



# EASY

2012 INTEGRATED ANNUAL  
AND SUSTAINABILITY REPORT



# EASIER. ■

2012 INTEGRATED ANNUAL  
AND SUSTAINABILITY REPORT



# WE BELIEVE

WE BELIEVE in the central role that private enterprise plays in economic development.

WE BELIEVE that our corporate mission is to be the leading private financial institution in the Philippines in terms of professional competence, service quality, responsible corporate citizenry, and overall growth and stability; and to be an established ASEAN financial institution with a creditable worldwide outreach.

WE BELIEVE that we have a responsibility to manage the business for the maximum benefit of our customers while adopting the highest standard of integrity; to offer the widest possible range of financial services that is responsive to their needs; and to adopt an objective attitude towards change and innovation, ever mindful of improving service quality and operating efficiency.

WE BELIEVE that we have a responsibility to develop the potential of our employees to the fullest by providing an environment conducive to their personal and professional growth; and to foster a value system held in common throughout the institution in order that we may all share a coherent sense of purpose and direction.

WE BELIEVE that we have a responsibility to attain, over time and within exacting standards of prudent management, the highest possible return of investments of our shareholders.



## **ABOUT THE COVER**

History shows that we constantly challenge ourselves and find innovative ways to improve on our successes.

Thirty years ago, BPI revolutionized banking by introducing the first 24-hour ATM in the Philippines. By the turn of the millennium, we were pioneers in Internet banking, mobile banking and online trading. With the growing potential of mobile banking, we also launched comprehensive smartphone application suites that serve people and businesses, 24/7.

BPI's unwavering customer commitment has always been about taking that extra step to make banking more accessible. As technology evolves, you can be sure that we will lead the market in new services designed to make life easier for Filipinos everywhere.

# ABOUT THIS REPORT

This report of Bank of the Philippine Islands (BPI) combines our Annual Report to shareholders with our Sustainability Report. It covers the financial year from January to December 2012.

This marks the second year since 2011 that we have published an integrated report that is intended primarily for institutional investors, our customers, non-government organizations, and anyone with an interest in both our financial and non-financial performance. The report presents a holistic view of our economic, financial, operational, social responsibility, environmental, and governance performance.

## REPORTING PROCESS

The content of this report has been determined based on:

- Issues that are currently most important to our stakeholders and our business operations;
- Consultations with our business units to identify which social, environmental and operational topics are most relevant to our business as a bank;
- Sustainability issues, risks or opportunities as identified by the Bank's Sustainability Office;
- Performance indicators set by the Global Reporting Initiative (GRI G3.1) framework ([www.globalreporting.org](http://www.globalreporting.org)).

## REPORTING STANDARDS

On our fifth year of reporting our sustainability progress, we have managed to increase the number of GRI indicators we report to 39 from 33 previously, which are equivalent to a self-declared application level "B". Despite the increase in the information we disclosed, there have been no significant changes from 2011 that would affect or alter our reporting.

## SCOPE OF THE REPORT

This report covers performances of the BPI Group of Companies which comprises BPI Parent and its subsidiaries. Data in this report were consolidated from our BPI Head Offices, domestic and international branches, satellite offices, and subsidiaries as follows:

Type of Data	Data Sources
Economic	Audited Financial Statements (complies with Philippine Financial Reporting Standards)
Environmental, Social and Operational Performance	Management information systems and records of various BPI Group units

Collection of adequate data on our environmental and social performance remains a challenge. However, we continuously strive to enhance our data gathering mechanisms for a more encompassing, accurate, and relevant sustainability reporting.

## ASSURANCE

In 2012, we set up the BPI Sustainability Office (BSO) to effectively embed sustainability throughout our business groups. BSO is composed of a dedicated team that drives, monitors and measures our sustainability strategy. It will also closely track our sustainability performance and lay the groundwork for seeking external assurance in the near future.

## FEEDBACK

We welcome feedback from our various stakeholders to improve our integrated reporting process. A feedback form is published together with this report and also downloadable on our website: [www.bpiexpressonline.com](http://www.bpiexpressonline.com).

You may also contact:

Corporate Reporting	Sustainability Reporting
<b>Corporate Planning Division</b> 18th Floor BPI Building 6768 Ayala Avenue Makati City 0720, Philippines Tel. (632) 8455245, 8169753/9557 Email: <a href="mailto:gksinio@bpi.com.ph">gksinio@bpi.com.ph</a> <a href="mailto:investorrelations@bpi.com.ph">investorrelations@bpi.com.ph</a>	<b>Sustainability Office</b> 16th Floor BPI Building 6768 Ayala Avenue Makati City 0720, Philippines Tel. (632) 8169883 Email: <a href="mailto:fgmaranan@bpi.com.ph">fgmaranan@bpi.com.ph</a>

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# ABOUT BPI

The Bank of the Philippine Islands (BPI) was established on August 1, 1851 as the El Banco Español Filipino de Isabel II, named after the queen of Spain, Isabella II. The Bank served as the *de facto* central bank during the Spanish period as it then had the power to print Philippine currency.

Today, BPI is not only known as the oldest bank in the Philippines and in Southeast Asia, but is also an acknowledged leader in Philippine banking. Our head office is located at the BPI Building, 6768 Ayala Avenue, Makati City.

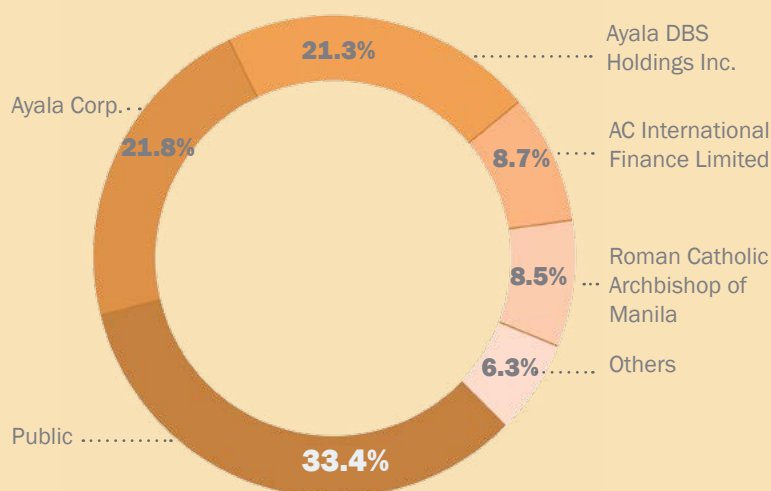
Its sustained growth over the years was made possible through a series of strategic acquisitions and organic growth. As of end-2012, it continued to rank as the country's largest bank in terms of market capitalization and the most profitable.

It is also highly regarded for its sound corporate governance practices, having been recognized as one of the top-rated Publicly Listed Companies (PLCs) in the Corporate Governance (CG) Scorecard of the Institute of Corporate Directors (ICD).

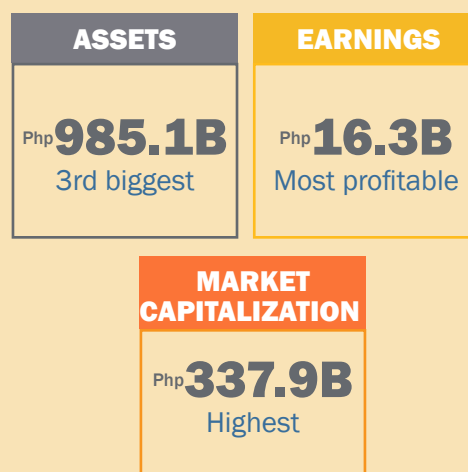
BPI serves a broad customer base, comprising of individuals and families; micro, small and medium enterprises; middle market; large corporations; institutions and governments.

In addition to deposit taking and lending, BPI, as a universal bank with an expanded banking license and a special license for trust, operates asset management and trust, remittances, finance and operating lease, government securities dealership, securities distribution, and foreign exchange businesses.

## OWNERSHIP



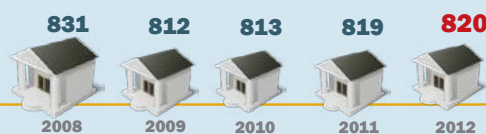
## MARKET POSITION





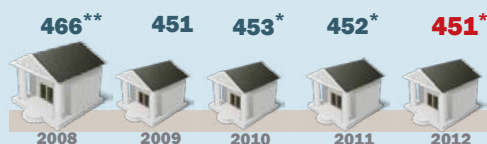
# DELIVERY CHANNELS

## TOTAL BRANCH NETWORK

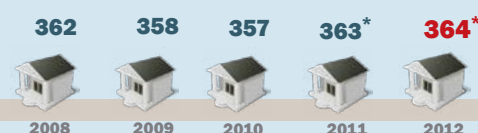


### DOMESTIC

#### Greater Manila Area



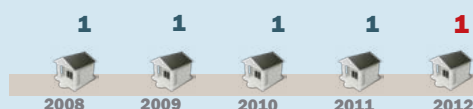
#### Provincial



\* includes BPI-Globe BankO Branches  
\*\* includes Pilipinas Bank

### INTERNATIONAL

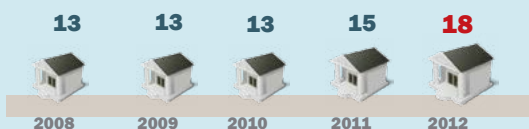
#### Hong Kong



#### Europe



## BUSINESS CENTERS



## REMITTANCE CENTERS



## ATMs



## NUMBER OF EMPLOYEES

	2008	2009	2010	2011	2012
<b>TOTAL</b>	12,089	12,155	12,035	12,355	12,406
<b>BANKING SERVICES</b>	11,448	11,549	11,704	12,011	12,046
<b>INSURANCE SERVICES</b>	641	606	331	344	360

## OTHER CHANNELS

### INTERNET BANKING



### MOBILE BANKING



### CALL CENTER



### REMITTANCE PARTNERSHIPS AND TIE-UPS IN THE US, EUROPE, ASIA AND MIDDLE EAST



### SOCIAL MEDIA



In keeping with BPI's long tradition of excellence, BPI Asset Management was awarded for the second time the Best Asset Management Company in the Philippines by The Asset Triple A Investment Awards 2012.



