were identified as close contacts, up to the time they were issued a fit-to-work or a return-to-work order.

The Bank continued to promote the well-being and mental health of employees by having discussions on mental health awareness and health and safety protocols through the BankComustahan series. The Bank also engaged an organization that provides mental healthcare support from talks as well as training and therapy sessions that are accessible anytime and kept in strictest confidence.



HRMDD also ensured compliance with the Occupational Safety and Health Standards (OSH) as well as the Department of Labor and Employment (DOLE) requirements, among others.

Recruitment activities ranging from interviews, testing to onboarding and even job fairs, were all carried out virtually. This was the same for all training programs and employee activities such as Service Awards and Christmas Party.

Due to the changes in the business environment, a lot of jobs had to be reviewed, and the results of the job evaluation were shared and discussed with the respective group heads.

The year ended with the onslaught of Typhoon Odette, which severely affected employees and third-party service personnel residing in the Visayas and Mindanao regions. HRMDD initiated a donation drive for them, which was met with so much generosity from employees, and which was matched by the Bank. As of the time of writing this report, the donations had already been distributed.

Corporate Social Responsibility



The Bank's Corporate Social Responsibility (CSR) initiatives for the year 2021 have taken the meaningful practice of malasakit, financial literacy and volunteerism into a journey of consistency and commitment. Despite the limited capacity for on-ground CSR activities, the Bank implemented its CSR advocacy amidst challenges to continuously engage, reach out and help improve various communities nationwide.

Masungi Georeserve Tree-planting / Tree-nurturing Activity

For four consecutive quarters in 2021, BankCom demonstrated its commitment to support environment conservation and rehabilitation by partnering with Masungi Georeserve. Located in the critical part of the Upper Marikina River Basin Protected Landscape, Masungi Georeserve has relentlessly developed sustainable programs to revive hectares of neglected and abused forest land with the support of concerned volunteer groups.

This CSR collaboration defines the Bank's *malasakit* for environmental conservation initiatives. BankCom volunteers had planted a variety of native trees in Masungi Georeserve including acacia magnium, malaruhat and narra. Tree-nurturing is an often neglected aspect of reforestation which involves weeding out, mulching, and tilling of soil near and around the planted seedlings. Because of the lack of big trees in the area, the ground is exposed to sunlight making it extremely dry. Newly planted trees also compete with weeds and other invasive plant species that take away nutrients from the soil. Thus, BankCom, with the encouragement of Masungi Georeserve, participated in tree-nurturing activities to help increase the trees' chances of survival and in time, contribute to bringing the forest back in the denuded areas.



Dagupan City Agriculture Office Environmental Sustainability Effort

The Dagupan Cash Hub Branch provided support to the sustainable environmental conservation and protection efforts of the City Government of Dagupan and Dagupan City Agriculture Office by participating in the tree-planting activity near the coastlines of Tondaligan Beach, Dagupan, Pangasinan. The coconut trees in the beachfront, among other initiatives of the local government, will help mitigate the effects of global warming.

Masungi Georeserve Scholarship Program

In support of holistic community development involving the education sector, the Bank continued its scholarship program with the Masungi Georeserve for select students in nearby schools in Baras, Rizal. This partnership, on its second consecutive year, benefits the Baras community by ensuring the conservation of the Sierra Madre area through education and sustainable development. The Bank provided financial support and in-kind donations from employees to the students and their families who were affected by the lockdowns.

Balik Eskwela Program

Bank of Commerce, led by the Legazpi Branch, extended its *malasakit* for underprivileged school children in Bicol by participating in the 2021 Balik Eskwela Program in Legazpi City, Albay. The 2021 Balik Eskwela Program aims to provide support and encouragement to students pursuing their education in spite of the pandemic and other socio-economic challenges. The Bank's Back-to-School donation drive which was supported by employees demonstrated our *malasakit* for underserved students in the society. Around 120 students of Buhatan Elementary School, Brgy. Buhatan, Sto. Domingo, Albay have received school items and packed goods for the incoming school year. The CSR initiative was made possible in cooperation with the Rotary Club of Metro Legazpi, Rotary Club of Mayon, Rotary Club of San Pablo City South, the Philippine Navy – CMOU TEAM, and the Philippine Air Force TOG 5.



PGH Foundation Donation

BankCom donated to the Philippine General Hospital Medical Foundation, Inc. (PGHMF) in support of the hospital's pandemic response, direct assistance to indigent patients and infrastructure renovation. In May 2021, a devastating fire hit the state-run Philippine General Hospital (PGH) that disrupted its operations and immediately prompted a call for donations. PGHMF is a non-stock, non-profit organization which was conceived to assist PGH in achieving its noble mission of providing excellent health care for its indigent patients. It serves as a conduit of donations coming from various civic-minded individuals, corporations, foundation and other funding agencies. PGH, the premier government hospital, is the largest COVID-19 referral hospital in the country.

Asilo de San Vicente de Paul and ChildHope Foundations

For the second consecutive year, the Bank honored the season of gift-giving by donating a portion of its 2021 corporate giveaways budget to two non-governmental organizations (NGOs) to help sustain efforts in promoting child welfare and developing community programs for underprivileged families. Asilo de San Vicente de Paul, an orphanage in U.N. Avenue, Manila, serves as a refuge for orphaned, abandoned and homeless children and provides education and training to young girls, particularly on embroidery and needlework, which has become a distinction of the institution. ChildHope Foundation is an NGO that promotes the welfare of street children. Both institutions and beneficiaries opened the doors for the Bank to demonstrate its passion for caring and giving hope for the marginalized sectors in our country.



Community-Managed Savings and Credit Association (CoMSCA) and WE Assist Villages towards Economic Empowerment (WEAVEE) with World Vision

BankCom and World Vision remained as committed partners supporting a community in Zamboanga Del Norte 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.

CoMSCA, on its third cycle with BankCom and World Vision, provided basic financial education that equipped residents on how to properly handle their hard-earned money, particularly on how to save for education, household and family expenses, and economic and livelihood ventures. The program hopes to build a resilient and accountable community with self-sustaining residents that can lead in creating livelihood opportunities, with improved capabilities that enable them to send their kids to school and protect the health of their families. BankCom and World Vision previously held successful CoMSCA programs that help improve the financial literacy of communities in Laurel, Batangas and Bohol.



On top of this financial literacy program, BankCom collaborated with World Vision for a new community enterprise development project called WE Assist Villages towards Economic Empowerment (WEAVEE) Project. WEAVEE envisions training local households in the Municipality of Tabogon, Cebu in weaving export quality baskets. This is a project managed by Sustainable Opportunities for Genuine Optimistic Development, Inc. (SOGOD Inc.) as supported by World Vision Development Foundation, Inc. and Bank of Commerce. With sustainability in mind, the market for the product has been established and in order to scale-up the project reach and beneficiaries, World Vision conducts training on basket weaving to provide alternative livelihood opportunities for local residents.

Kapwa Pinoy, Ating Tulungan! Food-feeding Program with International Care Ministries Foundation, Inc.

On the seventh year of helping Filipinos out of ultra-poverty, BankCom and International Care Ministries Foundation, Inc. (ICMFI) focused on alleviating chronic hunger brought about by the pandemic. Kapwa Pinoy, Ating Tulungan! food-feeding program was carried out in response to the immediate need of ultra-poor communities in Bacolod. In this program, family members were able to eat three nutritious meals per day.

Starvation and malnutrition have become a real threat for families because of social distancing and other restrictions that make earning a living difficult. Families in ultra-poverty live on less than P24 a day and reside in inadequate, crowded shelters and they lack access to support networks that could help them.

BankCom has previously supported ICMFI's Transform and Family Academy programs which both helped families by empowering them through a life-skills, capacity-building course designed to meet their needs.



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 March 2021.

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 Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) rules and regulations. All directors were chosen based on integrity, probity, market reputation, conduct and behavior, relevant education and training, physical and mental fitness, knowledge and experience.

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

The Chairman of the Board provides leadership in the Board of Directors. He ensures effective functioning of the Board, including maintaining a relationship of trust with members of the Board, and steers it toward an effective performance of its bounden duties. Consistent with the Corporate Governance Principles under the Manual of Regulations for Banks (MORB), the Chairman of the Board is 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 re-elected in 2017 until 2021, at which time, they may no longer be qualified as independent directors for the same companies. The said re-election in 2017 until 2021 shall be with prior written notice and justification to the SEC.

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

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

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

For the year 2021, the Board held fourteen (14) meetings:

Composition	Attendance	%
Jose T. Pardo <i>(Chairman, Non-Executive Director)</i>	14/14	100%
Francis C. Chua <i>(Vice Chairman, Non-Executive Director)</i>	13/14	92.86%
Michelangelo R. Aguilar <i>(President & CEO, Director)</i>	14/14	100%
Roberto C. Benares <i>(Former President & CEO, Non-Executive Director)</i>	13/14	92.86%
Marito L. Platon <i>(Non-Executive Director)</i>	14/14	100%
Benedicta A. Du-Baladad <i>(Non-Executive Director)</i>	14/14	100%
Jose C. Nograles <i>(Independent Director)</i>	14/14	100%
Carolina G. Diangco <i>(Non-Executive Director)</i>	14/14	100%
Melinda S. Gonzales-Manto <i>(Independent Director)</i>	14/14	100%
Mariano T. Katipunan, Jr. <i>(Non-Executive Director)</i>	14/14	100%
Fe B. Barin <i>(Non-Executive Director)</i>	14/14	100%
Alexander R. Magno <i>(Non-Executive Director)</i>	14/14	100%
Aniano A. Desierto <i>(Independent Director)</i>	9/14	64.29%
Rebecca Maria A. Ynares <i>(Independent Director)</i>	14/14	100%
Ricardo D. Fernandez <i>(Independent Director)</i>	14/14	100%

Security Ownership of Directors

Composition	Number of Direct and Indirect Shares Held	Number of Years Served	Percentage of Shares	Changes in the Composition
Jose T. Pardo	1	18	0.00%	Elected as Director, October 21, 2003; as Independent Director, April 30, 2010; as Chairman, July 19, 2011; and re-elected as such every year thereafter during the Annual Stockholders' Meeting (ASM); re-elected on April 27, 2021 and reached the maximum cumulative term of 9 years as independent director on December 31, 2020
Francis C. Chua	1	13	0.00%	Elected as Director, May 20, 2008 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Michelangelo R. Aguilar	1	3	0.00%	Elected as Director, June 26, 2018 and as President & CEO on July 16, 2018. Re-elected as Director during ASM on April 27, 2021
Roberto C. Benares	1	3	0.00%	Elected as Director, April 30, 2013; as President & CEO, August 1, 2013; retired as President & CEO on July 15, 2018 and was appointed Director effective July 16, 2018. Re-elected as Director during the ASM on April 27, 2021
Marito L. Platon	1	11	0.00%	Elected as Director, April 30, 2010 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Benedicta A. Du-Baladad	1	7	0.00%	Elected as Director, January 31, 2014 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Jose C. Nograles	1	6	0.00%	Elected as Independent Director, April 20, 2015 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Carolina G. Diangco	1	9	0.00%	Resigned June 2018 and re-elected April 24, 2021
Melinda S. Gonzales-Manto	1	8	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 April 27, 2021
Mariano T. Katipunan, Jr.	1	3	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 April 27, 2021
Fe B. Barin	1	7	0.00%	Elected as Director, April 24, 2014; re-elected every year thereafter during ASM. Re-elected on April 27, 2021
Alexander R. Magno	1	7	0.00%	Elected as Director, August 1, 2014 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Aniano A. Desierto	1	8	0.00%	Elected as Independent Director, August 1, 2013 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Rebecca Maria A. Ynares	1	5	0.00%	Elected as Independent Director, July 26, 2016 and re-elected every year thereafter during the ASM. Re-elected on April 27, 2021
Ricardo D. Fernandez	1	1	0.00%	Elected as independent Director, January 1, 2021; Re-elected on April 27, 2021

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 eight (28) meetings in 2021.

Composition	Attendance	%
Francis C. Chua <i>Non-Executive Director, Chairman</i>	28/28	100%
Michelangelo R. Aguilar <i>Executive Director, Member</i>	28/28	100%
Benedicta A. Du-Baladad <i>Non-Executive Director, Member</i>	27/28	96%
Fe B. Barin <i>Non-Executive Director, Member</i>	28/28	100%
Carolina G. Diangco <i>Non-Executive Director, Member</i>	26/28	92%

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 thirteen (13) regular meetings and two (2) special meetings in 2021.

Composition	Attendance	%
Melinda S. Gonzales-Manto <i>Independent Director, Chairman</i>	13/13	100%
Jose C. Nograles <i>Independent Director, Member</i>	13/13	100%
Rebecca Maria A. Ynares <i>Independent Director, Member</i>	13/13	100%
Benedicta A. Du-Baladad <i>Non-Executive Director, Member</i>	12/13	92%
Mariano T. Katipunan, Jr. <i>Non-Executive Director, Member</i>	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 thirteen (13) meetings in 2021.

Composition	Attendance	%
Jose C. Nograles <i>Independent Director, Chairman</i>	13/13	100%
Marito L. Platon <i>Non-Executive Director, Member</i>	13/13	100%
Roberto C. Benares <i>Non-Executive Director, Member</i>	11/13	84%
Melinda S. Gonzales-Manto <i>Independent Director, Member</i>	12/13	92%
Rebecca Maria A. Ynares <i>Independent Director, Member</i>	13/13	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 2021.

Composition	Attendance	%
Aniano A. Desierto <i>Independent Director, Chairman</i>	8/12	66%
Fe B. Barin <i>Non-Executive Director, Member</i>	12/12	100%
Ricardo D. Fernandez <i>Independent Director, Member</i>	12/12	100%
Jose C. Nograles <i>Independent Director, Member</i>	12/12	100%
Marito L. Platon <i>Non-Executive Director, Member</i>	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, three (3) of whom, including the committee chairman, are independent directors. It held twelve (12) meetings in 2021.

Composition	Attendance	%
Aniano A. Desierto <i>Independent Director, Chairman</i>	8/12	66%
Jose T. Pardo <i>Non-Executive Director, Member</i>	12/12	100%
Alexander R. Magno <i>Non-Executive Director, Member</i>	11/12	91%
Jose C. Nograles <i>Independent Director, Member</i>	12/12	100%
Ricardo D. Fernandez <i>Independent Director, Member</i>	12/12	100%

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, the President of the Bank, and the Bank's Chief Trust Officer. It held twelve (12) meetings in 2021.

Composition	Attendance	%
Jose T. Pardo <i>Non-Executive Director, Chairman</i>	12/12	100%
Michaelangelo R. Aguilar <i>Executive Director, Member</i>	12/12	100%
Alexander R. Magno <i>Non-Executive Director, Member</i>	12/12	100%
Aniano A. Desierto <i>Independent Director, Member</i>	8/12	66%
Gamalielh Ariel O. Benavides <i>Chief Trust Officer, Member</i>	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 thirteen (13) meetings in 2021.

Composition	Attendance	%
Ricardo D. Fernandez <i>Independent Director, Chairman</i>	13/13	100%
Melinda S. Gonzales-Manto <i>Independent Director, Member</i>	13/13	100%
Marito L. Platon <i>Non-Executive Director, Member</i>	13/13	100%
Rebecca Maria A. Ynares <i>Independent Director, Member</i>	13/13	100%
Carolina G. Diangco <i>Non-Executive Director, Member</i>	12/13	92%

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 nineteen (19) meetings in 2021.

Composition	Attendance	%
Roberto C. Benares <i>Non-Executive Director, Chairman</i>	18/19	95%
Marito L. Platon <i>Non-Executive Director, Member</i>	19/19	100%
Michelangelo R. Aguilar <i>Executive Director, Member</i>	18/19	95%
Donald G. Limcaco* <i>Chief Technology Officer, Member</i>	16/16	100%
Antonio S. Laquindanum** <i>Chief Finance Officer, Member</i>	13/16	81%

* Donald G. Limcaco was appointed as ITSC member in March 2021.

**Antonio S. Laquindanum was appointed as ITSC member in March 2021.

The Corporate Secretary

The Corporate Secretary plays a significant role in ensuring that the Board is able to effectively fulfill its responsibilities. The Office of the Corporate Secretary prepares the agenda and sends out the required notices, materials for discussion prior to the meeting, and minutes of the previous

meeting. The Office is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Bank.

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

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

The Chief Compliance Officer

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

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

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

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

The Chief Risk Officer

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

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

Board and Senior Management

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

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

Selection Process for the Board and Senior Management

The Nomination, Compensation, and Remuneration Committee (NCRC) conducts a detailed evaluation of the nominees for Directorship prior to their nomination and

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

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

Performance Evaluation

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

Remuneration and Succession Plan / Program

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

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

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

2021	Rank & Position Title	Annual Compensation	Bonuses
Michelangelo R. Aguilar	President & CEO		
Manuel A. Castañeda III	EVP, Corporate Banking Group Head		
Felipe Martin F. Timbol	EVP, Treasury Management Group Head		
Donald Benjamin G. Limcaco	SVP, Chief Technology Officer		
Anna Marie A. Cruz	SVP, Corp. Communications & Consumer Protection Division Head		
	TOTAL	62,768,112	13,650,338

Training Program for Directors and Senior Management

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

Retirement Age of Board and Senior Management

The Directors are elected during the annual meeting of stockholders, or at any special meeting called for that purpose, and hold office for one (1) year and serve until their successors shall have been duly elected. A retirement plan for all employees was established and became

effective in March 1990 with amendments thereafter. Based on the Bank's retirement plan with amendments after 1990, the normal retirement age for all employees (including Senior Management) is 60 years old. The plan includes benefits on Early Retirement, Resignation, Death / Total and Permanent Disability, Optional Retirement, and Involuntary Separation. The Bank bears the full cost of providing the benefits in the Plan.

Adequate and Timely Information

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

Financial Reporting Controls and Audit

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

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

Stockholders' Rights and Protection of Minority Stockholders' Interest

The Board respects the rights of the stockholders as provided for in the Corporation Code and ensures that they can freely vote on all matters that require their consent or approval, exercise their preemptive right to all stock

issuances of the Bank subject to the limitations under banking laws, rules and regulations, inspect the Bank's books and records, and access information on dividends and appraisal right. The Board likewise promotes transparency, accountability, and fairness to stockholders of the Bank. It remains cognizant of its responsibility to foster the long-term success of the institution and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders.

Stakeholders

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

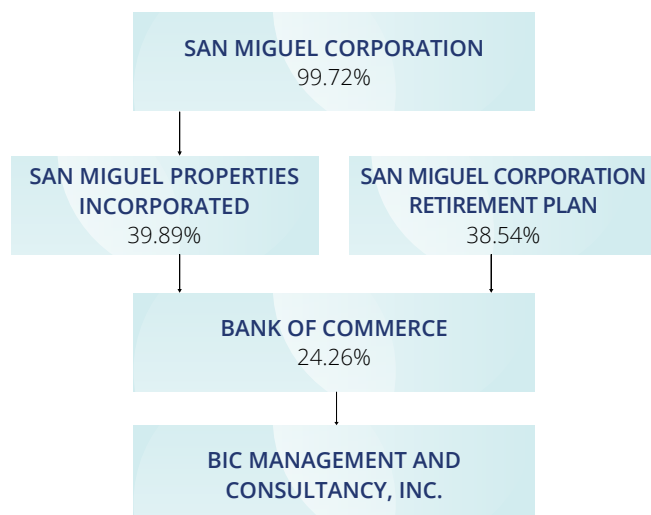
Code of Ethics and Standards

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

Disclosure and Transparency

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

Ownership Structure



Related Party Transactions

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

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

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

responsibility related to the safety and soundness of the Bank's financial transaction/s with Related Parties and ensures that such are conducted in accordance with sound governance principles and values.

RPTs at or above the materiality threshold set by the Bank's RPT Policy are vetted by the RPTCom and approved by the Board of Directors. RPTs falling below the set threshold are vetted and approved by the designated approving authority / committee, subject to the notation of the RPTCom and confirmation by the Board of Directors.

All Related Party Transactions are handled in accordance with guidelines prescribed in BSP Circulars 895 and 914 dated December 14, 2015 and June 23, 2016, respectively, and other related issuances and the Corporate Governance Principles and related provisions of the Manual of Regulations for Banks (MORB). Presented in Annex A (page 214) are Material Related Party Transactions as of December 31, 2021.

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



A sharper focus on cyber risk awareness and securing online transactions characterized the Bank's Financial Consumer Protection (FCP) campaigns and other activities in 2021. These were in support of the BSP's 2020-2023 Digital Payments Transformation Roadmap which defined the course for an "efficient, inclusive, safe, and secure digital payments ecosystem."¹ These were also aligned with the Bank's FCP Framework which is being institutionalized and maintained by the Consumer Protection Department (CPD) under the Corporate Communications and Consumer Protection Division (CCCPD).

Source: <https://www.bsp.gov.ph/sitepages/mediaandresearch/mediadisp.aspx?itemid=5759> (24 April 2021)

Mobility and access restrictions due to health safety concerns continued to support the demand for products and services which could be ordered and delivered through electronic platforms. Empowering customers through Financial Education, one of the FCP standards of conduct, on both the benefits as well as the potential risks to their transactions and personal information when they patronize these platforms was undertaken by CPD as one of its priorities in 2021.

CPD intensified its campaign on customer education in support of adopting mobile banking, internet banking, and other Electronic Payments and Financial Services (EPFS) channels in general, and in particular, online fund transfers via InstaPay and PESONet, as a means to carry out financial transactions safely amid the health crisis. Aside from being able to detect the signs of possible phishing or fraud, the awareness campaign emphasized first and foremost that the Bank is regulated by the Bangko Sentral ng Pilipinas (BSP), one of the mandatories under the Disclosure and Transparency standard of conduct of FCP.

Making online transactions safe and secure is accomplished by the Bank not only through financial education or proper disclosures, but also by maintaining a mechanism of technical, procedural, and organizational safeguards that encompass the three other FCP standards of conduct, namely, Protection of Client Information, Fair Treatment, and Effective Recourse.

To ensure that FCP provisions under the five standards of conduct were achieved, CPD conducted a number of gap analyses in 2021. A proprietary Gap Analysis tool and methodology were developed by CPD which systematically and meticulously determines a business unit's adherence to a BSP regulation covering FCP, by analyzing its customer-facing processes, standard forms or contracts, and/or pertinent operating policies and procedures documents. Any provision covered in the Gap Analysis which is not addressed by a unit's existing processes or documentation triggers the unit to submit a time-bound action plan towards resolving it.

In previous years, CPD performed gap analyses based on BSP Circular 1048 and BSP Circular 857. In 2021, CPD went further and looked closely at the IT Risk Management

Standards and Guidelines (Appendix 79) and Electronic Services Consumer Awareness Program (ESCAP) of the Manual of Regulations for Banks (MORB). CPD likewise embarked on a consumer awareness drive with the theme of ESCAP.

Financial Consumer Protection Framework

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

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

Roles and responsibilities of the Board of Directors and Senior Management

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

Board of Directors

- Approving the CPRMS and CAM that are 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 roles:

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

Consumer Protection Risk Management System

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

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

- **Board and Senior Management Oversight.** The Board of Directors and Senior Management provide strategic direction and high-level support for the effective design, implementation, and continual improvement of the Bank's CPRMS. The more detailed roles are provided in the Bank's FCP Manual.
- **Compliance Program.** The Bank's formal, written Compliance Program Manual covers financial consumer protection and follows the Revised Compliance Framework for Banks 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, an updated version of the Customer Complaints Management Manual was released in July 2021 which further clarified the parameters by which complaints are to be handled.

- **Internal Audit Function.** The Bank's consumer protection audit program enables the Board and its designated committee to make an assessment of the effectiveness of the implementation of the FCP Framework, as well as the adequacy of approved policies and standards, in meeting the established consumer protection objectives.
- **Training.** Bank of Commerce believes in the continuing education of personnel as a means to strengthen and maintain compliance with consumer protection laws, rules, and regulations. All relevant frontline and support personnel, more specifically those whose roles and responsibilities have customer interface, are covered by the Bank's initiatives on consumer protection training. This initiative advocates for specific and comprehensive training to be received by these personnel in a timely manner in order to reinforce and help implement written policies and procedures on consumer protection. For 2021, 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 (CPO) under CCD.

In August 2021, CPD in cooperation with HRMDD launched version 2 of its FCP e-Learning Module, the Bank's first voice-enhanced FCP training presentation tool. The incorporation of recorded voice narration into the training module aimed to enhance the learning experience. 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 Corporate Governance Committee (CGCom).
- **Complaints Resolution Turnaround Time.** For efficient resolution of complaints, the Bank categorizes them as follows:
 - 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.
 - Complex Complaints* are complaints that may require (15) banking days to resolve as further investigation/study by the concerned unit/s is needed.

The Bank notifies customers via available means / channels about where they may communicate their complaints, inquiries, or requests for resolution. These include the Bank's official website, welcome kits, and statements of account, marketing collaterals, or other appropriate channels as determined by a business unit. Below is the list of available consumer assistance channels:

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

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

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

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

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

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

Financial Education and Awareness

The Bank acknowledges the importance of sustaining financial education and awareness to consumers in order to help them protect their financial health, especially during these economically challenging times. This was achieved

through cost-effective information campaigns that were focused on digital literacy 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 under the tagline "Stay at Home. Stay Vigilant. Bank Securely."

I. Bank Product and Policy Awareness / Financial Well-Being

- **"Online Banking - How to Get Started"** – Pointers about onboarding to BankCom [Personal] in layman's terms;
- **"Online Banking: Conveniently Transfer Your Funds Using BankCom [Personal]"** – Steps and special features to make transferring funds or paying bills more convenient without having to go out of one's house;
- **"Know More About InstaPay and PESONet"** – Third part of the BankCom [Personal] Online Banking Series which describes the differences between InstaPay and PESONet in terms of transaction limits, fees, and customer complaint handling.
- **"Know Basic Things About InstaPay So You Can Send Money Online and Stay Safe"** – Easy-to-read primer about InstaPay's features and effective recourse;
- **"ATM Fee Advisory"** – Advisory to Bank clients on the impact of the new acquirer-based fee charging (ABFC) model for ATM transactions, and the impending new fees;
- **"RTGS Fees and Charges Effective October 11, 2021"** – Advisory to Bank clients on the impending changes in real-time gross settlement (RTGS) fees and charges;
- **"Online and Branch: 2 Great Ways to Bank with Us"** – A closer look at how both online delivery channels and branches address customers' needs in terms of security, safety, convenience, cost and time, plus practical advice on how to make the most out of one's branch visits;
- **"Important Advisory on Changes in InstaPay and PESONet Fees"** – Advisory to Bank clients on changes in transaction fees for InstaPay and PESONet effective December 1, 2021;
- **"Know your Product Details and Information: Terms, Fees and Where to Call for Help"** – Three basic information any customer of banking products should know;
- **"Security features of BankCom [Personal] Online Banking"** – Multiple ways in which BankCom makes

transacting through the mobile phone app or the web more secure;

- **“New Service Fees for Deposit Products”** – Advisory to Bank clients on the impending new service fees for FCDO notes deposit and request for debit card PIN mailer.
- **“Build an Emergency Fund this 2021”** – Practical New Year’s advice on how to secure one’s financial well-being in 2021.

II. Awareness on Cyber Security and Detecting Scams

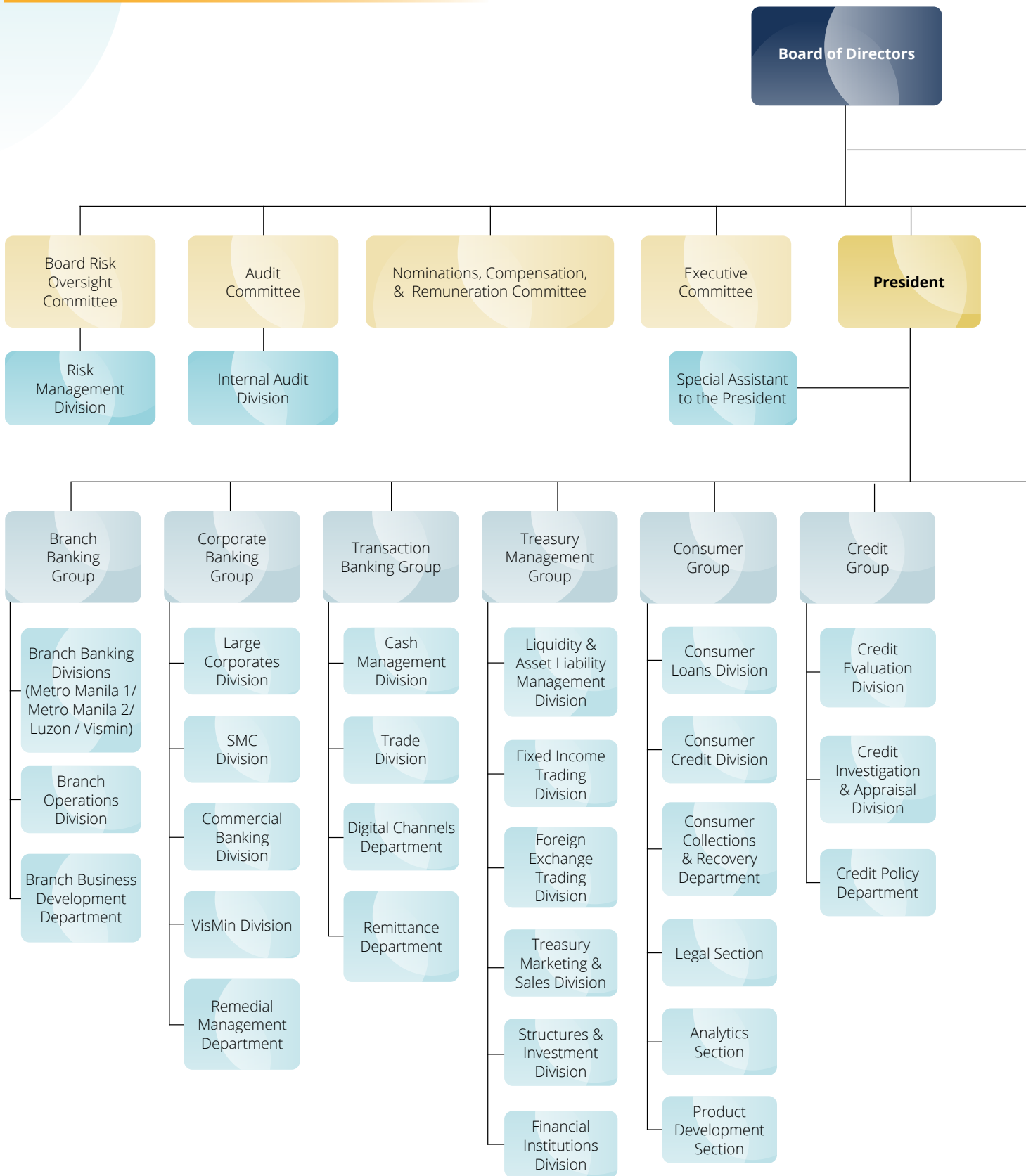
- **“Digital Payment Gateways Security Reminders”** – Reminders on how to be “digitally smart” against phishing, data breach, and other online threats to using digital platforms;
- **“Protect Yourself and Avoid Phishing Attacks”** – Five simple but effective ways to identify a potential phishing attempt via e-mail;
- **“How to Detect Phishing Attacks”** – Typical signs that can tell when a message might be harmful;
- **“Keep your Online Banking Transactions Secured”** – Tips to ensure that one’s finances are not affected by the online fraudsters’ traps to get funds from one’s account;
- **“Practical Reminders to Protect Your Financial Investments”** – Reminders to protect one’s hard-earned money;
- **“Safely Use the Automated Teller Machine (ATM) and your Debit Cards”** – Practical and precautionary tips to make transacting using an ATM and debit card safe;
- **“Protect your Credit Cards”** – Important guidelines to protect oneself and keep one’s credit card details from getting stolen;
- **“Make Secure Mobile Transactions”** – Advice to consumers to take care of other security mediums using their mobile phones or smartphones;
- **“Secure your Personal Information and Records of Online Transaction”** – a guide to consumers on their responsibilities for securing their transactions and personal information while using products, services, and channels on the internet;
- **“A New Syndicate Has Been Victimizing ATM Users”** – Advisory about the “Glue Gang” or “Good Samaritan” syndicate which targets ATM users, especially elderly individuals;
- **“Advisory on Bank Deposit”** – Reminders to avoid fraudsters who use the name of financial institutions to solicit money from the public



III. BSP-Related Advisories

- **BSP Press Releases and Public Advisories on FCP (1st half of 2021)**
 - BSP Fosters Digitalization
 - BSP Highlights Role of Digital Banking Framework in Financial Inclusion
 - BSP Fosters Digital Transformation of Financial Services
 - BSP Gov. Diokno Says BSP to Hit Digitalization Targets in 2022
 - Digital Transactions Rise Amid Stricter Community Restrictions
 - Partnership for Fishers’ Financial Education Launched
 - Beware of Fraudulent Investment Schemes
- **BSP Media Releases on Financial Consumer Protection (FCP) 2020-2nd Half**
 - Practicing Cyber Hygiene in Online Financial Transactions
 - BSP Public Advisory on Online Scams
 - Chatbot-support by BSP for Financial Consumers
- **BSP Media Releases on FCP 2020-2nd Half - TBG and BBG-related Updates**
 - Digital Payments Transformation Roadmap
 - Digital Banking Framework
 - Philippines Ranks 2nd in Asia and 8th Worldwide in Promoting Financial Inclusion

Table of Organization



Corporate Secretary

Related Party Transactions Committee

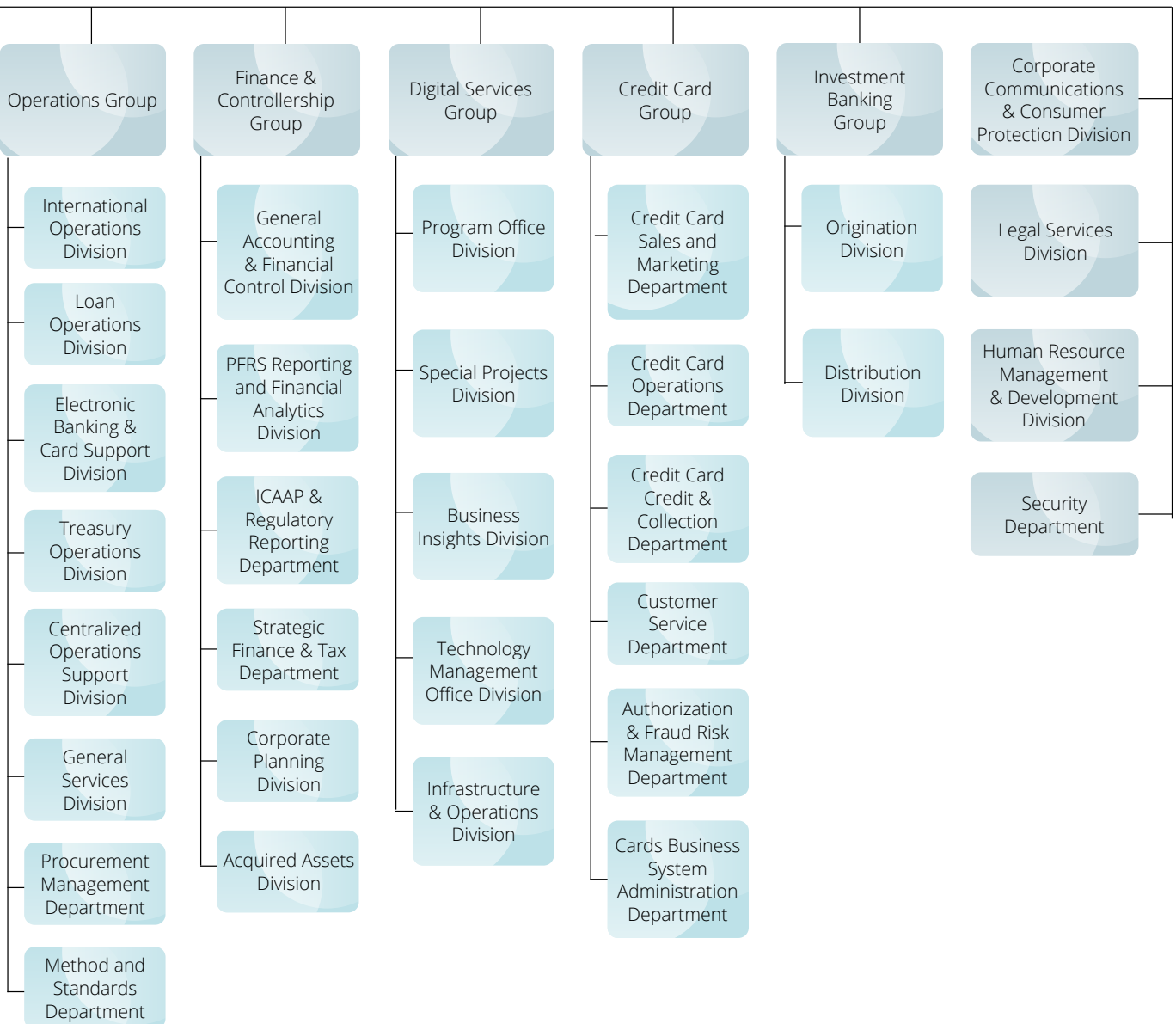
Corporate Governance Committee

Trust & Investment Committee

Information Technology Steering Committee

Compliance Division

Trust Services Group



Board of Directors



Jose T. Pardo

*Chairman, Independent Director
Filipino, 82 years old*

Jose T. Pardo currently serves as Chairman of the Board since 19 July 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 Bank's Trust and Investment Committee (TIC), and is a member of the 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. 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, Araneta Hotels, Inc., 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, 73 years old*

Amb. Francis C. Chua has been a member of the Board of Directors of the Bank since 20 May 2008, and sits as Vice Chairman from 2013 to present. Mr. 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. Amb. Chua continuously serves in the Philippine Chamber

of Commerce and Industry, Inc. (PCCI), as Consul General conferred by the Honorary Consulate General of the Republic of Peru in Manila since 2006, and as Board Adviser of the Office of Alternative Dispute Resolution under the Department of Justice. He was the Special Adviser on Economic Affairs under the Office of the Speaker of the House of Representatives, Congress of the Philippines since 1997. He is Honorary Trade and Investment Representative of the Department of Trade and Industry, appointed Commissioner in the Constitutional Commission, Board of Trustee of Technical Education and Skills Development Authority (TESDA), and Special Envoy on Trade and Investment (China) of the Department of Foreign Affairs since 2007. He was also a member of the Board of Directors of the Philippine Stock Exchange (PSE) where he served as the Chairman of the Committee of Demutualization. He demutualized the PSE with the unanimous support of its members.