## CREDIT RATING

RATINGS AGENCY	RATING DATE	ISSUE	RATING
Fitch Ratings	May 2012	Long-term Foreign Currency Issuer Default rating (IDR)	BB+
		Long-term Local Currency IDR	BBB-
		National Long-Term Rating	AAA (phl)
		Subordinate Notes	AA+ (phl)
Moody's Investor Service	October 2012	Bank Financial Strength Rating	D
		Global Local Currency Deposits	Ba1
		Foreign Currency Deposits	Ba1
Capital Intelligence Ltd.	November 2012	Financial Strength	BBB
		Long-Term Foreign Currency	BB
		Short-Term Foreign Currency	B

# AWARDS

AWARDING BODY	INTERNATIONAL AWARDS
Alpha Southeast Asia	Best Trade Finance Bank Best Cash Management Bank Best SME Bank (6 <sup>th</sup> Annual Best Financial Institution Awards in Southeast Asia) Best Senior Management IR Support (Phils.) (2 <sup>nd</sup> Annual Southeast Asia Institutional Investor Corporate Awards)
Asia Asset Management	Best Fund House
Asia Banking and Finance	Website of the Year - Philippines Philippine Domestic Trade Finance Bank of the Year
Asiamoney	Best Domestic Bank Best Cash Management Bank in the Philippines for Large and Small Corporates
Asian Investor	Best Fund House (Asian Investor's Investment Performance Awards 2012)
Banking and Payments Asia	Product Excellence Award in Government Prepaid (through the Pantawid Pasada powered for the Department of Energy) Special Commendation: Channel Excellence in Internet Banking (through BPI Express Online) Special Commendation: Process Excellence in Customer Centricity (through BPI Express Assist (BEA)) (Banking and Payments Asia's Trailblazer Awards for 2012)
Corporate Treasurer Alliance	Best Cash Management Bank in the Philippines
Finance Asia	#5 Best Managed Company #3 Best in Corporate Governance #8 Best Investor Relations #7 Best Corporate Social Responsibility #3 Most committed to a strong dividend policy
Global Trade Review	Best Trade Finance Bank in the Philippines
JP Morgan Chase Bank	Quality Recognition Award
Radar Global	Gold Medal for Overall Bank Reputation
Reader's Digest	Bank Category (Gold Award) Credit Card Issuing Bank (Gold Award) Investment Fund Company (Gold Award) (Reader's Digest Trusted Brands Gold Awards-Bank Category: Philippines 2012)
The Asian Banker	Best Cash Management Bank in the Philippines The Leading Counterparty Bank in the Philippines (The Asian Banker Transaction Banking Awards 2012)
The Asset Triple A	Best Domestic Bank Best MNC/Large Corporate Bank, Domestic, Phil Best E-Solutions Partner Bank, Philippines (The Asset Triple A Transaction Banking Awards 2012) Best Asset Management Company in the Philippines (The Asset Triple A Investment Awards 2012)
AWARDING BODY	LOCAL AWARDS
Bangko Sentral ng Pilipinas	Outstanding Partner Bank-Commercial/Universal Banks for the BSP's Clean Note Policy Campaign (2012 Awards Ceremony for BSP Stakeholders)
DigitalFilipino.com	Top Internet Domain, Banking Category (for BPI Express Online website) (5 <sup>th</sup> Digital Filipino and Search Profile Index Web Awards)
Institute of Corporate Directors	Gold Awardee (2011 ICD Corporate Governance Scorecard for Publicly Listed Companies)
Management Association of the Philippines (MAP)	Pres. Aurelio R. Montinola III (MAP Management Man of the Year 2012)
Philippine Dealing System	Top Fixed-Income Dealing Participant 2011 Top 5 Philippine Domestic Dollar Transfer System (PDDTS)/Payment vs. Payment (PvP) Participant 2011 (ranking 2nd) (7th PDS Annual Awards)
Philippine Health Insurance Corporation (PhilHealth)	Best Collecting Agent for Electronic Payment
People Management Association of the Philippines	Program of the Year for BPI Leadership Excellence Acceleration Program (BPI LEAP)

Being a recognized leader and pioneer in the Philippine banking industry, BPI recognizes its bigger responsibility in developing and sustaining relationships with diverse stakeholder groups, both internal and external to the organization.

We categorize our stakeholders into two groups: those who are directly affected by our business operations and outcomes (namely, investors, clients, employees, suppliers, and the community at large) and those who guide and influence us in carrying out our business (specifically, government and regulatory agencies, non-government and civil society groups, and industry organizations).

Our engagement with stakeholders comes in various forms and is done through a range of activities that include communication, consultations and information disclosures. We conduct constant dialogues about our role in society, our products and services, our business performance and other issues. This is done at both the business unit and Group levels.

This active stakeholder engagement benefits us as a bank and our stakeholders in various ways:

- We are able to identify our most significant stakeholder groups and their specific interests, and determine the issues that are most significant to us from an economic, environmental and social sustainability perspective.

- We become more responsive in addressing various concerns — from customer service, financial solutions, systems, promotional campaign-related complaints, shareholder return, operational strategies and outlook, to regulatory compliance, employees' behavior, work pay and benefits, and financial assistance. To our stakeholders, it means interacting with the Bank that fulfills its brand promise of making things easy.

- We are also able to integrate the outcomes of our stakeholder engagement with our well-established risk management processes. This allows us to address potential risks and align the management of sustainable issues with our business processes and strategies.

- We are able to innovate on and/or improve our products, services, systems, operational processes, and practices based on the feedback we received.

To continue to reap these benefits, we shall create more opportunities for actively engaging our stakeholders.

## MEMBERSHIPS/PARTNERSHIPS

### INDUSTRY ORGANIZATIONS

Bankers Association of the Philippines (BAP), Chamber of Thrift Banks (CTB), Bank Marketing Association of the Philippines (BMAP), Bank Administration Institute of the Philippines (BAIPHIL), Makati Business Club (MBC), Philippine Society for Quality (PSQ)

### NGO AND OTHER CIVIL SOCIETY GROUPS

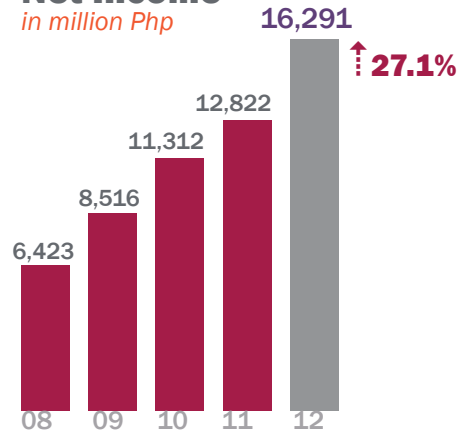
League of Corporate Foundations (LCF), Association of Foundations (AF), Philippine Council for NGO Certification (PCNC), Corporate Network for Disaster Response (CNDR), International Finance Corporation (IFC), WWF-Philippines, Habitat for Humanity Philippines, Philippine Business for Education (PBE), Philippine Business for the Environment (PBE)

# HOW WE ENGAGE

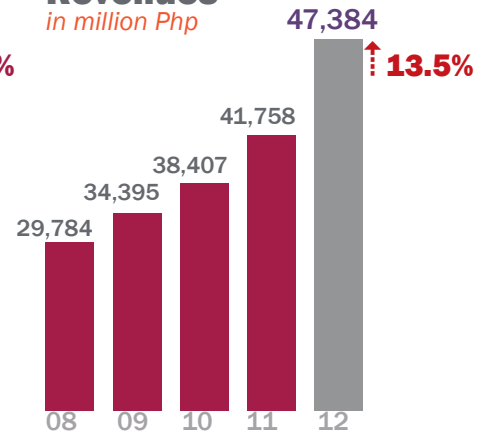


# FINANCIAL HIGHLIGHTS

**Net Income**  
*in million Php*

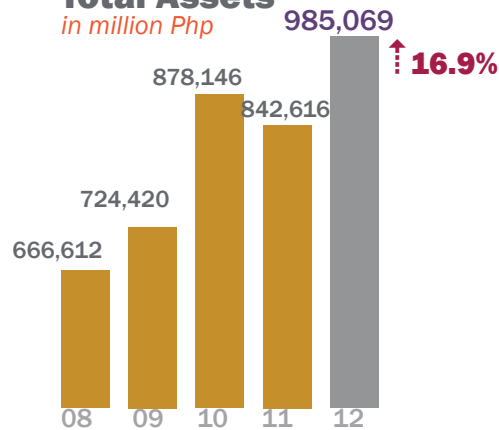


**Revenues**  
*in million Php*

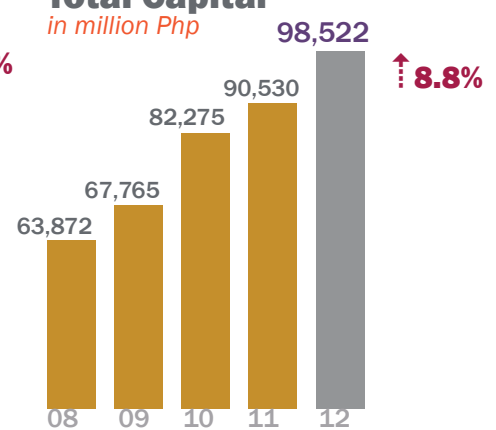


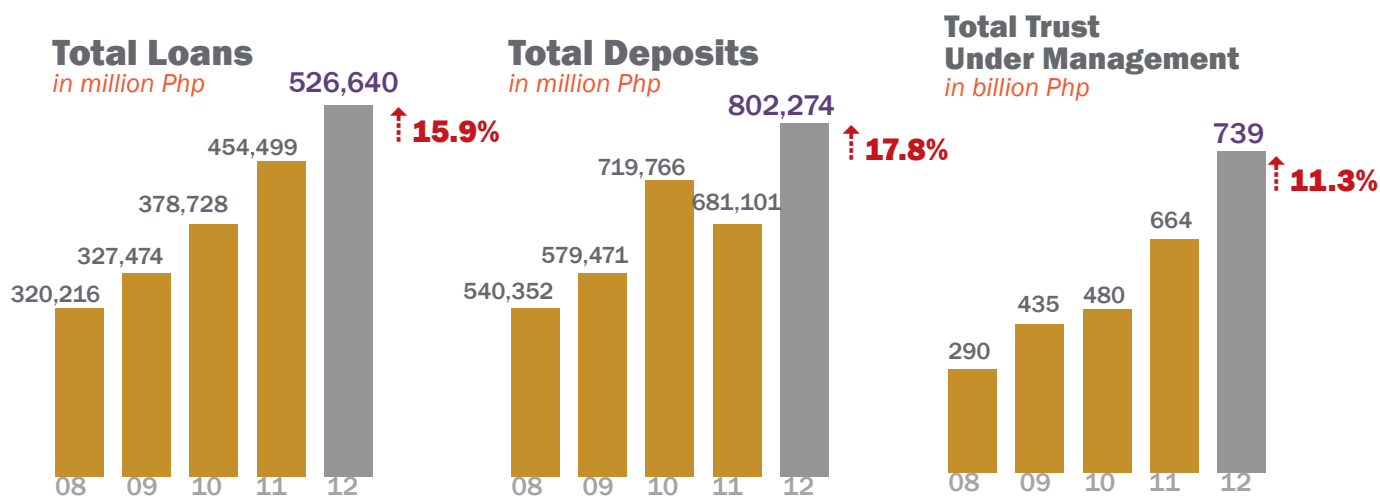
## CONSISTENT AN

**Total Assets**  
*in million Php*

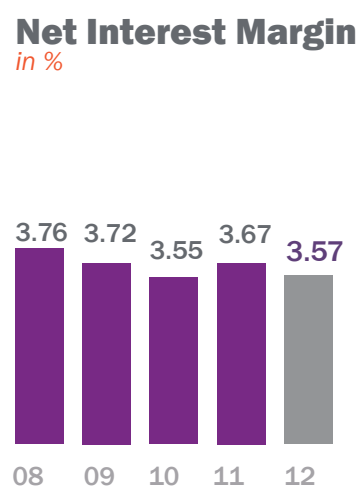
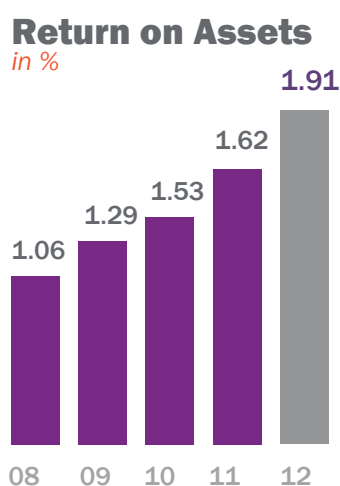
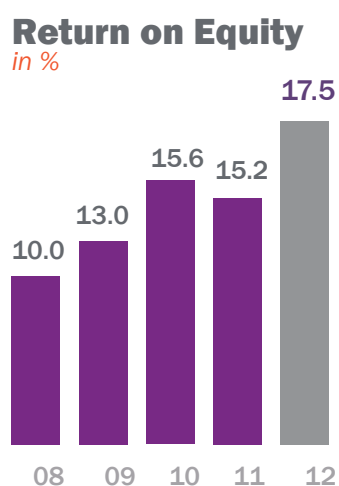


**Total Capital**  
*in million Php*





# ND SUSTAINABLE



# CREATING VA

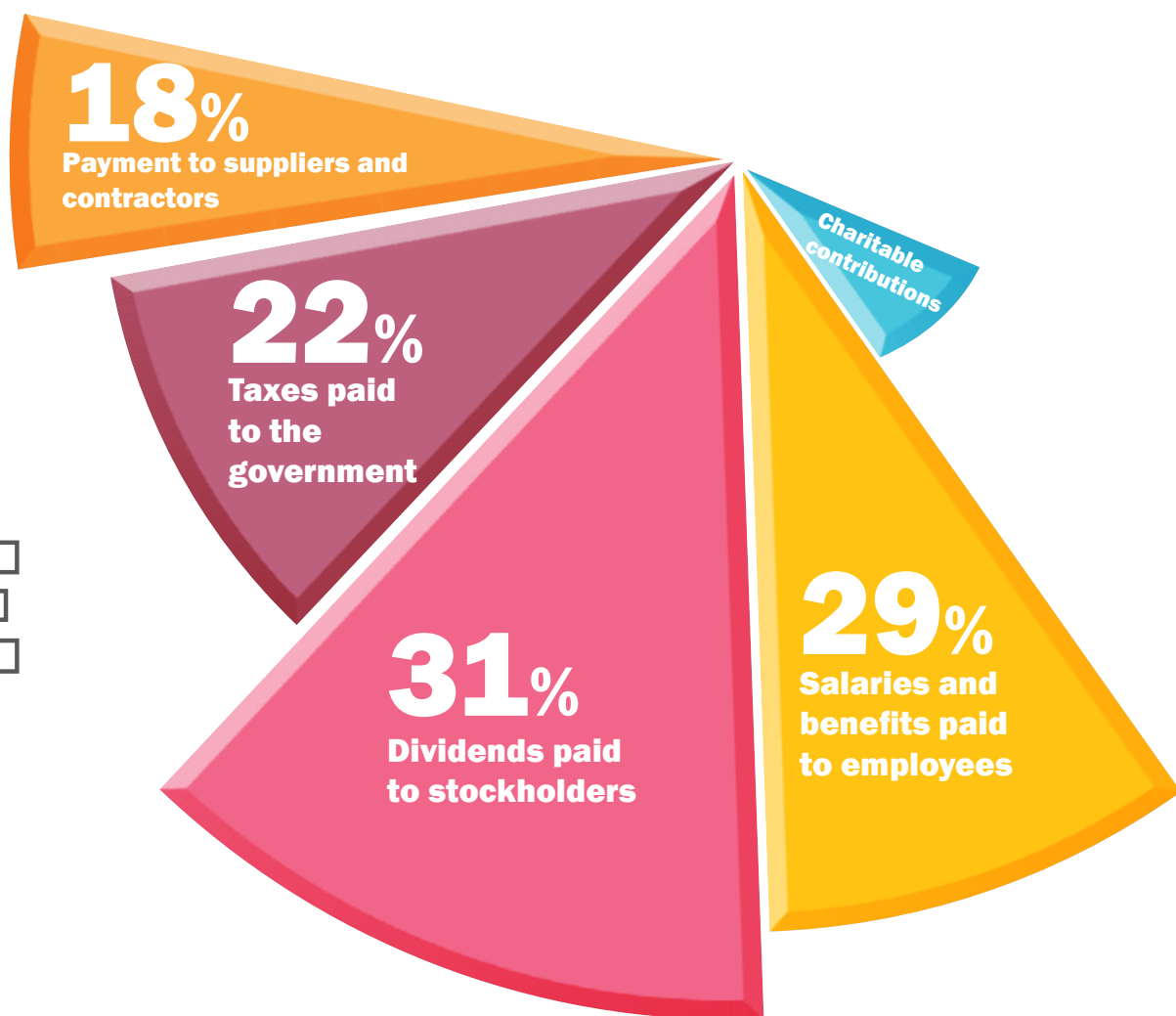
Beyond delivering value to our shareholders, we are also mindful of the economic value we create and distribute throughout our supply chain. We view this as a useful measurement on how we create wealth for our stakeholders, in particular, and for our nation, in general.

36,422

Amount in million Philippine pesos of BPI's total economic contributions in 2012

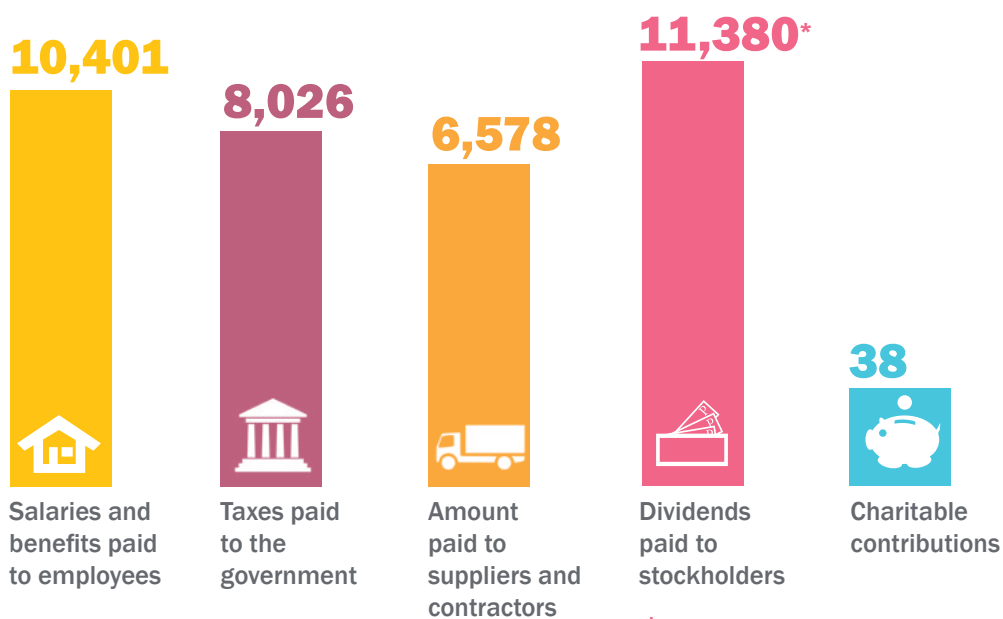


# VALUE



## Our Economic Contributions

In million Php



\* Declared in 2012 was Php8.2 billion

# SIGNIFICANT EVENTS



## JANUARY

### Cashless and offline payment

Launched the Jollibee Foods Corporation Happy Plus card, the first reloadable offline contactless card cum rewards in the country



## FEBRUARY

### Suze Orman in Manila

Invited Ms. Suze Orman, the World's Most Listened to Personal Finance Expert and One of the World's 100 Most Powerful Women to talk on financial advice for attaining financial freedom



### Top website award

BPI Express Online cited as Top Internet Domain under the banking category in the 5th Digital and Search Profile Index Web Awards

## MARCH

### Internet banking award

BPI Direct Savings Bank given the International Trophy For Quality For Quality by Global Trade Leaders' Club, a Club mostly for companies on the internet

## JULY

### BEA Online launch

Introduced BEA Online, an online branch transaction appointment system via BPI Express Online



### Equity deal for Ayala Land

Acted as Sole Domestic Coordinator for Php13.6-billion equity placement of Ayala Land, Inc., the largest private placement of a real estate company

## AUGUST

### Social media engagement

Launched a Twitter account and the first-ever Facebook App called BPI Bankers Online for one-on-one financial advice



### Centennial celebration in Zamboanga

BPI Zamboanga Branch celebrated its 100<sup>th</sup> anniversary and formally opened BPI Museum Zamboanga to the public



## SEPTEMBER

### Credit facility for SMEs

BPI Family Savings Bank and United States Agency for International Development (USAID) signed a USD5-million Credit Facility for eligible SME industries

**APRIL**

**Online payment award**

Named the Best Collecting Agent for Electronic Payment by PhilHealth



**MAY**

**IFC grant**

Signed a USD1.2-million Grant Agreement with International Finance Corporation for winning at the 2010 G20 SME Finance Challenge in Seoul, Korea

**Best Fund House award**

Awarded Best Fund House in the Philippines in the Asian Investor's Investment Performance Awards for the third time in a row



**JUNE**

**Milan branch opening**

Opened a BPI Europe Plc branch in Milan, Italy

**OCTOBER**

**'Branch of the Future'**

Opened BPI ADB Branch, the first Branch of the Future, the smallest, paperless, energy-saving branch, equipped with the First Digital Touchscreen Information Board Display



**NOVEMBER**

**Mobile wallet**

Launched BPI Mobile Wallet, the country's first bank-initiated contactless payment system running on a mobile platform



**BPI-WWF study release**

Released together with World Wide fund for Nature (Philippines) the 2nd phase of study on climate adaptation for the cities of Cagayan de Oro, Dagupan, Laoag and Zamboanga

**DECEMBER**

**Award for BPI President**

BPI President Aurelio R. Montinola III was bestowed the "MAP Management Man of the Year 2012" award by the Management Association of the Philippines



**Gold Medal**

BPI and BPI Family Savings Bank were presented the Gold Medal award for Overall Bank Reputation by Radar Global, a Hong Kong-based business research agency





# MESSAGE FROM THE CHAIRMAN

“

THE POSITIVE OPERATING ENVIRONMENT ALLOWED THE BANK OF THE PHILIPPINE ISLANDS TO CREATE VALUE FOR ITS STOCKHOLDERS WHILE PARTICIPATING AND CONTRIBUTING TO THE COUNTRY'S GROWTH STORY. IN 2012, OUR SHARE PRICE ROSE BY 72% TO PHP95.00 FROM PHP55.20 IN END-2011. THIS WAS EQUIVALENT TO 3.5 TIMES OUR BOOK VALUE PER SHARE OF PHP27.30. BPI'S MARKET CAPITALIZATION REACHED PHP337.8 BILLION AND REMAINED THE HIGHEST IN THE INDUSTRY.