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



Michelangelo R. Aguilar

*President & CEO, Executive Director
Filipino, 65 years old*

Mr. Michelangelo R. Aguilar was elected member of the Board of Directors and appointed President and Chief Executive Officer (CEO) of the Bank on 16 July 2018. He is a member of the 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 as Assistant Manager, Manager, and Assistant Vice President. He held senior positions as Country Treasurer and then as Managing Director and Head of Wholesale Bank at Standard Chartered Philippines. For 13 years prior to joining the Bank, he was Treasurer and Head of Corporate Banking in Solid Bank Corporation and Rizal Commercial Banking Corporation (RCBC), respectively. He was also a Director of RCBC Rental Corporation and RCBC Leasing and Finance Corporation. He graduated with a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and later acquired a Master's Degree in Business Management from the Asian Institute of Management. He is a licensed Mechanical Engineer and a Certified Treasury Professional by the Bankers Association of the Philippines (BAP).



Roberto C. Benares

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

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

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



Marito L. Platon

*Non-Executive Director
Filipino, 68 years old*

Mr. Marito L. Platon was elected last 30 April 2010 as member of the Board of Directors of the Bank. He is currently a member of the Information Technology Steering Committee (ITSC), Corporate Governance Committee (CGCom), Board Risk Oversight Committee (BROC) (former Chairman), Related Party Transactions Committee (RPTCom), 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 the former 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 candidate at the Institute of Corporate Directors, Mr. Platon graduated in 1973 at De La Salle University with a degree in Bachelor of Science, Major in Accounting.



Benedicta A. Du-Baladad

*Non-Executive Director
Filipino, 60 years old*

Atty. Benedicta A. Du-Baladad has been a member of the Board of Directors of the Bank since 31 January 2014 and is a member of the Executive Committee and 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. Atty. Du-Baladad has over 30 years of practice in the field of taxation, 17 years of which were spent with the Bureau of Internal Revenue (BIR) working on tax administration

policy development and in operations. In 2001, she joined the private sector and is now in her 16th year of private practice. She has authored three (3) 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) in the Philippines and she served as a Governor of the Management Association of the Philippines (MAP). Atty. Du-Baladad holds 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). Atty. Du-Baladad is a Certified Public Accountant, graduated Magna Cum Laude with a Bachelor's Degree in Accountancy from Saint Louis University, Baguio, Philippines (1982) and holds a Bachelor of Laws degree from the University of Santo Tomas, Manila, Philippines (1989). Her educational background includes the Advanced Management Program at Wharton School of the University of Pennsylvania, Pennsylvania, USA (2007) and Master of Laws and International Tax Program at Harvard University, Cambridge, MA, USA. She is a fellow at the Institute of Corporate Directors. She is 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 the University of Santo Tomas (UST) and the University of the Philippines (UP).



Jose C. Nograles

*Independent Director
Filipino, 72 years old*

Mr. Jose C. Nograles has been an elected member of the Board of Directors of the Bank since 20 April 2015. He chairs the Bank's Board Risk Oversight Committee (BROC) and serves as a member of the following Committees: Audit Committee; Corporate Governance Committee (CGCom); and Nomination, Compensation, and Remuneration Committee (NCRC). He continues to be a strict advocate of the Bank's conscientious and efficient use of resources towards sustainable care for the environment. A seasoned investment banker and economist, Mr. Nograles was President of the Philippine Deposit Insurance Corporation (PDIC) from January 2008 to May 2011 where

he led PDIC's transformation to a more responsive and innovative institution. Previously, he was the Senior Executive Vice President of the Land Bank of the Philippines (LBP). In 2005, he headed LBP's Operations and Corporate Services Sector. Five years earlier, as Senior Vice President and Treasurer, he organized LBP's combined Treasury and Investment Banking. He was also concurrently Board Vice-Chairman and President of Land Bank Insurance Brokerage Inc., LBP's subsidiary engaged in insurance brokerage and foreign exchange trading.

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



Carolina G. Diangco

*Non-Executive Director
Filipino, 78 years old*

Ms. Carolina G. Diangco has been a member of the Board of Directors of 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 the Executive Committee (ExCom), and the RPTCom. Previously, she served as member of the Board Risk Oversight

Committee; Audit Committee; and Nominations, Compensation, and Remuneration Committee (NCRC). 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, she 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 up 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. She holds a degree in B.S. Business Administration Major in Accounting at the University of the Philippines and is a Certified Public Accountant.



Melinda S. Gonzales-Manto

*Independent Director
Filipino, 69 years old*

Ms. Melinda S. Gonzales-Manto has been a member of the Board of Directors of 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). Ms. Manto likewise sits on the board of Eagle Cement Corporation (Eagle Cement), Petrogen Insurance Corporation (Petrogen), and RSA Foundation, Inc. She functions as Chairman of the Audit Committee and member of the Corporate Governance Committee of Eagle Cement. She chairs the Audit and Risk Oversight Committee and sits as member of the Corporate Governance Committee and Related Party Transactions Committee of Petrogen. She has been appointed as the Lead Independent Director of Eagle Cement and Petrogen. Ms. Manto is presently a stockholder, director,

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

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

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



Mariano T. Katipunan, Jr.

*Non-Executive Director
Filipino, 70 years old*

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

Mr. Mariano T. Katipunan, Jr. 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 & Division Head for Account Management Group at the International Corporate Bank in Makati from 1977 to 1983. He also previously handled account management at Citytrust Banking Corporation and market research at Far East Bank and Trust Company.

Mr. Katipunan was an instructor in Business Management and Finance at the Ateneo de Manila University, and in Economics and Mathematics at St. Theresa's College in Quezon City. He holds a degree in Bachelor of Arts in Economics (Honors Course) and graduated with Honors in 1972 from the Ateneo de Manila University. In addition, he has a Master's Degree in Business Management from the Asian Institute of Management (1975). He underwent training at the Foreign Exchange / Bullion Trading & Money Market departments of the Swiss Bank Corporation in New York City from 1983 to 1984, and at Citibank, N.A. in Binondo, Manila under its Executive Development Program in 1975.



Fe B. Barin

*Non-Executive Director
Filipino, 87 years old*

Atty. Fe B. Barin has been a member of the Board of Directors since 24 April 2014. Atty. Barin's career in the government service has been in the regulatory and supervisory agencies. She spent a total of fifty three (53) years of service in the government, forty four (44) of which in the then Central Bank of the Philippines and the Bangko Sentral ng Pilipinas where she served as Member of the Monetary Board from 2002 to 2004. She was the first Chairperson of the Energy Regulatory Commission created under the EPIRA in 2001, a position she occupied from August 2001 to September 2002 prior to her appointment as Monetary Board member. In Sept. 2004, she was appointed Chairperson of the Securities and Exchange Commission for a seven-year term ending 2011. As Chairperson of the SEC, she was ex Officio member of the Anti Money Laundering Council and Chairperson of the Credit Information Corporation. She also served as Assistant Legal Counsel in the Philippine Deposit Insurance Corporation on secondment from the then Central Bank.

Atty. Barin graduated from the College of Law, University of the Philippines, passed the Bar examinations given the same year, and was admitted to the Philippine Bar in 1957. She is a Lifetime Fellow of the Institute of Corporate Directors and one of the Institute's Teaching Fellows, a Fellow of the Institute for Solidarity in Asia, a founding member of the Judicial Reform Initiative, a Member of the Board of Trustees of the Philippine Good Works Mission Foundation, Inc., all non-stock, non-profit associations. She is also a member of the Board of Directors of the General Milling Corporation and Executive Vice President, Manila Bulletin Publishing Company.



Alexander R. Magno

*Non-Executive Director
Filipino, 67 years old*

Mr. Alexander R. Magno became a member of the Board of Directors of the Bank on 1 August 2014 and currently sits as a member of the Trust and Investment Committee (TIC); and Nominations, Compensation, and Remuneration Committee (NCRC). He is a columnist of the Philippine Star and consults for both the Department of Finance and the Steel Asia Manufacturing Corporation. Mr. Magno's career best describes him as a policy advocate, public intellectual and an activist. He served as a member of the Board of the Development

Bank of the Philippines, helping supervise such programs as the Nautical Highway System from 2001 to 2010. He was Director of Steel Asia Manufacturing from 1995 to 1999 and a professor at the University of the Philippines from 1976 to 2018. After the EDSA Revolution, he served as interim director of the President's Center for Special Studies, a think tank put together during the Marcos period which supplied regular briefing papers for President Corazon C. Aquino. He helped establish the Foundation for Economic Freedom (FEF), a research and advocacy institution proposing market-driven economic policies providing research for key liberalization policies including the Liberalization of the Retail Trade, the Electricity Power Industry Reform Act, and the Procurement Law. He consulted for the privatization program of the Metropolitan Waterworks and Sewerage System (MWSS) and the liberalization of the telecommunications sector. In 2005, he was appointed Commissioner of the Consultative Commission on Charter Change and served as a commissioner of the EDSA People Power Commission.

His social activism during martial law led to his career as an instructor of political science at 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*

Mr. Aniano A. Desierto has been elected as member of the Board of Directors of the Bank since 1 August 2013. He currently chairs the Bank's Corporate Governance Committee (CGCom); and Nominations, Compensation, and Remuneration Committee (NCRC), and is a member of the Trust and Investment Committee (TIC). Mr. Desierto is currently the Vice President of the Philippine Constitution Association, and a member of the Paul Haris and Rotary Club.

Notably, he embodies legal, political, and government expertise having served five (5) 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, General Court Martial from 1986 to 1990, and Fact-Finding Member of the Armed Forces of the Philippines from 1985 to 1986, and Judge Advocate from 1974 to 1991. 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 up to 2005. He was Program and Production Manager in 1961 to 1967 at the Cebu Broadcasting Company and he was Proprietor and Director of the Top Promotion, Inc. and Top Taxi Company in Cebu City. He 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 Associate in Arts (Pre-Law) at the University of San Carlos, Cebu City.



Rebecca Maria A. Ynares

*Independent Director
Filipino, 45 years old*

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

account management lead. Ms. Ynares spearheads various sustainability and environment restoration initiatives in the Province of Rizal, including the Save Hinulugang Taktak and Ynares Eco System (YES) Programs. With the ongoing YES program, she continues to take the lead on projects such as the 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) in the areas of branch operations, marketing, and investment portfolio management. Ms. Ynares holds a degree in Bachelor of Science in Business Administration and Computer Applications from De La Salle University (1999) and Associate for Arts for Professional Designation Fashion & Merchandising in San Francisco, California (2002).



Ricardo D. Fernandez

*Independent Director
Filipino, 67 years old*

Mr. Ricardo D. Fernandez was elected as an Independent Director of the Bank effective 1 January 2021. He is currently the Chairman of the Related Party Transactions Committee (RPTCom); and a member of the Corporate Governance Committee (CGCom); and the Nomination, Compensation, and Remuneration Committee (NCRC).

He has worked in the investment banking industry for 40 years. Mr. Fernandez was employed at Unicapital Incorporated (UI) from 1995 to 2019, where he was appointed as President from 1997 to March 2019, became a Consultant until December 2019, and Director until March 2020. From 1980 to 1995, he was employed at Multinational Investment Bancorporation (MIB). He graduated from the De La Salle University with degrees in Behavioral Science and Business Management. He also holds a Master's Degree in Business Administration from the University of the Philippines.



Aurora T. Calderon

Adviser



Cecile L. Ang

Adviser



Evita C. Caballa

Corporate Secretary



Ferdinand K. Constantino

Adviser



Antonio M. Cailao

Adviser

Senior Executive Team



Michelangelo R. Aguilar
President & Chief Executive Officer



Felipe Martin F. Timbol
EVP, Treasury Management Group Head



Manuel A. Castañeda III
EVP, Corporate Banking Group Head



Antonio S. Laquindanum

*SVP, Chief Financial Officer,
Finance and Controllershship Group Head*



Joel T. Carranto

SVP, Branch Banking Group Head



Gamalielh Ariel O. Benavides

SVP, Chief Trust Officer, Trust Services Group Head



Mary Assumpta Gail C. Bautista

SVP, Transaction Banking Group Head



Ma. Katrina Alba Felix

SVP, Credit Card Group Head



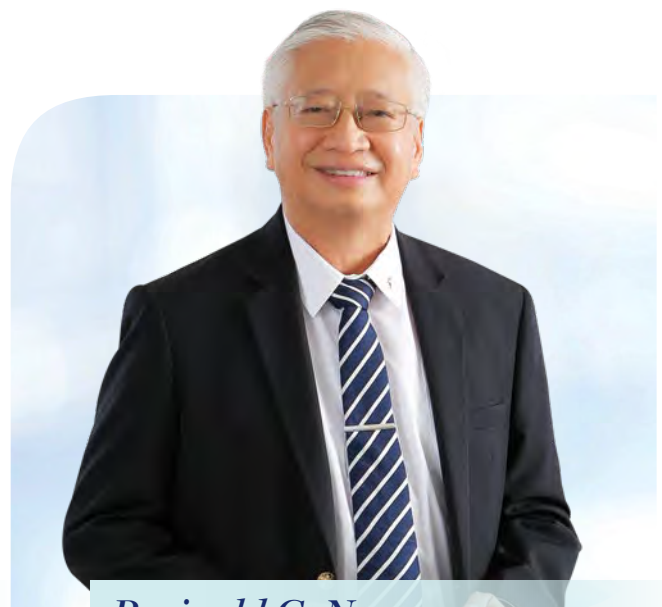
Jay S. Velasco

SVP, Operations Group Head



Donald Benjamin G. Limcaco

*SVP, Chief Technology Officer,
Digital Services Group Head*



Reginald C. Nery

*SVP, Chief Audit Executive,
Internal Audit Division Head (January - October 2021)
Officer-in-Charge Compliance Division
(effective November 1, 2021)*



Anna Marie A. Cruz

*SVP, Corporate Communications
and Consumer Protection Division Head*



Jose Mari M. Zerna

FVP, Consumer Group Head



Louella P. Ira

FVP, Legal Services Division Head



Marie Kristin G. Mayo

*FVP, Human Resource Management
and Development Division Head*



Maria Ana P. Dela Paz

FVP, Credit Group Head



Jeremy H. Reyes

*VP, Chief Risk Officer,
Risk Management Division Head*

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, Interest Rate Risk in the Banking Book (IRRBB), 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:

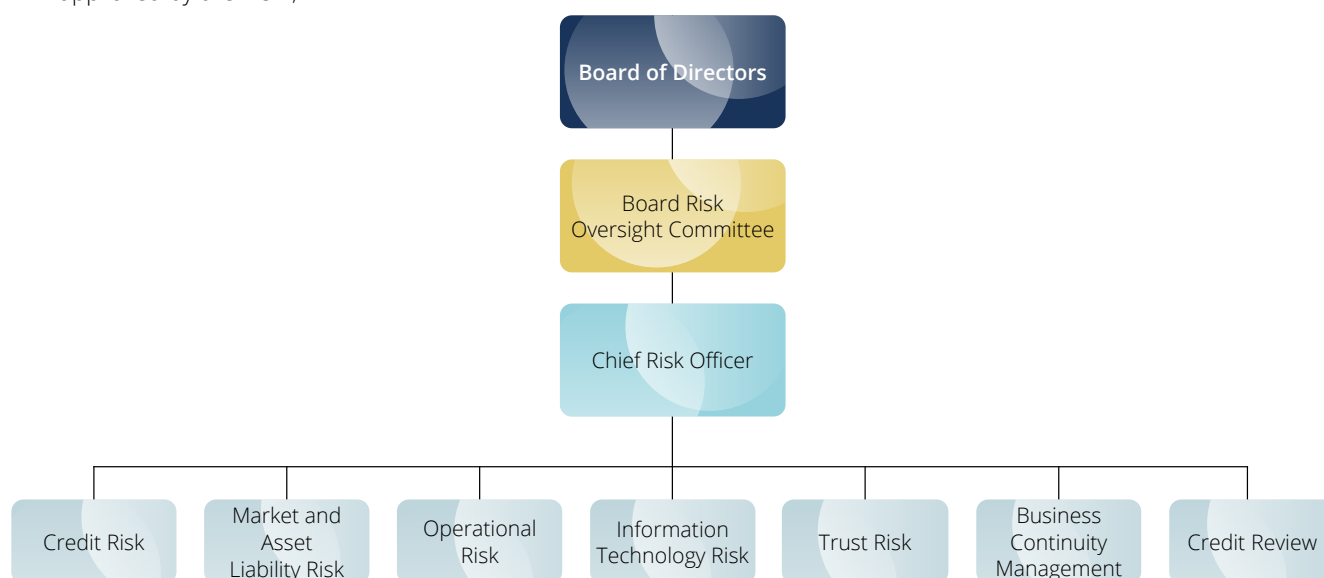
- Identifying and evaluating risk exposures;
- Developing risk-management strategies;
- Implementing and periodically reviewing the risk management framework; and
- Promoting a culture that is conscious of the importance of risk management and capital adequacy.

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 scoring models, based on Fair Isaac Corporation (FICO), for consumer loans, including credit cards. These rating systems are monitored and validated on a regular basis.

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

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

Credit Review

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

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 BROCC.

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 BROCC. The TRM develops and enhances the policies and procedures in operational, credit, liquidity, and market risks, in accordance with the risk management framework of the Bank, to ensure that risk-management practices continue to be effective and relevant to the ever evolving trust business. It is responsible for overseeing the implementation of approved strategies and for ensuring that controls are in place relative to its business activities that will limit fiduciary risks and reinforce compliance with laws and regulations.

Business Continuity Management

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

Anti-Money Laundering Governance and Culture

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

While the Compliance Division monitors its implementation, the Bank's oversight board and management level committees, the Corporate Governance Committee, and AML Committee, respectively, are tasked to oversee the effective implementation of the Bank's compliance with money laundering 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. Based on the testing results, the Bank implements improvements in the processes and segregate responsibilities among the units / personnel involved. Testing results are monitored until corrected and reported to the oversight committees to enable them to have an accurate assessment of the effectiveness and efficiency of the Bank's money laundering 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 MTPP.

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

Risk Measurement and Reporting Systems

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

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

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

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

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

Risk Exposures and Assessments

(as reported to the Bangko Sentral ng Pilipinas)

RISK-WEIGHTED ASSETS

Bank of Commerce's risk-weighted assets at the end of 2021 totalled PHP102.61 billion.

RISK-WEIGHTED ASSETS	2021	2020
Credit Risk	92,874	87,989
On Balance Sheet	81,928	84,430
Commitments	11,037	3,547
Counterparty Risk-Weighted Assets in the Trading Book	13	12
Contingencies	-	-
Deduction: GLLP (in excess to 1% of credit Risk-Weighted Assets)	(104)	-
Market Risk	333	733
Interest Rate Risk	264	347
Foreign Exchange Risk	69	386
Operational Risk	9,404	8,310
TOTAL RISK-WEIGHTED ASSETS	102,611	97,032

*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, 2021 and 2020 as reported to BSP follows (amount in thousands):

	2021	2020
Risk Weighted On Balance Sheet	81,927,847	84,429,513
Risk Weighted On Balance Sheet	11,036,737	3,547,011
Counterparty Risk-Weighted Assets in the Trading Book	12,813	12,066
Deduction: GLLP (in excess to 1% of credit Risk-Weighted Assets)	(103,661)	-
Credit Risk	92,873,736	87,988,590

The Bank's credit risk-weighted exposures arising from on-balance sheet assets amounting to PHP81.9 billion contribute 88.21% of the credit exposures of the Bank. Credit risk-weighted off-balance sheet assets and counterparty risk-weighted assets in the trading book make up the remainder. The off-balance sheet assets, consisting of direct credit substitutes, e.g., guarantees and financial standby letter of credit, and transaction and trade-related contingencies, are weighted at 100%, 50%, and 20%, respectively.

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

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

December 31, 2021										
	Exposures, Net of Specific Provisions	Exposures Covered by Credit Risk Mitigation (CRM), Gross of Materiality	Exposures not Covered by CRM	Risk Weights						TOTAL
				0%	20%	50%	75%	100%	150%	
Cash on Hand	2,747.781	-	2,747.781	2,747.242	0.509	-	-	-	-	2,747.781
Due from Bangko Sentral ng Pilipinas (BSP)	45,368.572	-	45,368.572	45,368.572	-	-	-	-	-	45,368.572
Due from Other Banks	4,175.818	-	4,175.818	-	1,238.420	2,936.477	-	0.921	-	4,175.818
Financial Assets at FVOCI	4,959.977	-	4,959.977	3,877.325	307.438	738.412	-	36.802	-	4,959.977
Investment Securities at Amortized Cost	43,426.587	-	43,426.587	37,036.878	1,087.447	3,779.615	-	1,522.648	-	43,426.587
Loans and Receivables	73,640.153	4,937.402	68,702.751	-	113.129	3,429.553	-	64,624.934	535.134	68,702.751
Loans and Receivables Arising from Repurchase Agreements	15,798.886	-	15,798.886	15,798.886	-	-	-	-	-	15,798.886
Sales Contract Receivables	357.972	-	357.972	-	-	-	-	257.600	100.372	357.972
Real and Other Properties Acquired (ROPA)	2,317.096	-	2,317.096	-	-	-	-	-	2,317.096	2,317.096
Total Exposures Excluding Other Assets	192,792.843	4,937.402	187,855.441	104,828.933	2,746.943	10,884.057	-	66,442.906	2,952.602	187,855.441
Other Assets	5,064.620	-	5,064.620	-	-	-	-	5,064.620	-	5,064.620
Total Exposures, Including Other Assets	197,857.464	4,937.402	192,920.061	104,828.933	2,746.943	10,884.057	-	71,507.526	2,952.602	192,920.061
Total Risk-weighted On-Balance Sheet Assets not covered by CRM			-	-	549.389	5,442.029	-	71,507.526	4,428.904	81,927.847
Total Risk-weighted On-Balance Sheet Assets covered by CRM			-	-	-	-	-	-	-	-
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS				-	549.389	5,442.029	-	71,507.526	4,428.904	81,927.847

*Amounts in Millions

December 31, 2020											
	Exposures, Net of Specific Provisions	Exposures Covered by Credit Risk Mitigation (CRM), Gross of Materiality	Exposures not Covered by CRM	Risk Weights						TOTAL	
				0%	20%	50%	75%	100%	150%		
Cash on Hand	2,420.505	-	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 Other Assets	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

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 2021, the credit risk exposures of the Bank include PHP192.92 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	2021	2020
Cash on Hand	2,748	2,421
Due from Bangko Sentral ng Pilipinas (BSP)	45,369	39,551
Due from Other Banks	4,176	7,049
Financial Assets at FVOCI	4,960	15,333
Investment Securities at Amortized Cost	43,427	9,209
Loans and Receivables	68,703	71,186
Loans and Receivables Arising from Repurchase Agreements	15,799	15,819
Sales Contract Receivables	358	410
Real and Other Properties Acquired (ROPA)	2,317	2,452
Total Exposures Excluding Other Assets	187,855	163,430
Other Assets	5,065	5,575
TOTAL ON-BALANCE SHEET ITEMS ASSESSED WEIGHT FOR CREDIT RISK	192,920	169,005

*Amounts in Millions

	2021	2020
Total Assets	199,285	170,244
General Loan Loss Provisions	782	779
Deduction		
Total Exposures Excluding other Assets	192,793	163,825
Financial Assets held for Trading	995	1,265
Deferred Tax Assets	268	273
Other Equity Investments in Non-Financial Allied Undertakings and Non-Allied Undertakings	40	41
Significant Minority Instruments	-	-
Reciprocal Equity Investments	30	21
Accumulated Market gains/(losses) on AFS	-	-
Total Carrying Amount of Securitization Exposures	-	-
TOTAL OTHER ASSETS	5,065	5,575

*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 2021, PHP4.94 billion in credit risk exposures carried mitigation in the form of qualified collateral from third parties.

December 31, 2021						
	Guaranteed Portion	Total Exposures Covered by CRM	0%	20%	Total	Total Exposures covered by CRM, Gross of Materiality Threshold
Loan and Receivables						
Private Corporations	4,697.107	4,697.107	4,697.107		4,697.107	4,697.107
Loans to individuals for consumption and other purposes	240.295	240.295	240.295		240.295	240.295
Total Exposures covered by CRM	4,937.402	4,937.402	4,937.402		4,937.402	4,937.402
Risk-Weighted On-Balance Sheet Assets Covered by CRM						

The Bank uses a credit conversion factor as prescribed by banking regulations to account for the potential credit exposure arising from having committed to extend credit to a customer. The total loan equivalent exposure of the Bank to such commitments at the end of 2021 was PHP11.04 billion.

COMMITMENTS TO LEND (LOAN EQUIVALENT EXPOSURE)	2021	2020
Direct Client Substitutes	5,021	1,562
Transaction Related Contingencies	5,860	1,981
Trade Related Contingencies	155	4
Other Commitments	-	-
TOTAL COMMITMENTS TO LEND (LOAN EQUIVALENT EXPOSURE)	11,037	3,547

**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 2021 was PHP333 million.

MARKET RISK WEIGHTED ASSETS	2021	2020
Interest Rate Specific to the Issuer of the Debt Instruments	44	27
Interest Rate Risk Attributable to Market Conditions	219	320
Foreign Exchange Risk	69	386
TOTAL MARKET RISK-WEIGHTED ASSETS	333	733

**Amounts in Millions*

Interest Rate Risk in Banking Books

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

INTEREST RATE RISK IN BANKING BOOK	2021	2020
Earning-At-Risk	(64)	(81)

**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 2021 was PHP9.4 billion.

OPERATIONAL RISK-WEIGHTED ASSETS	2021	2020
Average Income of the Previous Three Years	5,016	4,432
Capital Charge (15 pct of Average Income)	752	665
Calibration (Capital Charge times 1.25)	940	831
TOTAL OPERATIONAL RISK-WEIGHTED ASSETS (Calibrated Capital Charge times 10)	9,404	8,310

**Amounts in Millions*

Securitization Structures

The Bank's MRT Tranche 3 Note holding is booked as part of Financial Assets at Fair Value Through Profit or Loss (FVPL) upon initial application of PFRS 9 and is measured at fair value. The Note regularly redeems part of its principal every month and is expected to be fully paid on February 7, 2025. The Note's fair value as of December 31, 2021 was USD9.63 million (PHP490.89 million) with a mark-to-market gain of USD0.32 million (PHP15.9 million).

SECURITIZATION EXPOSURE	2021	2020
MRT Tranche 3	491	602

*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 bankwide, ensuring that the Capital-to-Risk Weighted Assets Ratio (CAR) of the Bank meets or exceeds the minimum regulatory requirements. The following tables exhibit the Bank's capital condition as of December 31, 2021 and 2020:

<i>Amounts in millions</i>	2021	2020
Gross Qualifying Capital	23,835	17,065
Less: Regulatory Deductions	1,705	960
Total Qualifying Capital	22,129	16,104
Credit Risk-Weighted Assets	92,874	87,989
Market Risk-Weighted Assets	333	733
Operational Risk-Weighted Assets	9,404	8,310
Total Risk Weighted Assets	102,611	97,032
Capital Adequacy Ratio		
Regulatory Minimum is 10%	22%	17%
Tier 1 Capital Ratio		
Regulatory Minimum is 7.5%	21%	16%
Common Equity Tier 1 Ratio	15%	16%

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

As of December 31, 2021 and 2020, the Bank has complied with the minimum regulatory required capital.

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

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

Amounts in Millions	December 31, 2021		December 31, 2020	
	Risk-Weighted Assets	Capital Requirements	Risk-Weighted Assets	Capital Requirements
Credit Risk	92,874	9,287	87,989	8,799
Market Risk	333	33	733	73
Operational Risk	9,404	940	8,310	831
Total	102,611	10,261	97,032	9,703

The following tables exhibit the elements of the Bank's Total Qualifying Capital as of December 31, 2021 and 2020:

Amounts in millions	December 31, 2021	December 31, 2020
Paid-up Common Stock	11,224	11,224
Additional Paid-in Capital	10,995	5,594
Retained Earnings/(Deficit)	1,121	(449)
Other Comprehensive Income	(436)	(288)
Gross Common Equity Tier 1 (CET1) Capital	22,905	16,080
Appraisal Increment Reserve – Bank Premises	-	-
General Loan Loss Provision	930	984
Gross Tier 2 Capital	930	984
Less: Regulatory Deductible Adjustments To Qualifying Capital		
Deferred Tax Assets	876	22
Other Intangible Assets	268	273
Other Equity Investments In Non-Financial Allied Undertakings And Non-Allied Undertakings	40	41
Reciprocal Equity Investments	30	21
Securitization Tranches And Structured Products Which Are Rated Below Investment Grade or Are Unrated	491	960
Total Regulatory Deductible Adjustments To Qualifying Capital	1,705	960
Adjusted CET1 Capital	21,200	15,120
Adjusted Tier 2 Capital, mainly adding back the General Loan Loss Provisions	930	984
Total Qualifying Capital	22,129	16,104

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, 2021			December 31, 2020		
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
	<i>(in millions)</i>					
Tier 1 capital/Total equity						
Capital stock	15,391	-	15,391	11,224	(0)	11,224
Paid-in surplus	6,829	(52)	6,777	5,594	(0)	5,594
Surplus reserves	451	305	756	222	173	395
Retained earnings (deficit)	670	182	852	(671)	620	(51)
Net unrealized losses on financial assets at FVOCI		(156)	(156)		70	70
Net unrealized losses on AFS securities	(191)	191	-	49	(49)	-
Remeasurement losses on retirement liability	(250)	(13)	(263)	(320)	(129)	(449)
Share in other comprehensive loss of associate	(1)	(0)	(1)	(1)	0	(1)
Cumulative translation adjustment	7	(0)	7	(16)	(0)	(16)
Deductions	(1,705)	1,705	-	(960)	960	-
	21,200	2,163	23,363	15,120	1,646	16,766
Tier 2 capital						
Reevaluation increment on PPE and investment properties	-	-	-	-	-	-
General loan loss provision	930	(930)	-	984	(984)	-
	930	(930)	-	984	(984)	-
Total qualifying capital/Total equity	22,129	1,233	23,363	16,104	662	16,766

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 2022 ICAAP Report highlighted the sufficiency of the Bank's compliance with regulatory and internal capital requirements considering the strategic plans from 2022 through 2024, 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 BSP approved the upgrade of the Bank's banking license from commercial bank to universal bank (UB) subject to certain regulatory requirements. To satisfy one of these requirements, the Bank plans to conduct an Initial Public Offering of common stock on March 31, 2022 and expects to raise an additional PHP3.3 billion in capital.

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, reviewing selected Closed Circuit Television (CCTV) footages 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 /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) set-up 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.

Service Level Agreements (SLAs) have also been entered into by IAD with Branch Banking Group (BBG) and Compliance Division. The SLA with BBG was done to clearly define the roles and responsibilities of parties in the conduct of onsite verification and validation procedures. It indicated that an independent BBG representative shall perform the onsite procedures for branches not covered by IAD's offsite audit or where onsite audit was not performed. The SLA with Compliance Division was executed as a guide on the sharing of information and resources of both parties. It defined the role of IAD in the conduct of Independent Compliance Testing and validation of Compliance Self-Assessment Checklists.