”

Dear stakeholders:

2012 was a year of contrasting economic performance across the world. On one side was the continuing economic recovery of the euro zone, coupled with a US economy that remained stagnant. As a result, global gross domestic product (GDP) slowed to 3.2%. GDP growth in other emerging markets also collectively slowed to 5.1% as growth in China and India decelerated to 7.8% and 4.5%, respectively.

At the other end of the spectrum was the resilient Philippine economic story. The domestic economy posted its fastest GDP growth of 6.6% since 1988 in a non-election year. This was the highest rate of expansion in Asia next to China. This exceptional performance was more clearly reflected in two economic indicators: per capita GDP, which surged to 4.8% from 2.2% in 2011, and the deficit-to-GDP ratio at 2.3%.

The country's robust growth was largely driven by the services sector. The primary drivers were the business process outsourcing (BPO) industry, which contributed USD13 billion in revenues – surpassing India as the world's top destination for BPO voice services – and overseas Filipino remittances, which hit an all-time high of USD21.39 billion, 6.3% higher than 2011 levels. These inflows continue to fuel domestic consumption and are reducing our vulnerability to slowing export receipts relative to most emerging markets. These flows have resulted in a strong external liquidity position which has pushed our country's international reserves to a record USD 83.8 billion, equivalent to almost one year's worth of imports.

The country's strong economic performance was recognized by international credit rating agencies which, once again, raised our sovereign credit ratings to just a notch below investment grade in 2012. Confidence in the domestic market was also reflected in the equities market. Our Philippine Stock Exchange Index rose to its highest level, hitting 5,812.7, which was a 33.0% increase (in local currency terms) over 2011, making it one of the best performing stock markets in the region. Aside from higher share prices, Philippine companies also broadly benefited from record low interest rates and a benign inflation environment, both of which have contributed to stronger corporate earnings results.

#### Another banner year

The positive operating environment allowed the Bank of the Philippine Islands to create value for its stockholders while participating and contributing to the country's growth story. In 2012, our share price rose by 72.0% to Php95.00, from Php55.20 in end-2011. This was equivalent to 3.5 times our book value per share of Php27.3. BPI's market capitalization reached Php337.8 billion and remained the highest in the industry.

BPI also continued to lead in terms of profitability. Our net income reached a record high of Php16.3 billion and produced a return on equity of 17.5%.

Our risk-based capital adequacy ratio (CAR), at 14.2%, remained robust and well above the regulatory minimum of 10.0%. Moreover, our tier one CAR stood at 12.8%, providing us with enough buffer to comply with the full adoption of Basel III which takes effect in January 2014.

Even as BPI retains its strong capitalization structure, we have submitted an application to the Bangko Sentral ng Pilipinas (BSP) in July 2012 for the implementation of the Foundation Internal Rate Based (IRB) approach on large corporate loans. On the risk management side, we conducted the validation of 21 Treasury and market risk models and two scoring models. To further enhance the Bank's physical security, all our Cash Centers and 125 branches were connected to the Central Video Monitoring System of our Security Operations Centers. Both projects will continue through 2013 and the coming years to cover all market risk and credit models as well as all branches.



BPI HAS CLEARLY  
DELIVERED  
CONSISTENT GROWTH  
IN SHAREHOLDER  
VALUE. THIS IS MAINLY  
DRIVEN BY STRATEGIC  
PLANS THAT, BEYOND  
OUR INTERNAL  
BUSINESS OBJECTIVES,  
INCORPORATE THE  
BROADER GOAL OF  
CONTRIBUTING TO THE  
COUNTRY'S GROWTH  
AGENDA.



In addition, our Internal Audit Team maintained its 'Generally Conforms' overall rating on International Standards for Internal Auditing (IIA) Code of Ethics in the External Quality Assurance Review (QAR) by SGV & Co./ Ernst and Young.

As a validation of our corporate governance practices, we have been recognized as one of the top-rated Publicly Listed Companies in the Corporate Governance Scorecard of the Institute of Corporate Directors for 2011. BPI was awarded the Gold category for upholding shareholders' rights, disclosure and transparency, and board responsibilities, among others.

#### Beyond the numbers

BPI has clearly delivered consistent growth in shareholder value. However, these financial metrics have been driven by strategic plans that, beyond our internal business objectives, incorporate the broader goal of contributing to the country's growth agenda. An integral component of this, given our role as bankers operating in an emerging market, is to ensure greater financial inclusion. We believe this to be a key component for building a stronger and a more empowered nation.

BPI Globe BankO (BankO), our mobile-based microfinance banking arm, serves as our platform for more inclusive banking. In 2012, we doubled BankO's partner outlets to almost 2,000 and grew our account holder base to 280,000. We continued to offer affordable financial products such as *PaniguroKO* micro-insurance at lower premium rates. We also tied up with Alalay sa Kaunlaran Inc. (ASKI) and the International Rice Research Institute (IRRI) to provide farmer members of ASKI with bank accounts and microloans.

In 2012, we likewise made significant headway in integrating our environmental initiatives with our business operations. BPI entered into a memorandum of understanding with Green Philippines Islands of Sustainability, a project funded by the European Union under the SWITCH-Asia Programme, which is geared towards the adoption of the "EcoSwitch" approach in greening the Bank's supply chain.

We also embarked on the second phase of our Climate Risk Assessment study with WWF-Philippines to cover the cities of Cagayan de Oro, Dagupan, Laoag and Zamboanga.

This year also marks our fourth year of partnership with the International Finance Corporation (IFC) in providing loans to green projects under our Sustainable Energy Finance (SEF) Program. Our SEF initiatives were expanded to help raise energy and resource efficiency in the public sector. We granted Php4.2 billion of loans through the SEF in 2012, which resulted in savings of 89,821 MWh per year of energy, production of 630,742 MWh per year of clean energy, and abated carbon emissions by 645,774 tons per year.

#### The challenges of sustainability

The economic challenges of many developed economies will most likely persist in 2013. While this may continue to impact different parts of the world, including the Philippines, we believe BPI remains strongly positioned to seize opportunities that may arise, even within the framework of an unsettled global market.

As one of the largest financial institutions in the country, we remain committed to our primary goal of making banking easy for our customers and contributing productively to the country's economic and social development agenda. We hope that we can continue to count on the trust and confidence of all our stakeholders as we move forward in our journey towards greater and broader financial reach in our nation.



JAIME AUGUST ZOBEL DE AYALA II  
Chairman

# 280,000

BPI Globe BankO's total cardholder base

# 645,774

Tons of carbon emissions abated due to green projects funded through SEF





# MESSAGE FROM THE PRESIDENT

“

AT BPI, WE CONTINUED TO DO WHAT WE DO BEST: HELP THE COUNTRY, HELP THE BSP, HELP OUR COMMUNITY, HELP OUR CUSTOMERS, HELP OUR EMPLOYEES, AND IN THE PROCESS HELP OURSELVES. WE HAD THE BEST YEAR EVER IN 2012 WITH A LOAN GROWTH OF 16%, AND A RECORD HIGH NET PROFIT OF PHP16.3 BILLION, 27.1% HIGHER THAN 2011, ON OUR 161<sup>ST</sup> ANNIVERSARY.

”



In 2012, concerns on the global economy lingered around the sovereign debt problems in the euro zone and the persistent talk of a “fiscal cliff” in the United States. Global equity and currency markets exhibited higher volatility.

We started the year wondering whether the Philippine banking industry would decouple from the global banking woes. Instead, we saw a dramatic turnaround in Philippine economic growth as well as an appreciative financial market.

At BPI, we continued to do what we do best: help the country, help the BSP, help our community, help our customers, help our employees, and in the process help ourselves. We had the best year ever in 2012 with a loan growth of 16%, and a record high net profit of Php16.3 billion, 27.1% higher than 2011, on our 161<sup>st</sup> anniversary.

#### **BPI innovating over the years**

BPI has always played an important role in the Philippine economy and has a history of many firsts dating back to 1851. We are the first bank in the Philippines and in Southeast Asia which issued the first paper currency called *pesos fuertes*, and financed the first tram service, the first telephone system and the first electric power utility. As early as 1897, we started branching out by establishing the first branch in Iloilo in the Visayas, followed by the first branch in Mindanao in 1912 in Zamboanga.

Decades later, BPI embarked on a series of mergers and acquisitions, not only to expand our branch network, but also to diversify the markets we serve. We transformed ourselves from being a traditional corporate lender to a diversified and balanced market lender by adding the middle market and the consumer segment in the 1980s, and more recently, focusing on the small and medium-sized enterprises (SMEs) and the base of the pyramid.

Corollary to our market diversification, we introduced ‘anytime, anywhere banking’ with the first automated teller machine (ATM) in 1983, and cashless shopping with the first debit card system in 1987. This was followed through by phone banking in 1991, check-free bills payment in 1996 and online banking in 1999. The first decade of 2000 was the era of the evolving mobile banking technology, online and real-time stock trading, a new branch look and a revitalized brand, coupled with a ‘bank anywhere’ capability for our clients.

More important than the physical layout and image of the branch, our branches have been slowly configured to enhance our customer experience. We move out our backroom support and centralized such in cluster processing centers in the 1980s. We changed the mindset of the organization from being product-centric to customer-centric and deployed relationship managers to provide advice on appropriate financial solutions for our clients.

Under our ‘Let’s Make It Easy’ campaign, we provided paperless, pre-processing BPI Express Assist (BEA) machines at our branches and offered online investing.

#### **Making it easier for our customers**

In 2012, we leveraged on technology to introduce breakthrough service and product innovations to enhance customer experience across a range of channels.

To solidify BPI’s online banking leadership in the country, we undertook two customer service initiatives in BPI Express Online (EOL). We launched the BEA Online facility, an online branch transaction appointment system, as well as the real-time EOL enrollment and services activation through the ATM.

We gained several new awards in this field, to wit, the “Website of the Year - Philippines” award from the 2012 Asian Banking & Finance Retail Banking Awards, the “Special Commendation for Channel Excellence in Internet Banking” from Banking and Payments Asia, and the Top Internet Domain banking category from the 5<sup>th</sup> Digital Filipino and Search Profile Index Web Awards for pioneering features in the Philippine online banking landscape.

Our [www.bpiloans.com](http://www.bpiloans.com) website of BPI Family Savings Bank (BFSB) was further improved to include simplified application forms and a comprehensive list of cars, properties and businesses. Online loan applications thus increased by 187.7%.

We also brought our advocacy on financial literacy into the social media space. Facebook and Twitter users can gain access to BPI Bankers Online, a first-of-its-kind personal messaging application that dispenses sound financial advice and account information from a BPI professional.

One empowering innovation is a 9.56-square meter paperless, full-service branch at the Asian Development Bank headquarters. While it is considered the smallest physical branch in the country as we are still able to serve our customers with all their transactional needs and prove that function, not space, matters.



WITH A STRONG  
TEAM BPI, WE  
ARE CONFIDENT  
THAT BPI WILL  
CONTINUE TO  
MOVE FORWARD  
WITH QUALITY  
SUSTAINABLE  
GROWTH.



We also pilot-tested a BPI Mobile Wallet that allows clients to turn their smartphones into a “virtual wallet” when buying items from our merchant partners.

For SMEs, our Ka-Negosyo with ATM product makes it easier to access emergency funds anytime. Pre-qualified SMEs can also avail of our zero collateral loans.

To make retail investing more inclusive, we made a bold move of removing the required holding period on all our unit investment trust products.

We also offer our insurance customers the flexibility to change their coverage to suit their changing protection needs through the Life Extreme Protect.

We also enhanced our almost 200 cash deposit machines, aptly named Express Deposit Machines, to process cash deposits in real time without a need for an ATM card. For more accessibility, we set up additional online banking kiosks, which now total 141.

#### **Making it easier for a wider market**

We added about a million new customers in 2012 bringing our total customer base to about six million.

BFSB forged stronger partnerships with real estate organizations like the Philippine Association of Real Estate Boards (PAREB), Real Estate Brokers Association of the Philippines (REBAP), and Subdivision and Housing Developers Association (SHDA) to benefit homebuyers. We are also the sole bank partner in the 3<sup>rd</sup> Property Festival in Cagayan de Oro in December, and in the Singapore Property Expo in July for overseas Filipinos who are looking to invest in the Philippines.

Furthermore, our accredited franchisors increased to 61 from 19 in 2012, making our ‘BPI Ka-Negosyo Best List’ the roster of the country’s best and brightest franchise brands today. This program encourages startup franchisees and seasoned entrepreneurs to realize potential business growth. Hence, franchise loan portfolio grew by 309%.

BPI Globe BankO extended wholesale loans to 55 microfinance institutions (MFIs) amounting to Php2.5 billion, and expanded our presence in more areas in the country through partner outlets.

To reach out to more overseas Filipinos, we opened a new BPI Europe branch in Milan, Italy and a representative office in the United Arab Emirates, added tie-ups in East Asia and forged an alliance with Remitly.com in North America. Remitly.com, an online money transfer service available in key US states, enables US-based Filipinos to send money home within minutes through its network of over 10,000 cash-out locations in the country.

### **Because People are Important**

We believe in the saying that, 'If you focus on your customers and employees, the business results will follow'.

Over the last four years, we focused on democratizing senior management education. Among the various programs, the BPI Leadership Excellence Acceleration Program (BPI LEAP), a partnership with Harvard Business Publishing, stands out for its breadth and scope. As such, this was awarded "People Program of the Year" for 2012 by the People Management Association of the Philippines.

We are happy to note that in a survey conducted by Towers Watson, our employee engagement score ended higher at 82.0% as shown in 17 out of 18 indicators.

### **Best Practice Internationally**

With a strong Team BPI, we are confident that BPI will continue to move forward with quality sustainable growth.

I will be turning over the leadership of BPI to my successor, Cezar Consing, a competent professional with many years of experience in the international banking arena. I firmly believe that he will further take BPI to a new level beyond Philippine shores and position BPI among the best ASEAN banks.

In closing, I wish to thank the BPI Board and the BPI management for creating the governance structures, as well as the capability and team-oriented performance, to keep BPI as a beacon of financial stability for over 161 years, and as a banking trailblazer in the many years to come. To our other stakeholders, we give you our unwavering assurance that you will always be foremost in our goals as contained in our sustainability framework. We are most grateful for your continued support over the years.



AURELIO R. MONTINOLA III  
President



## ADHERING TO BEST PRACTICES

At BPI, we have a strong commitment to good corporate governance and full and fair disclosure. We establish policies and standards, comply with applicable laws and regulations, and pursue best practices in risk management to ensure integrity in everything we do and across all our businesses.

Each year, we implement enhancements that will improve our governance and increase investor confidence. We regularly review and update our policies and procedures to conform with changes in the regulatory environment.

We measure our governance quality using the BSP Capital Adequacy, Asset Quality, Management Quality, Earnings, Liquidity and Sensitivity to Market Risk (CAMELS) rating and the Corporate Governance Scorecard prescribed by the Institute of Corporate Directors (ICD).

In 2012, we maintained our ranking as having one of the highest CAMELS rating among Philippine commercial banks. We also became a recipient of the ICD's Gold award for Governance— a concrete testament to our strict adherence to governance quality standards.

# Our Board of Directors

Our highest governance body is the Board of Directors (Board), which ensures there is a strong and effective governance system in place throughout the Group. The Board is responsible for the long-term success of the Bank, having regard for the interests of all stakeholders. Its directive includes setting strategic business directions, appointing senior executive officers, confirming the appropriate organizational structures, approving major strategies and policies, overseeing major risk-taking activities, monitoring business and management performance, and generating a reasonable investment return to shareholders.

## COMPOSITION



15 Directors, of whom:

- 5 are Independent Directors\*
- 14 are non-executive Officers of the Bank

## QUALIFICATION



- Highly qualified business professionals who possess a broad range of experience and expertise required in the governance of a financial institution
- Possess the qualifications required for a Director, as required in the BPI Corporate Governance Manual

## SELECTION



- Elected by BPI stockholders entitled to one vote per share at the annual stockholders' meeting

## COMPENSATION



- Per diems for attendance in meetings of the Board and Board Committees, fixed by a resolution of the Board
- Bonuses may be given as approved by stockholders during the annual stockholders' meeting upon recommendation of the Personnel Committee

*\* no interest or relationships with BPI at the time of election or appointment and/or reelection*

## Board Committees and Memberships

The Board carries out its various responsibilities through the Executive Committee and delegate specific responsibilities to other sub-committees for specialized areas of focus within the limits allowed by law. These Board committees are the following:

### EXECUTIVE

- exercises all the powers of the Board in the management and direction of the affairs of BPI subject to the provisions of the BPI By-Laws and the limitations prescribed by law
- serves as the operating arm of the Board in all matters relating to corporate governance
- may approve all major policies and oversees all major risk taking activities on a more detailed basis
- functions as the Board's committee for the approval of all major credit risks

### NOMINATIONS

- ensures that the Board of Directors is made up of individuals of proven integrity and competence, and that each possesses the ability and resolve to effectively oversee the Bank
- reviews and evaluates the qualifications of all persons nominated to positions in the Bank which require appointment of the Board

### PERSONNEL COMPENSATION

- directs and ensures the development and implementation of long-term Human Resources Strategy/Plan based on the Board's vision of the organization

### COMPOSITION

**Chairman:** Jaime Augusto Zobel de Ayala  
**Vice Chairman:** Fernando Zobel de Ayala  
**Members:**

Aurelio R. Montinola III  
 Octavio V. Espiritu\*  
 Rebecca G. Fernando  
 Xavier P. Loinaz\*  
 Chng Sok Hui

#### Alternate Member

Mercedita S. Nollado

#### Alternate for:

Jaime Augusto Zobel de Ayala  
 Fernando Zobel de Ayala  
 Aurelio R. Montinola III

### COMPOSITION

**Chairman:** Romeo L. Bernardo\*  
**Members:**

Jaime Augusto Zobel de Ayala  
 Xavier P. Loinaz\*  
 Chng Sok Hui

### COMPOSITION

**Chairman:** Fernando Zobel de Ayala  
**Members:**

Romeo L. Bernardo\*  
 Cezar P. Consing  
 Oscar S. Reyes  
 Chng Sok Hui

## AUDIT

- monitors and evaluates the adequacy and effectiveness of the BPI Group's internal control system
- provides oversight on the overall management of operating risks, financial reporting and control, internal audit department and external auditors, quality of compliance with the Corporate Governance Manual and reviews conducted by the BSP

## RISK MANAGEMENT

- nurtures a culture of risk management across the enterprise, proposes guidelines and reviews on a regular basis, risk management structures, limits, issues and measurements across the BPI Group to meet and comply with regulatory and international standards on risk measurement and management
- supports technology and training for key personnel in risk management

## CORPORATE GOVERNANCE

- assists the Board in fulfilling its corporate governance responsibilities
- ensures the Board's effectiveness and due observance of sound corporate governance principles and guidelines

## TRUST

- oversees the proper administration and management of the Bank's trust and other fiduciary business and its investment management activities to ensure effective management of all risks inherent in the business

## RETIREMENT/PENSION

- oversees the fiduciary, administrative, investment portfolio and other non-investment aspects of the Retirement Plan

## COMPOSITION

**Chairman:** Xavier P. Loinaz\*

**Members:**

Octavio V. Espiritu\*  
Khoo Teng Cheong  
Oscar S. Reyes

## COMPOSITION

**Chairman:** Octavio V. Espiritu\*

**Members:**

Aurelio R. Montinola III  
Romeo L. Bernardo\*  
Cezar P. Consing  
Khoo Teng Cheong  
Antonio Jose U. Periquet\*

## COMPOSITION

**Chairman:** Artemio V. Panganiban\*

**Members:**

Romeo L. Bernardo\*  
Mercedita S. Nollado  
Oscar S. Reyes  
Chng Sok Hui

## COMPOSITION

**Chairman:** Mercedita S. Nollado

**Members:**

Fernando Zobel de Ayala  
Aurelio R. Montinola III  
Romeo L. Bernardo\*  
Rebecca G. Fernando  
Antonio Jose U. Periquet\*  
Maria Theresa M. Javier\*\*

## COMPOSITION

**Chairman:** Mercedita S. Nollado

**Members:**

Aurelio R. Montinola III  
Rebecca G. Fernando  
Fidelina A. Corcuera\*\*\*

\* Independent Director

\*\* Trust Officer

\*\*\*Human Resource Officer



## Operating Management

The President and Chief Executive Officer is responsible for the overall management of the Bank and the implementation of all major business strategies. He is supported by the Chief Operating Officer and the senior management team.

Through a formal planning and budgeting process, management is able to pursue business goals and implement strategies. It lays down well-defined operating policies and procedures to ensure the accuracy of reports, the attainment of customer satisfaction, as well as our integrity, fairness and transparency, efficiency, and accountability in the conduct of our business. Management is periodically reviewed and rewarded according to their performance relative to assigned targets.

Specific management committees ensure that major risks are identified, measured, and controlled against set appropriate limits. These management committees include:

- a. Credit Committee
- b. Finance and Risk Management Committee (FRMC)
- c. Operating Risk Management Committee (ORMC)
- d. Capital Management Committee (CMC)
- e. Asset and Liability Committee (ALCO)

The members of these committees are composed of the Bank's senior management, including representatives of business segments, the Risk Management Office (RMO), and other senior executives.