Based on the results of the audit and other assurance activities performed in 2021, the CAE declared that the Bank's system of internal controls, risk management, and governance is 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 have been assessed to promote financial and management reporting reliability, operational efficiency, system reliability, data integrity, asset protection, business resiliency, and prompt detection and/or prevention of material errors and/or irregularities in processing and reporting the Bank's transactions and accounts. 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. Initiatives have also been recently undertaken to improve the visibility, efficiency, sampling methodologies and documentation of internal audits through the acquisition of an audit management software with data analytics capability.

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 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, as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, 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 liquidated the Bank or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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


Francis C. Chua
Chairman of the Board


Michelangelo R. Aguilar
President and Chief Executive Officer



Antonio S. Laquindanum
Executive Vice President and Chief Financial Officer

Signed this 4th day of April 2022

SUBSCRIBED AND SWORN to before me this 'APR 04 2022, affiants exhibiting their Senior Citizen and Passport ID as follows:

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

Doc. No. 364
Page No. 74
Book No. VI
Series of 2022


JOYSHA D. MAGMANLAC
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0483-22
UNTL. DECEMBER 31, 2022
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
TR NO. 3062589/01-12-2022/MANDALUYONG CITY
4P LIFETIME NO. 09035
CALL OF ATTORNEYS NO. 58611

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, 2021 and 2020, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

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

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

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



Key Audit Matter

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

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

The risk

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

Loans and receivables and the corresponding allowance for credit losses as at December 31, 2021 amounted to P77.92 billion and P3.54 billion, respectively. Reversal of credit losses in 2021 amounted to P634.82 million, net of provisions. The disclosures in relation to the allowance for credit losses are included in Notes 12 and 17 of the financial statements.

Our response

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

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

- We tested the governance over the development, validation and approval of the ECL model including continuous reassessment performed by the Bank;
- We tested the design, implementation and operating effectiveness of key controls in the ECL process. This includes appropriate classification of loan to stages and assignment of loan risk rating, approval of restructured loans, review of underlying collateral valuation, and the calculation and recognition of the ECL allowance;
- We assessed whether the loans are classified to the appropriate stage and challenged the criteria used to categorize the loan to respective stages;
- On a sample basis, we performed an independent review in order to evaluate the appropriateness of the risk rating review and credit review processes done by the Bank. Accounts selected for review were based on a set of criteria designed to capture items with a high risk of material misstatement in the Bank's loan portfolios;

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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.

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074

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

The engagement partner on the audit resulting in this independent auditors' report is Sheila Ricca G. Dioso.

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 8854064

Issued January 3, 2022 at Makati City

April 4, 2022

Makati City, Metro Manila

Statements of Financial Position

		December 31	
	Note	2021	2020
ASSETS			
Cash and Other Cash Items		P2,747,780,890	P2,420,504,742
Due from Bangko Sentral ng Pilipinas	17, 18	45,367,142,605	39,547,210,722
Due from Other Banks	17	1,039,456,479	1,023,255,562
Interbank Loans Receivable and Securities Purchased under Resale Agreements	8, 17	19,133,505,219	22,055,827,932
Financial Assets at Fair Value through Profit or Loss	9	994,612,772	1,265,419,468
Financial Assets at Fair Value through Other Comprehensive Income	10, 17, 32	5,055,116,576	15,424,248,009
Investment Securities at Amortized Cost	11, 17, 32	42,909,057,404	9,146,277,511
Loans and Receivables	12, 17, 32	74,374,125,167	71,628,349,480
Investment in an Associate	13, 17, 32	39,661,589	40,687,406
Property and Equipment	14, 17	1,472,398,367	1,659,401,337
Investment Properties	15, 17	3,448,314,535	3,624,986,606
Deferred Tax Assets	31	743,505,416	955,379,983
Other Assets	16, 17	2,387,937,153	2,129,132,566
		P199,712,614,172	P170,920,681,324
LIABILITIES AND EQUITY			
Deposit Liabilities	18, 32		
Demand		P48,702,339,755	P39,659,286,077
Savings		108,874,919,612	83,743,820,681
Time		9,107,143,873	20,673,084,328
Long-term negotiable certificates		5,029,420,000	5,029,420,000
		171,713,823,240	149,105,611,086
Bills Payable	19	-	18,675
Manager's Checks		951,460,497	870,079,608
Accrued Interest, Taxes and Other Expenses	20, 32	1,021,625,802	892,463,477
Other Liabilities	21, 32	2,662,971,101	3,286,045,837
Total Liabilities		176,349,880,640	154,154,218,683
Equity			
Capital stock	23	15,390,777,900	11,224,111,200
Paid-in surplus	23	6,776,694,869	5,594,079,646
Surplus reserves	24	755,806,267	395,602,340
Retained earnings (Deficit)	23	852,471,738	(51,156,715)
Remeasurement losses on retirement liability	28	(262,547,387)	(449,088,000)
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income	10	(156,154,761)	69,657,563
Cumulative translation adjustment		7,010,814	(15,404,017)
Share in other comprehensive loss of an associate	13	(1,325,908)	(1,339,376)
Total Equity		23,362,733,532	16,766,462,641
		P199,712,614,172	P170,920,681,324

See Notes to the Financial Statements.

Statements of Income

		Period Ended December 31		
	Note	2021	2020	2019
INTEREST INCOME				
Interest income calculated using the effective interest method:				
Loans and receivables	12, 32	P4,284,455,772	P4,840,143,949	P4,920,061,099
Investment securities at fair value through other comprehensive income and at amortized cost	25, 32	1,251,563,739	919,374,469	1,117,092,275
Interbank loans receivable and securities purchased under resale agreements	8	316,281,375	238,044,191	315,569,692
Due from Bangko Sentral ng Pilipinas and other banks	18	228,434,625	265,527,722	163,456,630
Other interest income:				
Financial assets at fair value through profit or loss	25	14,420,446	16,991,151	16,058,663
		6,095,155,957	6,280,081,482	6,532,238,359
INTEREST EXPENSE				
Deposit liabilities	18, 32	645,260,590	1,127,728,480	2,346,266,843
Lease liabilities	29	35,033,242	42,921,243	45,360,536
Bills payable and others	19	16,691,365	1,105,699	4,855,994
		696,985,197	1,171,755,422	2,396,483,373
NET INTEREST INCOME				
		5,398,170,760	5,108,326,060	4,135,754,986
OTHER INCOME				
Service charges, fees and commissions	26, 32	531,127,752	444,637,070	477,274,280
Gains on foreclosure and sale of property and equipment and foreclosed assets - net	14, 15, 16, 32	274,985,810	58,764,927	336,288,436
Trading and investment securities gains (losses) - net	27	(78,709,145)	1,147,573,753	355,688,714
Foreign exchange gains - net		48,367,204	48,875,995	67,994,272
Miscellaneous	30, 32	50,565,323	65,417,725	459,861,228
		826,336,944	1,765,269,470	1,697,106,930
OTHER EXPENSES				
Compensation and fringe benefits	28, 32	1,820,969,091	1,819,392,253	1,684,538,431
Taxes and licenses	15	802,193,452	830,158,438	773,892,173
Provision for (reversal of) credit and impairment losses	17	(634,819,513)	962,509,599	52,095,015
Rent and utilities	29	532,283,906	476,343,471	505,773,088
Depreciation and amortization	14, 15, 16	462,532,885	567,850,860	480,444,851
Insurance		334,825,533	280,637,960	245,450,542
Service fees and commissions		229,706,473	183,373,509	278,525,116
Subscription fees		107,646,170	96,595,420	69,302,963
Entertainment and recreation		97,393,528	107,304,726	123,335,716
Management and professional fees	32	85,022,359	79,453,000	65,801,182
Amortization of software costs	16	53,595,136	45,907,917	34,144,155
Miscellaneous	30	501,811,576	381,759,150	399,784,678
		4,393,160,596	5,831,286,303	4,713,087,910

Forward

Period Ended December 31				
	<i>Note</i>	2021	2020	2019
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		P1,831,347,108	P1,042,309,227	P1,119,774,006
SHARE IN NET LOSS OF AN ASSOCIATE	<i>13, 32</i>	1,039,285	753,029	2,865,073
INCOME BEFORE INCOME TAX EXPENSE		1,830,307,823	1,041,556,198	1,116,908,933
INCOME TAX EXPENSE	<i>31</i>	623,688,658	257,122,410	464,186,399
NET INCOME		P1,206,619,165	P784,433,788	P652,722,534
Earnings Per Share Attributable to Equity Holders of the Bank	<i>35</i>			
Basic		P1.02	P0.70	P0.58
Diluted		0.93	0.70	0.58

See Notes to the Financial Statements.

Statements of Comprehensive Income

		Period Ended December 31		
	Note	2021	2020	2019
NET INCOME		P1,206,619,165	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	186,540,613	(129,089,549)	(224,686,360)
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	10	31,555,000	(412,381)	5,229,000
		218,095,613	(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	10	(320,194,577)	314,704,714	359,733,308
Net change in fair value of debt securities at FVOCI taken to profit or loss	10	68,883,753	(280,743,443)	(198,827,405)
Net movement in cumulative translation adjustment		22,414,831	(17,418,897)	(10,624,175)
Share in other comprehensive income (loss) of an associate	13	13,468	(3,073)	4,326,471
		(228,882,525)	16,539,301	154,608,199
		(10,786,912)	(112,962,629)	(64,849,161)
TOTAL COMPREHENSIVE INCOME		P1,195,832,253	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)	Retained Earnings (Deficit) (Note 23)	Remeasurement Losses on Retirement Liability (Note 28)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2020		P11,224,111,200	P5,594,079,646	P395,602,340	(P51,156,715)	(P449,083,000)	P69,657,563	(P15,404,017)	(P1,339,376)	P16,766,462,641
Net income for the year		-	-	-	1,206,619,165	-	-	-	-	1,206,619,165
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	186,540,613	-	-	-	186,540,613
Net change in fair value of equity securities at FVOCI		-	-	-	-	-	31,555,000	-	-	31,555,000
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	(320,194,577)	-	-	(320,194,577)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	68,883,753	-	-	68,883,753
Net movement in cumulative translation adjustment		-	-	-	-	-	-	22,414,831	-	22,414,831
Share in other comprehensive loss of an associate		-	-	-	-	-	-	-	13,468	13,468
Total comprehensive income for the year		-	-	-	1,206,619,165	186,540,613	(219,755,824)	22,414,831	13,468	1,195,832,253
Issuance of preferred stock	23	4,166,666,700	1,233,771,938	-	-	-	-	-	-	5,400,438,638
Transactions within equity:										
Transfer from surplus reserves	24	-	-	360,203,927	(360,203,927)	-	-	-	-	-
Application of paid-in surplus against deficit	23	-	(51,156,715)	-	51,156,715	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	10	-	-	-	6,056,500	-	(6,056,500)	-	-	-
Balance as at December 31, 2021		P15,390,777,900	P6,776,694,869	P755,806,267	P852,471,738	(P262,547,387)	(P166,154,761)	P7,010,814	(P1,325,908)	P23,362,733,632

Forward

	Note	Capital Stock (Note 23)	Paid-in Surplus (Note 23)	Surplus Reserves (Note 24)	Retained Earnings (Deficit) (Note 23)	Remeasurement Losses on Retirement Liability (Note 28)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2019		P11,224,111,200	P5,594,079,646	P399,262,743	(P839,250,906) 784,433,788	(P319,988,451)	P36,108,673	P2,014,880	(P1,336,303)	P16,094,991,482 784,433,788
Net income for the year		-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year:										
Items that may be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability						(129,089,549)				(129,089,549)
Net change in fair value of equity securities at FVOCI							(412,381)			(412,381)
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI							314,704,714			314,704,714
Net change in fair value of debt securities at FVOCI taken to profit or loss							(280,743,443)			(280,743,443)
Net movement in cumulative translation adjustment								(17,418,897)		(17,418,897)
Share in other comprehensive loss of an associate									(3,073)	(3,073)
Total comprehensive income for the year		-	-	-	784,433,788	(129,089,549)	33,548,890	(17,418,897)	(3,073)	671,471,159
Transactions within equity:										
Transfer from surplus reserves	24			(3,660,403)	3,660,403					-
Transfer of gain on equity securities at FVOCI realized through disposal	10									-
Balance as at December 31, 2020		P11,224,111,200	P5,594,079,646	P395,602,340	(P51,156,715) 3,660,403	(P449,088,000)	P69,657,563	(P15,404,017)	(P1,339,376)	P16,766,462,641

Forward

	Note	Capital Stock (Note 23)	Paid-in Surplus (Note 23)	Surplus Reserves (Note 24)	Retained Earnings (Deficit) (Note 23)	Remeasurement Losses on Retirement Liability (Note 28)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 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 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 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 an 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	10	-	-	-	268,500	-	(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

		Period Ended December 31		
	Note	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax expense		P1,830,307,823	P1,041,556,198	P1,116,908,933
Adjustments for:				
Provision for (reversal of) credit and impairment losses	17	(635,185,510)	958,875,752	52,225,704
Depreciation and amortization	14, 15, 16	462,532,885	567,850,860	480,444,851
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	14, 15, 16, 32	(274,985,810)	(58,764,927)	(336,288,436)
Loss (gain) on sale of financial assets at fair value through other comprehensive income (FVOCI)	27	68,883,753	(280,743,443)	(198,827,405)
Amortization of software costs	16	53,595,136	45,907,917	34,144,155
Unrealized loss (gain) on financial assets at fair value through profit or loss (FVPL)	27	4,189,634	(69,731,751)	(135,535,224)
Share in net loss of an associate	13	1,039,285	753,029	2,865,073
Gain on sale of investment securities at amortized cost	27	-	(767,033,010)	-
Miscellaneous income	30	-	(6,595,120)	(363,450,000)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Interbank loans receivables	8	106,515,133	4,382,274	(110,883,214)
Financial assets at FVPL		266,617,062	(141,927,841)	918,184,476
Loans and receivables		(2,049,407,264)	1,142,980,036	(1,643,739,447)
Other assets		(254,234,814)	(184,442,772)	(202,644,680)
Increase (decrease) in:				
Deposit liabilities		22,608,212,154	25,249,423,016	(7,322,035,294)
Manager's checks		81,380,889	(53,380,133)	307,963,803
Accrued interest, taxes and other expenses		90,609,895	97,234,086	(100,619,502)
Other liabilities		(386,245,709)	(207,066,635)	(117,129,826)
Net cash generated from (absorbed by) operations		21,973,824,542	27,339,277,536	(7,618,416,033)
Income taxes paid		(366,872,337)	(355,090,693)	(338,334,083)
Net cash provided by (used in) operating activities		21,606,952,205	26,984,186,843	(7,956,750,116)

Forward

Period Ended December 31				
	<i>Note</i>	2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale or redemption of:				
Financial assets at FVOCI		P17,433,761,770	P16,022,194,922	P10,024,308,116
Investment securities at amortized cost		15,166,197,000	20,043,309,156	1,557,000,000
Investment properties		308,006,196	50,090,800	94,051,694
Property and equipment		45,240,223	45,448,780	49,150,059
Additions to:				
Investment securities at amortized cost		(48,933,469,733)	(5,873,014,288)	(893,626,163)
Financial assets at FVOCI		(7,358,521,216)	(29,740,895,892)	(3,071,058,659)
Property and equipment	14	(156,995,689)	(98,228,754)	(207,302,263)
Software costs	16	(48,972,849)	(16,158,782)	(131,596,152)
Investment properties		(1,098,889)	(2,095,772)	(21,242,574)
Net cash provided by (used in) investing activities		(23,545,853,187)	430,650,170	7,399,684,058
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of preferred stock		5,452,543,902	-	-
Payment of lease liability		(188,452,088)	(177,806,359)	(148,056,647)
Settlement of bills payable		(18,675)	(86,420)	(557,366,520)
Net cash provided by (used in) financing activities	34	5,264,073,139	(177,892,779)	(705,423,167)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS				
		22,414,831	(17,418,897)	(10,624,175)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		3,347,586,988	27,219,525,337	(1,273,113,400)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		2,420,504,742	1,776,398,932	1,748,070,945
Due from Bangko Sentral ng Pilipinas		39,547,210,722	21,955,496,031	21,424,140,231
Due from other banks		1,023,255,562	670,481,616	3,838,048,357
Interbank loans receivable and securities purchased under resale agreements		21,949,327,179	13,318,396,289	11,983,626,735
		64,940,298,205	37,720,772,868	38,993,886,268
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items		2,747,780,890	2,420,504,742	1,776,398,932
Due from Bangko Sentral ng Pilipinas		45,367,142,605	39,547,210,722	21,955,496,031
Due from other banks		1,039,456,479	1,023,255,562	670,481,616
Interbank loans receivable and securities purchased under resale agreements	34	19,133,505,219	21,949,327,179	13,318,396,289
		P68,287,885,193	P64,940,298,205	P37,720,772,868

Forward

	Period Ended December 31		
<i>Note</i>	2021	2020	2019
CASH FLOWS FROM INTEREST AND DIVIDENDS			
Operating Activities			
Interest received	P5,013,594,767	P5,183,736,446	P5,602,826,464
Interest paid	659,753,395	1,226,602,056	2,496,181,179
Investing Activities			
Interest received	P988,560,088	P1,049,252,946	P1,185,867,090
Dividends received	5,709,161	12,228,425	8,201,707
Financing Activities			
Interest paid	P35,396,571	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, 2021, 2020 and 2019.

San Miguel Properties, Inc. (SMPI) holds 39.89% ownership of the Bank’s issued common shares as at December 31, 2021 and 2020. San Miguel Corporation Retirement Plan (SMCRP) holds 38.54% and 39.94% ownership of the Bank’s issued common shares as at December 31, 2021 and 2020, respectively. Each of these shareholders have significant influence over the Bank. SMC Equivest Corporation holds 100% ownership of the Bank’s issued non-voting preferred shares as at December 31, 2021.

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

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 financial statements of the Bank were approved and authorized for issue by the BOD on April 4, 2022.

2. Basis of Preparation

Statement of Compliance

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

Basis of Measurement

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

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

Functional and Presentation Currency

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

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

Presentation of Financial Statements

The Bank presents its statements of financial position broadly in the order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 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 new disclosures on segment reporting and earning per share which started in 2020. The policies are adopted by the Bank in relation to the Bank's capital market issuance and its listing in the Philippine Stock Exchange (PSE) (see Notes 18 and 36). There is no new standard, amendment or interpretation mandatorily effective starting January 1, 2021 that has a material impact to the Bank's financial statements. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Segment Reporting

The Bank's operating businesses are organized and managed separately according to nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. If the Bank changes the structure of its internal organization in a manner that causes composition of its reportable segment to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Financial information on business segments is presented in Note 7.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The General Ledger system of the Bank captures the transactions of a segment level, and segment performance is evaluated based on net income before reversal of credit and impairment losses, share in net loss of an associate, and income tax expense.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income for the year attributable to equity holders of the Bank, after deducting dividends to preferred shareholders, by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding for the year adjusted for the effects of any dilutive potential common shares.

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 financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Business Model Assessment

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

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

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

SPPI Test

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

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

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

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

(i) Financial Assets at FVPL

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

A financial asset is held for trading if:

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

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

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

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

(ii) *Financial Assets at Amortized Cost*

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

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

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

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

The Bank may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As at December 31, 2021 and 2020, 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 (losses) on financial assets at FVOCI’ account in the equity section of the statements of financial position. Interest income and foreign exchange gains and losses are recognized in the statements of income in the same manner as for financial assets measured at amortized cost. The ECL arising from impairment of such investments are recognized in the statements of income with a corresponding charge to “Provision for credit and impairment losses” account if the resulting ECL is impairment losses and to “Reversal of credit and impairment losses” if the resulting ECL is reversal of impairment. Other fair value changes to measure the instrument at fair value is recognized in OCI.

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

- *Equity Securities*

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

Equity securities designated at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in OCI under “Net unrealized gains (losses) on financial assets at FVOCI” account in the equity section of the statements of financial position. Dividends earned on holding equity securities designated at FVOCI are recognized in the statements of income as “Miscellaneous income” when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in OCI is reclassified to “Retained earnings (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 expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted as follows:

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

- 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;
- 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) for corporate loans and credit scorecards for consumer loans to determine the credit risk of exposures at initial recognition. The ICRRS is devised to assess the level of risk associated with each borrower using a combination of both quantitative and qualitative factors. Subsequent credit assessments and approvals are also considered in determining the credit risk. On the other hand, credit scorecard is a tool used to evaluate the credit risk associated to individual customers. Customer-specific factors and internal data are taken into consideration to calculate a credit score. The credit decision is based on the output of the credit score and policy rules.

Significant Increase in Credit Risk

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

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

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

ECL Parameters and Methodologies

ECL is a function of the following credit risk parameters:

(a) Probability of Default (PD)

The PD is the measure of likelihood that a borrower will be unable to settle his obligation/s on time and in full over a given time period, either over the next 12 months (12-month PD) or over the remaining life (Lifetime PD) of the loan obligation. In 2021, the Bank uses its ICRRS, credit scorecards and other relevant drivers of default to segment exposures with homogenous risk characteristics. In 2020, only ICRRS was used for segmentation. PD estimate, being one of the fundamental basis for credit risk modelling, plays a vital role in the estimation of ECL for the Bank.

Point-in-Time (PiT) PD calibration was done to reflect the current trends in business and credit cycle. In 2021, macroeconomic forecasts were incorporated to come up with PiT PDs that are unbiased and forward-looking projections of future default risk.

(b) Loss Given Default (LGD)

In 2020, 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.

In 2021, LGD estimation also considered the present value calculation and cost adjustment in determining the recoveries.

(c) Exposure at Default (EAD).

EAD is defined as the outstanding amount of credit exposure at the time of default. EAD is estimated by modelling the historical data on both the actual drawn and undrawn amounts for each credit facility. In 2021, the EAD estimate was revised to account for time horizon for which EAD needs to be estimated, projected cash flows until the estimated point of default and remaining loan term. 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 only forward-looking economic variable used in each of the economic scenarios for the ECL calculations in 2020 is GDP growth. In 2021, the Bank enhanced its ECL methodology by incorporating multiple future macroeconomic expectations in order to estimate credit losses on the basis of probability-weighted outcomes. The Bank has performed statistical analysis of historical data to determine which macroeconomic variables (MEVs) are correlated with the performance of specific loan portfolios. The MEVs considered were obtained using publicly available sources such as BSP and Philippine Statistical Association. A broad range of forward looking information are assessed as economic inputs. Based on historical data analysis, the Bank found significant relationships between MEVs and credit risk which vary by product type. Forward looking MEVs used include Wholesale Price Index, Interest Rate, Philippine Stock Index, Exchange Rate, Consumer Price Index, and Cash Remittances. The selected MEVs were confirmed using experienced credit judgment.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Refer to Notes 4 and 17 on the changes made in the ECL parameters in the current period.

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, 2021 and 2020, 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.

As at December 31, 2021 and 2020, the Bank has no outstanding non-current assets held for sale.

Investment in an Associate

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

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

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

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

Property and Equipment

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

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

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

Estimated useful lives of property and equipment are as follows:

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

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

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

Investment Properties

Investment properties are composed of assets acquired from foreclosure or *dacion en pago* and land and building that are vacant and no longer used for administrative purposes (previously owner-occupied property), and are initially measured at cost including transaction costs. An investment property acquired through an exchange transaction is initially recognized at the fair value of the asset acquired unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as "Gain on foreclosure" under "Gain on foreclosure and sale of property and equipment and foreclosed assets - net" in the 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.

Other Properties Acquired

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

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

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

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

Intangible Assets

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

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

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

Branch Licenses

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

Software Costs

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

Impairment of Investment in an Associate and Non-financial Assets

Investment in an Associate, 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:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

External appraisers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Particularly, the external appraisers must hold a recognized and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

Valuation from external appraisers are subject to quality assurance by the Bank to ensure that the minimum requirements and standards for appraisals are met. The minimum requirements and standards entail consistency and accuracy of the information in the appraisal reports. The appraisal undertaking must comply with the provisions of the Philippine Valuation Standards (PVS). Market value is defined by PVS as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

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

Revenue Recognition

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

Determining whether the Bank is acting as a Principal or an Agent

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

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

The Bank has determined that it is acting as a principal in its revenue arrangements except for activities where the Bank acts in a fiduciary or custodian capacity such as nominee, trustee, or agent. 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”.

“*Retained Earnings (Deficit)*” represents the accumulated earnings (losses) of the Bank.

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

Leases

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

Bank as Lessee

At 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, 2021. 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.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.
- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

Comments on the Exposure Draft was due on March 21, 2022.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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 11). 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, *The Effects of Changes in Foreign Exchange Rates* requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

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

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

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

e) *Provisions and Contingencies*

The Bank, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgment is exercised by management to distinguish between provisions and contingencies (see Note 37).

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.

In 2021, the ECL methodology of the Bank was optimized to recalibrate and improve the accuracy of the ECL models using updated data. Significant factors affecting the estimates on the enhanced ECL model include:

- The default and credit impaired financial assets were aligned across all credit portfolios;
- PD segmentation was based on the staging criteria (i.e. delinquency age buckets, internal credit risk ratings and loan status);
- The LGD takes into account post-default relevant information such as cost of recoveries and curing rate. LGD was adjusted to its present value of expected cash flows using risk-adjusted interest rate. The final LGD estimates were pooled by collateral type;
- EAD estimates consider (a) time horizon for which EAD needs to be estimated, (b) projected cash flows until the estimated point of default and (c) remaining loan term;
- The Bank used three economic scenarios to arrive at probability-weighted ECL estimates. These scenarios represent a most likely outcome (that is, the 'Baseline' or central scenario) and two less likely scenarios on the either side of the central (that is, the 'Optimistic' and 'Pessimistic', respectively). The scenario weights were developed based on the relative frequency distribution of historical GDP data. Both the 'Optimistic' and 'Pessimistic' scenarios reflect the lower and upper levels whereas the 'Baseline' scenario represents the central distribution; and
- The impact of Covid-19 has been appropriately incorporated in the impairment allowance calculation using more recent data. The Bank has updated the macroeconomic expectations in the model to consider the effects of Covid-19 pandemic situation.

In 2020, ECL is determined based on the following key factors:

- PD segmentation is mainly driven by the internal risk rating and application scores for corporate loans and consumer finance, respectively;
- LGD varies by the availability and type of collateral;
- EAD is determined as the total amount owed at the time of default;
- The scenarios for forward-looking adjustment is based on a single macroeconomic indicator;
- 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;
- The scenario weights were also adjusted giving a bigger probability to the pessimistic scenario to account for the uncertainties brought by the pandemic; and
- The Bank 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 impact in 2021 of the change in ECL parameters as discussed above and 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 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 probable costs for the resolution of these proceedings has been estimated by management, in consultation with the legal counsels handling the Bank's legal defense in these matters, and is based upon an analysis of potential results.

Management currently does not believe that these proceedings will have a material adverse effect on the Bank's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 37).

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 (IRBB), market and liquidity risk require the development of a risk-conscious culture that will influence daily business activities and decision-making.

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

Risk Management Structure

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

Board of Directors

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

Corporate Governance Committee

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

Related Party Transactions Committee (RPTCom)

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

Audit Committee

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

Board Risk Oversight Committee (BROC)

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

Risk Management Division (RSK)

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

Asset Liability Management Committee (ALCO)

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

Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee (ICAAPcom)

The ICAAPcom is responsible for overseeing the Bank's ICAAP to ensure that mandated minimum capital requirements are met and that capital levels are sufficient to cover the Bank's risk exposures driven by its strategic plans.

Credit and Collections Committee (Crecom)

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

Internal Audit Division

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

Legal Services Division

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

Compliance Division

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

Risk Measurement and Reporting Systems

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

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

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

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

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

Risk Mitigation

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

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

Risk Concentration

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

Credit Risk

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

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

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

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

Derivative Financial Instruments

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

Credit-related Commitment Risks

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

Credit Risk Exposures

The table below shows the Bank's maximum exposure on receivables from customers and sales contract receivables, net of unearned interest income and allowance for credit losses, before and after collateral to credit risk as at December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	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	P58,288,237,487	P47,828,341,389	P55,358,855,966	P49,192,891,513
Housing loans	8,153,639,607	2,876,874,485	7,924,342,343	3,638,959,697
Auto loans	3,014,014,009	198,131,864	3,873,064,570	529,309,808
Agri-agra loans	1,216,852,115	1,024,119,022	293,758,988	256,413,315
Bills purchased, import bills and trust receipts	386,638,323	378,999,050	634,184,181	634,184,181
Direct advances	369,416,862	-	428,696,320	29,894,682
Others	1,666,550,443	1,665,970,866	1,502,363,886	1,490,088,834
	73,095,348,846	53,972,436,676	70,015,266,254	55,771,742,030
Sales contract receivables	351,462,925	53,952,557	398,422,865	53,712,557
	P73,446,811,771	P54,026,389,233	P70,413,689,119	P55,825,454,587

For the other financial assets, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, fair value of collateral held for loans and receivables amounted to P85.8 billion and P79.0 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, 2021 and 2020:

	December 31, 2021			
	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	P643,153,780	P180,079,143	P463,074,637	P623,299,524
Housing loans	768,753,530	616,516,325	152,237,205	136,587,297
Auto loans	582,133,025	565,263,444	16,869,581	446,901,830
Direct advances	163,188,326	-	163,188,326	163,188,326
Bills purchased, import bills and trust receipts	76,426,393	-	76,426,393	76,426,393
Agri-agra loans	17,663,370	14,362,060	3,301,310	17,663,370
Others	618,220,325	661,296	617,559,029	601,570,397
	2,869,538,749	1,376,882,268	1,492,656,481	2,065,637,137
Sales contract receivables	130,630,640	76,678,083	53,952,557	54,719,038
	P3,000,169,389	P1,453,560,351	P1,546,609,038	P2,120,356,175

	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

For the other financial assets carried under Stage 3, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2021 and 2020.

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 ICRRS is an established tool used to evaluate the Credit Risk associated with each borrower. The ICRRS assigns a score to each account based on a combination of quantitative and qualitative factors. The scores assigned to each obligor is equivalent to the risk associated to each individual. The scoring model is reviewed and validated by external parties regularly to ensure that the model is risk ranking properly. The risk rating is used as one of the measures of the Bank's risk appetite and as a factor in impairment calculation.

Based on the evaluation of the facility risk factor (FRF), the borrower risk rating (BRR) can be upgraded or downgraded to come up with the final credit risk rating (CRR). Such CRR is eventually used in the determination of the ECL.

BRR Disclosure

In compliance with BSP, the Bank implemented in 2007 a credit risk classification that is compliant with global rating standards. The BRR is the evaluation of the credit worthiness of an existing or prospective borrower. The account is evaluated independent of any influence from any transactional factors. The BRR measures the borrower's credit quality by looking into three major aspects, namely, financial condition, industry analysis and management quality. The financial condition is assessed by the Bank through financial ratio analysis based on the latest available financial information of the borrower. The Bank performs industry analysis by reviewing actual and expected significant changes in the political, regulatory, and technological environment of the borrower or in its business activities. Management quality is assessed by reviewing the experience and quality of management and management's business strategy. In addition, management's business planning and management of banking relationship are also considered. Each section is given the following point allocation:

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, 2021 and 2020 (amounts in thousands).

	December 31, 2021										
	Term Loans	Housing Loans	Auto Loans	Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Neither past due nor impaired:											
High grade	P 19,015,644	P -	P -	P 367,481	P 368,948	P 731,487	P -	P 20,483,560	P -	P 495,969	P 20,979,529
Standard grade	38,057,707	-	10,086	19,445	3,885	328,882	-	38,420,005	-	146,767	38,566,772
Unrated	-	6,984,226	2,705,050	-	-	-	1,617,776	11,307,052	262,286	238,419	11,807,757
	57,073,351	6,984,226	2,715,136	386,926	372,833	1,060,369	1,617,776	70,210,617	262,286	881,155	71,354,058
Stage 2											
Neither past due nor impaired:											
Standard grade	1,176,151	-	-	-	-	7,314	-	1,183,465	-	7,642	1,191,107
Substandard grade	13,356	-	-	-	-	142,680	-	156,036	-	338	156,374
Past due but not impaired	4,995	576,085	245,887	-	-	-	47,968	874,935	16,048	46,585	937,568
Impaired	139,244	-	-	-	-	12,950	-	152,194	-	1,278	153,472
	1,333,746	576,085	245,887	-	-	162,944	47,968	2,366,630	16,048	55,843	2,438,521
Stage 3											
Impaired	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	832,998	3,833,167
	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	832,998	3,833,167
	P 59,050,251	P 8,329,065	P 3,543,156	P 463,352	P 536,021	P 1,240,976	P 2,283,964	P 75,446,785	P 408,965	P 1,769,996	P 77,625,746

*Comprised of benefit loans, salary loans and credit cards.

**Comprised of accrued interest receivables, accounts receivables and RCOCI

December 31, 2020

	Term Loans	Housing Loans	Auto Loans	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
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

The following table shows the credit quality of loan commitment and financial guarantee contracts as at December 31, 2021 and 2020 (amounts in thousands).

	December 31, 2021			Total
	Stage 1	Stage 2	Stage 3	
Loan Commitment and Financial Guarantees				
Neither past due nor impaired:				
High grade	P3,703,686	P -	P -	P3,703,686
Standard grade	11,049,978	2,743,350	-	13,793,328
Unrated	3,382,638	-	-	3,382,638
	P18,136,302	P2,743,350	P -	P20,879,652
<hr/>				
	December 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
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
	P9,252,005	P -	P -	P9,252,005

Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The Bank performs a sensitivity analysis on the ECL recognized on material classes of its assets.

The table below shows the loss allowance on receivables from customers assuming other plausible scenarios were weighted 100.0% instead of applying scenario probability weights. For ease of comparison, the table provides loss allowance amounts for the current and previous year using the same sensitivity analysis (amounts in thousands). Scenario 1 represents improving conditions that lead to lower ECL for each material asset class while Scenario 2 assumes more unfavorable forward-looking estimates for each material asset class which lead to increasing ECL.

	Gross Exposure	December 31, 2021		Probability-weighted
		ECL Allowance		
		Scenario 1	Scenario 2	
Term loans	P59,050,251	P720,602	P801,499	P762,014
Housing loans	8,329,065	167,586	218,604	175,426
Auto loans	3,543,156	503,884	575,357	529,142
Agri-Agra loans	1,240,976	20,361	27,713	24,123
Direct advances	536,021	166,574	166,633	166,604
Bills purchased, import bills and trust receipts	463,352	76,705	76,723	76,714
Others*	2,283,964	616,903	618,784	617,413
	P75,446,785	P2,272,615	P2,485,313	P2,351,436

*Comprised of benefit loans, salary loans and credit cards.