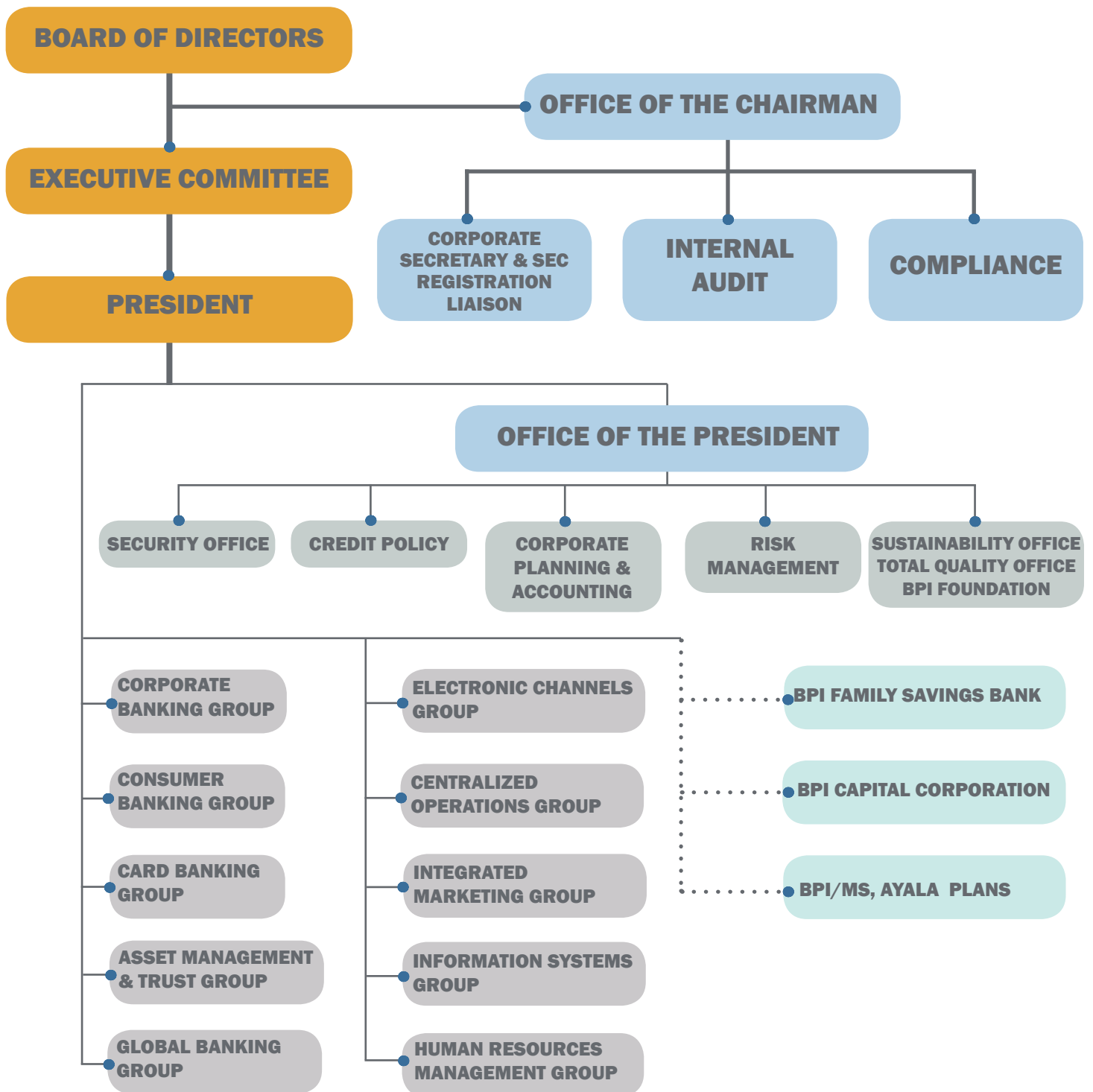
## Risk Management

We have a Risk and Capital Management Framework in managing all our risk exposures and in providing capital to cover risk exposures. This Framework follows BSP regulations and mandates us to implement an Internal Capital Adequacy Assessment Process (ICAAP).

The Board of Directors carries out the risk management function through the Risk Management Committee (RMC). Several committees and units manage our risk exposure at the management level. The Risk Management Office (RMO) recommends risk management policies and methodologies and promotes enterprise-wide risk appreciation and education.

Major risks in the Bank's business are credit risk, market risk (liquidity risk and interest rate risk) and operational risk (physical security risk, legal risk, regulatory risk, and reputation risk, among others). Due to the significant size of our loan portfolio and financial assets, we give due attention to credit risk and market risk, respectively. We also closely monitor our operations risk due to its significant share in our total risk-weighted assets.





## Types of Risks

### Credit Risk

The Credit Policy Group (CPG) is responsible for the overall management of the Bank's credit risk anchored on a comprehensive set of policies and established underwriting processes.

CPG ensures that risk taken is consistent with the Bank's acceptable parameters while complying with regulatory requirements. Except for agricultural/agrarian lending, we complied with the regulatory requirements on single borrower's limit (SBL), directors, officers and related interest (DOSRI), real estate loans ceilings and mandatory lending to SMEs. Note 32 of the Audited Financial Statements presents details on related party transactions.

We continue to maintain a diversified loan portfolio with no significant concentration in any sector. The manufacturing sector as a whole accounted for the largest exposure where risk was spread out among its sub-sectors, led by food and beverages manufacturing at less than 7.0% of the total portfolio. Commercial loans accounted for about 75.0% of the total portfolio and consumer loans for the balance of 25.0%. Large borrowers comprised approximately 80.0% of commercial loans and SMEs, the remaining 20.0%. In 2012, CPG reviewed 14 lending units with credit performance assessed to be generally acceptable. Even with the further expansion of our loan portfolios, asset quality has improved in terms of both non-performing loan (NPL) amounts and ratio. The gross 90-day ratio stood at 2.0%, the lowest in the last five years. Loan reserves cover improved further to over 96.0% from 88.0% in 2011.

We regularly monitor our scoring models as to their predictive power and model performance. Rating models for Head Office Home and Property Equity Loans, Business Center Home Loans, Auto Head Office Direct and Retail Marketing Loans maintained their acceptable performance in 2012 based on statistical measures. The processing and generation of daily ratings files for SME accounts under the existing scoring model were strengthened. For consumer loans, a more comprehensive suite of MIS for the credit card portfolio was created for a meaningful and pro-active portfolio management. CPG plans to apply this to other consumer portfolios in auto, mortgage, retail SME and personal loans.

CPG continued to lead the Bank's transition to the Basel Internal Ratings Based Approach. The new Internal Credit Risk Rating System (ICRRS) for large corporate borrowers that incorporates probability of default (PD) estimates was validated by an external party and approved by the Risk Management Committee the previous year, and implemented in March 2012. This was submitted to the BSP in July 2012 to obtain permission for its application in the Capital Adequacy Ratio (CAR) calculation for large corporate exposures. Other milestones achieved during the year include the completion of housing loans PD (Probability of Default) and LGD (Loss Given Default) models, initiation of SME IRBA compliant CRR model development, and automation of IRBA CAR reports generation. These initiatives were accomplished within the overall Basel IRB Approach transition timeline.

## Market Risk

The FRMC is supported by the RMO's Market Risk Management Unit (MRMU) that manages our exposures to market risk, liquidity risk, and interest rate risk in the banking book.

In 2012, we implemented significant improvements in risk measurement, particularly pre-settlement risk and value at risk (VaR) models for derivative instruments. To ensure that risk exposures are accurately captured, reports were migrated to an automated market risk system, which is on a phased-in implementation. Together with models enhancement, we further improved on our policies and procedures resulting in a more comprehensive documentation.

The Risk Models Validation Unit (RMVU) was also established in 2012 to serve as the Bank's model risk manager and conduct the independent validation of the Bank's risk models. The validation of a model is governed by the Model Risk Management Policy and Governance Framework which aims to ensure an active and effective model risk management within BPI Group. We completed the validation, together with SGV & Co.-Ernst & Young (SGV-EY), of the quality of 21 Treasury/market risk models and two pricing models.

## Operating Risk

Line management is directly responsible for the management of operating risks in accordance with the risk appetite parameters that have been set forth in the Group's policies and standards on transaction authority limits and key operational risk indicator limits.

The ORMC monitors operating risks by reviewing key risk indicators (KRIs), risk and control self-assessments (RCSA), and incidents management. The ORMC is supported by RMO's Operating Risk Management Unit (ORMU) that oversees the implementation of our enterprise-wide operating risk management programs consisting of policy formulation processes, KRI monitoring processes, RCSAs, incident management processes, and risk management awareness and appreciation programs. RCSA includes scorecards and more business process specific assessment templates. Online views for end-to-end risk assessment by channels and products have also been made available. Briefing and facilitation sessions were conducted by the ORMU with the Group's compliance and risk officers whenever there are new or updated programs to be deployed. Risk appreciation courses are also made available on the eLearning platform for self-study and refresher training of the BPI Group personnel.

Product approval and project approval requirements have been established to ensure that operating risks are taken into consideration prior to investing in new products and projects. Regular project value realization reviews are conducted to assess whether:

- committed business and project objectives were attained;
- issues and problems encountered upon project implementation were resolved; and
- lessons were obtained for application in future projects.

Information Security and Technology Risk Management protects us against operating risks arising from the use of information technology in our business processes. It also promotes our competitiveness and long-term viability through the use of appropriate and cost-effective IT solutions. Systems Quality Assurance Management (SQM) ensures compliance of automated systems to information security policies and control standards.

Business Continuity Management (BCM) ensures the recovery of critical customer service facilities in the event of unplanned business interruptions. To meet the increasing demand on Disaster Recovery Preparedness of our operations, we installed bigger and more robust BCP sites for critical head office services. We likewise continued to strengthen our employees' awareness of our Business Continuity programs through training and activities. Enterprise-wide testing of the critical application systems were conducted in 2012.

The Central Security Office (CSO) is responsible for the physical security of our facilities and the safety of our customers and employees. This is done using a three-tiered defence system of intelligence, target hardening and incident management.

We continually deploy closed-circuit TV (CCTV) cameras in the branches and connected all our Cash Centers and 127 branches to the CVAMS of our Security Operations Center.

Among its functions are the close monitoring of and speedy response to incidents, and extending assistance in the rescue of personnel in distress.

The Legal Services Division (LSD) oversees the Bank's legal and tax risk exposure. It proactively issues legal and tax advisory bulletins (LABs and TABs), conducts training and lectures, provides documentation services, and litigates cases filed by or against BPI, as well as identifies and assesses areas where litigation can be prevented, proceedings expedited and litigation costs minimized. Through the issuance of TABs, supplemented by the various tax briefings held for the BPI Group, the division was able to promote tax compliance awareness and deeper understanding of the different BIR regulations and circulars. In addition, a Tax Module on 'Basic Tax Laws and Principles' was introduced to form part of the Bank's eLearning program.

In September 2012, the Automated Legal Management System (ALMS) was implemented for the monitoring

and reporting of legal and tax cases of the BPI Group. The second phase of the system will be launched in 2013 to cover the updating of status of cases, including those handled by external and provincial/ local counsels.

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## Measurement of Risk Exposure

We use various methodologies to measure risk exposure. Our credit risk exposure is assessed using credit rating models which take into account our existing exposure to the counterparty, the counterparty's probability of default, and the value recoverable from the counterparty in the event of default.

The models were developed internally using statistical analysis and credit judgment. Their predictive power and performance are validated regularly. Credit risk exposures are classified according to rating grades and are monitored as they migrate between rating grades. Expected losses are constantly assessed and measured following internal and regulatory provisioning policy.

We also measure credit risk exposure in terms of regulatory capital requirement using the standardized approach. Under this method, our credit exposures are risk-weighted to reflect third-party credit assessment of the individual exposure from acceptable external credit rating agencies and allow the use of eligible collaterals to mitigate credit risk. All documentation used in the collateralized transactions and for guarantees are binding on all parties and legally enforceable in the relevant jurisdiction.

Using the regulatory standardized approach, our total credit risk-weighted assets amounted to Php539.0 billion, and is composed of on-books credit exposure after risk mitigation at Php529.6 billion, off-balance sheet items at Php6.2 billion and counterparty risk-weighted assets in the trading book of Php3.2 billion. Below is the summary table:

CREDIT RISK-WEIGHTED ASSETS (In million Php)	AMOUNT
Credit Risk-Weighted Assets	
Total Risk-Weighted On-Balance Sheet Assets (Schedule A)	529,594.9
Total Risk-Weighted Off-Balance Sheet Assets (Schedule B)	6,180.2
Total Counterparty Risk-Weighted Assets in the Trading Book (Derivatives and Repo-style Transactions) (Schedule C)	3,184.1
Total Gross Risk-Weighted Assets	583,959.2
Deductions	-
<b>TOTAL CREDIT RISK-WEIGHTED ASSETS</b>	<b>538,959.2</b>

**SCHEDULE A**

<b>ON-BALANCE SHEET ASSETS</b> (In million Php)	<b>Total Credit Risk Exposure after Risk Mitigation</b>	<b>Total Credit Risk Weighted Assets</b>
Cash on Hand	22,949.7	22,949.7
Checks and Other Cash Items	860.9	860.9
Due from Bangko Sentral ng Pilipinas (BSP)	119,086.5	119,086.5
Due from Other Banks	6,914.8	6,914.8
Available-for-Sale (AFS) Financial Assets	104,131.9	100,163.4
Held-to-Maturity (HTM) Financial Assets	76,245.7	65,998.8
Unquoted Debt Securities Classified as Loans	698.0	698.0
Loans and Receivables	492,843.2	492,843.2
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	38,137.6	38,137.6
Sales Contract Receivable (SCR)	698.2	
Real and Other Properties Acquired	7,140.7	7,140.7
Total Exposures Excluding Other Assets	869,707.3	854,793.8
Other Assets	26,850.8	26,850.8
Total Exposures, Including Other Assets	896,558.1	881,644.6
Total Risk-weighted On-Balance Sheet Assets not covered by Credit Risk Mitigants		529,134.4
Total risk-weighted On-Balance Sheet Assets covered by Credit Risk Mitigants		460.5
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>		<b>529,594.9</b>

**SCHEDULE B**

<b>OFF-BALANCE SHEET ASSETS</b> (In million Php)	<b>Total Risk-Weighted Off-Balance Sheet Assets</b>
Direct credit substitutes (e.g., general guarantees of indebtedness and acceptances)	3,400.0
Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)	1,010.5
Trade-related contingencies arising from movement of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year)	1,769.7
<b>TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS</b>	<b>6,180.2</b>

**SCHEDULE C**

<b>COUNTERPARTY ASSETS IN THE TRADING BOOKS</b> (In million Php)	<b>Total Counterparty Risk-Weighted Assets in the Trading Book</b>
Derivative Exposures	
Interest Rate Contracts	143.6
Exchange Rate Contracts	3,040.5
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS OF DERIVATIVE TRANSACTIONS</b>	<b>3,184.1</b>

Our total outstanding investments in structured products as of end-2012 was USD238.1 million, composed of investments in Credit-Linked Notes at 59.0% of total, Range Accrual and Callable Range Accrual Notes were at 27.0%; Capped Floaters and Gold-Linked notes at 12.0% and 2.0%, respectively.

We manage the market risk exposures of both our trading and non-trading portfolios. Our assets in both on- and off-balance sheet trading portfolios are subject to trading gains and losses. Market risk exposure from these portfolios is measured by the respective VaR models. In terms of capital usage using the standardized approach, total market risk-weighted assets stood at Php29.3 billion in end-2012, of which foreign exchange exposure accounted for half, followed by interest rate exposures at 47.0% and equity exposure at 3.0%. Below is the summary table:

<b>MARKET RISK WEIGHTED ASSET</b> (In million Php)	<b>Total Market Risk Weighted Asset</b>
Using Standardized Approach	13,832.4
Interest Rate Exposures	871.8
Equity Exposures	14,552.0
Foreign Exposures	
<b>TOTAL MARKET RISK-WEIGHTED ASSETS</b>	<b>29,256.2</b>

Liquidity risk is measured by cumulative liquidity gap analysis over the next three months for both on- and off-book positions in the trading and non-trading books.

Assets in the non-trading portfolio are exposed to interest rate risk or the volatility in net interest income as a result of fluctuations in interest rates. The main source of interest rate risk in the banking book is the repricing risk on our assets and liabilities as they mature or at contractual periods. Interest rate risk exposure on this is measured by: the Balance Sheet Value at Risk (BSVaR) or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates; and by the Earnings-at-Risk (EAR) or the potential deterioration in net interest income over the next 12 months due to adverse movements in interest rates. As of end December, 2012, the BPI Group's BSVaR level of Php1.4 billion was well within the Bank's risk appetite of Php2.3 billion. In terms of EAR, the impact of the 52 basis points and 12 basis points simultaneous movements for Peso rates and USD rates, respectively, totalled Php708.8 million.

Exposure to operating risk are identified, assessed, and monitored as an integral part of the BPI Group's business processes. We currently use the regulatory basic indicator approach to quantify our operational risk weighted assets by using the historical total annual gross income as the main measure of risk. For 2012, the total operating risk-weighted assets stood at Php70.7 billion.



## Capital Adequacy

The Capital Management Committee (CMC) oversees the management of the capital and risk assets of the Bank and ensures compliance with the regulatory and internal minimum capital adequacy requirement, referred to as CAR and IMCAR, respectively.

As of end-2012, our total qualifying capital was at Php90.6 billion with Tier 1 capital accounting for 90.2% or Php81.7 billion and Tier 2 capital at 9.8% or Php8.9 billion. Below is the composition of our qualifying capital:

	<b>AMOUNT</b> (In million Php)
Gross Qualifying Capital	
Tier 1 Capital	<b>83,125.0</b>
Tier 2 Capital	<b>10,284.7</b>
Deductions from Tier 1 and Tier 2 Capital	
Investments in equity of unconsolidated subsidiary position of dealers/brokers, insurance companies, and non-financial allied undertakings, after deducting related goodwill	<b>2,755.3</b>
Net Tier 1 Capital	<b>81,747.3</b>
Net Tier 2 Capital	<b>8,907.1</b>
<b>TOTAL QUALIFYING CAPITAL</b>	<b>90,654.4</b>

For the regulatory CAR, the total capital requirement for credit risk is at Php53.9 billion, Php7.1 billion for operating risk, and Php3.0 billion for market risk. Adhering to the regulatory directive for banks to conduct an Internal Capital Adequacy Assessment Process (ICAAP) following Basel II – Pillar II guidelines, we submitted our 2012 ICAAP to the BSP. This comprehensive evaluation of our material risks and capital adequacy reflected an IMCAR of 10.3% that is commensurate to the nature and extent for most of the risks we have taken. The capital buffer of 0.3% over the 10.0% regulatory CAR covers our exposure beyond Pillar I risks. For internal monitoring purposes, the RMC approved a CAR Management Action Trigger (MAT) of 11.0% at which management would review our capital level and undertake to shore up capital if required. Our end-2012 risk-based CAR was at 14.2%, well within the regulatory requirement of 10.0%, and compares favorably with our IMCAR and MAT targets. For the early local adoption of Basel III requirements, we participated as a member of the Bankers Association of the Philippines (BAP) Steering Committee in the industry comments on draft exposure of Basel III. We also performed a quantitative impact study on BPI and presented the results to the CMC and the BSP.

## Compliance System

The Compliance Office upholds compliance with relevant laws and regulations of the BSP, Securities and Exchange Commission (SEC), Philippine Deposit Insurance Corporation (PDIC), and other regulatory agencies. This is done through effective liaison and dialogue with the regulators, as well as the prompt dissemination within the Bank of new developments affecting our operations. It oversees the implementation of the compliance system throughout the organization. The compliance function is further

strengthened by the formal designation of the major Group Compliance Coordinating Officers (GCCOs) who are responsible in coordinating the implementation of the compliance program within their respective business groups.

The Compliance Office promotes adherence and awareness to laws, rules and regulations by electronically posting these information in a compliance database. As a listed company, we have to comply with the Securities Act and our Compliance Office, Corporate Planning and Corporate Secretary jointly review our compliance with the SEC and the Philippine Stock Exchange (PSE).

The compliance to the Bank's Corporate Governance Manual, policies, and code of conduct is enforced using a two-pronged approach: through self-regulation within the work units and audit reviews of the Compliance Office, Internal Audit Office, and the external auditors.

## Internal Audit

Internal Audit is an independent unit that reports directly to the Board through the Audit Committee and assists in the discharge of its oversight responsibilities. It is responsible for providing an independent reasonable assurance on the Bank's system of risk management, controls and governance processes, as well as ensuring that operating and business units adhere to internal processes and procedures and to regulatory and legal requirements.

Aligned with best practices, Internal Audit has an established quality assurance and improvement program that covers all aspects of its audit activities. This includes periodic internal quality assurance reviews, self-assessments and auditees surveys. External quality assessments are also carried out at least once every five years by qualified professionals from an external organization. This is to ensure quality of audit service delivery and conformance with the International Standards for the Professional Practice of Internal Auditing. In February 2012, Internal Audit Team was given a 'Generally Conforms' overall rating on International Standards for Internal Auditing (IIA) Code of Ethics, and the Definition of Internal Auditing based on the External Quality Assurance Review (QAR) report by SGV & Co./Ernst and Young.

The professional competence of our internal auditors is upgraded through training programs, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services. Internal Audit also works closely with the RMO, Compliance Office, and external auditors for a comprehensive view of risks and compliance in the institution, and ensures that business units pro-actively manage risk and compliance exposures.

## Conflict of Interest Policies

The Group adheres to strict conflict of interest policies which places the interest of the Bank above and ahead of the personal interest of directors and officers. These policies prohibit directors and officers from using their position of authority or rank to directly or indirectly derive personal gain or advantage.

Our employees are also guided by our Conflict of Interest and Whistleblower policies and guidelines which are included in the Management and Operating Manual (MOM) and Personnel Policy Manual. Aside from being electronically available to all employees, these policies are announced via our email facility, the Lotus Notes, to serve as reminders.

## Anti-Money Laundering

The Anti-Money Laundering Unit (AMLU) is responsible for monitoring customer and counterparty transactions in compliance with the Anti-Money Laundering Law and various government regulations. Our Anti-Money Laundering Program covers all companies under the BPI Group.