	December 31, 2020			
	Gross Exposure	ECL Allowance		Probability-weighted
		Scenario 1	Scenario 2	
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
Agri-Agra loans	314,271	20,509	20,514	20,512
Direct advances	599,323	170,626	170,627	170,627
Bills purchased, import bills and trust receipts	715,295	81,111	81,111	81,111
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.

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:

	2021	2020
Term loans	P283,192,322	P254,866,548
Housing loans	56,736,908	14,109,526
Agri-Agra loans	30,613,524	35,447,897
Auto loans	838,456	-
Others	40,647,707	-
	P412,028,917	P304,423,971

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, 2021		
	AA - A	BBB and Below or Unrated	Total
Loans and advances to banks: **			
Due from BSP	P45,373,267,996	P -	P45,373,267,996
Due from other banks	601,812,095	437,784,729	1,039,596,824
Interbank loans receivable and SPURA	19,136,088,591	-	19,136,088,591
	65,111,168,682	437,784,729	65,548,953,411
Financial assets at FVPL:			
Private debt securities	490,887,983	-	490,887,983
Government securities held-for-trading	50,353,544	427,871,745	478,225,289
Derivative assets*	-	25,499,500	25,499,500
	541,241,527	453,371,245	994,612,772
Financial assets at FVOCI:			
Government securities**	-	4,569,700,778	4,569,700,778
Private debt securities**	303,522,000	-	303,522,000
Equity securities	-	181,893,798	181,893,798
	303,522,000	4,751,594,576	5,055,116,576
Investment securities at amortized cost:			
Government securities**	-	40,331,752,498	40,331,752,498
Private debt securities**	1,072,193,659	1,510,872,599	2,583,066,258
	1,072,193,659	41,842,625,097	42,914,818,756
Loans and receivables - gross:			
Unquoted debt securities***	-	291,578,204	291,578,204
	P67,028,125,868	P47,776,953,851	P114,805,079,719

*Unrated derivatives pertain to warrants

**Accounts are neither past due nor impaired and carried at Stage 1 in 2021

***Accounts are impaired and carried at Stage 3 in 2021

	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

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, 2021 and 2020.

	December 31, 2021			
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Total
Receivable from customers (gross):				
Housing loans	P -	P359,915,759	P216,169,450	P576,085,209
Auto loans	-	143,710,623	102,176,538	245,887,161
Term loans	-	4,995,009	-	4,995,009
Others	-	43,123,393	4,844,607	47,968,000
Sales contract receivables	6,996,915	8,645,684	405,626	16,048,225
Other receivables*	35,937	32,250,983	14,298,027	46,584,947
	P7,032,852	P592,641,451	P337,894,248	P937,568,551

* Comprised of accrued interest receivables, accounts receivables, and RCOCI

	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

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, 2021 and 2020 based on contractual undiscounted repayment obligations (amounts in thousands).

	December 31, 2021					Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
Deposit liabilities:						
Demand	P48,702,340	P -	P -	P -	P -	P48,702,340
Savings	42,109,036	62,170,350	4,628,431	378	-	108,908,195
Time	32,916	6,346,781	1,559,037	1,267,042	-	9,205,776
Long-term negotiable certificates	-	55,952	170,372	5,643,638	-	5,869,962
Bills payable	-	-	-	-	-	-
Manager's checks	-	951,460	-	-	-	951,460
Accrued interest and other expenses*	-	541,850	-	-	-	541,850
Lease liabilities	-	36,851	167,294	351,360	37,907	593,412
Other liabilities**	-	373,471	1,165,705	-	280,236	1,819,412
Total Undiscounted Financial Liabilities	P90,844,292	P70,476,715	P7,690,839	P7,262,418	P318,143	P176,592,407

*amounts exclude accruals of employee and other benefits, taxes payable and rent

**amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures

	December 31, 2020					Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
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

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments (amounts in thousands):

	December 31, 2021				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Commitments	P3,362,130	P1,140,164	P8,005,120	P6,100,614	P18,608,028
Contingent liabilities	60,071,070	847,512	1,408,058	4,478,628	66,805,268
	P63,433,200	P1,987,676	P9,413,178	P10,579,242	P85,413,296

	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	36,015,914	702,357	1,163,616	3,406,457	41,288,344
	P39,724,276	P984,895	P1,680,234	P6,985,307	P49,374,712

Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also generated from holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate fund raisers (e.g., branch deposits). FTP helps units evaluate profitability and calculate returns upon deal origination. Furthermore, the FTP framework insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, manages the Bank's overall IRRBB. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages IRRBB by growing its sources of stable funds to match long-term assets.

The FTP policy is properly documented and is transparent to all parties. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as BVAL and BSP interest rate corridor rates for Peso; US 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 BROCC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

The Bank makes use of an internally developed Earnings-at-Risk (EAR) model for measuring IRRBB. EAR simulates the contraction of the projected NII over the next 12 months using historical changes in interest rate benchmarks such as BVAL for PHP and US Libor for USD. The balance sheet size and shape are assumed to remain static for the next 12 months. Non-maturity deposits (NMD) or current-savings accounts (CASA) are split into two classifications, core deposits and volatile deposits.

The volatile or non-core portion of the NMD/CASA is spread over short-term buckets based on behavioral average life. Core deposits are slotted in the 3 - 5 years bucket. Interest rate option risk embedded in loans and time deposits that alter the timing of balance sheet items are incorporated in the model. The model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario simulated by the model impacts the exercise of the interest rate option. More prepayment is expected if interest rates decline while more pre-termination is expected as interest rates increase.

The table sets forth the Bank's interest rate repricing gap as at December 31, 2021 and 2020.

In Millions	December 31, 2021								Total
	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	
Resources									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P2,748	P2,748
Due from BSP	27,135	-	-	-	-	-	-	18,232	45,367
Due from other banks	-	-	-	-	-	-	-	4,176	4,176
Interbank loans receivable	15,800	113	-	-	-	-	-	(2)	15,911
Financial assets at FVPL	-	-	-	-	-	-	-	995	995
Financial assets at FVOCI	358	315	1,810	1,893	689	-	-	(192)	4,873
Investment securities at AC	1,033	95	498	1,586	11,932	14,464	13,850	(337)	43,121
Loans - net	17,201	15,752	6,432	9,919	6,997	9,381	4,926	1,807	72,415
Other resources	244	11	-	-	-	-	-	9,423	9,678
	P61,771	P16,286	P8,740	P13,398	P19,618	P23,845	P18,776	P36,850	P199,284
Liabilities and Equity									
Deposit liabilities:	P65,191	P31,096	P9,259	P939	P925	P64,304	P -	P -	P171,714
Demand deposits	7,504	6,269	2,226	-	-	32,703	-	-	48,702
Savings deposits	7,188	5,750	2,794	-	-	26,340	-	-	42,072
Time deposits	50,499	19,077	4,239	939	925	232	-	-	75,911
Long-term negotiable certificates	-	-	-	-	-	5,029	-	-	5,029
Other liabilities	-	-	-	-	-	-	-	4,414	4,414
	65,191	31,096	9,259	939	925	64,304	-	4,414	176,128
Capital funds	-	-	-	-	-	-	-	23,156	23,156
	P65,191	P31,096	P9,259	P939	P925	P64,304	P -	P27,570	P199,284
Total periodic gap	(P3,420)	(P14,810)	(P519)	P12,459	P18,693	(P40,459)	P18,776	P9,280	P -

In Millions	December 31, 2020								Total
	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	
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 -

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:

Currency	December 31, 2021			
	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	(P42.80)	(P17.07)	(P440.31)
USD	+100	0.32	(28.85)	(100.92)
PHP	-200	42.80	17.07	440.31
USD	-100	(0.32)	28.85	100.92

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

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, 2021 and 2020.

The sensitivity of "Trading and investment securities gains (losses) - net" and OCI is calculated by revaluing fixed-rate financial assets at FVPL and debt securities at FVOCI, respectively, as at December 31, 2021 and 2020. 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, 2021 and 2020.

	FX Exposures	HFT Securities	FVOCI Securities	Aggregate VAR
2021				
As at December 31, 2021	P2,007,233	P2,147,907	P38,772,700	P40,671,327
Average	1,333,091	3,418,377	36,592,519	39,975,735
Highest	4,880,412	7,633,611	51,049,930	60,384,640
Lowest	70,786	1,692,119	15,273,243	18,303,243
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

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, 2021 and 2020. 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, 2021			
	USD	Euro	Others	Total
Assets				
Due from other banks	\$438	\$883	\$406	\$1,727
Interbank loans	5,100	-	-	5,100
Loans and receivables	1,254	-	-	1,254
Total assets	6,792	883	406	8,081
Liabilities				
Deposit liabilities	-	1,419	-	1,419
Other liabilities	802	5	14	821
Total liabilities	802	1,424	14	2,240
Net Exposure	\$5,990	(\$541)	\$392	\$5,841
Amount in PHP	P305,484	(P27,590)	P19,992	P297,885

	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

The table below indicates the currencies which the Bank has significant exposure to as at December 31, 2021 and 2020 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, 2021				
Currency				
USD	P1.00	(P5.99)	(P1.00)	P5.99
Euro	0.50	0.27	(0.50)	(0.27)
Others	0.40	(0.16)	(0.40)	0.16
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

Given the nature and amount of the Bank's equity investments portfolio in 2021 and 2020, 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 2021 and 2020, management believes the Bank's exposure to equity price risk is considered minimal.

6. Categories and Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of financial and non-financial assets and liabilities are as follows:

COCI, Due from BSP and Other Banks and Interbank Loans Receivable and SPURA - Fair values approximate carrying amounts given the short-term nature of the instruments.

Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost) - Fair values are generally based on quoted market prices. If not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using discounted cash flow methodology.

Equity Securities (Financial Assets at FVOCI) - Fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers.

Derivative Instruments (Financial Assets and Financial Liabilities at FVPL) - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Loans and Receivables - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e. BVAL and 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, 2021				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVPL:					
Government securities held for trading	P478,225	P283,418	P194,807	P -	P478,225
Private debt securities	490,888	-	-	490,888	490,888
Derivative assets	25,500	-	25,500	-	25,500
Financial assets at FVOCI:					
Government securities	4,569,701	918,851	3,650,850	-	4,569,701
Private debt securities	303,522	303,522	-	-	303,522
Equity securities	181,894	144,565	-	37,329	181,894
	P6,049,730	P1,650,356	P3,871,157	P528,217	P6,049,730
Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost:					
Government securities	P40,326,340	P15,617,463	P24,219,580	P -	P39,837,043
Private debt securities	2,582,717	2,059,920	521,950	-	2,581,870
Loans and receivables:					
Receivables from customers	73,132,658	-	-	95,269,564	95,269,564
Less unearned interest	37,309	-	-	37,309	37,309
	73,095,349	-	-	95,232,255	95,232,255
Sales contract receivables	351,703	-	-	427,310	427,310
	116,356,109	17,677,383	24,741,530	95,659,565	138,078,478
<i>Non-financial Assets</i>					
Investment properties	3,448,315	-	-	9,297,901	9,297,901
	P119,804,424	P17,677,383	P24,741,530	P104,957,466	P147,376,379

Forward

	December 31, 2021				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Deposit liabilities:					
Time	P9,107,144	P -	P9,098,652	P -	P9,098,652
Long-term negotiable certificates	5,029,420	-	5,116,369	-	5,116,369
Bills payable	-	-	-	-	-
	P14,136,564	P -	P14,215,021	P -	P14,215,021
December 31, 2020					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
<i>Financial Assets</i>					
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					
<i>Financial Assets</i>					
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
<i>Non-financial Assets</i>					
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					
<i>Financial Liabilities</i>					
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

In 2020, 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, were transferred from Level 1 to Level 2 of the fair value hierarchy.

There have been no transfers from Level 1 to Level 2 of the fair value hierarchy in 2021.

In 2021, the Bank reclassified the fair value level of its private debt securities at FVPL as at December 31, 2020 to Level 3 (see Note 9).

In 2021 and 2020, there have been no transfers into and out of Level 3 of the fair value hierarchy.

An instrument in its entirety is classified as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived. The fair value of the Level 3 instruments is based on cost which approximates its fair value.

The carrying values of the financial assets and liabilities not included in the fair value hierarchy table shown above approximate their respective fair values as at December 31, 2021 and 2020.

7. Segment Reporting

The Bank's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to Senior Management who is responsible for allocating resources to the segments and assessing their performance. The Bank's business segments follow:

Treasury Management Group - principally provides money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks.

Corporate Banking Group - principally handles loans and other credit facilities for corporate institutional, and middle market clients.

Branch Banking Group - principally supervises customers' deposits and offers standard customer transactional services through the branch network.

Consumer Group - principally manages home, automobile, and salary loans for individual customers.

Others - includes but not limited to Credit Cards, Transaction Banking, Trust, and Acquired Assets. Other operations of the Bank also include operations and financial control groups.

Segment assets and liabilities comprise operating assets and liabilities, including borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment. Transactions between the business segments are carried out at arm's length. The Bank uses an Internal Funds Transfer Pricing rate to allocate the cost of funds or to recognize internal revenue for deposit takers. The Bank has no significant customers which contributes 10.00% or more of the Bank's revenue net of interest expense. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The segment information of the Bank for the period ended December 31, 2021, 2020 and 2019 for statement of income items, and as at December 31, 2021 and December 31, 2020 for statement of financial position items follow (amounts in millions):

	December 31, 2021					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party Intersegment	P1,614 (1,256)	P3,328 (1,321)	(P560) 3,879	P896 (629)	P120 (673)	P5,398 -
Net interest income	358	2,007	3,319	267	(553)	5,398
Non-interest income	(29)	40	83	31	702	827
Total revenues	329	2,047	3,402	298	149	6,225
Other expenses	147	199	2,040	146	2,496	5,028
Income (losses) before provision for credit losses and income tax expense	P182	P1,848	P1,362	P152	(P2,347)	P1,197
Reversal of credit and impairment losses						(P635)
Share in net loss of an associate						1
Income tax expense						624
Net income						P1,207
Other Segment Information						
Capital expenditures	P1	P7	P52	P2	P53	P115
Depreciation and amortization	P4	P3	P63	P7	P386	P463

	December 31, 2021					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Financial Position						
Total assets	P93,887	P63,564	P22,497	P12,386	P7,379	P199,713
Total Liabilities	7,845	69	164,790	102	3,544	176,350

	December 31, 2020					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party Intersegment	P1,173 (1,416)	P3,677 (2,019)	(P1,023) 4,840	P1,013 (716)	P268 (689)	P5,108 -
Net interest income	(243)	1,658	3,817	297	(421)	5,108
Non-interest income	1,204	78	86	10	387	1,765
Total revenues	961	1,736	3,903	307	(34)	6,873
Other expenses	308	219	1,736	153	2,452	4,868
Income (losses) before provision for credit losses and income tax expense	P653	P1,517	P2,167	P154	(P2,486)	P2,005
Provision for credit and impairment losses						P963
Share in net loss of an associate						1
Income tax expense						257
Net income						P784
Other Segment Information						
Capital expenditures	P3	P2	P34	P4	P44	P87
Depreciation and amortization	P4	P3	P256	P7	P298	P568

	December 31, 2020					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Financial Position						
Total assets	P71,291	P60,263	P18,595	P12,811	P7,961	P170,921
Total Liabilities	9,118	3	141,729	111	3,193	154,154

	December 31, 2019					Total
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	
Statement of Income						
Net interest income:						
Third party	P1,029	P3,173	(P1,150)	P927	P157	P4,136
Intersegment	(481)	(1,993)	3,469	(670)	(325)	-
Net interest income	548	1,180	2,319	257	(168)	4,136
Non-interest income	437	287	124	74	775	1,697
Total revenues	985	1,467	2,443	331	607	5,833
Other expenses	213	400	1,661	157	2,230	4,661
Income (losses) before provision for credit losses and income tax expense	P772	P1,067	P782	P174	(P1,623)	P1,172
Provision for credit and impairment losses						P52
Share in net loss of an associate						3
Income tax expense						464
Net income						P653
Other Segment Information						
Capital expenditures	P4	P -	P49	P7	P129	P189
Depreciation and amortization	P4	P3	P74	P7	P392	P480

Non-Interest income consists of trading and investment securities gains (losses), service charges, fees and commissions, foreign exchange gains, gain on foreclosure, and sale of property and equipment and foreclosed assets and miscellaneous income.

Other expenses consist of compensation and fringe benefits, taxes and licenses, rent and utilities, depreciation and amortization, insurance, service fees and commissions, subscription fees, entertainment and recreation, management and professional fees, amortization of software costs, share in net loss of associate and miscellaneous expense.

8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

	Note	2021	2020
SPURA		P15,800,317,280	P15,819,273,408
Interbank loans receivable		3,335,771,311	6,239,532,463
		19,136,088,591	22,058,805,871
Less allowance for credit losses	17	2,583,372	2,977,939
		P19,133,505,219	P22,055,827,932

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:

	2021	2020	2019
SPURA	P316,263,835	P234,610,084	P272,552,691
Interbank loans receivable	17,540	3,434,107	43,017,001
	P316,281,375	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. No short-term peso-denominated loans were granted by the Bank to other banks in 2021. Dollar-denominated interbank loans receivable bear interest rates ranging from 0.1% to 0.5%, from 0.1% to 1.7% and from 1.6% to 2.3% in 2021, 2020 and 2019, respectively.

SPURA bears interest rate of 2.0% in 2021 and interest rates ranging from 2.0% to 4.0% and from 4.0% to 4.8% in 2020 and 2019, respectively.

9. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	2021	2020
Private debt securities	P490,887,983	P602,403,847
Government securities held-for-trading	478,225,289	639,004,121
Derivative assets	25,499,500	24,011,500
	P994,612,772	P1,265,419,468

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, 2021, 2020 and 2019, financial assets at FVPL are adjusted for unrealized loss of P4.2 million, and 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, 2021 and 2020 and is not indicative of either market risk or credit risk.

	December 31, 2021			December 31, 2020		
	Derivative Assets	Notional Amount	Leverage Exposure	Derivative Assets	Notional Amount	Leverage Exposure
Freestanding derivatives:						
Warrants	P25,499,500	\$50,000	\$ -	P24,011,500	\$50,000	\$ -

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	Note	2021	2020
Government securities		P4,569,700,778	P14,948,096,972
Private debt securities	32	303,522,000	314,963,700
Equity securities	32	181,893,798	161,187,337
		P5,055,116,576	P15,424,248,009

As at December 31, 2021 and 2020, the ECL allowance on debt securities at FVOCI included under "Net unrealized gains (losses) on financial assets at FVOCI" amounted to P0.7 million and P1.8 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). No dividend was received from BANGE in 2021.

In 2021 and 2019, the Bank disposed club shares with carrying value of P10.6 million and P0.03 million, respectively, and transferred to "Retained earnings (Deficit)" account the realized gain of P6.1 million and P0.3 million in 2021 and 2019, respectively. In 2020, there were no disposals of equity securities.

Dividend income in 2021, 2020 and 2019 from equity securities at FVOCI amounted to P5.7 million, P12.2 million and P8.2 million, respectively (see Note 30).

Net Unrealized Gains (Losses) on Financial Assets at FVOCI

The movements of net unrealized gains (losses) on financial assets at FVOCI follow:

	Note	2021	2020	2019
Balance at beginning of year		P69,657,563	P36,108,673	(P129,757,730)
Net unrealized gains (losses) recognized as OCI		(293,920,562)	315,724,110	368,927,255
Realized losses (gains) taken to profit or loss	27	68,883,753	(280,743,443)	(198,827,405)
Effect of tax	31	6,389,324	(3,084,165)	(3,305,159)
Realized gains taken to retained earnings		(6,056,500)	-	(268,500)
ECL on debt securities at FVOCI	17	(1,108,339)	1,652,388	(659,788)
Balance at end of year		(P156,154,761)	P69,657,563	P36,108,673

11. Investment Securities at Amortized Cost

This account consists of:

	Note	2021	2020
Government securities		P40,331,752,498	P5,934,456,406
Private debt securities	32	2,583,066,258	3,213,052,558
		42,914,818,756	9,147,508,964
Less allowance for credit losses	17	5,761,352	1,231,453
		P42,909,057,404	P9,146,277,511

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.

No investment securities at amortized cost were sold in 2021.

12. Loans and Receivables

This account consists of:

	Note	2021	2020
Receivables from customers:			
Term loans		P59,050,250,905	P56,631,811,377
Housing loans		8,329,292,292	8,517,583,659
Auto loans		3,543,209,363	4,233,260,023
Agri-agra loans		1,241,364,426	314,820,702
Direct advances		537,504,714	600,996,331
Bills purchased, import bills and trust receipts	21	463,352,225	715,294,705
Others		2,319,120,588	2,107,327,349
		75,484,094,513	73,121,094,146
Less unearned interest income		37,309,436	22,784,328
		75,446,785,077	73,098,309,818
Accrued interest receivable:			
Loans and receivables		614,200,832	783,484,965
Trading and investment securities		358,148,082	99,472,481
Due from BSP and other banks		1,429,147	3,394,000
Interbank loans receivable and SPURA		702,236	2,121,071
Accounts receivable		794,692,800	1,125,879,319
Sales contract receivables		408,965,309	456,157,168
Unquoted debt securities		291,578,204	291,578,198
RCOCI		822,302	10,500
		77,917,323,989	75,860,407,520
Less allowance for credit losses	17	3,543,198,822	4,232,058,040
		P74,374,125,167	P71,628,349,480

Bills purchased, import bills and trust receipts include bills purchased with contra account in "Bills purchased - contra" under "Other Liabilities" amounting to P420.0 million and P684.4 million as at December 31, 2021 and 2020, 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 (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1") was enacted. Bayanihan 1 provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest falling due within the enhanced community quarantine period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, RA No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2"), was enacted. Under Bayanihan 2, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of the said loans.

Based on the Bank's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. The impact of loan modifications amounted to a loss of P29.6 million. For the year ended December 31, 2020, the net impact of the loan modification after subsequent accretion of the modified loan amounted to P24.8 million and were recorded in "Interest income" in the statement of income. For the period ended December 31, 2021, accretion of loan modification that were recorded in "Interest income" in the statement of income amounted to P7.0 million.

BSP Regulatory Reporting

As at December 31, 2021 and 2020, the breakdown of receivables from customers as to collateral follows (amounts in thousands, except percentages):

	2021		2020	
	Amount	%	Amount	%
Loans secured by:				
Deposit hold-out	P5,115,340	6.8	P620,771	0.9
Real estate	4,671,629	6.2	4,109,378	5.6
Continuing surety agreement	4,448,004	5.9	3,901,408	5.3
Deed of pledge	2,667,139	3.5	3,307,404	4.5
Chattel	2,650,902	3.5	3,331,699	4.6
Corporate guaranty	2,480,565	3.3	1,083,855	1.5
Deed of assignment	1,287,561	1.7	1,609,305	2.2
Mortgage trust indenture	1,050,200	1.4	1,263,800	1.7
Certificate of participation	1,000,000	1.3	1,000,000	1.4
Others*	12,611,275	16.7	5,838,974	8.0
	37,982,615	50.3	26,066,594	35.7
Unsecured	37,501,480	49.7	47,054,500	64.3
	P75,484,095	100.0	P73,121,094	100.0

*Others include post-dated checks and various collaterals on omnibus loan and security agreement

As at December 31, 2021 and 2020, information on the concentration of credit as to industry follows (amounts in thousands, except percentages):

	2021		2020	
	Amount	%	Amount	%
Electricity, gas, steam, and air-conditioning supply	P21,406,795	28.4	P15,331,150	21.0
Real estate activities	16,058,865	21.3	16,784,796	23.0
Manufacturing	11,557,523	15.3	9,010,927	12.3
Construction	9,218,129	12.2	10,328,230	14.1
Wholesale and retail trade, repair of motor vehicles and motorcycles	4,732,528	6.3	2,791,156	3.8
Financial and insurance activities	1,823,796	2.4	3,742,904	5.1
Water supply, sewerage, waste management and remediation activities	1,416,877	1.9	1,401,877	1.9
Accommodation and food service activities	1,148,574	1.5	943,691	1.3
Agriculture, forestry and fishing	948,852	1.3	1,064,300	1.5
Transportation and storage	784,920	1.0	1,353,153	1.9
Administrative and support service activities	190,625	0.2	185,583	0.2
Arts, entertainment and recreation	-	0.0	3,500,204	4.8
Others*	6,196,611	8.2	6,683,123	9.1
	P75,484,095	100.0	P73,121,094	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 or 10.0% of Tier 1 capital.

As at December 31, 2021 and 2020, the Bank does not have credit concentration in any particular industry that exceeds 30.0% of total loan portfolio.

As at December 31, 2021, 10% of Tier 1 capital amounted to P2.1 billion and the table above includes the five industry groups exceeding this level as of that date.

The table also includes the seven industry groups above the 10% of Tier 1 capital (P1.5 billion) as at December 31, 2020. The BROCOM and CRECOM constantly monitor these credit risk concentrations to ensure they are within the risk appetite of the Bank.

Under BSP Circular No. 941, *Amendments to the Regulations on Past Due and Non-Performing Loans*, loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

As at December 31, 2021 and 2020, the breakdown of receivables from customers as to status, is as follows (amounts in thousands)

	December 31, 2021		
	Performing	Non-performing	Total
Corporate	P60,060,363	P810,213	P60,870,576
Consumers	11,085,873	1,425,312	12,511,185
Credit Card	1,045,892	539,477	1,585,369
Others	428,784	50,871	479,655
	P72,620,912	P2,825,873	P75,446,785

	December 31, 2020		
	Performing	Non-performing	Total
Corporate	P56,763,889	P812,410	P57,576,299
Consumers	12,037,018	1,332,698	13,369,716
Credit Card	899,064	503,353	1,402,417
Others	701,661	48,217	749,878
	P70,401,632	P2,696,678	P73,098,310

As at December 31, 2021 and 2020, the NPLs of the Bank, as reported to BSP, are as follows:

	2021	2020
Gross NPLs	P2,825,873	P2,698,793
Less deductions as required by BSP	2,018,591	1,908,728
Net NPLs	P807,282	P790,065

Gross and net NPL ratios of the Bank are 3.1% and 0.9%, respectively, as at December 31, 2021 and 3.0% and 0.9%, respectively, as at December 31, 2020.

As at December 31, 2021 and 2020, restructured loans amounted to P412.0 million and P304.4 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, 2021 and 2020, restructured receivables from customers considered as NPLs amounted P218.3 million and P195.8 million, respectively.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 Regulatory Reliefs for BSP-supervised financial institutions (BSFIs) Affected by the COVID-19, as amended by M-2020-0032 dated April 27, 2020 and M-2020-0022 dated April 8, 2020. The said memorandum provides for certain temporary regulatory relief measures for financial institutions supervised by the BSP as follow:

- Staggered booking of allowance for credit losses over a maximum of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of March 8, 2020, subject to prior approval of the BSP;
- Exclusion from the computation of past due and non-performing classification, the loans by borrowers in affected areas which should have been reclassified as past due as of March 8, 2020, including those loans becoming past due or non-performing six months thereafter, subject to the following: (a) such loans shall be reported to the BSP; (b) the exclusion shall be allowed from March 8, 2020 until December 31, 2021; and (c) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;
- Non-imposition of monetary policies for delays incurred in the submission of all supervisory reports to BSP due to be submitted from March 8, 2020 up to six months thereafter;
- Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following March 8, 2020 up to six months thereafter, subject to prior approval of the BSP;
- Increase in the Single Borrower's Limit (SBL) from 25.0% to 30.0% until March 31, 2021;
- Allowance of (a) loans to Micro, Small and Medium Enterprises (MSMEs) and (b) loans to critically-impacted large enterprises as alternative mode of compliance with reserve requirements until December 31, 2021; and
- Provision of financial assistance to officers affected by the present health emergency, for the grant of loans, advances or any other forms of credit accommodations, subject to the submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the BOD.

As of December 31, 2021 and 2020, there has been no avilment of the reliefs provided by BSP.

Interest Income on Loans and Receivables

This account consists of:

	2021	2020	2019
Receivables from customers:			
Term loans	P3,135,826,861	P3,502,896,604	P3,729,495,585
Housing loans	551,299,617	570,443,567	501,280,911
Auto loans	264,452,515	351,866,491	327,044,238
Agri-agra loans	38,283,650	26,051,159	34,055,163
Direct advances	18,021,144	25,320,441	33,414,850
Bills purchased, import bills and trust receipts	1,008,184	280,959	5,023,182
Others	250,289,916	336,682,833	255,918,893
	4,259,181,887	4,813,542,054	4,886,232,822
Sales contract receivable	25,273,885	26,601,895	33,828,277
	P4,284,455,772	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, 2021, 2020 and 2019, 48.0%, 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 1.0% to 54.0%, from 1.3% to 54.0% and from 1.6% to 54.0% in 2021, 2020 and 2019, respectively. Dollar-denominated loans earn annual fixed interest rates ranging from 1.2% to 8.0% in 2021 and 2020 and from 2.9% to 8.5% in 2019.

Sales contract receivables bear fixed interest rates ranging from 5.3% to 11.6% in 2021 and from 3.4% to 12.1% in 2020 and 2019.

13. Investment in an Associate

The details of movements of the Bank's equity investment in BIC follow:

	Note	2021	2020	2019
Acquisition cost (24.26%-owned)		P75,395,200	P75,395,200	P75,395,200
Accumulated equity in net loss and OCI:				
Balance at beginning of year		(28,782,008)	(28,025,906)	(29,487,304)
Share in net loss		(1,039,285)	(753,029)	(2,865,073)
Share in other comprehensive income (loss)		13,468	(3,073)	4,326,471
Balance at end of year		(29,807,825)	(28,782,008)	(28,025,906)
Allowance for impairment loss	17	(5,925,786)	(5,925,786)	(5,925,786)
	32	P39,661,589	P40,687,406	P41,443,508

The following table shows the summarized financial information of BIC:

	2021**	2020*	2019*
Assets	P175,202,382	P177,630,567	P182,018,232
Liabilities	(11,716,852)	(11,733,886)	(11,439,777)
Net assets	163,485,530	165,896,681	170,578,455
Revenues	1,740,041	956,700	1,168,192
Net loss for the year	(2,468,943)	(4,669,104)	(4,039,329)
Other comprehensive loss	57,793	(12,670)	(5,106)
Total comprehensive loss	(2,411,150)	(4,681,774)	(4,044,435)

* Based on 2019 and 2020 audited financial statements

** Based on 2021 unaudited numbers

As at December 31, 2021 and 2020, 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

The movements in property and equipment follow:

Note	December 31, 2021						Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 29)		
Cost							
Balance at January 1	P41,569,630	P854,170,133	P1,540,355,955	P829,058,742	P940,405,219	P4,205,559,679	
Additions	-	18,017,685	114,949,628	24,028,376	45,242,843	202,238,532	
Disposals	-	-	(85,117,636)	-	(12,688,642)	(97,806,278)	
Reclassification	16	-	189,582	-	-	189,582	
Balance at December 31	41,569,630	872,187,818	1,570,377,529	853,087,118	972,959,420	4,310,181,515	
Less Accumulated Depreciation and Amortization							
Balance at January 1	-	242,821,509	1,197,935,505	775,846,438	323,398,988	2,540,002,440	
Depreciation and amortization	-	22,717,268	104,126,463	23,658,730	194,007,195	344,509,656	
Disposals	-	-	(40,196,208)	-	(12,688,642)	(52,884,850)	
Balance at December 31	-	265,538,777	1,261,865,760	799,505,168	504,717,541	2,831,627,246	
Allowance for impairment losses	17	5,022,885	1,133,017	-	-	6,155,902	
Net Book Value at December 31	P36,546,745	P605,516,024	P308,511,769	P53,581,950	P468,241,879	P1,472,398,367	
Note	December 31, 2020						Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 29)		
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 1	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 2021, 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 statement of income amounted to P0.3 million, P0.5 million and P0.4 million, respectively.

As at December 31, 2021 and 2020, the cost of fully depreciated property and equipment still in use amounted to P1.7 billion and P1.6 billion, respectively.

15. Investment Properties

The movements in investment properties follow:

December 31, 2021			
Note	Land	Buildings	Total
Balance at January 1	P3,354,902,161	P1,177,252,394	P4,532,154,555
Additions	6,038,866	58,065,161	64,104,027
Disposals	(137,060,531)	(41,185,952)	(178,246,483)
Balance at December 31	3,223,880,496	1,194,131,603	4,418,012,099
Less Accumulated Depreciation			
Balance at January 1	-	727,351,651	727,351,651
Depreciation	-	75,962,263	75,962,263
Disposal	-	(24,892,448)	(24,892,448)
Balance at December 31	-	778,421,466	778,421,466
Less Allowance for Impairment Losses	17	185,103,589	6,172,509
		P3,038,776,907	P409,537,628
			P3,448,314,535

	Note	December 31, 2020		
		Land	Buildings	Total
Balance at January 1		P3,382,699,201	P1,117,837,397	P4,500,536,598
Additions		11,786,963	12,404,057	24,191,020
Disposals		(39,584,003)	(11,919,235)	(51,503,238)
Reclassification		-	58,930,175	58,930,175
Balance at December 31		3,354,902,161	1,177,252,394	4,532,154,555
Less Accumulated Depreciation				
Balance at January 1		-	595,014,287	595,014,287
Depreciation		-	125,259,084	125,259,084
Disposal		-	(3,730,338)	(3,730,338)
Reclassification		-	10,808,618	10,808,618
Balance at December 31		-	727,351,651	727,351,651
Less Allowance for Impairment Losses	17	172,547,531	7,268,767	179,816,298
		P3,182,354,630	P442,631,976	P3,624,986,606

	Note	December 31, 2019		
		Land	Buildings	Total
Balance at January 1		P2,892,960,147	P925,714,857	P3,818,675,004
Additions		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)
Balance at December 31		-	595,014,287	595,014,287
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, 2021 and 2020, the aggregate market value of investment properties amounted to P9.3 billion and P8.1 billion, respectively. Information about the fair value measurement of investment properties is 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:

	2021	2020	2019
Gain on assets sold	P258,763,846	P45,987,545	P134,937,859
Gain on foreclosure	3,877,212	1,104,271	193,461,664
	P262,641,058	P47,091,816	P328,399,523

Rental income on investment properties (included in "Miscellaneous income" account in the statements of income) in 2021, 2020 and 2019 amounted to P0.1 million, P0.2 million P1.6 million, respectively (see Note 30).

Direct operating expenses on investment properties that generated rental income (included under “Rent and utilities” account, “Litigation and acquired assets-related expenses” in “Other expenses - miscellaneous” account and “Taxes and licenses” account in the statements of income) amounted to P0.02 million in 2021. No direct operating expenses on investment properties that generated rental income were incurred in 2020 and 2019. Direct operating expenses on investment properties such as security and insurance expenses, included under “Rent and utilities” account, litigation expenses, included under “Litigation and acquired assets-related expenses” in “Other expenses - miscellaneous” account, and real estate taxes, included under “Taxes and licenses” account in the statements of income, that did not generate rental income in 2021, 2020 and 2019 amounted to P74.0 million, P68.4 million and P70.2 million, respectively (see Note 30).

16. Other Assets

This account consists of:

	Note	2021	2020
Miscellaneous assets - TRB	33	P4,435,560,125	P4,435,569,820
Creditable withholding tax		1,538,203,367	1,277,486,389
Intangible assets*		358,695,778	363,318,065
Sinking fund	23	280,236,108	279,765,823
Documentary stamps		124,742,541	102,095,989
Prepaid expenses		46,468,703	21,596,789
Other properties acquired*		20,415,042	51,041,236
Others		199,521,077	213,982,609
		7,003,842,741	6,744,856,720
Less allowance for impairment losses	17	4,615,905,588	4,615,724,154
		P2,387,937,153	P2,129,132,566

*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, 2021 and 2020 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, 2021 and 2020, 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 2021 and 2020, provisions for impairment losses recognized for prudential reporting to BSP amounted to P160.0 million (see Note 33).

Intangible Assets

Intangible assets consist of:

	<i>Note</i>	2021	2020
Software costs *		P298,695,778	P303,318,065
Branch licenses		60,000,000	60,000,000
		358,695,778	363,318,065
Less allowance for impairment losses	<i>17</i>	90,278,696	90,278,696
		P268,417,082	P273,039,369

**net of accumulated amortization, gross of allowance for impairment losses*

Movements in software costs follow:

	2021	2020	2019
Cost			
Balance at January 1	P877,878,810	P861,720,028	P730,123,876
Additions	48,972,849	16,158,782	131,596,152
Balance at end of year	926,851,659	877,878,810	861,720,028
Less Accumulated Amortization			
Balance at January 1	574,560,745	528,652,828	494,508,673
Amortization for the year	53,595,136	45,907,917	34,144,155
Balance at end of year	628,155,881	574,560,745	528,652,828
Less Allowance for Impairment Losses	90,278,696	90,278,696	90,278,696
Net Book Value	P208,417,082	P213,039,369	P242,788,504

Other Properties Acquired

Movements in the other properties acquired follow:

	<i>Note</i>	2021	2020	2019
Cost				
Balance at January 1		P225,430,172	P246,655,672	P228,602,522
Additions		41,210,000	24,013,000	49,947,500
Disposals		(44,651,000)	(45,238,500)	(31,511,000)
Reclassification	<i>14</i>	(1,705,172)	-	-
Write-off		-	-	(383,350)
Balance at end of year		220,284,000	225,430,172	246,655,672
Less Accumulated Depreciation				
Balance at January 1		174,388,936	106,187,895	38,239,801
Depreciation for the year		42,060,966	86,916,796	76,976,250
Disposals		(15,065,354)	(18,715,755)	(8,644,806)
Reclassification	<i>14</i>	(1,515,590)	-	-
Write-off		-	-	(383,350)
Balance at end of year		199,868,958	174,388,936	106,187,895
Less Allowance for Impairment Losses		-	-	25,777
Net Book Value		P20,415,042	P51,041,236	P140,442,000

In 2021, 2020 and 2019, gain on foreclosure amounted to P1.2 million, 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 P10.3 million, P11.0 million and P5.9 million in 2021, 2020 and 2019, respectively.

17. Allowance for Credit and Impairment Losses

Movements in ECL allowances in 2021, 2020 and 2019 on financial assets, other than loans and receivables, are summarized as follows (amounts in thousands):

	December 31, 2021					Total
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	
ECL allowance, January 1, 2021	P5,340	P138	P2,978	P1,770	P1,231	P11,457
Provision for (reversal of) credit and impairment losses for the year	785	(3)	(431)	(1,138)	4,493	3,706
Foreign exchange differences	-	6	36	30	37	109
ECL allowance, December 31, 2021	P6,125	P141	P2,583	P662	P5,761	P15,272

	December 31, 2020					Total
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	
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					Total
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	
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 2021, 2020 and 2019.

The ECL allowance on financial assets at FVOCI is included in the “Net unrealized gains (losses) on financial assets at FVOCI” account in the statements of financial position (see Note 10).

As at December 31, 2021 and 2020, ECL on off-balance sheet exposures amounted to P70.7 million and P32.2 million, respectively, (see Note 21). In 2021, 2020 and 2019, the Bank recognized reversal of ECL on loan commitment and financial guarantees amounting to P38.5 million, P15.7 million and P8.0 million, respectively.

In 2021, the Bank recognized a reversal of allowance for credit losses on loans and receivables amounting to P339.1 million, which is included in the “Reversal of credit and impairment losses” account in the statements of income, as a result of the changes made in the ECL parameters to improve the accuracy of the ECL models (see Notes 3 and 4). The amount of the effect in future periods is not disclosed because estimating the impact is impracticable.

The table below summarizes the movement in ECL allowances on loans and receivables in 2021, 2020 and 2019 (amounts in thousands).

	December 31, 2021										
	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, 2021	P629,890	P199,431	P79,230	P7,401	P380	P1,642	P19,744	P937,718	P2,872	P16,292	P956,882
Provision for credit and impairment losses	(457,085)	(151,063)	35,763	(7,113)	3,029	4,311	17,669	(554,499)	(120)	(8,078)	(562,697)
Transfer from Stage 1	(76,052)	(35,239)	(87,494)	-	-	(4,190)	(25,975)	(228,600)	(253)	(5,866)	(234,709)
Transfer from Stage 2	1,217	5,437	2,472	-	-	-	64	9,190	4	206	9,400
Transfer from Stage 3	-	736	474	-	-	-	2	1,212	120	27	1,369
Foreign exchange differences	1,820	7	-	-	7	26	21	1,881	-	10	1,891
	99,790	16,284	33,420	288	3,416	1,789	11,915	166,902	2,623	2,601	172,126
Stage 2											
ECL Loans, January 1, 2021	49,354	88,482	28,776	-	7,059	1,207	5,714	180,592	153	31,627	212,372
Provision for credit and impairment losses	(47,694)	(58,919)	72,494	-	(7,244)	(726)	(2,641)	(44,730)	(52)	3,309	(41,473)
Transfer from Stage 1	37,999	12,455	28,461	-	-	4,190	1,480	84,585	110	2,048	86,743
Transfer from Stage 2	(1,217)	(22,255)	(82,928)	-	-	-	(676)	(107,076)	(101)	(9,727)	(116,904)
Transfer from Stage 3	-	2,791	2,017	-	-	-	44	4,852	50	176	5,078
Movement due to foreclosure/settlement	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	482	-	-	-	185	-	-	674	-	-	732
	38,924	22,554	48,820	-	-	4,671	3,928	118,897	160	27,491	146,548
Stage 3											
ECL Loans, January 1, 2021	593,711	305,220	252,160	73,710	163,188	17,663	559,082	1,964,734	54,709	1,043,361	3,062,804
Provision for credit and impairment losses	(10,209)	(207,100)	73,070	-	-	-	16,410	(127,829)	(60)	43,377	(84,512)
Transfer from Stage 1	38,053	22,844	59,023	-	-	-	24,095	144,015	143	3,808	147,966
Transfer from Stage 2	-	19,783	77,491	-	-	-	612	97,886	97	9,521	107,504
Transfer from Stage 3	-	(3,527)	(2,491)	-	-	-	(46)	(6,064)	(170)	(203)	(6,437)
Movement due to foreclosure/settlement	-	(632)	(12,351)	-	-	-	-	(12,983)	-	(1,080)	(14,063)
Write-off	1,745	-	-	2,716	-	-	1,417	5,878	-	5,385	11,263
Foreign exchange differences	623,300	136,588	446,902	76,426	163,188	17,663	601,570	2,065,637	54,719	1,104,169	3,224,525
TOTAL											
ECL Loans, January 1, 2021	1,272,955	593,133	360,166	81,111	170,627	20,512	584,540	3,083,044	57,734	1,091,280	4,232,058
Provision for credit and impairment losses	(514,988)	(417,082)	181,327	(7,113)	(4,215)	3,585	31,428	(727,056)	(232)	38,608	(688,682)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	-	(632)	(12,351)	-	-	-	-	(12,983)	-	(1,080)	(14,063)
Write-off	4,047	7	-	2,716	192	26	1,445	8,433	-	5,453	13,886
Foreign exchange differences	P762,014	P175,426	P529,142	P76,714	P166,604	P24,123	P617,413	P2,351,436	P57,502	P1,134,261	P3,543,199

*Comprised of benefit loans, salary loans and credit cards.

**Comprised of accrued interest receivables, accounts receivables and RCOCI

December 31, 2020

	Term Loans	Housing Loans	Auto Loans	Import Bills and Trust Receipts	Direct Advances	Agri Agri 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 (56,149)	279,607 (241,584)	125,749 (140,802)	(420)	6,421 (7,059)	230	(2,358) (1,854)	502,797 (447,448)	(633) (499)	12,140 (8,812)	514,304 (456,759)
Transfer from Stage 1	-	1,316	735	-	-	-	28	2,079	13	56	2,148
Transfer from Stage 2	-	82	41	-	-	-	-	123	5	4	132
Transfer from Stage 3	(3,247)	(13)	-	(9)	(4)	-	(58)	(3,331)	-	(14)	(3,345)
Foreign exchange differences	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	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	384,885	(65)	(5,082)	379,538
Transfer from Stage 1	6,795	160,566	113,121	-	-	-	1,222	281,894	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	(1,801)	-	-	(2,384)	-	-	(108,923)	(108,923)	-	-	(108,923)
Foreign exchange differences	593,711	305,220	252,160	73,710	163,188	17,663	559,082	1,964,734	54,709	1,043,361	3,062,804
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	1,060,530	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	(5,048)	(13)	-	(2,383)	(239)	-	(108,923)	(10,162)	-	-	(108,923)
Foreign exchange differences	P1,272,955	P593,133	P360,166	P81,111	P170,627	P20,512	P584,540	P3,083,044	P57,734	P1,091,280	P4,232,058

*Comprised of benefit loans, salary loans and credit cards.

**Comprised of accrued interest/receivables, accounts receivables and 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 (27,836)	26,326 (7,773)	31,634 (8,775)	4,180	568	(1,657) (1,842)	7,008 (1,095)	101,121 (47,321)	(537) (306)	5,748 (1,080)	106,332 (48,707)
Transfer from Stage 1	-	8,416	2,669	-	-	-	124	11,209	34	1,812	13,055
Transfer from Stage 2	-	3,454	1,439	-	-	-	84	4,977	47	61	5,085
Transfer from Stage 3	-	-	-	(12)	-	-	(161)	(2,304)	-	(4)	(2,308)
Foreign exchange differences	(2,113)	(6)	-	-	(12)	-	-	-	-	-	-
	595,718	160,023	93,507	7,830	1,022	1,412	23,986	883,498	3,986	12,918	900,402
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) 716	1,192 3,544	(2,579) 4,966	-	-	-	(17) 265	(91,797) 11,363	(50) 99	23,211 264	(68,636) 11,726
Transfer from Stage 1	1,609	(11,526)	(4,106)	-	-	1,842	(170)	(14,195)	(36)	(23,555)	(37,786)
Transfer from Stage 2	-	2,824	2,751	-	-	-	88	5,653	35	88	5,786
Movement due to foreclosure/settlement	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-	-	(14)	(14)
	86,618	11,943	5,674	-	-	1,842	437	106,514	96	25,241	131,851
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) 27,120	25,057 4,229	19,351 3,779	(594)	(464)	-	73,136 830	(19,543) 35,958	(480) 207	35,725 816	15,702 36,981
Transfer from Stage 1	(1,609)	3,110	1,439	-	-	-	46	2,986	2	21,743	24,731
Transfer from Stage 2	-	(6,278)	(4,190)	-	-	-	(172)	(10,640)	(82)	(149)	(10,871)
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	2,442,020
TOTAL											
ECL Loans, January 1, 2019	1,466,568	209,867	159,102	82,187	164,118	22,574	264,152	2,368,588	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)	(9,960)	-	(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 2021 and 2020 (amounts in thousands).

	December 31, 2021				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)
Gross carrying amount, January 1, 2021	P39,552,550	P1,023,394	P22,058,806	P15,424,248	P9,147,509
New assets purchased or originated	3,256,626,243	7,809	3,826,932,412	6,827,432	49,388,879
Assets derecognized or repaid	(3,253,886,243)	(10,151)	(3,826,951,339)	(17,433,762)	(15,166,197)
Other movements*	3,080,718	18,545	(2,903,790)	237,199	(455,372)
Gross carrying amount, December 31, 2021	P45,373,268	P1,039,597	P19,136,089	P5,055,117	P42,914,819

*Includes movements in outstanding balances and foreign exchange differences

	December 31, 2020				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)
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

The table below summarizes the movement in the gross carrying amounts on loans and receivables in 2021 and 2020 (amounts in thousands).

	December 31, 2021										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri/Agri Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Gross carrying amount, January 1, 2021	P55,303,304	P6,900,837	P2,918,758	P641,585	P399,181	P278,823	P1,416,982	P67,859,470	P287,217	P1,170,690	P69,317,377
New assets purchased or originated	31,008,059	907,420	903,817	15,067	386,811	1,128,509	469,469	34,819,152	121,023	318,734	35,258,909
Assets derecognized or repaid	(24,817,660)	(240,632)	(285,286)	(486,730)	(394,272)	(248,071)	(195,496)	(26,648,167)	(11,512)	(6,22,693)	(27,282,372)
Transfer from Stage 1	(1,355,663)	(484,351)	(232,962)	-	-	(149,993)	(48,640)	(2,271,609)	(25,256)	(113,111)	(2,409,976)
Transfer from Stage 2	33,872	429,581	308,144	-	-	-	6,784	778,381	357	11,327	790,065
Transfer from Stage 3	-	76,241	12,504	-	-	-	423	89,168	11,993	1,525	102,686
Other movements***	(3,098,541)	(604,870)	(929,839)	217,004	(18,887)	51,101	(31,746)	(4,415,778)	(121,536)	1,14,683	(4,422,631)
	57,073,351	6,984,226	2,715,136	386,926	372,833	1,060,369	1,617,776	70,210,617	262,286	881,155	71,354,058
Stage 2											
Gross carrying amount, January 1, 2021	726,822	861,790	819,674	-	36,954	17,785	79,137	2,542,162	15,345	78,565	2,636,072
New assets purchased or originated	(655,564)	(42,248)	(79,086)	-	(36,954)	-	(15,054)	(828,906)	(2,885)	(30,103)	(861,894)
Assets derecognized or repaid	1,307,997	318,127	144,007	-	-	149,993	20,472	1,940,596	10,989	45,988	1,997,573
Transfer from Stage 1	(33,872)	(563,003)	(419,746)	-	-	-	(8,039)	(1,024,660)	(10,083)	(24,739)	(1,059,482)
Transfer from Stage 2	-	73,184	10,337	-	-	-	579	84,100	5,029	2,083	91,212
Transfer from Stage 3	(11,637)	(71,765)	(229,299)	-	-	(4,834)	(29,127)	(346,662)	(2,347)	(15,951)	(364,960)
Other movements***	1,333,746	576,085	245,887	-	-	162,944	47,968	2,366,630	16,048	55,843	2,438,521
	601,685	754,848	484,798	73,710	163,188	17,663	590,786	2,696,678	153,595	1,056,685	3,906,958
Stage 3											
Gross carrying amount, January 1, 2021	(4,039)	(107,696)	(47,665)	-	-	-	(5,873)	(165,273)	(11,789)	(25,662)	(202,724)
New assets purchased or originated	47,666	166,224	88,955	-	-	-	28,168	331,013	14,267	67,123	412,403
Assets derecognized or repaid	-	133,422	111,802	-	-	-	1,255	246,279	9,726	13,412	269,417
Transfer from Stage 1	-	(149,425)	(22,841)	-	-	-	(1,002)	(173,266)	(17,022)	(3,606)	(193,698)
Transfer from Stage 2	(2,158)	(28,619)	(42,716)	2,716	-	-	4,886	(65,891)	(18,146)	16,626	(67,411)
Transfer from Stage 3	643,154	768,754	582,133	76,426	163,188	17,663	618,220	2,869,538	130,631	1,124,576	4,124,745
Other movements***	-	-	-	-	-	-	-	-	-	-	-
	56,631,811	6,517,475	4,233,230	715,295	599,323	314,271	2,086,905	73,098,310	456,157	2,305,940	75,860,407
Total											
Gross carrying amount, January 1, 2021	31,008,059	907,420	903,817	15,067	386,811	1,128,509	469,469	34,819,152	121,023	318,734	35,258,909
New assets purchased or originated	(25,477,283)	(390,576)	(392,037)	(486,730)	(431,226)	(248,071)	(216,423)	(27,642,346)	(25,186)	(6,78,458)	(28,346,990)
Assets derecognized or repaid	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	(3,112,336)	(705,254)	(1,201,854)	219,720	(18,887)	46,267	(55,987)	(4,828,331)	(142,029)	115,358	(4,855,002)
Other movements***	P99,050,251	P8,325,065	P3,543,156	P463,352	P536,021	P1,240,976	P2,283,964	P75,446,785	P408,965	P2,061,574	P77,917,324

*Comprised of benefit loans, salary loans and credit cards.

**Comprised of accrued interest receivables, accounts receivables and RCOCI

***Includes movements in outstanding balances and foreign exchange differences

December 31, 2020

	Term Loans	Housing Loans	Auto Loans	Import Bills and Trust Receipts	Direct Advances	Agri. Agri. 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 (23,425,918)	784,403 (177,266)	887,809 (237,521)	641,585 (800,463)	446,383 (755,645)	247,344 (252,499)	358,892 (175,708)	30,068,214 (25,825,020)	59,627 (31,971)	1,120,087 (883,242)	31,247,928 (26,740,233)
Assets derecognized or repaid	(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 1	-	39,885	27,235	-	1,149	-	1,487	68,269	1,322	1,896	71,487
Transfer from Stage 2	-	1,102	1,436	-	-	-	-	2,538	471	59	3,068
Transfer from Stage 3	(3,350,140)	(549,443)	(1,034,352)	-	(19,971)	(10,553)	(112,806)	(5,077,265)	(90,998)	(89,947)	(5,258,210)
Other movements***	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	(301,354)	(13,099)	(17,709)	-	-	-	(2,904)	(335,066)	(616)	(16,341)	(352,023)
Assets derecognized or repaid	726,822	795,254	787,817	-	36,954	-	60,489	2,407,336	7,378	76,933	2,481,647
Transfer from Stage 1	(6,130)	(165,733)	(96,204)	-	-	-	(2,726)	(270,793)	(6,668)	(9,410)	(286,871)
Transfer from Stage 2	-	4,938	1,177	-	-	-	17,020	23,135	7,377	53	30,565
Transfer from Stage 3	(986)	(10,749)	(36,182)	-	-	(4,553)	(3,025)	(65,495)	(1,711)	666	(66,540)
Other movements***	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	(13,635)	(9,156)	(12,744)	-	-	-	(2,285)	(37,820)	(2,686)	(20,551)	(61,057)
Assets derecognized or repaid	13,462	396,254	250,768	-	-	-	397,817	1,058,301	42,477	31,204	1,131,962
Transfer from Stage 1	6,130	125,848	68,969	-	-	-	1,577	202,524	5,346	7,514	215,384
Transfer from Stage 2	-	(6,040)	(2,613)	-	-	-	(17,020)	(25,673)	(7,846)	(112)	(33,633)
Transfer from Stage 3	-	-	-	-	-	-	(108,923)	(108,923)	-	-	(108,923)
Write-off	(2,790)	(1,686)	(8,916)	(2,446)	-	-	(2,955)	(18,793)	(3,765)	(4,512)	(27,070)
Other movements***	601,685	754,848	494,798	73,710	163,188	17,663	590,786	2,696,678	153,595	1,066,685	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 (23,740,907)	784,403 (199,521)	887,809 (267,974)	641,585 (800,463)	446,383 (755,645)	247,344 (252,499)	358,892 (180,897)	30,068,214 (26,197,906)	59,627 (35,273)	1,120,087 (920,134)	31,247,928 (27,153,313)
Assets derecognized or repaid	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	(3,353,916)	(561,878)	(1,079,450)	(2,446)	(19,971)	(15,106)	(108,923)	(108,923)	(96,474)	(93,793)	(108,923)
Other movements***	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 RCOC/

***Includes movements in outstanding balances and foreign exchange differences

Movement in allowance for impairment losses as at December 31, 2021, 2020 and 2019 for investment in associate and non-financial assets are summarized as follows (amounts in thousands):

	December 31, 2021				Total
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	
Balance at beginning of year	P5,926	P6,156	P179,816	P4,615,724	P4,807,622
Provision for impairment losses for the year	-	-	11,460	181	11,641
Foreign exchange differences	-	-	-	-	-
Balance at end of year	P5,926	P6,156	P191,276	P4,615,905	P4,819,263

	December 31, 2020				Total
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	
Balance at beginning of year	P5,926	P6,156	P175,753	P4,615,167	P4,803,002
Provision for impairment losses for the year	-	-	4,063	564	4,627
Foreign exchange differences	-	-	-	(7)	(7)
Balance at end of year	P5,926	P6,156	P179,816	P4,615,724	P4,807,622

	December 31, 2019				Total
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	
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. The issuance was listed in the Philippine Dealing and Exchange Corporation.

Reserve Requirement

On March 31, 2020, the BSP issued Circular No. 1082 reducing the reserve requirement to 12.0% effective on the reserve week starting on April 3, 2020.

As at December 31, 2021 and 2020, the Bank is in compliance with such reserve requirements. Due from BSP demand deposit account amounting to P18.5 billion and P15.4 billion as at December 31, 2021 and 2020, respectively, is available for meeting these reserve requirements as reported to BSP.

Due from BSP-Overnight Deposit Accounts earned annual interest rate of 1.5% in 2021 and interest rates ranging from 1.5% to 3.5% and from 3.5% to 4.3% in 2020, and 2019, respectively. Due from BSP-Term Deposit Accounts earned annual interest rates ranging from 1.7% to 2.0%, from 1.7% to 4.3% and from 4.2% to 5.2% in 2021, 2020, and 2019, respectively. Interest income on Due from BSP amounted to P226.4 million, P255.2 million and P104.9 million in 2021, 2020, and 2019, respectively.

Interest expense on deposit liabilities follows:

	2021	2020	2019
Demand	P53,357,209	P44,728,904	P35,708,157
Savings	276,548,245	710,148,562	1,912,211,483
Time	89,031,236	194,935,281	398,347,203
LTNCTD	226,323,900	177,915,733	-
	P645,260,590	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 2021, 2020 and 2019. Foreign currency-denominated deposits are subject to annual interest rates ranging from 0.1% to 1.3% in 2021 and 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, 2021 and 2020, borrowings from rediscounting facility amounted to nil and P0.02 million, respectively. As at December 31, 2020, these borrowings were collateralized by certain receivables from customers amounting to P0.04 million.

As at December 31, 2021 and 2020, 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:

	2021	2020	2019
Local banks	P223,871	P272,528	P2,660,677
SSURA	-	-	597,709
Other borrowings	16,467,494	833,171	1,597,608
	P16,691,365	P1,105,699	P4,855,994

Peso-denominated short-term borrowings from local banks are subject to annual interest rates ranging from 1.7% to 2.5%, interest rate of 1.9%, interest rates ranging from 5.0% to 5.3% in 2021, 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 2021 and 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 2021 and 2020 and annual interest rates ranging from 8.0% to 12% in 2019.

In 2021, interest expense on other borrowings includes interest expense on tax settlement amounting to P16.3 million.

20. Accrued Interest, Taxes and Other Expenses

This account consists of accruals for the following:

	<i>Note</i>	2021	2020
Interest payable:			
Deposit liabilities	18	P37,146,820	P51,639,625
Bills payable and others	19	16,329,798	1,762
		53,476,618	51,641,387
Employee and other benefits		338,297,519	338,329,853
Insurance		168,765,955	144,295,518
Penalties		165,383,371	141,485,559
Taxes payable		133,568,593	73,083,225
Fees and commissions		20,350,249	22,796,639
Building repairs and maintenance		16,383,548	5,531,391
Equipment-related expenses		14,643,673	23,502,169
Management and professional fees		13,022,486	9,360,289
Security		10,417,981	14,942,413
Rent		7,910,069	11,201,623
Others		79,405,740	56,293,411
		P1,021,625,802	P892,463,477

In 2021, taxes payable includes liability for tax settlement amounting to P33.5 million and others includes accrual of universal banking license fee amounting to P24.5 million.

Other accrued expenses include accruals for marketing and advertising, utilities expenses, janitorial, messengerial, and various expenses attributable to the Bank's operations.

21. Other Liabilities

This account consists of:

	<i>Note</i>	2021	2020
Accounts payable		P757,587,121	P874,595,629
Lease liability	29	538,398,243	681,997,064
Bills purchased - contra	12	373,471,093	640,565,660
Due to preferred shareholders	23	280,236,108	279,765,823
Other credits-dormant		193,930,421	178,948,793
Retirement liability	28	158,547,517	392,542,958
Due to Treasurer of the Philippines		139,817,762	56,618,723
Withholding tax payable		75,903,545	49,898,110
ECL on off-balance sheet exposures	17	70,709,667	32,194,847
Miscellaneous		74,369,624	98,918,230
		P2,662,971,101	P3,286,045,837

Accounts payable mainly pertains to advance loan payments from borrowers, inward and outward remittances received by the Bank pending payment or application to designated deposit accounts.

Other credits - dormant account includes long outstanding Managers' Checks that are yet to be encashed by the payees, which have been outstanding for more than one (1) year from the dates of checks.

ECL on off-balance sheet exposures relate to committed credit line, credit card lines, outstanding guarantees and unused commercial letter of credits (see Note 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):

Note	2021			2020		
	Within 12 Months	Over 12 Months	Total	Within 12 Months	Over 12 Months	Total
Financial Assets - gross						
COCI	P2,747,781	P -	P2,747,781	P2,420,505	P -	P2,420,505
Due from BSP	45,373,268	-	45,373,268	39,552,550	-	39,552,550
Due from other banks	1,039,597	-	1,039,597	1,023,394	-	1,023,394
Interbank loans receivable and SPURA	19,136,089	-	19,136,089	22,058,806	-	22,058,806
Financial assets at FVPL:						
Private debt securities	-	490,888	490,888	-	602,404	602,404
Government securities held-for-trading	478,225	-	478,225	639,004	-	639,004
Derivative assets	-	25,500	25,500	-	24,011	24,011
Financial assets at FVOCI:						
Government securities	-	4,569,701	4,569,701	10,545,490	4,402,607	14,948,097
Private debt securities	303,522	-	303,522	-	314,964	314,964
Equity securities	-	181,894	181,894	-	161,187	161,187
Investment securities at amortized cost - gross:						
Government securities	2,938,689	37,393,064	40,331,753	1,794,104	4,140,353	5,934,457
Private debt securities	-	2,583,066	2,583,066	2,358,976	854,076	3,213,052
Loans and receivables - gross:						
Receivable from customers:						
Term loans	28,703,719	30,346,532	59,050,251	22,498,929	34,132,883	56,631,812
Housing loans	1,400,974	6,928,319	8,329,293	1,673,336	6,844,248	8,517,584
Auto loans	1,017,877	2,525,332	3,543,209	1,499,126	2,734,134	4,233,260
Agri-agra loans	1,121,100	120,264	1,241,364	266,282	48,537	314,819
Direct advances	480,823	56,682	537,505	596,077	4,920	600,997
Bills purchased, import bills and trust receipts	463,352	-	463,352	715,295	-	715,295
Others	1,790,690	528,430	2,319,120	1,635,536	471,791	2,107,327
Accrued interest receivable	974,480	-	974,480	888,473	-	888,473
Accounts receivable	794,693	-	794,693	1,125,879	-	1,125,879
Sales contract receivables	155,905	253,060	408,965	168,409	287,748	456,157
Unquoted debt securities	291,578	-	291,578	291,578	-	291,578
RCOCI	822	-	822	10	-	10
Investment in associate	-	75,395	75,395	-	75,395	75,395
	109,213,184	86,078,127	195,291,311	111,751,759	55,099,258	166,851,017
Non-financial Assets - gross						
Property and equipment	-	4,310,182	4,310,182	-	4,205,560	4,205,560
Investment properties	-	4,418,012	4,418,012	-	4,532,155	4,532,155
Deferred tax assets - net	-	743,505	743,505	-	955,380	955,380
Other assets	1,731,011	6,100,857	7,831,868	1,416,804	6,077,002	7,493,806
	1,731,011	15,572,556	17,303,567	1,416,804	15,770,097	17,186,901
	P110,944,195	P101,650,683	P212,594,878	P113,168,563	P70,869,355	P184,037,918
Less:						
Allowance for credit and impairment losses	17	-	8,377,073	-	-	P9,049,367
Accumulated depreciation and amortization	14, 15, 16	-	4,438,074	-	-	4,016,304
Unearned interest	12	-	37,309	-	-	22,784
Accumulated equity in net loss	13	-	29,808	-	-	28,782
Total			P199,712,614			P170,920,681

	Note	2021			2020		
		Within 12 Months	Over 12 Months	Total	Within 12 Months	Over 12 Months	Total
Financial Liabilities							
Deposit liabilities:	18						
Demand		P48,702,340	P -	P48,702,340	P39,659,286	P -	P39,659,286
Savings		108,874,542	378	108,874,920	83,743,821	-	83,743,821
Time		7,889,178	1,217,966	9,107,144	19,162,549	1,510,535	20,673,084
LTNCTD		-	5,029,420	5,029,420	-	5,029,420	5,029,420
Bills payable	19	-	-	-	19	-	19
Manager's checks		951,460	-	951,460	870,080	-	870,080
Accrued interest and other expenses*	20	541,850	-	541,850	469,849	-	469,849
Other liabilities**	21	1,720,250	637,561	2,357,811	2,036,987	774,422	2,811,409
		168,679,620	6,885,325	175,564,945	145,942,591	7,314,377	153,256,968
Non-financial Liabilities							
Accrued taxes and other expense payable	20	479,776	-	479,776	422,615	-	422,615
Other liabilities	21	305,160	-	305,160	474,636	-	474,636
		784,936	-	784,936	897,251	-	897,251
		P169,464,556	P6,885,325	P176,349,881	P146,839,842	P7,314,377	P154,154,219

*amounts exclude accruals of employee and other benefits, taxes payable and rent

**amounts exclude withholding tax payable, retirement liability and ECL of loan commitments and financial guarantees

Refer to Note 5 for the discussions on the Bank's policy on liquidity risk and funding management.

23. Capital

The Bank's capital stock consists of the following as at December 31:

	Shares			Amount		
	2021	2020	2019	2021	2020	2019
Authorized Capital Stock						
Common stock, from P100 par value in 2020 to P10 par value in 2021	1,702,511,470	170,251,147	212,500,000	P17,025,114,700	P17,025,114,700	P21,250,000,000
Preferred stock, from P100 par value in 2020 to P10 par value in 2021	455,000,000	45,500,000	7,500,000	4,550,000,000	4,550,000,000	750,000,000
	2,157,511,470	215,751,147	220,000,000	P21,575,114,700	P21,575,114,700	P22,000,000,000
Issued and Outstanding						
Common stock	1,122,411,120	112,241,112	112,241,112	P11,224,111,200	P11,224,111,200	P11,224,111,200
Preferred stock	416,666,670	-	-	4,166,666,700	-	-
	1,539,077,790	112,241,112	112,241,112	P15,390,777,900	P11,224,111,200	P11,224,111,200
Paid-in Surplus						
Common stock				P5,542,922,931	P5,594,079,646	P5,594,079,646
Preferred stock				1,233,771,938	-	-
				P6,776,694,869	P5,594,079,646	P5,594,079,646

Reconciliation of the number of shares outstanding at the beginning and at the end of the periods:

	Common Shares			Preferred Shares		
	2021	2020	2019	2021	2020	2019
Balance as of January 1	112,241,112	112,241,112	112,241,112	-	-	-
Issuance during the year	-	-	-	41,666,667	-	-
Adjustment for 10-to-1 Stock Split	1,010,170,008	-	-	375,000,003	-	-
Balance as of December 31	1,122,411,120	112,241,112	112,241,112	416,666,670	-	-

Preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders after 5 years from issue date, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of the Bank and subject to the other terms and conditions as may be fixed by the BOD, required under regulations, and to the extent permitted by applicable law.

The Bank has outstanding liability for the unpaid portion of the redemption price of preferred shares amounting to P280.2 million and P279.8 million as at December 31, 2021 and 2020, respectively, which is recorded as “Due to preferred shareholders” account under “Other liabilities” in Note 21 to the financial statements. As at December 31, 2021 and 2020, the related sinking fund which is recorded under “Other assets” account amounting to P280.2 million and P279.8 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 P21,575,114,700 (c) reclassify 3,251,147 existing unissued preferred shares into new unissued preferred shares and (d) reclassify 42,248,853 existing unissued common shares into new unissued preferred shares. The amendments resulted in total new preferred shares of 45,500,000 with par value of P100 and decrease in common shares to 170,251,147 with par value of P100. These were approved by the BSP on May 21, 2020 and by the SEC on June 9, 2020.

On January 26, 2021, the BOD approved the issuance of 41,666,667 preferred shares to San Miguel Corporation at P132.0 per share. These shares will be issued out of the unissued Series 1 Preferred Shares of the Bank. On March 8, 2021, the Bank received from BSP a “No Objection” to the provisions in the indicative terms and conditions of these Preferred Shares, provided that the Bank shall continuously comply with the regulation for the inclusion of preferred shares as part of Additional Tier 1 capital under Appendix 59, Risk-based Capital Adequacy Framework for the Philippines Banking System, of the Manual Regulations for Banks. On June 29, 2021, the BOD approved the change of investor for preferred shares from San Miguel Corporation to SMC Equivest Corporation, a wholly owned subsidiary of San Miguel Corporation and an existing stockholder of the Bank. On August 5, 2021, the Bank issued 41,666,667 Series 1 Preferred Shares to SMC Equivest Corporation at P132.0 per share. Transaction costs on the issuance of preferred shares amounting to P99.6 million were charged against “Paid-in surplus”.

On May 25, 2021 and July 8, 2021, the BOD and the Stockholders, respectively, approved the amendment of the Bank’s Articles of Incorporation to the par value of common and preferred shares from One Hundred Pesos (P100.0) to Ten Pesos (P10.0). The amendment resulted in increase in common shares from 170,251,147 to 1,702,511,470 and increase in preferred shares from 45,500,000 to 455,000,000. This amendment was approved by the BSP on October 4, 2021 and by the SEC on November 2, 2021.

On October 28, 2021 and November 9, 2021, the BOD and Stockholders, respectively, approved the primary public offer and sale of up to 280,700,000 common shares from unissued capital stock. As disclosed in Note 36, the SEC and the PSE approved on February 15 and February 16, 2022, respectively, the Initial Public Offer of the Bank and the listing is scheduled on March 31, 2022.

On the same dates, the BOD and the Stockholders also approved the amendment to the Articles of Incorporate to align sections around the sale, assignment, and disposal of shares with the lock up requirements of the Philippine Stock Exchange. The By-laws were also amended to update sections on stockholders, the Board of Directors, certificates of stock and the transfer of shares of stock. On December 31, 2021, the BSP approved the request of the Bank to amend its Articles of Incorporation and By-laws. As disclosed in Note 36, the amendment on the Bank’s Articles of Incorporation and By-laws was approved by the SEC on January 28, 2022.

Equity Restructuring

On March 29, 2021, the BOD approved the Bank to undergo equity restructuring to wipe out the deficit amounting to P51,156,715 as at December 31, 2020 through the use of the Bank’s Paid-in surplus.

On July 12, 2021, the Bank received from BSP a “No Objection” response to its application for equity restructuring with the SEC, subject to the (i) Bank’s compliance with the Commission’s other requirements; and (ii) condition that the Bank shall provide BSP a certified true copy of SEC’s approval of the equity restructuring within five (5) days from receipt thereof.

On October 14, 2021, the SEC approved the equity restructuring to wipe-out the deficit as at December 31, 2020 amounting to P51,156,715 against the Paid-in surplus of P5.6 billion subject to the conditions that the remaining Paid-in surplus of P5.5 billion cannot be applied for future losses that may be incurred by the Bank without prior approval of the SEC.

Capital Management

The Bank's capital base, comprised of capital stock, paid-in surplus and surplus reserves, is actively being managed to cover risks inherent in the Bank's operations. In 2009, SMPI and SMCRP infused additional capital amounting to P3.3 billion in the form of paid-up common stock. On February 18, 2010 and March 1, 2010, major stockholders infused P271.9 million and P2.1 billion, respectively, into the Bank in the form of advances for future stock subscriptions, which shall be treated as part of the Bank's paid-up capital upon the SEC's approval thereon and on the increase in the Bank's authorized capital stock.

On August 5, 2021, SMC Equivest Corporation infused additional capital amounting P5.5 billion in the form of paid-up preferred stock. This is in support of the application of the Bank for an upgrade of its commercial banking license to a universal banking license.

Under Section 121 of the MORB, *Minimum Required Capital*, the minimum capitalization requirement applicable for the Bank (commercial banks with more than 100 branches) amounted to P15.0 billion. On December 23, 2021, the BSP approved the upgrade of the Bank's banking license from commercial bank to universal bank (UB) subject to certain regulatory requirements. The minimum capitalization requirement for a UB with more than 100 branches amounted to P20.0 billion. While BSP approval is contingent on the Bank having a successful Initial Public Offer, as at December 31, 2021 and 2020, the reported unimpaired capital of the Bank amounted to P22.7 billion and P16.5 billion, respectively.

The guidelines on bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework. In compliance with this new circular, the Bank has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Bank. The level and structure of capital are assessed and determined in light of the Bank's business environment, plans, performance, risks and budget; as well as regulatory edicts. The deadline for submission of ICAAP documents is March 31 of each year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles which differ from PFRSs in some respects.

The BSP sets and monitors compliance to minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 538, *Revised Risk-Based Capital Adequacy Framework for Universal and Commercial Banks and their Subsidiary Banks and Quasi-Banks*, which implemented the Revised Risk-Based Capital Adequacy Framework under Basel II effective July 1, 2007. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10.0%.

Under Section 125 and Appendix 59 of the MORB, the regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprised common stock, additional paid-in capital and surplus. Tier 2 composed upper tier 2 and lower tier 2. Upper tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision and deposit for common stock subscription. Lower tier 2 consists of the unsecured subordinated debt.

The following are the minimum capital requirements for UBs and KBs and their subsidiary banks and quasi-banks (QBs):

- 6.0% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs)
- 7.5% Tier 1 Capital/RWAs, and
- 10.0% Total Qualifying Capital (Tier1 plus Tier2)/RWAs

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1(AT1)] and Tier 2 -'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a domestic bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer (CCB) of 2.5% of RWAs, comprised of CET1 capital, has been required of U/KBs and their subsidiary banks and quasi-banks. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress.

The CET1 capital requirement includes as an additional capital buffer, the Countercyclical capital buffer (CcyB) of zero percent (0%) subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increases in the CcyB rate shall be effective 12 months after announcement while decreases shall be effective immediately.

The countercyclical buffer requirement will extend the size of the capital conservation buffer. A bank shall not be subject to any restriction on distribution if the following conditions are met:

- Has positive retained earnings as of the preceding quarter and has complied with the requirements on the declaration of dividends as provided in the MORB;
- Has CET1 of more than the total required (minimum CET1 ratio of 6.0% plus CCB of 2.5% plus CcyB at the rate determined by the MB) before distribution; and
- Has complied with the minimum capital ratios (CET1 ratio of 6.0%, Tier 1 ratio of 7.5% and 10.0% CAR) after the distribution.

Otherwise, the policy framework of the capital conservation buffer on the restriction on distributions shall apply, except for drawdowns. Thresholds on the restriction on distribution shall consider the CcyB requirement as an extension of the capital conservation buffer.

As at December 31, 2021 and 2020, based on the CAR reports submitted to BSP, the Bank's CAR of 21.57% and 16.60%, 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 the CAR ratio was mainly due to the issuance of preferred shares in August 2021 and 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, 2021 and 2020 as reported to BSP follows (amounts in thousands):

	2021	2020
Credit risk-weighted assets	P92,873,736	P87,988,590
Operational risk-weighted assets	9,404,089	8,310,351
Market-risk weighted assets	332,908	733,210
	P102,610,733	P97,032,151

The Bank is also required to maintain a minimum Tier 1 capital ratio of 7.5% in 2021 and 2020 (in millions) which was compiled as per below:

	2021	2020
Tier 1 capital	P21,199	P15,120
Tier 2 capital	930	984
Total qualifying capital	P22,129	P16,104
Risk-weighted assets	P102,611	P97,032
Tier 1 capital ratio	20.66%	15.58%
Total capital ratio	21.57%	16.60%

Certain adjustments are made to PFRSs results and reserves to calculate CAR which included the Bank's accounting of the following transactions that require different accounting treatments under PFRSs:

- a) non-performing assets and operating losses of TRB capitalized as miscellaneous assets and subject to staggered allowance provisioning;
- b) accounting for investment properties.

The recognition of the Bank for prudential reporting is based on the accounting treatment approved by BSP (see Notes 15 and 16).

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5.0% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank exceeded the minimum leverage ratio of 5.0% as at December 31, 2021 and 2020 which was compiled as per below breakdown (amounts in thousands):

	2021	2020
Capital measure	P21,199,531	P15,120,329
Exposure measure	209,844,649	174,068,012
Leverage ratio	10.10%	8.69%

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, 2021 and 2020, the Bank's LCR were 211.8% and 165.0%, 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, 2021 and 2020, the reported NSFR of 190% and 161%, respectively, exceeded the required minimum of 100%.

This applies to UB/KBs as well as their subsidiary banks and quasi-banks with the framework anchored on the international standards issued by the Basel Committee on Banking Supervision known as the Basel 3 reforms.

24. Surplus Reserve

	2021	2020	2019
Reserve for general provision - special reserve	P556,655,007	P208,882,885	P223,344,419
Reserve for trust business	139,151,260	126,719,455	115,918,324
Reserve for self-insurance	60,000,000	60,000,000	60,000,000
	P755,806,267	P395,602,340	P399,262,743

The BSP, through Circular No. 1011, *Guidelines on the Adoption of the PFRS 9*, requires appropriation of the Bank's Retained earnings in case the computed allowance for credit losses on loans based on PFRS 9 is less than the BSP required 1.0% general provision on outstanding Stage 1 on-balance sheet loans, except for accounts considered as risk-free under existing regulations.

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:

	<i>Note</i>	2021	2020	2019
Investment securities at amortized cost:				
Government securities	11	P908,591,924	P571,132,356	P754,709,801
Private debt securities		154,337,125	177,633,500	171,893,382
Financial assets at FVOCI:				
Government securities	10	168,875,905	150,809,611	162,313,770
Private debt securities		19,758,785	19,799,002	28,175,322
		1,251,563,739	919,374,469	1,117,092,275
Financial assets at FVPL:				
Government securities held for trading	9	14,420,446	16,991,151	16,058,663
		P1,265,984,185	P936,365,620	P1,133,150,938

Foreign currency-denominated financial assets at FVPL bear annual interest rates ranging from 0.9% to 8.6% in 2021, 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 0.7% to 8.1%, from 0.8% to 8.1% and from 3.6% to 8.1% in 2021, 2020 and 2019, respectively.

Foreign currency-denominated financial assets at FVOCI bear EIRs ranging from 0.02% to 2.9%, from 0.1% to 3.9%, and from 2.0% to 3.9%, respectively, in 2021, 2020 and 2019. Peso-denominated financial assets at FVOCI bear EIRs ranging from 2.1% to 6.6% in 2021, 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% in 2021 and 2020 and from 2.0% to 3.4% in 2019. Peso-denominated investment securities at amortized cost bear EIRs ranging from 1.4% to 8.1% in 2021, 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:

	2021	2020	2019
Trust income	P139,219,456	P124,291,947	P107,985,620
Service charges	131,070,951	123,659,614	142,303,916
Credit card fees	115,655,338	90,918,959	114,954,396
Remittance fees	52,169,552	42,395,261	41,849,712
Letters of credit fees	36,248,747	11,347,102	16,036,627
Fees and commissions	26,587,398	2,999,204	3,285,774
Commitment fee	11,511,432	26,054,795	2,280,159
Penalty charges	8,098,809	8,626,070	19,629,875
Telegraphic transfer fees	2,480,761	2,363,815	3,053,339
Others	8,085,308	11,980,303	25,894,862
	P531,127,752	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 fee and sale of demand drafts.

27. Trading and Investment Securities Gains (Losses) - net

This account consists of realized and unrealized gains (losses) from the following securities:

	Note	2021	2020	2019
Financial assets and liabilities at FVPL:				
Debt securities:				
Realized		(P5,635,758)	P30,065,549	P21,326,085
Unrealized	9	(4,189,634)	69,731,751	135,535,224
Financial assets at FVOCI	10	(68,883,753)	280,743,443	198,827,405
Investment securities at amortized cost	11	-	767,033,010	-
		(P78,709,145)	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, 2021. Valuations are performed on an annual basis.

As at December 31, 2021, 2020 and 2019, the principal actuarial assumptions used in determining retirement benefits liability for the Bank's retirement plan are shown below:

	2021	2020	2019
Average working life	13.0	13.0	13.0
Discount rate	5.0%	3.9%	5.3%
Future salary increases	6.6%	6.6%	6.6%

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability and its components (in thousands).

	Defined Benefits Obligation			Fair Value of Plan Assets			Net Retirement Benefit Liability		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Balance at January 1	P1,329,366	P1,137,202	P822,021	(P936,823)	(P822,084)	(P620,813)	P392,543	P315,118	P201,208
Included in Profit or Loss									
Current service cost	129,639	108,067	76,083	-	-	-	129,639	108,067	76,083
Interest expense (income)	51,845	60,272	62,474	(36,536)	(43,570)	(47,182)	15,309	16,702	15,292
	181,484	168,339	138,557	(36,536)	(43,570)	(47,182)	144,948	124,769	91,375
Included in OCI									
Remeasurement loss (gain):									
Actuarial loss (gain) arising from:									
Financial assumptions	(166,458)	196,092	234,215	-	-	-	(166,458)	196,092	234,215
Experience adjustment	(6,013)	(87,254)	(5,378)	-	-	-	(6,013)	(87,254)	(5,378)
Return on plan assets excluding interest income	-	-	-	(14,069)	20,251	(4,151)	(14,069)	20,251	(4,151)
	(172,471)	108,838	228,837	(14,069)	20,251	(4,151)	(186,540)	129,089	224,686
Others									
Contributions paid by the employer	-	-	-	(192,403)	(176,433)	(202,151)	(192,403)	(176,433)	(202,151)
Benefits paid	(94,223)	(85,013)	(52,213)	94,223	85,013	52,213	-	-	-
	(94,223)	(85,013)	(52,213)	(98,180)	(91,420)	(149,938)	(192,403)	(176,433)	(202,151)
Balance at December 31	P1,244,156	P1,329,366	P1,137,202	(P1,085,608)	(P936,823)	(P822,084)	P158,548	P392,543	P315,118

The movements of the remeasurement losses on retirement liability of the Bank follow:

	2021	2020	2019
Balance at beginning of year	P449,088,000	P319,998,451	P95,312,091
Remeasurement losses (gains) on:			
Defined benefits obligation	(172,472,150)	108,837,990	228,837,578
Plan assets	(14,068,463)	20,251,559	(4,151,218)
	(186,540,613)	129,089,549	224,686,360
Balance at end of year	P262,547,387	P449,088,000	P319,998,451

The actual return on plan assets amounted to P50.6 million and P23.3 million in 2021 and 2020, respectively.

The Bank expects to contribute P170.5 million to its defined benefits retirement plan in 2022.

The major categories of the fair value of plan assets as at December 31, 2021 and 2020 follow:

	2021	2020
Investment securities:		
Government and other debt securities	P601,982,555	P515,228,053
Quoted equity securities	219,704,043	211,844,705
Unquoted equity securities	11,341,137	10,986,031
Deposits with the bank	37,470,693	69,142,094
Loans receivables	176,934,431	122,556,146
Other receivables	38,175,276	7,065,856
Total Plan Assets	P1,085,608,135	P936,822,885

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, 2021			
	Discount Rate		Salary Increase Rate	
	+1.00%	-1.00%	+1.00%	-1.00%
Present value of the defined benefit obligation	P1,117,210,293	P1,394,148,441	P1,382,061,451	P1,124,589,508
Fair value of plan assets	1,085,608,135	1,085,608,135	1,085,608,135	1,085,608,135
Net retirement liability	P31,602,158	P308,540,306	P296,453,316	P38,981,373

	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

The maturity analyses of the undiscounted benefit payments as at December 31, 2021 and 2020 are as follows:

	2021	2020
1 - 5 years	P380,432,662	P346,025,220
6 - 10 years	848,892,576,	774,482,245
11 - 15 years	1,114,695,317	1,108,344,179
16 years and up	4,417,461,354	4,353,924,242

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 11 years and 12 years as at December 31, 2021 and 2020, respectively. The expected average remaining working lives as at December 31, 2021 and 2020 is 13 years.

Compensation and Fringe Benefits

The details of the following accounts for the year ended December 31 follow:

	2021	2020	2019
Salaries and allowances	P988,536,430	P970,341,304	P939,044,104
Bonuses	375,320,000	332,320,000	298,945,157
Employee benefits	285,629,019	371,032,809	318,705,457
Retirement benefits	144,948,491	124,768,607	91,375,015
Overtime	26,535,151	20,929,533	36,468,698
	P1,820,969,091	P1,819,392,253	P1,684,538,431

29. Lease ContractsBank 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 18.5%.

The Bank also leases IT equipment such as ATMs and photocopier machine with contract term of 1 year. These leases are short-term and/or leases of low value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases. Rent expenses related to these contracts are charged against current operations (included under "Rent and utilities" account in the statements of income).

Information about leases for which the Bank is a lessee is presented below:

Right-of-Use Assets

Right-of-use assets relate to leased branch and office premises. Details of right-of-use assets are presented within property and equipment (see Note 14).

Lease Liabilities

See Note 5 for maturity analysis of lease liabilities as at December 31, 2021 and 2020.

The table below shows the amounts recognized in the statement of income in 2021, 2020 and 2019 related to leases under PFRS 16 (amounts in millions).

	2021	2020	2019
Interest on lease liabilities	P35.0	P42.9	P45.4
Expenses relating to short-term leases	59.4	44.4	56.0
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	8.9	13.2	10.5

Total cash outflow for leases recognized in the statement of cash flows in 2021, 2020 and 2019 amounted to P295.0 million, P280.9 million and P275.9 million, respectively.

Bank as Lessor

The Bank leases out its commercial properties for office space. The Bank has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the Bank on its commercial properties (shown under “Miscellaneous” in the statements of income) for the years ended December 31, 2021, 2020 and 2019 were P0.5 million, 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 P3.0 million, P2.8 million and P2.9 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 30).

As at December 31, 2021 and 2020, the Bank has no future rental receivables under non-cancellable operating lease.

30. Miscellaneous Income and Expenses

Miscellaneous Income

This account consists of:

	Note	2021	2020	2019
Passed-on GRT		P26,542,569	P33,438,750	P54,649,626
Dividend income	10	5,709,161	12,228,425	8,201,707
Rent income	29	3,439,978	3,546,544	5,509,668
Gain on exchange		-	-	363,450,000
Others		14,873,615	16,204,006	28,050,227
		P50,565,323	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:

	<i>Note</i>	2021	2020	2019
Fines and penalties		P97,759,614	P61,931,157	P41,932,646
Communications		80,744,268	52,048,887	57,879,402
Supervision and examination fee		57,535,251	55,138,108	47,807,051
Messengerial services		53,659,322	53,324,266	52,025,020
Marketing		50,196,110	51,243,101	73,927,301
Forms and supplies		37,796,870	40,537,784	38,009,159
Transportation and travel		16,446,128	11,465,185	22,657,826
Membership dues		16,439,851	13,307,104	12,670,088
Litigation and acquired assets-related expenses	15	10,166,679	5,416,646	11,388,756
Others		81,067,483	37,346,912	41,487,429
		P501,811,576	P381,759,150	P399,784,678

Others include management fee on deposits, charges on correspondent banks and postage.

In 2021, universal banking license fee amounting to P24.5 million was accrued by the Bank under "Others".

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.

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE Law), was signed into law and took effect on April 11, 2021. The following are certain provisions of the National Internal Revenue Code of 1997 that were amended and relevant to the Bank:

- Regular corporate income tax rate is decreased from 30% to 25% starting July 1, 2020;
- Minimum corporate income tax rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- The allowable deduction for interest expense shall be reduced by 20% of interest income subjected to final tax, instead of the previous 33%; and

- The imposition of 10% tax on improperly accumulated retained earnings is repealed.

The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a 3-year period from the year of incurrence.

In addition, Revenue Regulations (RR) No. 10-2002 provides for the ceiling on the amount of entertainment, amusement and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue.

In 2011, the BIR issued RR 4-2011, *Proper allocation of costs and expenses amongst income earning of banks and other financial institutions for income tax reporting purposes*, which requires banks to allocate and claim as deduction only those costs and expenses attributable to RBU to arrive at the taxable income of the RBU subject to regular income tax. Any cost or expense related with or incurred for the operations FCDU are not allowed as deduction from the RBU's taxable income. In computing for the amount allowable as deduction from RBU operations, all costs and expenses should be allocated between the RBU and FCDU by specific identification and by allocation.

Foreign Currency Deposit Unit

RA No. 9294, the existing applicable tax regulation governing the taxation of FCDU, provides, among others, the following:

- Offshore income or the income derived by FCDUs from foreign currency transactions with nonresidents, Offshore Banking Units (OBUs) in the Philippines, local commercial banks including branches of foreign banks that may be authorized by BSP to transact business with FCDUs and other depository banks under the foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the MB to be subject to the regular income tax payable by banks.
- Gross onshore income or interest income from foreign currency loans granted by FCDUs to residents through offshore units in the Philippines or other depository banks under the expanded system shall be subject to final tax at a rate of 10.0%; and
- Interest income derived by resident individual or corporation on deposits with FCDUs and OBUs are subject to 15.0% final tax.

Income tax expense consists of:

	2021	2020	2019
Current:			
Final	P399,293,480	P278,627,049	P281,701,979
MCIT	38,840,735	-	61,363,313
Adjustment for CREATE	(34,487,630)	-	-
RCIT	1,778,182	136,789,048	1,536,421
Tax benefit	-	(80,130,816)	-
	405,424,767	335,285,281	344,601,713
Deferred	218,263,891	(78,162,871)	119,584,686
	P623,688,658	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. In 2021, this amount includes the impact of CREATE Law, resulting to the remeasurement for items previously measured based on previous tax rate, amounting to P160.3 million and was recognized by the Bank in the current period.

The reconciliation of the income tax expense computed at the statutory tax rate to the effective income tax shown in the statements of income follows:

	2021	2020	2019
Income before income tax expense	P1,830,307,823	P1,041,556,198	P1,116,908,933
Income tax at statutory rate	P457,576,956	P312,466,859	P335,072,680
Additions to (reductions in) income taxes resulting from the tax effects of:			
Nondeductible expenses	128,709,952	340,769,185	319,664,541
Changes in unrecognized deferred tax assets	59,508,039	87,538,287	12,565,790
Tax paid income	(28,047,183)	(129,117,988)	(142,426,503)
FCDU income	(25,301,259)	(71,635,416)	(28,009,350)
Nontaxable income	21,934,422	(209,326,488)	(79,941,478)
Others	9,307,731	(73,572,029)	47,260,719
Effective income tax	P623,688,658	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, 2020 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2021 Tax Effect)
Deferred tax assets:				
Allowance for credit and impairment losses	P1,052,927,615	(P334,990,188)	P -	P717,937,427
Accumulated depreciation on foreclosed properties	218,205,495	(23,600,128)	-	194,605,367
Accrued employee benefits and other expenses	139,098,172	(20,277,393)	-	118,820,779
MCIT	-	86,549,744	-	86,549,744
Unrealized loss on foreclosed properties	91,694,600	(22,869,200)	-	68,825,400
Net lease liability	19,497,250	(1,958,159)	-	17,539,091
Accrued rent expense	3,083,792	(1,014,924)	-	2,068,868
	1,524,506,924	(318,160,248)	-	1,206,346,676
Deferred tax liability:				
Unrealized gain on foreclosed properties	(458,952,068)	87,766,564	-	(371,185,504)
Unrealized foreign exchange gain	(48,340,734)	8,290,594	-	(40,050,140)
Retirement benefits	(16,963,513)	(9,036,455)	-	(25,999,968)
Gain on investment properties sold under installments	(34,883,273)	9,277,625	-	(25,605,648)
Unrealized gain on financial assets at FVOCI	(6,389,324)	-	6,389,324	-
Unrealized gain on financial assets at FVPL	(3,598,029)	3,598,029	-	-
	(569,126,941)	99,896,357	6,389,324	(462,841,260)
Net Deferred Tax Assets (Liabilities)	P955,379,983	(P218,263,891)	P6,389,324	P743,505,416

	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

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:

	2021		2020		2019	
	Deductible Temporary Differences	Deferred Tax Asset	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Allowance for credit and impairment losses	P3,073,627,758	P768,406,940	P3,027,818,815	P908,345,645	P2,280,245,612	P684,073,684
Unrealized loss on financial assets at FVPL	3,421,893	855,473	-	-	1,556,373	466,912
MCIT	-	-	91,992,619	91,992,619	172,123,436	172,123,436
NOLCO	-	-	-	-	207,378,429	62,213,529
Others	209,107,113	52,276,778	142,823,016	42,846,905	122,564,407	36,769,322
Deferred tax items not recognized in profit or loss	3,286,156,764	821,539,191	3,262,634,450	1,043,185,169	2,783,868,257	955,646,883
Remeasurement losses on retirement liability	262,547,387	65,636,847	449,088,000	134,726,400	319,998,451	95,999,535
Deferred tax items not recognized in OCI	262,547,387	65,636,847	449,088,000	134,726,400	319,998,451	95,999,535
	P3,548,704,151	P887,176,038	P3,711,722,450	P1,177,911,569	P3,103,866,708	P1,051,646,418

As at December 31, 2021 and 2020, the Bank has no carryforward NOLCO.

Details of the Bank's RBU excess MCIT over RCIT as at December 31, 2021 follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2018	P30,629,306	P30,629,306	P -	2021
2019	61,363,313	-	61,363,313	2022
2021	25,186,431	-	25,186,431	2024
	P117,179,050	P30,629,306	P86,549,744	

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):

	2021		2020	
	DOSRI Loans	Related Party Loans (inclusive of DOSRI)	DOSRI Loans	Related Party Loans (inclusive of DOSRI)
Total outstanding loans	P -	P29,201,574	P -	P21,783,009
Percent of DOSRI/Related Party loans to total loans	0.00%	38.70%	0.00%	29.80%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	49.53%	0.00%	62.71%
Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	0.01%	0.00%	0.04%
Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	0.06%	0.00%	0.07%

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			
2021				
Investment in an associate		P -	P39,662	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		1,039	-	Share in net loss of BIC
2020				
Investment in an associate		-	40,687	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	24.25% 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	Amount/Volume				Outstanding Balance		Nature, Terms and Conditions
		2021	2020	2019	2021	2020		
Other Related Parties								
Financial assets at FVOCI:								
Equity securities	10	P -	P -	P -	P18,531	P18,531	8.57% equity interest in BANGE	
Private debt securities		-	-	-	314,964	314,964	Long-term bond with interest rate of 6.6% with maturity in 2022. Matured bond had interest rate of 5.9%	
Maturities		-	-	568,581	-	-	Long-term bonds with interest rates ranging from 4.5% to 8.1% with maturity years ranging from 2023 to 2025. Matured bond had interest rates ranging from 4.0% to 5.5%	
Investment securities at amortized cost	11	-	-	-	1,711,696	1,711,696		
Maturities		1,330,350	332,380	-	-	-		
Loans and receivables - net:								
Receivables from customers:	12	-	-	-	29,151,600	21,449,789	Term, housing, auto, salary and personal loans with interest rates ranging from 2.4% to 18.1% and with maturity of less than 1 year to 20 years; Collateral includes real estate mortgage, unregistered chattel mortgage, hold-out on deposit, assignment of contract and concession agreement, continuing surety agreement, mortgage trust indenture and pledge agreement on shares;	
Avaliments		63,412,047	57,727,441	97,558,958	-	-	Sales contract receivables with annual interest rate of 10.5% and with maturity in 2021; accrued interest receivables and accounts receivables on loans, sales contract receivables and long-term bonds;	
Settlements		60,623,795	60,698,979	100,372,158	-	-	Interest income on loans, sales contract receivables and long-term bonds;	
Sales contract receivables and accrued interest receivables:		-	-	-	175,410	130,863		
Avaliments		-	-	-	-	-		
Settlements		194	998	32,491	-	-		
Interest income		1,830,281	1,948,698	2,337,264	-	-		
Deposit liabilities:	18	-	-	-	56,884,489	42,747,440	Consists of current, savings and time deposits which earn interest at the respective bank deposit rates	
Deposits		4,112,755,092	3,171,896,515	3,654,227,740	-	-	Interest expense and accrued interest payable on deposits;	
Withdrawals		3,631,676,685	2,570,073,386	2,330,818,579	-	-	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.	
Accrued interest payable	20	105,793	138,076	558,705	7,660	2,377	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	
Accrued other expenses and other liabilities	21	182,914	144,915	166,865	2,267	2,951	Bank guarantees in favor of related party and outstanding letters of credit	
Fees and other income	26, 30	80,923	49,736	62,269	-	-		
Commitments and contingent liabilities	37	-	-	-	12,141,560	1,811,745		

Unless otherwise stated, RPTs disclosed are unsecured and balances are net of allowance

As at December 31, 2021 and 2020, outstanding bills purchased of related parties with contra account in “Other liabilities” amounted to P368.4 million and P419.8 million, respectively (see Notes 12 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 of December 31, 2021 and 2020, the allowance for credit losses on outstanding transactions with other related parties amounted to P85.2 million and P361.6 million, respectively. Reversal of credit losses recorded in 2021, 2020 and 2019 on such related party transactions totaled to P276.4 million, 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 as at December 31, 2021 and 2020 and income/expense of the funds for the period ended December 31, 2021, 2020 and 2019 follow:

	2021	2020	
Investment securities:			
Government and other debt securities	P601,982,555	P515,228,053	
Quoted equity securities	219,704,043	211,844,705	
Unquoted equity securities	11,341,137	10,986,031	
Loans and other receivables	215,109,707	129,622,002	
Deposits with the Bank	37,470,693	71,106,690	
Total Plan Assets	P1,085,608,135	P938,787,481	
Due to Broker	P28,619,810	P1,728,636	
Trust fee payable	1,308,143	201,974	
Other liabilities	69,048	33,986	
Total Plan Liabilities	P29,997,001	P1,964,596	
Plan Income	2021	2020	2019
Interest income	P27,713,620	P26,049,369	P25,325,513
Trading and investment gains (losses) - net	(30,241,813)	(10,560,419)	1,742,765
Dividend income and others	9,477,411	8,193,257	6,625,221
	P6,949,218	P23,682,207	P33,693,499
Plan Expense			
Trust fees	P2,461,431	P2,088,834	P1,755,143
Other expenses	1,758,759	647,155	752,211
Provision for credit losses	11,821,715	73,991	277,864
	P16,041,905	P2,809,980	P2,785,218

As at December 31, 2021 and 2020, 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 P10.7 million and P11.1 million as at December 31, 2021 and 2020, respectively. Limitations and restrictions are covered by the IMA Agreement and anything outside the IMA Agreement must be explicitly authorized by the Board of Trustees (BOT).

Interest income on deposit with the Bank amounted to P4,014, P129,977 and P10,537 in 2021, 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 P192.4 million and P176.4 million in 2021 and 2020, respectively. Benefits paid out of the Bank's plan assets amounted to P94.2 million and P85.0 million in 2021 and 2020, 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 period ended December 31, 2021, 2020 and 2019 follows:

	2021	2020	2019
Short-term employee benefits	P544,595,527	P530,809,650	P536,003,622
Post-employment benefits	44,934,032	37,430,582	29,240,005
	P589,529,559	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, 2021, 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, 2021 and 2020, interbank loans receivable amounting to nil and P106.5 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:

	2021	2020	2019
Noncash investing activities:			
Additions to investment properties and other properties acquired in settlement of loans	P89,736,152	P46,108,250	P433,122,836
Increase in sales contract receivables from sale of investment properties	92,323,023	43,862,200	118,925,434

The following table shows the reconciliation analysis of liabilities arising from financing liabilities for period ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Beginning balance	P682,015,739	P646,104,589	P557,471,615
Lease liabilities	-	-	587,782,880
	682,015,739	646,104,589	1,145,254,495
Additions to lease liabilities	44,853,267	220,703,671	206,273,261
Interest accretion	35,033,242	42,921,243	45,360,536
Cash flows during the year:			
Proceeds	4,810,000,000	1,984,184,000	6,554,445,000
Settlements	(5,033,504,005)	(2,204,998,022)	(7,305,228,703)
	(223,504,005)	(220,814,022)	(750,783,703)
Other adjustments	-	(6,899,742)	-
Ending balance	P538,398,243	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 P4.8 billion, P2.0 billion and P6.6 billion in 2021, 2020 and 2019, respectively, are presented in statements of cash flows on a net basis.

35. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

	2021	2020	2019
a. Net income	P1,206,619,165	P784,433,788	P652,722,534
b. Dividends on preferred shares*	57,291,667	-	-
c. Net income to equity holders of the Bank	1,149,327,498	784,433,788	652,722,534
d. Weighted average number of outstanding common shares**	1,122,411,120	1,122,411,120	1,122,411,120
e. Basic earnings per share (c/d)	P1.02	P0.70	P0.58

* potential dividends on preferred shares as these were not assumed to be converted.

**Weighted average number of common shares in 2020 and 2019 were adjusted retrospectively to reflect the change in par value from P100.0 per share to P10.0 per share.

Diluted earnings per share attributable to equity holders of the Bank were computed as follows:

	2021	2020	2019
a. Net income to equity holders of the Bank	P1,206,619,165	P784,433,788	P652,722,534
b. Weighted average number of outstanding common shares and dilutive preferred shares			
Outstanding common shares*	1,122,411,120	1,122,411,120	1,122,411,120
Potential common shares from assumed conversion of preferred shares	173,611,113	-	-
c. Total weighted average common shares	1,296,022,233	1,122,411,120	1,122,411,120
d. Diluted earnings per share (a/c)	P0.93	P0.70	P0.58

*Weighted average number of common shares in 2020 and 2019 were adjusted retrospectively to reflect the change in par value from P100.0 per share to P10.0 per share.

The following basic ratios measure the financial performance of the Bank:

	2021	2020	2019
Return on average equity	6.01%	4.77%	4.13%
Return on average assets	0.65%	0.50%	0.44%
Net interest margin on average earning assets	3.42%	3.87%	3.45%

36. Events after the Reporting Date

On January 28, 2022, the SEC approved the amendments to the Articles of Incorporation to align sections around the sale, assignment, and disposal of shares with the lock up requirements of the Philippine Stock Exchange. The SEC also approved the amendment to the By-laws to update sections on stockholders, the Board of Directors, certificates of stock, and the transfer of shares of stock.

On February 15 and February 16, 2022, the SEC and PSE, approved the Initial Public Offer application of the Bank. The price-settling date was set on March 11, 2022 and the offer period ran from March 16 to March 22. The listing is scheduled on March 31, 2022.

On February 22, 2022, the BOD approved the amendments to the Articles of Incorporation to change its purpose from a Commercial Bank to a Universal Bank pursuant to BSP MB Resolution No. 1798 dated December 23, 2021. The By-laws were also amended to comply with Sections 28 and 52 of the Revised Corporation Code.

37. Supplementary Information Required under BSP Circular No. 1074

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements to Section 174 of the MORB of the BSP, issued through BSP Circular No. 1074, *Amendment to Regulations on Financial Audit of Banks*.

(a) 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, 2021 and 2020:

	2021	2020
Contingent assets:		
Future/spot exchange bought	P229,495,500	P168,080,500
Fixed income securities purchased	25,218,255	248,291
Outward bills for collection	2,999,218	3,286,476
	P257,712,973	P171,615,267
Commitments and contingent liabilities:		
Trust department accounts	P63,687,480,988	P39,422,371,051
Unused commercial letters of credit	8,417,817,547	800,505,453
Committed credit line	6,828,080,056	3,577,500,000
Credit card lines	3,362,130,139	3,708,362,146
Outstanding guarantees	2,271,624,364	1,165,637,379
Future/spot exchange sold	841,483,500	528,253,000
Late deposits/payments received	4,636,985	171,532,610
Fixed income securities sold	-	496,582
Items held for safekeeping/securities held as collateral	42,112	54,088
	P85,413,295,691	P49,374,712,309

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, 2021 and 2020.

(b) 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 P63.7 billion (unaudited) and P39.4 billion (audited) as at December 31, 2021 and 2020, respectively.

In compliance with the requirements of current banking regulations relative to the Bank's trust functions, government securities with face value of P674.0 million and P504.0 million as at December 31, 2021 and 2020, respectively, which have been included under "Investment securities at amortized cost" (see Note 11), are deposited with BSP.

Other relevant disclosures required by BSP Circular No. 1074 are in Notes 12, 23, 32 and 35.

38. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in a note to the separate financial statements. The Bank presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

Senior Officers

as of December 31, 2021

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 /
Group Head
Trust Services Group

Joel T. Carranto

Group Head
Branch Banking Group

Anna Marie A. Cruz

Division Head
Corporate Communications &
Consumer Protection Division

Ma. Katrina Alba Felix

Group Head
Credit Card Group

Antonio S. Laquindanum

Chief Financial Officer /
Group Head
Finance and Controllership
Group

Donald Benjamin

G. Limcaco
Chief Technology Officer /
Group Head
Digital Services Group

Reginald C. Nery

Chief Audit Executive
Internal Audit Division Head
(Jan - Oct 2021)
Officer-in-Charge (eff. Nov. 1)
Compliance Division

Paul John T. Reyes

Division Head & Chief Dealer
TMG-Foreign Exchange
Trading Division

Jay S. Velasco

Group Head
Operations Group

First Vice Presidents

Editha M. Apacible

Division Head
DSG-POD

Michael Dennis F. Asiddao

Division Head
DSG-IOPD

Danielyn P. Casaul

Division Head
CBG-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

Maria Leticia D.

Madridejos
Division Head / Special
Assistant to the President
CBG-Corporate Banking I
Division concurrent Office
of the President / CEO

Marie Kristin G. Mayo

Division Head
Human Resource
Management & Development
Division

Arturo Gerard

T. Medrano III
Division Head
FCG-Acquired Assets Division

Leocente G. Reyes

Division Head
TBG-Cash Management Division

Jose Mari M. Zerna

Group Head
Consumer Group

Vice Presidents

Amalia Q. Belarmino

Department Head
TSG-Investment & Portfolio
Management Department

Orlando M. Bibares

Division Head
OG-Loan Operations Division

Georgina M. Borcelis

Division Head
BBG-Metro Manila Division I

Esperanza B. Cabrerros

Division Head
OG-Treasury Operations
Division

Andrew D. Cajucom

Department Head
CCG-Credit Card Sales and
Marketing Department

Fernando V. Carpio

Division Head
DSG-Special Projects

Reginald M. Dayrit

Trade Sales Division Head
TBG-Trade Division

Annalyn D. Delos Santos

Division Head
BBG-Metro Manila Division II

Jacqueline A. Domingo

Division Head
BBG-BOD-Branch Operations
Control Center

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

Officer-in-Charge concurrent
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

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

Maria Chelo Martina

F. Trapaga
Department Head
TBG-Remittance Department

Girlye 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**Edilberto D. Abad**

Area Operations Officer
BBG-BOD-BOCC-Makati Area
& Metro Manila East Area

Ma. Clariza M. Ang

Area Head
BBG-MMD I-MPA

Ulysses C. Aquino

Department Head / IT
Operations Manager
DSG-IOPD-DCMD

Rommelwin M. Ardidon

Department Head
RMD-IT Risk Management
Department

Joie Zendel A. Bacar

Branch Head
BBG-MMD II-Main Office Area

Erasmus R. Bagunas

Division Head
FCG-General Accounting
and Financial Systems Control
Division

Liberty A. Balmemino

Branch Head
BBG-MMD II-Main Office Area

Dominador Anthony

P. Banaag Jr.
Department Head
BBG-BOD-BOQC-Branch
Systems Support

Catherine N. Belamide

Area Head
BBG-MMD-Metro Manila East
Area

Paulyn V. Bernabe

Division Head
TMG-Treasury Marketing
& Sales Division

Percelin T. Billate

Department Head /
Applications Development
and Maintenance Manager
DSG-IOPD-Application
Delivery Department

Alexander R. Brillon

Department Head /
Correspondent Banking
Officer
TMG-SID-Strategic Support
Department concurrent
Financial Institution Division

Augusto Manuel

M. Briones
Department Head
TMG-TMSD-Wholesale
Department I

Evelyn G. Brucales

Department Head
CD-Compliance Management
& Monitoring Department

Rafael Lito D. Carbonell

Branch Strategic Support
Center Head
BBG-BOD-Strategic Support
Center

Januario G. Caringal

Chief Security Officer
Security Department

Lolita B. Carlos

Area Head
BBG-MMD II-Main Office Area

Ronald C. Castillo

Area Head
BBG-MMD I-Quezon City Area

Janet D. Casyao

Division Head
BBG-BOD-Branch Operations
Quality Center

Nicole Francine

Ariadne C. Chua
Department Head
TMG-FITD-US Treasury
Trading Department

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

Joanne A. Del Rosario

Department Head
RMD-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

Robby Carlo J. Caerlan

Division Head
FCG-CPD

Lena R. Galang

Division Head
CG-Credit Evaluation Division

Jean N. Gannaban

Department Head
IAD-Metro Manila Branch
Audit Department

Cecilia Ruby D. Gloria

Branch Head
BBG-LD-SLA-San Pedro Branch

Francisco Raymund

P. Gonzales
Deputy
Corporate Communications &
Consumer Protection Division

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

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

Paul V. Manlongat

Area Head
BBG-LD-South Luzon Area

Ester S. Maraas

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
DSG-IOPD-SSSD

Michael Karlo C. Montecillo

Division Head
OG-General Services Division

Katherine Anne

E. Ongchangco
Segment Head
TSG-TSMD-Ecosystem Market
Department

Alyn R. Pugal

Area Operations Officer
BBG-BOD-BOCC-CLA & NLA

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

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
DSG-POD-PMD (PM)

Wilson C. Vinoya

Department Head
LSD-Litigation Department

Cherry Anne G. Yap

Area Head
BBG-LD-North Luzon Area

Metro Manila

Makati Area

AYALA

G/F STI Holdings Bldg.,
6764 Ayala Ave., Makati
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
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
8-840-2789 / 8-840-2719

DELA ROSA

G/F King's Court Bldg. II,
2129 Dela Rosa cor. Chino
Roces Avenue, Makati
8-831-7156 / 8-831-7155
(Fax) / 7-624-9497

JUPITER

64/66 Jupiter St.,
Brgy. Bel-Air, Makati
5-310-5944 / 8-828-4397 /
5-310-5952

MAGALLANES

G/F Tritan Plaza Bldg.,
Paseo de Magallanes,
Makati
8-851-1424 / 7-219-0153

PASAY ROAD

G/F Cedar Executive Bldg.,
1006 A. Arnaiz Ave.
(Pasay Road),
San Lorenzo Village,
Makati
8-840-5612 / 8-840-5640

PASONG TAMO EXTENSION

2295 OPVI Center,
Pasong Tamo Extension,
Makati
8-892-9700 / 7-219-0271 /
8-817-9300 (Fax)

ROCKWELL

Level P1 The Powerplant Mall,
Rockwell Center, Makati
8-898-1523 / 7-219-0114 /
8-898-1522 (Fax)

SALCEDO

G/F, Aguirre Bldg.,
108 Tordesillas cor. H.V.
Dela Costa Streets, Salcedo
Village, Bel-Air, Makati
8-813-2220 / 8-813-2734 (Fax)

MAKATI AVENUE - ZUELLIG

Unit 102, G/F Zuellig Bldg.
Makati Avenue cor.
Paseo de Roxas and
Sta. Potenciana Streets,
Makati
8-961-7628 / 7-219-0127 /
8-961-8364 (Fax)

Metro Manila North Area

BALIUAG

Victoria Bldg., Ano cor. Gil
Carlos Streets, 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

CALOOCAN

100 8th Avenue cor.
A. Del Mundo St., Brgy. 58,
West Grace Park,
Caloocan City
8-287-2344 / 8-287-4709 (Fax)

GRACE PARK

G/F HGL Bldg., 554 EDSA
cor. Biglang Awa St.,
Caloocan
8-361-1832 / 8-219-0126 /
8-361-0931 (Fax)

MALABON

29 Gov. Pascual Acacia Ave.,
Malabon
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., Narra St.,
Brgy. Sta. Clara, Sta. Maria,
Bulacan
(044) 796-3797 /
(044) 796-3813

TOMAS MORATO

Tomas Morato Avenue cor.
Dr. Lascano St., Kamuning,
Quezon City
8-261 0766 / 8-922-7981
PLDT / 8-922-7982

VALENZUELA

Units 12-13, Puregold Price
Club, Brgy. Dalandanan,
McArthur Highway,
Valenzuela
8-332-2260 / 3-975-2401

Metro Manila South Area

ALABANG



Unit 6, El Molito Bldg.,
Madrigal Ave., Alabang,
Muntinlupa
8-850-8718 / 8-219-0121 /
8-850-1574

BF HOMES



33 President's Ave.,
Brgy. B.F. Homes,
Parañaque
8-219-0149 / 8-403-8941 (Fax)

BICUTAN



G/F FilHome Builders Bldg.,
68 Doña Soledad Ave.,
Parañaque
8-219-0129 / 8-776-4146 /
8-823-2321

DASMARIÑAS - CAVITE



Veluz-Frances Plaza Bldg.,
cor. Guevarra St. Brgy.
Zone 1, Aguinaldo Highway,
Dasmariñas, Cavite
Manila Line:
(02) 8-529-8129 (Fax)
Cavite Line: (046) 416-2335

LAS PIÑAS



Elena Bldg., Real St.,
Alabang-Zapote Road,
Pamplona, Las Piñas
8-556-1507 / 8-556-1501 /
8-556-1500

IMUS



Lot 3, Block 1, Anabu 1,
Aguinaldo Highway,
Imus, Cavite
(046) 438-8451 (Fax)

NAIA



N IPT Bldg. Terminal 1
Arrival Area, Brgy. Sto. Niño,
Parañaque
8-219-0132 / 8-853-0712

NAIA TERMINAL 3



Stall 14, Arrival Lobby,
NAIA Terminal 3 Complex,
Pasay
8-833-7295

NINOY AQUINO

AVENUE



Units W & Y, No. 707
Columbia Airfreight Complex,
Ninoy Aquino Ave.,
Brgy. Sto Niño,
Parañaque
8-851-2680 / 8-219-0185 /
8-854-4071 (Fax)

RESORTS WORLD



Unit R3, Horizon Center,
100 Andrews Ave.,
Newport City, Pasay
8-219-0197 / 8-551-3521 /
8-551-3520 (Fax) /
0917-8351960

SUCAT



Fortuna II Bldg.,
8338 Dr. A. Santos Ave.,
Sucat, Parañaque
8-826-8415 / 8-820-7747 (Fax)
/ 0917-8351265

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 cor.
Marquina Streets,
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 and AC Delgado Streets,
Port Area, Manila
8-527-7986 / 7-219-0802

QUIAPO



609 Sales St., Quiapo, Manila
8-733-9326 / 7-217-4348

SOLER



1004 Reina Regente
cor. Soler Streets,
Binondo, Manila
8-244-7003 / 7-219-0120 /
8-244-7001 (Fax)

STO. CRISTO



Units 471-483, Kim Siu Ching
Foundation Bldg., Sto. Cristo
cor. Jaboneros Streets,
Binondo, Manila
8-241-4151 / 8-242-0242 (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
7-217-6313 / 8-353-0086 (Fax)

UN AVENUE



429 Victoria Bldg.,
United Nations Ave.,
Ermita, Manila
8-254-1673 / 7-217-2375 /
8-524-9935 (Fax)

Main Office Branch Area

MAIN OFFICE

- SAN MIGUEL



Unit A, G/F San Miguel
Properties Center,
No. 7 St. Francis Street,
Mandaluyong
8-635-5517 / 7-219-0213 /
8-633-2430 / 8-633-9296 (Fax)

Metro Manila East Area


BONIFACIO


GLOBAL CITY





G/F Kensington Place,
Burgos Circle, Fort Bonifacio,
Taguig
8-856-1707 / 7-219-0107 /
8-856-1696 (Fax)


BONIFACIO HIGH STREET 
G/F Active Fun Bldg.,
9th Ave. cor., 28th St.,
Fort Bonifacio, Taguig
8-779-8023 / 8-779-8024 /
7-957-9320


CAINTA 
40 Felix Ave., San Isidro,
Cainta, Rizal
8-682-8524 / 7-219-0214 /
8-682-6243 (Fax)


CONCEPCION 
52 A.M. PACLEB Bldg.,
Bayan-Bayanan Ave.,
Concepcion 1, Marikina City
8-941-0714 / 7-219-0125 /
8-942-0429 (Fax)


EASTWOOD - PETRON 
188 E. Rodriguez Jr. Ave. (C-5),
Bagumbayan, Quezon City
8-654-0084 / 7-216-9879 /
8-655-1204 (Fax)


GREENHILLS 
G/F Eisenhower Tower,
No. 7, Eisenhower St.,
Greenhills, San Juan
8-723-5380 (Telefax) /
7-219-0207 /
8-727-4936 to 39

MARCOS HIGHWAY 
Unit 10, Thaddeus Arcade,
Pitpitan cor. Gil Fernando Ave.,
San Roque, Marikina City
8-647-7172 / 7-219-2723 /
8-647-7165 (Fax)

MARIKINA 
258 J.P. Rizal St., Sta. Elena,
Marikina City
8-646-1808 / 7-219-3453 /
8-646-1802 (Fax)


PASIG 
G/F Renaissance 1000 Tower,
Meralco Ave., Pasig
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 (Fax)


WACK-WACK PETRON 
553 Shaw Blvd.,
Brgy. Wack-Wack,
Mandaluyong City
7-738-1984 / 7-217-2180 /
7-738-1985 (Fax)


Quezon City Central Area


BROADCAST CITY 
Broadcast City Compound,
Capitol Hills, Quezon City
8-932-4628 / 7-219-0188 /
8-932-4969


COMMONWEALTH 
Verde Oro 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 and 8th Ave.,
Brgy. Socorro, Cubao,
Quezon City
8-911-2486 / 7-219-0202 /
8-911-2485


E. RODRIGUEZ 
E. Rodriguez Sr. Ave. cor.
84 Hemady St., Brgy.
Mariana, New Manila,
Quezon City
8-722-2379 / 8-722-2197 /
8-705-1943

DEL MONTE 
Bank of Commerce 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, 8 Biak na Bato
St., cor. Quezon Ave.,
Quezon City
8-712-2534 / 8-732-8360


VISAYAS AVENUE 
15 Visayas Ave. Ext.,
Brgy. Culiati, Quezon City
8-426-4732 / 7-219-0155 /
8-426-4854


WEST AVENUE 
68 – A Carbal Building,
West Avenue, Quezon City
8-374-5544 / 7-219-0168 /
8-374-5548


WEST TRIANGLE 
1451 Quezon Ave. cor.
Examiner St., Quezon City
8-925-1209 / 7-219-0160 /
8-927-4063

Luzon

North Luzon Area

BAGUIO 
G/F YMCA Baguio Bldg.,
Post Office Loop (Upper
Session Road), Baguio
(074) 619-0073 /
(074) 619-0072 (Fax)

CANDON 
National Highway,
Brgy. San Jose, Candon,
Ilocos Sur
(077) 674-0623 /
(077) 644-0288 (Fax)

CARMEN 
McArthur Highway,
Carmen Rosales, Pangasinan
(075) 582-7365 /
(075) 582-7370 (Fax)

CAUAYAN CITY,**ISABELA**

G/F Majesty Commercial Bldg., National Highway, Brgy. Fermin, Cauayan, Isabela
(078) 652-2339 (Telefax)

**URDANETA**

The Pentagon Bldg., McArthur Highway, Nancayasan, Urdaneta City, Pangasinan
(075) 656-1017 /
(075) 656-1018 (Fax)

**CABANATUAN**

V.P Bldg., Maharlika Highway Brgy. H. Concepcion, Cabanatuan, Nueva Ecija
(044) 940-1254 /
(044) 940-1263 (Fax)

**MABALACAT**

McArthur Highway, San Francisco, Mabalacat, Pampanga
(045) 649-4407 /
(045) 308-0516

**DAGUPAN**

Eastgate Plaza Bldg., A.B. Fernandez East, Dagupan, Pangasinan
(075) 522-8691 /
(075) 522-8963 (Fax)

**VIGAN**

Plaza Maestro Commercial Complex, Jacinto cor. Florentino Sts., Vigan City, Ilocos Sur
(077) 722-2119 /
(077) 632-0802 (Fax)

**IBA**

TRB Bldg., Ramon Magsaysay Ave., Iba, Zambales
(047) 602-1866 /
(047) 811-1025 (Fax)

**SINDALAN**

Jumbo Jenra McArthur Highway, Brgy. Sindalan, San Fernando City, Pampanga
(045) 403-9338 /
(045) 409-8108

**LAOAG**

N. Corpuz Bldg., J.P Rizal cor., Gen. Hizon Sts., Laoag
(077) 677-2572 /
(077) 617-1363 /
(077) 617-1603 (Fax)

*Central Luzon Area***ANGELES**

McArthur Highway cor. B. Aquino St., Lourdes Sur East, Angeles City, Pampanga
(045) 626-2010 (Fax) /
(045) 323-4130 (Fax)

**SAN FERNANDO, PAMPANGA**

Insular Life Bldg., McArthur Highway, San Fernando, Pampanga
(045) 961-1624 /
(045) 961-1680 (Fax)

*South Luzon Area***BATANGAS - CAEDO**

Caedo Commercial Complex, Calicanto, Batangas City, Batangas
(043) 723-6773 /
(043) 723-1410 (Fax)

**LA UNION**

Northway Plaza, National Highway, Brgy. Sevilla, San Fernando City, La Union
(072) 700-1618 /
(072) 242-5683 (Fax)

**ANGELES NEPOMART**

G/F Entec Bldg., Teresa Ave., NepoMart Complex, Brgy. Cutcut, Angeles City, Pampanga
(045) 497-0551

**STA. CRUZ**

National Road cor. Misola St., Poblacion South, Sta. Cruz, Zambales
(047) 831-1113 (Telefax)

**BATANGAS - P. BURGOS**

27 P. Burgos St., Batangas City
(043) 723-0275 /
(043) 723-0909 (Fax)

**SANTIAGO CITY,****ISABELA**

G/F Oryza Building, Maharlika Highway, Villasis, Santiago City, Isabela
(078) 305-5360

**BALANGA**

Paterno St., Poblacion, Balanga City, Bataan
(047) 237-7622 /
(047) 237-2366 (Fax)

**SUBIC FREEPORT**

Unit A, The Venue Annex Bldg., 101 Rizal Highway, Subic Freeport Zone, Subic Zambales
(047) 252-1851 /
(047) 252-1863 (Fax)

**CALAMBA**

Units 6 & 7, New Parian Business Center cor. Lawa Road, National Highway, Parian, Calamba, Laguna
(049) 502-7922 /
(049) 502-8508 (Fax)

**TUGUEGARAO**

27 Bonifacio cor. Washington Sts., Tuguegarao, Cagayan
(078) 844-8041 /
(078) 844-8044 (Fax)

**BALIBAGO**

McArthur Highway cor. Victor St., Balibago, Angeles City, Pampanga
(045) 892-0875 /
(045) 331-3389 /
(045) 625-5586 (Fax)

**TARLAC**

Units 110-112 Rising Sun Bldg., Block 4, Brgy. San Nicolas, McArthur Highway, Tarlac
(045) 982-5401 /
(045) 982-5365 (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, Batangas
(043) 756-4214 /
(043) 756-2588 (Fax)

LUCENA

Quezon Ave. cor. Lakandula St., Brgy. IX, Lucena, Quezon
(042) 710-9691 /
(042) 710-9692 (Fax)

NAGA

Romar-I Bldg., Elias Angeles St., Naga, Albay
Manila Line:
(02) 250-8093 (Fax)
(054) 473-4080 /
(054) 811-8931

PUERTO PRINCESA

WD Building, J. Rizal Ave., Brgy. Manggahan, Puerto Princesa, Palawan
(048) 434-2172 /
(048) 434-2170 (Fax)

SAN PEDRO

Pacita Commercial Complex, San Pedro, Laguna
(02) 8808-2026 /
(02) 8808-2002

STA. ROSA

Shop I-A, G/F Paseo 3, Paseo de Sta. Rosa, Sta. Rosa, Laguna
(049) 541-1795 (Fax)

TANAUAN

G-04, The City Walk, No. 2 Pres. Laurel Highway, Brgy. Darasa, Tanauan, Batangas
(043) 784-6990 /
(043) 784-6994 (Fax)

*Visayas**Eastern Visayas Area***CEBU F. CABAUG**

Units 5 & 6, GPH Central, F. Cabaug cor. Pres. Roxas Sts., Brgy. Kasambagan, Mabolo, Cebu City
(032) 316-9913 /
(032) 342-7144 (Telefax)

CEBU - BANILAD

First Jomika Realty & Development Bldg., No. 888 A. S. Fortuna St., Brgy. Banilad, Mandaue, Cebu
(032) 231-6704 /
(032) 316-9921 /
(032) 231-6706

CEBU - MAIN

Cebu Woman's Bldg., B. Rodriguez St. cor. Osmeña Blvd., Brgy. Sambag-II, Cebu
(032) 253-1951 /
(032) 316-9912 /
(032) 255-4223 (Fax)

CEBU STO. NIÑO - MAGALLANES

Unit-2, Martina Sugbo Bldg., P. Burgos cor. Magallanes Sts., Brgy. Sto Niño, Cebu
(032) 254-1825 /
(032) 316-9925 /
(032) 253-3999

CEBU TALISAY

G/F PCJ Bldg., National Highway, Bulacao, Talisay, Cebu
(032) 231-6027 /
(032) 462-2065

LAPU-LAPU

Units 3-5 AJS Bldg., Pusok, Lapu-Lapu, Cebu
(032) 341-3854 /
(032) 316-9927 /

MANDAUE

Entienza Bldg., National Highway, Mandaue, Cebu
(032) 346-6901 /
(032) 346-6902 (Fax)

MANDAUE NRA

G/F City Time Square Phase II, Mantawe Ave., Brgy. Tipolo, North Reclamation Area, Mandaue, Cebu
(032) 268-4693 /
(032) 316-9926 /
(032) 564-3249 (Fax)

ORMOC

G/F H. Serafica Bldg., Real St., Ormoc, Leyte
(053) 561-8523 /
(053) 255-4366 (Fax)

TACLOBAN

Doors 12-13, RUL Bldg., Brgy. 15, Justice Romualdez St., Tacloban, Leyte
(053) 832-2866 /
(0917) 3281721

TAGBILARAN

G/F Karan's Building, B. Inting St., 2nd District, Brgy. Poblacion II, Tagbilaran, Bohol (Gulshan Centre)
(038) 411-5400 /
(038) 411-3773 (Fax)

*Western Visayas Area***BACOLOD - ARANETA**

G/F Yusay Arcade, Araneta St., Brgy. 15, Bacolod, Negros Occidental
(034) 433-4667 /
(034) 433-2267 (Fax)

BACOLOD - CAPITOL

GR 04 & GR05, 888 Chinatown Premier Mall, Cottage Road cor. Gatuslao St., Brgy. 8, Bacolod, Negros Occidental
(034) 432-3287

BACOLOD - LACSON

Cor. 12th & Lacson Sts., Brgy. 4, Bacolod, Negros Occidental
(034) 433-4238 /
(034) 433-1139 (Fax)

DUMAGUETE

G/F Rusiana Bldg.
North Road, Capitol Area
(National Highway),
Brgy. Daro, Dumaguete,
Negros Oriental
(035) 225-7668 /
(035) 422-6896 (Fax)

ESTANCIA

Clement St.,
Poblacion Zone II,
Estancia, Iloilo
(033) 397-0222 /
(033) 397-0220 (Fax)

ILOILO - ATRIA

F&B 2, UPMC Qualimed Bldg.,
Atria Park District,
Brgy. San Rafael,
Manduriao, Iloilo
(033) 501-6013 /
(033) 517-0684

ILOILO - IZNART

G/F TCT Bldg., Iznart St.,
Brgy. Danao, Iloilo
(033) 335-0710 /
(033) 335-0712

ILOILO - J.M. BASA

G/F TTW Bldg.,
Corner J.M. Basa-Mapa Sts.,
Brgy. Ortiz, Iloilo
(033) 337-8721 /
(033) 335-1020 (Fax)

KABANKALAN

Guanzon St., Brgy. 2,
Kabankalan,
Negros Occidental
(034) 471-2853 /
(034) 471-2253 (Fax)

KALIBO

No. 1280 Garcia Bldg.,
C. Laserna St., Brgy. Poblacion,
Kalibo, Aklan
(036) 262-5294 /
(036) 268-9032 (Fax)

ROXAS CITY

G/F Gaisano Arcade,
Arnaldo Blvd., Brgy. Baybay,
Roxas City, Capiz
(036) 621-0845 /
(036) 621-1760 (Fax)

Mindanao

Mindanao Area

BUTUAN

G/F Cesia Bldg., South
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
(088) 231-4167 (Fax)

CAGAYAN DE ORO**- LAPASAN**

Suites 6 & 7, Gateway Tower
1, Limketkai Center,
Cagayan de Oro
(088) 856-3991 /
(088) 856-3977 (Fax)

CAGAYAN DE ORO**- VELEZ**

Don A. Velez-Akut Sts.,
Cagayan de Oro,
Misamis Oriental
(088) 856-4371 (Fax)

DAVAO - CITY HALL

Valgoston's Realty Bldg.,
City Hall Drive, Davao City
(082) 226-4074 /
(082) 221-2590 (Fax)

DAVAO - LANANG

Consuelo Bldg., KM. 7,
Brgy. San Antonio,
Agdao District, Lanang,
Davao
(082) 234-1042 /
(082) 226-2859 (Fax)

DAVAO - RIZAL

CAP Dev't Center Bldg.,
Rizal St., Davao
(082) 226-2223 /
(082) 222-0904 (Fax)

GENERAL SANTOS

G/F Sunshine Hardware
Bldg., Santiago Blvd.,
Brgy. East, General Santos
(083) 552-9375 /
(083) 552-5236 (Fax)

ILIGAN CITY

G/F Barnuevo Bldg.,
M. Badelles cor. De Leon
Sts., Brgy. Poblacion,
Iligan City, Lanao del Norte
(063) 224-6488

MARAMAG

TRB Bldg., Sayre Highway,
North Poblacion, Maramag,
Bukidnon
(0917) 5160606 /
(02) 8-982-6000 local 7089 /
(02) 7-214-8800 local 7089

PAGADIAN CITY

F.S. Pajares Ave.,
Pagadian City,
Zamboanga del Sur
(062) 925-3399 (Fax)

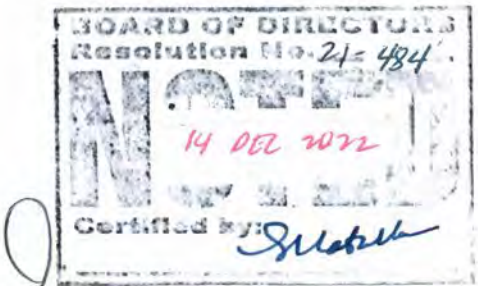
TAGUM CITY

Units 104-105, PLJ Bldg.,
Apokon Road,
Maguppo, Tagum City,
Davao del Norte
(084) 216-5364 (Fax)

ZAMBOANGA**- VETERANS**

Cor. Camachile Road,
Veterans Ave.
Zamboanga
(062) 991-2980 (Fax)

Annex A - Related Party Transactions



Category:

Annex B
Category A-1

Deadline:

20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

RPT Resolution no. 21-162
NOTED
Date: 09 DEC 2021
Certified by: [Signature]

Report on Material Related Party Transactions

As of	March 31, 2021
	(Quarter-End)

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

[Signature]
MICHELANGELO R. AGUILAR
President/Chief Executive Officer
(Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this APR 20 2021 day of 20____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

[Signature]
ALLAN NARCISO P. MACASAET
Notary Public
Until December 31, 2021
Municipalities of Pasig, San Juan and Marikina
Place 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. 137964-01/05/2021-RSM
PTR No. 7234279-01/06/2021-Pasig City
Roll No. 42176

Doc. No. 384
Page No. 78
Book No. 84
Series of 2021

Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code

March 31, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Types of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 4, 2021	LOAN	PHP 165,700,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 11, 2021	LOAN	PHP 232,800,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	January 15, 2021	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	January 19, 2021	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	January 25, 2021	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	January 26, 2021	LOAN	PHP 53,800,000.00	31 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	February 1, 2021	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	February 9, 2021	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	February 11, 2021	LOAN	PHP 1,172,720,000.00	105 Days	Regular business transaction with resulting profit
ANDOK'S LITSON CORPORATION	Economic Interdependence	February 26, 2021	LETTER OF CREDIT	PHP 120,000,000.00	360 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION & DEVELOPMENT CORPORATION	Economic Interdependence	March 1, 2021	LOAN	PHP 33,000,000.00	109 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	January 14, 2021	BILLS PURCHASE AVAILMENT	PHP 126,486,612.21	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	January 15, 2021	BILLS PURCHASE AVAILMENT	PHP 40,289,793.58	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	January 21, 2021	BILLS PURCHASE AVAILMENT	PHP 34,460,346.46	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	January 22, 2021	BILLS PURCHASE AVAILMENT	PHP 290,552,522.79	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	January 29, 2021	BILLS PURCHASE AVAILMENT	PHP 42,513,646.09	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	February 5, 2021	BILLS PURCHASE AVAILMENT	PHP 180,695,442.51	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	February 11, 2021	BILLS PURCHASE AVAILMENT	PHP 147,708,534.32	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	February 19, 2021	BILLS PURCHASE AVAILMENT	PHP 280,576,844.21	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	February 26, 2021	BILLS PURCHASE AVAILMENT	PHP 549,589,815.89	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	March 5, 2021	BILLS PURCHASE AVAILMENT	PHP 150,792,047.60	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	March 12, 2021	BILLS PURCHASE AVAILMENT	PHP 204,334,781.78	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	March 19, 2021	BILLS PURCHASE AVAILMENT	PHP 489,909,529.50	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	March 26, 2021	BILLS PURCHASE AVAILMENT	PHP 114,521,001.85	3 Days	Regular business transaction with resulting profit
EAGLE CEMENTR CORPORATION	Presence of Corresponding Person	February 15, 2021	BILLS PURCHASE AVAILMENT	PHP 46,983,890.16	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	February 22, 2021	BILLS PURCHASE AVAILMENT	PHP 38,111,688.05	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL, INC.	Affiliate	March 29, 2021	BILLS PURCHASE AVAILMENT	PHP 49,543,522.81	3 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY, INC.	Economic Interdependence	February 15, 2021	LOAN	PHP 80,000,000.00	88 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY, INC.	Economic Interdependence	March 29, 2021	LOAN	PHP 100,000,000.00	91 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	March 19, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 64,600,000.00	28 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	March 8, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	January 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 64,600,000.00	30 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	January 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	61 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	January 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 139,000,000.00	47 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOUR PORT, INC.	Affiliate	February 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 64,600,000.00	30 Days	Regular business transaction with resulting profit
NATCO DEALERSHIP CORPORATION	The Beneficiary of the Domestic Letter of Credit is San Miguel Brewery, Inc., an Affiliate of the Bank	February 19, 2021	LETTER OF CREDIT	PHP 38,126,475.00	129 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	January 7, 2021	BILLS PURCHASE AVAILMENT	PHP 51,500,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	January 12, 2021	BILLS PURCHASE AVAILMENT	PHP 100,300,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	January 18, 2021	BILLS PURCHASE AVAILMENT	PHP 93,200,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	January 26, 2021	BILLS PURCHASE AVAILMENT	PHP 131,400,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	February 1, 2021	BILLS PURCHASE AVAILMENT	PHP 88,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	February 5, 2021	BILLS PURCHASE AVAILMENT	PHP 58,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	February 16, 2021	BILLS PURCHASE AVAILMENT	PHP 141,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	February 19, 2021	BILLS PURCHASE AVAILMENT	PHP 75,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	February 24, 2021	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	March 2, 2021	BILLS PURCHASE AVAILMENT	PHP 113,300,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	March 9, 2021	BILLS PURCHASE AVAILMENT	PHP 97,500,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMNET CORPORATION	Affiliate	March 15, 2021	BILLS PURCHASE AVAILMENT	PHP 98,000,000.00	3 Days	Regular business transaction with resulting profit

RPT

Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code

March 31, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
NORTHERN CEMENT CORPORATION	Affiliate	March 24, 2021	BILLS PURCHASE AVAILMENT	PHP 97,000,000.00	3 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	February 4, 2021	LOAN	PHP 444,000,000.00	358 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	February 5, 2021	LOAN	PHP 560,000,000.00	360 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	February 6, 2021	LOAN	PHP 675,000,000.00	360 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	February 9, 2021	LOAN	PHP 200,000,000.00	360 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	February 10, 2021	LOAN	PHP 371,000,000.00	359 Days	Regular business transaction with resulting profit
PANASIA ENERGY, INC.	Economic interdependence	March 05, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 2,950,000,000.00	2,655 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 13, 2021	LOAN	PHP 700,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 21, 2021	LOAN	PHP 2,000,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	January 22, 2021	LOAN	PHP 483,000,000.00	31 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	February 11, 2021	LOAN	PHP 700,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	February 22, 2021	LOAN	PHP 2,483,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 24, 2021	LOAN	PHP 2,483,000,000.00	35 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	March 26, 2021	LOAN	PHP 700,000,000.00	31 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	January 4, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	January 11, 2021	LOAN	PHP 100,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	January 18, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	January 21, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	January 25, 2021	LOAN	PHP 100,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	February 1, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	February 8, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	February 15, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	March 1, 2021	LOAN	PHP 30,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	March 15, 2021	LOAN	PHP 30,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL, INC.	Presence of Bank Officer's Close Family Members	March 29, 2021	LOAN	PHP 30,000,000.00	14 Days	Regular business transaction with resulting profit
RED MAPLE MULTIRESOURCE INC.	Economic interdependence	March 12, 2021	LOAN	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY, INC.	Economic interdependence	January 25, 2021	LOAN	PHP 258,323,676.39	30 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY, INC.	Economic interdependence	February 24, 2021	LOAN	PHP 221,315,065.54	90 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 4, 2021	BILLS PURCHASE AVAILMENT	PHP 33,612,967.58	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 4, 2021	BILLS PURCHASE AVAILMENT	PHP 105,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 5, 2021	BILLS PURCHASE AVAILMENT	PHP 80,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 7, 2021	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 12, 2021	BILLS PURCHASE AVAILMENT	PHP 52,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 14, 2021	BILLS PURCHASE AVAILMENT	PHP 87,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 15, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 19, 2021	BILLS PURCHASE AVAILMENT	PHP 95,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 20, 2021	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 22, 2021	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 26, 2021	BILLS PURCHASE AVAILMENT	PHP 103,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	January 28, 2021	BILLS PURCHASE AVAILMENT	PHP 105,000,000.00	3 Days	Regular business transaction with resulting profit





Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 March 31, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL BREWERY INC.	Affiliate	January 29, 2021	BILLS PURCHASE AVAILMENT	PHP 102,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 2, 2021	BILLS PURCHASE AVAILMENT	PHP 96,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 4, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 5, 2021	BILLS PURCHASE AVAILMENT	PHP 32,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 9, 2021	BILLS PURCHASE AVAILMENT	PHP 63,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 11, 2021	BILLS PURCHASE AVAILMENT	PHP 90,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 16, 2021	BILLS PURCHASE AVAILMENT	PHP 116,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 17, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 18, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 22, 2021	BILLS PURCHASE AVAILMENT	PHP 65,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 23, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 26, 2021	BILLS PURCHASE AVAILMENT	PHP 31,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	February 26, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 2, 2021	BILLS PURCHASE AVAILMENT	PHP 120,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 4, 2021	BILLS PURCHASE AVAILMENT	PHP 49,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 8, 2021	BILLS PURCHASE AVAILMENT	PHP 39,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 12, 2021	BILLS PURCHASE AVAILMENT	PHP 98,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 16, 2021	BILLS PURCHASE AVAILMENT	PHP 66,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 18, 2021	BILLS PURCHASE AVAILMENT	PHP 75,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 22, 2021	BILLS PURCHASE AVAILMENT	PHP 248,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 26, 2021	BILLS PURCHASE AVAILMENT	PHP 176,500,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	March 31, 2021	BILLS PURCHASE AVAILMENT	PHP 127,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL PROPERTIES INC.	Stockholder	January 26, 2021	SALE OF ROFA	PHP 35,000,000.00	-	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	March 15, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,097,946,000.00	88 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 1,232,865,000.00	83 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 11, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	43 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 59,800,000.00	64 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 5, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 80,000,000.00	62 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,300,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 61,000,000.00	93 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 62,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 11, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 60,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	61 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	64 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 68,800,000.00	91 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 13, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	92 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	83 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	January 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 80,000,000.00	90 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	February 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,200,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	March 30, 2021	LEI TEHT OF CREDIT	USD 2,047,500.00	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 4, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 526,101,224.86	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 526,457,576.01	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 10, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 709,385,524.69	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 11, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 526,600,205.52	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 12, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 530,965,362.86	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 8, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 219,504,802.94	88 Days	Regular business transaction with resulting profit

Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 March 31, 2021
 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	March 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 404,297,673.78	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 400,741,096.33	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 466,501,855.41	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 3, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 459,671,096.03	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	March 5, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 398,604,873.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 15, 2021	LOAN	PHP 307,248,341.11	88 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 12, 2021	LOAN	PHP 500,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 19, 2021	LOAN	PHP 109,500,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 28, 2021	LOAN	PHP 109,500,000.00	39 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	February 23, 2021	LOAN	PHP 235,800,000.00	34 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 6, 2021	LOAN	PHP 109,500,000.00	31 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 9, 2021	LOAN	PHP 83,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 29, 2021	LOAN	PHP 235,800,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 29, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 230,800,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 27, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	90 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	92 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 19, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	81 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 25, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 30, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	92 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	March 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 27, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	January 26, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 230,800,000.00	62 Days	Regular business transaction with resulting profit





Category: Annex B
 Category A-1
 Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE	120
Name of Bank	Code
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City	
Address	

RPT Resolution no. 21-162
NOTED
 Date: 09 DEC 2021
 Certified by: [Signature]

Report on Material Related Party Transactions

As of June 30, 2021
 (Quarter-End)

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

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

[Signature]
 MICHELANGELO R. AGUILAR
 President/Chief Executive Officer
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this 11th 7th 2021 day of 20, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

[Signature]
ALLAN FRANCISCO P. MACASAET
 Notary Public
 Notary Public for the City of Pasig, San Juan and Municipalities of Pateros, Metro Manila
 PTR No. 7234279-01/06/2021-Pasig City
 Place 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. 137964-01/05/2021-RSM
 PTR No. 7234279-01/06/2021-Pasig City
 Roll No. 42176

Doc. No. 203
 Page No. 92
 Book No. 87
 Series of 2021

Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code

June 30, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	April 19, 2021	LOAN	PHP 625,480,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	April 30, 2021	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	May 10, 2021	LOAN	PHP 99,600,000.00	88 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	May 27, 2021	LOAN	PHP 1,172,720,000.00	90 Days	Regular business transaction with resulting profit
AUTOALOE GROUP INC.	Economic Interdependence	June 24, 2021	LETTER OF CREDIT	PHP 130,000,000.00	221 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION AND DEVELOPMENT CORPORATION	Economic Interdependence	June 18, 2021	LOAN	PHP 33,000,000.00	249 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Director	May 5, 2021	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	April 8, 2021	BILLS PURCHASE AVAILMENT	PHP 127,566,528.45	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 11, 2021	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	June 25, 2021	BILLS PURCHASE AVAILMENT	PHP 153,313,983.78	3 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 23, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 300,347,542.71	89 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 10, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 810,418,719.55	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	June 23, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 280,537,295.00	90 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 17, 2021	BILLS PURCHASE AVAILMENT	PHP 33,905,790.56	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	May 27, 2021	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 2, 2021	BILLS PURCHASE AVAILMENT	PHP 190,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	June 28, 2021	BILLS PURCHASE AVAILMENT	PHP 34,000,000.00	60 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Economic Interdependence	June 28, 2021	LOAN	PHP 100,000,000.00	60 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Economic Interdependence	June 28, 2021	LOAN	PHP 100,000,000.00	60 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT INC.	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	30 Days	Regular business transaction with resulting profit
MARIVELES POWER GENERATION CORPORATION	Affiliate	May 16, 2021	LETTER OF CREDIT	USD 50,000,000.00	365 Days	Regular business transaction with resulting profit
MARIVELES POWER GENERATION CORPORATION	Affiliate	May 16, 2021	LETTER OF CREDIT	USD 25,000,000.00	365 Days	Regular business transaction with resulting profit
MARIVELES POWER GENERATION CORPORATION	Affiliate	May 5, 2021	LETTER OF CREDIT	USD 1,272,662,500.00	184 Days	Regular business transaction with resulting profit
MASINLOG POWER PARTNERS CO. LTD.	Affiliate	April 13, 2021	BILLS PURCHASE AVAILMENT	PHP 119,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	April 21, 2021	BILLS PURCHASE AVAILMENT	PHP 125,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 4, 2021	BILLS PURCHASE AVAILMENT	PHP 261,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 7, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 7, 2021	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 7, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 12, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 17, 2021	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 17, 2021	BILLS PURCHASE AVAILMENT	PHP 46,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 21, 2021	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 21, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 27, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 27, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 27, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	May 31, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 3, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 9, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 9, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 11, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 17, 2021	BILLS PURCHASE AVAILMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 17, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 17, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 24, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 24, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit





Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code

June 30, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
NORTHERN CEMENT CORPORATION	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 44,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	April 26, 2021	LOAN	PHP 700,000,000.00	35 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	April 28, 2021	LOAN	PHP 2,483,000,000.00	34 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	May 31, 2021	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	June 1, 2021	LOAN	PHP 2,283,000,000.00	30 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	April 12, 2021	LOAN	PHP 100,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	April 21, 2021	LOAN	PHP 50,000,000.00	14Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	April 21, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	April 26, 2021	LOAN	PHP 100,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	May 5, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	May 5, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	May 10, 2021	LOAN	PHP 100,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic interdependence	May 24, 2021	LOAN	PHP 80,000,000.00	14 Days	Regular business transaction with resulting profit
RED MAPLE MULTIRE-SOURCES INC	Economic interdependence	June 10, 2021	LOAN	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit
SAN CARLOS BIOENERGY INC.	Economic interdependence	May 25, 2021	LOAN	PHP 71,092,299.41	90 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 23, 2021	BILLS PURCHASE AVAILMENT	PHP 404,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 28, 2021	BILLS PURCHASE AVAILMENT	PHP 160,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	April 30, 2021	BILLS PURCHASE AVAILMENT	PHP 136,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 5, 2021	BILLS PURCHASE AVAILMENT	PHP 58,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 11, 2021	BILLS PURCHASE AVAILMENT	PHP 79,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 14, 2021	BILLS PURCHASE AVAILMENT	PHP 70,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 88,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 19, 2021	BILLS PURCHASE AVAILMENT	PHP 500,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 21, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 25, 2021	BILLS PURCHASE AVAILMENT	PHP 80,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 26, 2021	BILLS PURCHASE AVAILMENT	PHP 290,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 28, 2021	BILLS PURCHASE AVAILMENT	PHP 62,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	May 31, 2021	BILLS PURCHASE AVAILMENT	PHP 79,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 1, 2021	BILLS PURCHASE AVAILMENT	PHP 35,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 4, 2021	BILLS PURCHASE AVAILMENT	PHP 42,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 7, 2021	BILLS PURCHASE AVAILMENT	PHP 37,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 9, 2021	BILLS PURCHASE AVAILMENT	PHP 32,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 11, 2021	BILLS PURCHASE AVAILMENT	PHP 53,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 16, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 16, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 18, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 21, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 22, 2021	BILLS PURCHASE AVAILMENT	PHP 234,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 25, 2021	BILLS PURCHASE AVAILMENT	PHP 105,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 92,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	June 30, 2021	BILLS PURCHASE AVAILMENT	PHP 75,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	June 11, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,138,146,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 11, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,270,305,000.00	90 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	April 23, 2021	BILLS PURCHASE AVAILMENT	PHP 594,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	May 18, 2021	BILLS PURCHASE AVAILMENT	PHP 390,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 24, 2021	BILLS PURCHASE AVAILMENT	PHP 405,600,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 198,170,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	June 29, 2021	BILLS PURCHASE AVAILMENT	PHP 500,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	April 6, 2021	LETTER OF CREDIT	USD 2,047,500.00	30 Days	Regular business transaction with resulting profit

Material Related Party Transactions
 BANK OF COMMERCE 120 Bank Code
 Name of Bank

June 30, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	May 11, 2021	LETTER OF CREDIT	USD 3,083,450.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL NORTHERN CEMENT INC.	Affiliate	June 30, 2021	LOAN	PHP 1,245,236,344.00	120 Months	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 59,600,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 23, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	50 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 25, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 80,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,300,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 23, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	50 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 62,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 14, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 3, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	50 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 25, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 68,600,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	50 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 23, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	May 19, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 2,047,500.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	June 18, 2021	LETTER OF CREDIT	USD 3,083,450.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 532,916,106.08	88 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 532,577,309.64	80 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 8, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 716,097,515.92	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 533,082,432.54	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 10, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 537,491,200.03	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 405,648,988.57	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 409,249,133.65	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 4, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 222,155,907.48	80 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 18, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 325,401,770.40	80 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	May 31, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 472,215,133.93	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 1, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 465,300,717.81	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 3, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 403,511,531.32	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 25, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 245,873,798.12	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	June 11, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 310,859,042.37	80 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	April 14, 2021	LOAN	PHP 83,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 7, 2021	LOAN	PHP 490,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 14, 2021	LOAN	PHP 235,900,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 18, 2021	LOAN	PHP 190,000,000.00	41 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 19, 2021	LOAN	PHP 83,000,000.00	40 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 24, 2021	LOAN	PHP 175,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 27, 2021	LOAN	PHP 170,000,000.00	25 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 21, 2021	LOAN	PHP 490,000,000.00	36 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 28, 2021	LOAN	PHP 448,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	May 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 28, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 230,800,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	June 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	46 Days	Regular business transaction with resulting profit

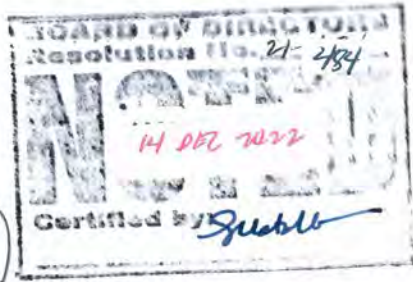
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Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code

June 30, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 11, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	June 22, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	45 Days	Regular business transaction with resulting profit



Category: Annex B
 Category A-1

Deadline: 20 calendar days after the reference quarter

BANK OF COMMERCE Name of Bank	120 Code	RPT Resolution no. <u>21-162</u> NOTED Date: <u>09 DEC 2021</u> Certified by: <u>Ar</u>
SMPC No. 7 Saint Francis Street, Ortigas Center, Mandaluyong City Address		

Report on Material Related Party Transactions

As of <u>September 30, 2021</u> (Quarter-End)
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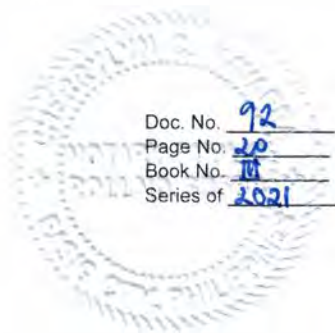
REPUBLIC OF THE PHILIPPINES)
 _____) S.S.

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 OCT 20 2021 day of 20____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

Notary Public
 Until December 31, 20 CHERRYLYN C. NAVARRA
 PTR No. 5242964; 01-05-21; Pasig City
 Place 706 Prestige Tower, F. Ortigas Jr. Road, Ortigas Center, Pasig City
 Email: mcglaw@yahoo.com.ph



Doc. No. 92
 Page No. 20
 Book No. 10
 Series of 2021



Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 September 30, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 3, 2021	LOAN	PHP 350,380,000.00	181 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 5, 2021	LOAN	PHP 98,600,000.00	180 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	August 25, 2021	LOAN	PHP 1,172,720,000.00	90 Days	Regular business transaction with resulting profit
ANDOK'S LITSON CORPORATION	Economic Interdependence	September 22, 2021	LOAN	PHP 100,000,000.00	360 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	September 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	44 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	August 27, 2021	BILLS PURCHASE AVALMENT	PHP 106,449,128.07	3 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	July 1, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 307,067,865.23	89 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	July 1, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 307,067,865.23	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	July 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,889,556,945.32	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 24, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 250,452,873.89	88 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 4,144,539,672.64	89 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 8, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 820,310,198.50	85 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 22, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 826,371,311.76	86 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 20, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 303,991,024.23	87 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 24, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,150,000,000.00	87 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 23, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,000,000,000.00	89 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 21, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 294,113,686.89	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 28, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 310,045,135.08	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	September 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 310,073,649.53	90 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 26, 2021	BILLS PURCHASE AVALMENT	PHP 37,364,083.47	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 28, 2021	BILLS PURCHASE AVALMENT	PHP 73,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	July 30, 2021	BILLS PURCHASE AVALMENT	PHP 43,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	August 2, 2021	BILLS PURCHASE AVALMENT	PHP 32,477,226.28	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 1, 2021	BILLS PURCHASE AVALMENT	PHP 31,980,379.94	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 20, 2021	BILLS PURCHASE AVALMENT	PHP 43,639,671.16	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 28, 2021	BILLS PURCHASE AVALMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	September 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	91 Days	Regular business transaction with resulting profit
GRAND ASIA CAPITAL CORPORATION	Presence of Corresponding Person	August 27, 2021	LOAN	PHP 100,000,000.00	90 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Economic Interdependence	August 4, 2021	BANK GUARANTEE	PHP 287,405,603.76	707 Days	Regular business transaction with resulting profit
J.E. MANALO & COMPANY INC.	Economic Interdependence	August 4, 2021	BANK GUARANTEE	PHP 574,811,207.53	707 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 5, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 5, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 9, 2021	BILLS PURCHASE AVALMENT	PHP 30,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 15, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 15, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 23, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	July 23, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 3, 2021	BILLS PURCHASE AVALMENT	PHP 39,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 16, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 16, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
NORTHERN CEMENT CORPORATION	Affiliate	August 16, 2021	BILLS PURCHASE AVALMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
PANASIA ENERGY INC.	Affiliate	September 15, 2021	LOAN	PHP 500,000,000.00	359 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 15, 2021	LOAN	PHP 700,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	July 16, 2021	LOAN	PHP 2,483,000,000.00	29 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 3, 2021	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	August 4, 2021	LOAN	PHP 2,283,000,000.00	33 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 2, 2021	LOAN	PHP 500,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	September 6, 2021	LOAN	PHP 2,283,000,000.00	29 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	August 19, 2021	LOAN	PHP 50,000,000.00	14 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	August 26, 2021	LOAN	PHP 65,000,000.00	5 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	August 31, 2021	LOAN	PHP 65,000,000.00	7 Days	Regular business transaction with resulting profit
RED MAPLE MULTI-RESOURCES INC.	Economic Interdependence	September 10, 2021	LOAN	PHP 30,000,000.00	90 Days	Regular business transaction with resulting profit

Material Related Party Transactions

BANK OF COMMERCE 120
 Name of Bank Bank Code

September 30, 2021
 Date

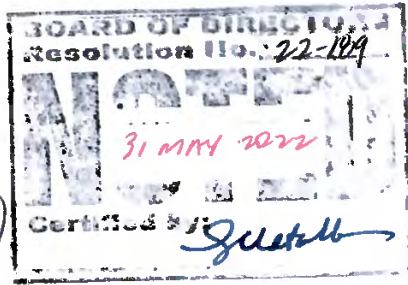
Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SAN MIGUEL BREWERY INC.	Affiliate	July 5, 2021	BILLS PURCHASE AVAILMENT	PHP 215,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 6, 2021	BILLS PURCHASE AVAILMENT	PHP 168,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 7, 2021	BILLS PURCHASE AVAILMENT	PHP 130,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 8, 2021	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 12, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 13, 2021	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 14, 2021	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 15, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 19, 2021	BILLS PURCHASE AVAILMENT	PHP 57,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 21, 2021	BILLS PURCHASE AVAILMENT	PHP 381,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 22, 2021	BILLS PURCHASE AVAILMENT	PHP 175,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 23, 2021	BILLS PURCHASE AVAILMENT	PHP 108,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 26, 2021	BILLS PURCHASE AVAILMENT	PHP 314,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 27, 2021	BILLS PURCHASE AVAILMENT	PHP 237,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 28, 2021	BILLS PURCHASE AVAILMENT	PHP 87,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 29, 2021	BILLS PURCHASE AVAILMENT	PHP 270,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	July 30, 2021	BILLS PURCHASE AVAILMENT	PHP 449,400,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 2, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	August 25, 2021	BILLS PURCHASE AVAILMENT	PHP 388,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 2, 2021	BILLS PURCHASE AVAILMENT	PHP 86,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 7, 2021	BILLS PURCHASE AVAILMENT	PHP 31,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 9, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 13, 2021	BILLS PURCHASE AVAILMENT	PHP 59,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 15, 2021	BILLS PURCHASE AVAILMENT	PHP 71,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 20, 2021	BILLS PURCHASE AVAILMENT	PHP 71,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 22, 2021	BILLS PURCHASE AVAILMENT	PHP 106,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 24, 2021	BILLS PURCHASE AVAILMENT	PHP 81,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 27, 2021	BILLS PURCHASE AVAILMENT	PHP 53,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 29, 2021	BILLS PURCHASE AVAILMENT	PHP 111,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	September 30, 2021	BILLS PURCHASE AVAILMENT	PHP 96,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	August 31, 2021	LETTER OF CREDIT	USD 5,050,500.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	September 10, 2021	LETTER OF CREDIT	USD 5,256,282.06	45 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	September 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,177,546,000.00	89 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	September 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,315,905,000.00	89 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 1, 2021	BILLS PURCHASE AVAILMENT	PHP 288,650,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 1, 2021	BILLS PURCHASE AVAILMENT	PHP 500,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 15, 2021	BILLS PURCHASE AVAILMENT	PHP 103,667,614.97	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	July 28, 2021	BILLS PURCHASE AVAILMENT	PHP 436,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	August 17, 2021	BILLS PURCHASE AVAILMENT	PHP 314,265,600.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	September 23, 2021	BILLS PURCHASE AVAILMENT	PHP 299,300,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	September 23, 2021	BILLS PURCHASE AVAILMENT	PHP 77,450,061.21	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	September 29, 2021	BILLS PURCHASE AVAILMENT	PHP 500,680,234.56	3 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	August 27, 2021	LETTER OF CREDIT	USD 10,811,450.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL ENERGY CORPORATION	Affiliate	September 10, 2021	LETTER OF CREDIT	USD 7,989,550.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL YAMAMURA PACKAGING CORPORATION	Affiliate	July 13, 2021	LOAN	PHP 400,000,000.00	30 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 28, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 7, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 88,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 10, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 120,500,000.00	47 Days	Regular business transaction with resulting profit

RPT



Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 September 30, 2021
 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	September 28, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,300,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	48 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 13, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 31, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 62,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 19, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 19, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 28, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 90,000,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 23, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	August 31, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,800,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	September 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	46 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	August 13, 2021	LETTER OF CREDIT	USD 3,151,386.89	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	September 21, 2021	LETTER OF CREDIT	USD 5,008,900.00	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	July 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 216,550,470.05	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 10, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 4,126,043,451.44	30 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 31, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 539,089,818.55	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 20, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 299,917,139.00	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 26, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 238,931,653.85	88 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 26, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 470,866,188.11	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	August 27, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 224,858,049.50	83 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 329,407,329.31	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 16, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 726,907,066.04	88 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 6, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 539,352,243.24	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 3, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 539,644,453.05	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 564,079,279.11	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 8, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 348,498,128.50	83 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 9, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 409,362,969.39	89 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 1, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 248,900,401.15	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	September 23, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 235,800,000.00	64 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	July 13, 2021	LOAN	PHP 292,000,000.00	33 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	July 22, 2021	LOAN	PHP 298,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 2, 2021	LOAN	PHP 100,000,000.00	38 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 17, 2021	LOAN	PHP 100,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 26, 2021	LOAN	PHP 100,000,000.00	55 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 31, 2021	LOAN	PHP 67,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 10, 2021	LOAN	PHP 400,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 16, 2021	LOAN	PHP 298,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 24, 2021	LOAN	PHP 100,000,000.00	60 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	August 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 28, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 16, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 200,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERGAE CORPORATION	Affiliate	September 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	46 Days	Regular business transaction with resulting profit



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	

RPT Resolution no. 22-036
NOTED
 Date: 26 MAY 2022
 Certified by: [Signature]

Report on Material Related Party Transactions

As of	December 31, 2021
	(Quarter-End)

REPUBLIC OF THE PHILIPPINES
MANDALUYONG CITY S.S.

I solemnly swear that all matters set forth in this report are true and correct to the best of my knowledge and belief.

[Signature]
 MICHELANGELO R. AGUILAR
 President/Chief Executive Officer
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this **MAR 30 2022** day of 20____, affiant exhibiting to me his Passport No. P8692960A issued on September 10, 2018.

[Signature]
 Notary Public: **JOYSMA D. MAGMANLAC**
 Until December 31, 2023
 PTR No. **APPOINTMENT NO. 0483-22**
 Place: **UNTIL DECEMBER 31, 2023**
SMPC, #7 SAINT FRANCIS ST., MANDALUYONG CITY
PTR NO. 3067589/01-12-2022/MANDALUYONG CITY
IBP LIFETIME NO. 09035
ROLL OF ATTORNEYS NO. 58611

Doc. No. 38
 Page No. 79
 Book No. VI
 Series of 2022



Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 December 31, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	October 14, 2021	LOAN	PHP 67,300,000.00	90 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	November 23, 2021	LOAN	PHP 1,172,720,000.00	180 Days	Regular business transaction with resulting profit
8990 HOUSING DEVELOPMENT CORPORATION	Presence of Bank Director's Brother-in-law	December 16, 2021	LOAN	PHP 156,778,142.00	70 Days	Regular business transaction with resulting profit
BALDO CONSTRUCTION AND DEVELOPMENT CORPORATION	Economic Interdependence	December 20, 2021	LETTER OF CREDIT	USD 1,117,525.45	75 Days	Regular business transaction with resulting profit
BIG 8 ENTERPRISES & SONS, INC.	Economic Interdependence	October 1, 2021	LETTER OF CREDIT	PHP 38,824,074.20	84 Days	Regular business transaction with resulting profit
BIG 8 ENTERPRISES & SONS, INC.	Economic Interdependence	December 24, 2021	LETTER OF CREDIT	PHP 38,824,074.20	90 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	December 2, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	43 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	December 15, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	36 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	November 12, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 65,000,000.00	33 Days	Regular business transaction with resulting profit
CAN ASIA INC.	Affiliate	October 18, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	45 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Director	October 14, 2021	LOAN	PHP 300,000,000.00	35 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Director	November 5, 2021	LOAN	PHP 300,000,000.00	31 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Director	November 18, 2021	LOAN	PHP 300,000,000.00	60 Days	Regular business transaction with resulting profit
DEL MONTE PHILIPPINES INC.	Presence of Bank Director	December 6, 2021	LOAN	PHP 300,000,000.00	60 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	October 15, 2021	BILLS PURCHASE AVAILMENT	PHP 83,350,765.54	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	October 16, 2021	BILLS PURCHASE AVAILMENT	PHP 82,793,132.45	3 Days	Regular business transaction with resulting profit
EAGLE CEMENT CORPORATION	Presence of Corresponding Person	December 29, 2021	BILLS PURCHASE AVAILMENT	PHP 39,046,651.94	3 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	October 27, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,908,083,951.96	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	November 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,497,346,155.42	86 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	November 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 998,230,770.28	87 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	November 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 948,449,615.66	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 21, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 252,664,292.02	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 3,347,917,291.38	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 836,979,322.85	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 20, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 296,985,228.67	88 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 27, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 313,072,221.53	88 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 16, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 306,891,060.29	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 17, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 834,181,773.53	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 28, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 313,118,954.41	90 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 828,007,938.10	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 20, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 504,780,328.40	91 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 20, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 656,227,938.32	92 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 21, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 504,899,475.82	93 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	December 21, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 504,899,475.82	93 Days	Regular business transaction with resulting profit
EXCELLENT ENERGY RESOURCES INC.	Affiliate	October 25, 2021	BILLS PURCHASE AVAILMENT	PHP 34,925,894.13	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	October 28, 2021	BILLS PURCHASE AVAILMENT	PHP 115,000,000.00	3 Days	Regular business transaction with resulting profit
GINEBRA SAN MIGUEL INC.	Affiliate	December 17, 2021	BILLS PURCHASE AVAILMENT	PHP 69,790,614.96	3 Days	Regular business transaction with resulting profit
GRAND ASIA CAPITAL CORPORATION	Presence of Corresponding Person	November 27, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 102,500,000.00	91 Days	Regular business transaction with resulting profit
LE. MANALO & COMPANY INC.	Economic Interdependence	November 25, 2021	LOAN	PHP 100,000,000.00	90 Days	Regular business transaction with resulting profit
LE. MANALO & COMPANY INC.	Economic Interdependence	December 29, 2021	LOAN	PHP 200,000,000.00	5 Days	Regular business transaction with resulting profit
MANILA NORTH HARBOR PORT INC.	Affiliate	December 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	31 Days	Regular business transaction with resulting profit
MASINLOC POWER PARTNERS CO.,LTD.	Affiliate	November 5, 2021	LETTER OF CREDIT	PHP 1,358,910,000.00	181 Days	Regular business transaction with resulting profit
MASINLOC POWER PARTNERS CO.,LTD.	Affiliate	November 5, 2021	LETTER OF CREDIT	PHP 1,354,830,250.20	181 Days	Regular business transaction with resulting profit
PAJELA, MATHANIEL L.	Economic Interdependence	November 26, 2021	HOUSING LOAN	PHP 32,872,971.43	60 Months	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	October 4, 2021	LOAN	PHP 500,000,000.00	32 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	October 5, 2021	LOAN	PHP 2,283,000,000.00	31 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	November 5, 2021	LOAN	PHP 500,000,000.00	26 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	November 5, 2021	LOAN	PHP 2,283,000,000.00	26 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	December 1, 2021	LOAN	PHP 500,000,000.00	30 Days	Regular business transaction with resulting profit
PETRON CORPORATION	Affiliate	December 7, 2021	LOAN	PHP 2,000,000,000.00	28 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 1, 2021	LOAN	PHP 40,000,000.00	14 Days	Regular business transaction with resulting profit

Material Related Party Transactions
 BANK OF COMMERCE 120
 Name of Bank Bank Code
 December 31, 2021
 Date

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 1, 2021	LOAN	PHP 70,000,000.00	8 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 9, 2021	LOAN	PHP 70,000,000.00	7 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 15, 2021	LOAN	PHP 40,000,000.00	20 Days	Regular business transaction with resulting profit
PHILIPPINE COMMERCIAL CAPITAL INC.	Economic Interdependence	December 16, 2021	LOAN	PHP 70,000,000.00	19 Days	Regular business transaction with resulting profit
POWERONE VENTURES ENERGY INC.	Affiliate	October 1, 2021	LETTER OF CREDIT	PHP 100,000,000.00	304 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 4, 2021	BILLS PURCHASE AVAILMENT	PHP 53,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 12, 2021	BILLS PURCHASE AVAILMENT	PHP 37,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 14, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 19, 2021	BILLS PURCHASE AVAILMENT	PHP 62,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 21, 2021	BILLS PURCHASE AVAILMENT	PHP 64,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 25, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 26, 2021	BILLS PURCHASE AVAILMENT	PHP 51,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 27, 2021	BILLS PURCHASE AVAILMENT	PHP 67,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	October 29, 2021	BILLS PURCHASE AVAILMENT	PHP 102,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 3, 2021	BILLS PURCHASE AVAILMENT	PHP 75,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 5, 2021	BILLS PURCHASE AVAILMENT	PHP 42,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 10, 2021	BILLS PURCHASE AVAILMENT	PHP 58,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 11, 2021	BILLS PURCHASE AVAILMENT	PHP 34,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 15, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 18, 2021	BILLS PURCHASE AVAILMENT	PHP 49,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 22, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 23, 2021	BILLS PURCHASE AVAILMENT	PHP 55,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 24, 2021	BILLS PURCHASE AVAILMENT	PHP 56,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 25, 2021	BILLS PURCHASE AVAILMENT	PHP 58,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 26, 2021	BILLS PURCHASE AVAILMENT	PHP 33,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	November 29, 2021	BILLS PURCHASE AVAILMENT	PHP 131,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 1, 2021	BILLS PURCHASE AVAILMENT	PHP 61,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 2, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 7, 2021	BILLS PURCHASE AVAILMENT	PHP 38,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 10, 2021	BILLS PURCHASE AVAILMENT	PHP 74,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 14, 2021	BILLS PURCHASE AVAILMENT	PHP 118,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 15, 2021	BILLS PURCHASE AVAILMENT	PHP 37,823,527.04	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 15, 2021	BILLS PURCHASE AVAILMENT	PHP 48,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 16, 2021	BILLS PURCHASE AVAILMENT	PHP 62,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 17, 2021	BILLS PURCHASE AVAILMENT	PHP 50,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 20, 2021	BILLS PURCHASE AVAILMENT	PHP 40,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 21, 2021	BILLS PURCHASE AVAILMENT	PHP 45,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 22, 2021	BILLS PURCHASE AVAILMENT	PHP 53,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 23, 2021	BILLS PURCHASE AVAILMENT	PHP 69,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 27, 2021	BILLS PURCHASE AVAILMENT	PHP 54,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 28, 2021	BILLS PURCHASE AVAILMENT	PHP 115,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 29, 2021	BILLS PURCHASE AVAILMENT	PHP 100,000,000.00	3 Days	Regular business transaction with resulting profit
SAN MIGUEL BREWERY INC.	Affiliate	December 31, 2021	BILLS PURCHASE AVAILMENT	PHP 32,471,868.29	3 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	October 14, 2021	LETTER OF CREDIT	USD 1,950,000.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	October 29, 2021	LETTER OF CREDIT	USD 6,329,700.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	November 24, 2021	LETTER OF CREDIT	USD 6,286,150.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CONSOLIDATED POWER CORPORATION	Affiliate	December 16, 2021	LETTER OF CREDIT	USD 4,621,500.00	30 Days	Regular business transaction with resulting profit
SAN MIGUEL CORPORATION	Affiliate	December 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 1,177,546,000.00	86 Days	Regular business transaction with resulting profit



Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 5, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,000,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 9, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 117,400,000.00	46 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 5, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 12, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 12, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 85,700,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	November 12, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	47 Days	Regular business transaction with resulting profit
SL HARBOR BULK TERMINAL CORPORATION	Affiliate	October 12, 2021	LETTER OF CREDIT	USD 1,950,000.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 21, 2021	LETTER OF CREDIT	USD 1,950,000.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 28, 2021	LETTER OF CREDIT	USD 1,950,000.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	November 10, 2021	LETTER OF CREDIT	USD 2,047,500.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	November 22, 2021	LETTER OF CREDIT	USD 8,767,850.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	December 7, 2021	LETTER OF CREDIT	USD 3,597,384.88	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	December 28, 2021	LETTER OF CREDIT	USD 4,609,800.00	30 Days	Regular business transaction with resulting profit
SMC CONSOLIDATED POWER CORPORATION	Affiliate	October 8, 2021	LETTER OF CREDIT	USD 100,238,725.04	365 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	October 27, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 218,673,736.03	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 5, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 200,248,879.71	60 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 24, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 228,923,695.07	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 26, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 544,242,762.87	87 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 5, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 600,740,630.14	60 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 18, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 302,851,576.30	89 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 22, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 241,212,280.39	88 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 24, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 241,274,365.17	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 25, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 475,463,006.37	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	November 29, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 413,349,080.60	91 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 15, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 332,630,303.35	89 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 6, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 544,913,203.40	88 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 2, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 640,640,563.67	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 3, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 733,935,895.73	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 7, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 569,610,046.78	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 1, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 397,620,535.38	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	December 22, 2021	DIRECTIONAL LOAN (FUNDER)	PHP 251,340,856.52	90 Days	Regular business transaction with resulting profit
SMC POWERGEN INC.	Affiliate	October 25, 2021	LOAN	PHP 67,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 9, 2021	LOAN	PHP 400,000,000.00	30 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 23, 2021	LOAN	PHP 100,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 24, 2021	LOAN	PHP 67,000,000.00	62 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 9, 2021	LOAN	PHP 400,000,000.00	35 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 17, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 29, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 100,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 20, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 81,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	49 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	December 10, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 140,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 26, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 140,000,000.00	45 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,000,000.00	48 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 58,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 21, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 118,800,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 75,200,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	October 1, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 50,400,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 5, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 130,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 6, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 81,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 3, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 70,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 3, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 95,000,000.00	47 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 5, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 77,000,000.00	46 Days	Regular business transaction with resulting profit
SMC SHIPPING AND LIGHTERAGE CORPORATION	Affiliate	November 12, 2021	DIRECTIONAL LOAN (BORROWER)	PHP 55,000,000.00	47 Days	Regular business transaction with resulting profit
SOUTHERN CONCRETE INDUSTRIES, INC.	Affiliate	December 29, 2021	LOAN	PHP 2,000,000,000.00	84 Months	Regular business transaction with resulting profit





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