We constantly review our program to ensure compliance with the latest legislative and regulatory developments. The program outlines the policies and procedures on enforcing rules for enhanced customer due diligence, detecting or countering acts of money laundering, as well as handling of suspicious transactions. AMLU's specialized IT system captures the required information from our various application systems and analyzes these data for abnormal and suspicious transaction patterns.

## Communication and Information

Management is primarily responsible to the Board for the adequate flow of information, such as but not limited to financial information. Any variance between projections and actual results requires management's explanation to the Board.

The Board is committed to fully disclose at all times all material information about the Bank for the benefit of the shareholders. All material information that could potentially affect share price are publicly disclosed through the PSE and SEC.

For more details on our corporate governance philosophy, policies and practices, please go to our website, [www.bpiexpressonline.com](http://www.bpiexpressonline.com).

# BOARD OF DIRECTORS



## JAIME AUGUSTO ZOBEL DE AYALA

**Chairman of the Board** of Directors of BPI since March 25, 2004. Vice-Chairman from 1995 to March 2004 and director since 1994. Chairman of the Board of Directors and Chief Executive Officer of Ayala Corporation; Chairman of Globe Telecom, Inc. and Integrated Microelectronics, Inc.; Co-Chairman of Ayala Foundation, Inc.; Vice Chairman of Ayala Land, Inc. and Manila Water Company, Inc.; Co-Vice Chairman of Mermac, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte Ltd., and AC Energy Holdings, Inc.; Chairman of Harvard Business School Asia-Pacific Advisory Board, Children's Hour Philippines, Inc.; Vice Chairman of the Asia Business Council, Makati Business Club, and Asia Society Philippine Foundation, Inc.; Member of The Asia Society, Eisenhower Fellowships, Harvard University Asia Advisory Committee, Harvard Business School Social Enterprises Initiative Advisory Board, Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, International Business Council of the World Economic Forum, Asia Pacific Basin Economic Council, Philippine Economic Society, World Wildlife Fund Philippine Advisory Council, Pacific Basin Economic Council and Toshiba International Advisory Group; and Philippine Representative for APEC Business Advisory Council.

## AURELIO R. MONTINOLA III

**President** since 2005 and **Director** since 2004. Chairman of BPI Direct Savings Bank, Inc., BPI-Philam Life Assurance Corporation, BPI Computer Systems Corporation, BPI/MS Insurance Corporation, Amanda Carina Holdings, Inc., Amon Trading Corporation, Armon Realty, Derrc, Inc., Desrey, Inc., Monti-rey, Inc., Seyrel Investment & Realty Corporation, and East Asia Educational Foundation; Chairman and Executive Director of BPI Europe Plc.; Vice-Chairman/Trustee of BPI Globe BankKO, Inc., Mastercard Incorporated Asia/Pacific Regional Advisory Board, LGU Guarantee Corporation, Philippine Business for Education, Inc., Far Eastern University and Lafarge Republic, Inc.; Senior Managing Director of Ayala Corporation; Director of BPI Family Savings Bank, Inc., BPI Capital Corporation, Ayala Land, Inc., Mere, Inc., and Western Resources Corporation; Vice-Chairman & President of BPI Foundation, Inc.; Member of the Board of Trustees of Ayala Foundation, Inc., Makati Business Club, Pres. Manuel A. Roxas Foundation, Philippine Trade Foundation, Inc., and Anita Magsaysay Ho Foundation; and Member of the Management Association of the Philippines.

## CHNG SOK HUI

**Director** since April 2003. Director of Ayala DBS Holdings, Inc.; Managing Director and Chief Financial Officer of DBS Bank Ltd. (Singapore); Member of Housing & Development Board and Accounting Standards Council; and Supervisor in DBS China Ltd.





### CEZAR P. CONSING

**Director** since April 15, 2010. Director from February 1995 to January 2000 and from August 18, 2004 to January 01, 2007. Independent Director of First Gen Corporation, CIMB Group Holdings Berhad, CIMB Group Sdn Bhd, and Jollibee Foods Corporation; Partner/Managing Director of TRG Management Hongkong Limited; Partner of The Rohatyn Group and Head of the Hong Kong office; Director and Non Executive Chairman of the Filgifts.com; Director of TRG Management Principals LP, TRG Allocation Principals LLC, Arch Capital Management Co., Ltd.; Arch Capital Asian Partners, G.P., Capital Advisors Partners Asia Sdn Bhd, Capital Asean Infrastructure Fund III (General Partner) Limited, and Capital Islamic Infrastructure Fund (General Partner), Limited; Board of Partners of TRG Management LP; and member of the Advisory Committee of CIMB Securities International Pte Limited.

### REBECCA G. FERNANDO

**Director** from 1995 up to December 2007 and re-elected in 2009. Director of BPI Family Savings Bank, Inc. and BPI Capital Corporation; Chairman of LAIKA Intertrade Corporation; Financial Consultant and Member of the Finance Board of The Roman Catholic Archbishop of Manila; and Member of the Finance Board of The Roman Catholic Archbishop of Antipolo.

### ARTEMIO V. PANGANIBAN

**Independent Director** since April 15, 2010. Independent Director of Manila Electric Company, Petron Corporation, First Philippine Holdings Corporation, Metro Pacific Investments Corporation, Metro Pacific Tollways Corporation, Robinsons Land Corporation, GMA Network, Inc., GMA Holdings, Inc., Tollways Management Corporation and Asian Terminals; Independent Adviser of Philippine Long Distance Telephone Company and Jollibee Food Corporation; Senior Adviser of V. Mapa Blue Falcon Honor Society and Metropolitan Bank and Trust Company; Chairman of the Board of Advisers of Metrobank Foundation, Inc. and Asian Institute of Management Ramon V. Del Rosario, Sr.- C.V. Starr Center for Good Governance; Chairman of the Board of Philippine Dispute Resolution Center, Inc.; President of Manila Metropolitan Cathedral – Basilica Foundation, Inc.; Member of the Board of Advisers of Dela Salle University College of Law and Johann Strauss Society; Member of the Advisory Board of The World Bank (Philippines); Chairman of the Board of Trustee of Foundation for Liberty and Prosperity; Member of Philippine National Committee of Asean Law Association; and Columnist in the Philippine Daily Inquirer.

### FERNANDO ZOBEL DE AYALA

**Director** since 1994. Director, President and Chief Operating Officer of Ayala Corporation; Chairman of Ayala Land, Inc., Manila Water Company, Inc., AC International Finance Ltd., Ayala International Pte Ltd., Ayala DBS Holdings, Inc., Alabang Commercial Corporation, AC Energy Holdings, Inc., BPI Foundation, Inc. and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc.; Co-Vice Chairman of Mermac, Inc.; Director of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., Livelt Investments, Ltd., Asiacom Philippines, Inc., AG Holdings Limited, Ayala International Holdings Limited, AI North America, Inc., Vesta Property Holdings Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, Pilipinas Shell Petroleum Corp., and Manila Peninsula; Member of The Asia Society, World Economic Forum, INSEAD East Asia Council, and World Presidents' Organization; Chairman of Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee; Vice Chairman of Habitat for Humanity International; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, Kapit Bisig para sa Ilog Pasig Advisory Board and National Museum.



# BOARD OF DIRECTORS



## ROMEO L. BERNARDO

**Independent Director** since August 2002. Director from February 1998 to April 2001. President and Managing Director of Lazaro Bernardo Tiu & Associates, Inc.; Independent Director of BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct Savings Bank, Inc., BPI/MS Insurance Corporation, BPI Globe BankO, Inc., BPI-Philam Life Assurance Corporation, Philippine Investment Management, Inc., Aboitiz Power Corporation, National Reinsurance Corporation of the Philippines, Globe Telecom, Inc. and RFM Corporation; Chairman and Independent Director of ALFM Peso, Dollar, Growth, Money Market and Euro Bond Funds and Philippine Stock Index Fund, Inc.; Vice-Chairman and Founding Fellow of Foundation for Economic Freedom; Member of the Board of Trustees of Financial Executives Institute of the Philippines (FINEX) Foundation, Philippine Institute for Development Studies and Institute for Development & Econometric Analysis, Inc.; Advisor of Global Source/Latin Source; and Governor of Management Association of the Phils.

## ANTONIO JOSE U. PERIQUET

**Independent Director** since April 19, 2012. Independent Director of BPI Capital Corporation, BPI Family Savings Bank, Inc., ABS-CBN Holdings Corporation, Philippine Seven Corporation, Ayala Corporation and DMCI Holdings, Inc.; Chairman of Pacific Main Holdings, Inc., Campden Hill Group, Inc. and Regis Financial Advisers, Inc.; Director of The Straits Wine Co.; Member of the Board of Trustees of Lyceum University of the Philippines; and Member of the Board of Advisers of ABS-CBN Broadcasting Corporation.

## OCTAVIO V. ESPIRITU

**Independent Director** since April 2000 and Independent Director since April 2002. Chairman of Delphi Group, Inc.; Chairman and President of MAROV Holding Company, Inc.; Director of International Container Terminal Services, Inc., Netvoice, Inc., Pueblo de Oro Golf and Country Club and SM Development Corporation.





#### MERCEDITA S. NOLLEDO

**Director** since 1991. Chairman of BPI Investment Management, Inc. and AG Counselors Corporation; Director of BPI Family Savings Bank, Inc., BPI Capital Corporation, Ayala Land, Inc., Anvaya Cove Beach & Nature Club, Ayala Automotive Holdings, Inc., Honda Cars Cebu, Inc., Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc., and Isuzu Cebu, Inc.; Member of the Board of Trustees of Ayala Foundation, Inc. and BPI Foundation, Inc.; and President of Sonoma Properties, Inc.

#### OSCAR S. REYES

**Director** since April 2003. Chairman of Link Edge, Inc. and MRL Gold Philippines, Inc.; Independent Director of Ayala Land, Inc., Alcorn Gold Resources Corporation, Manila Water Company, Pepsi Cola Products Philippines, Inc., Basic Energy Corporation, Sun Life Financial Plans, Inc., Sunlife Prosperity Dollar Abundance Fund, Sunlife Prosperity Dollar Advantage Fund, Petrolift Corporation, Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., and Sun Life GS Fund, Inc.; Director of Philippine Long Distance Telephone Co., SMART Communications, Inc., and Mindoro Resources Ltd.; and Chief Operating Officer of Manila Electric Company.

#### TAN KONG KHOON

**Director** from August 17, 2011 up to October 18, 2012. Group Executive of DBS Bank Ltd. Consumer Banking Group and Director of Network for Electronic Transfers (Singapore) Pte Ltd.

#### KHOO TENG CHEONG

**Director** since June 16, 2010. Head and Managing Director of DBS Bank, Ltd., Planning Group since March 2011.

#### XAVIER P. LOINAZ

**Director** since 1982 and Independent Director since March 2009. Independent Director of BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct Savings Bank, Inc., BPI/MS Insurance Corporation, Ayala Corporation and Globe Telecom, Inc.; Chairman of Alay Kapwa Kilusan Pangkalusugan; and Member of the Board of Trustees of BPI Foundation, Inc., E. Zobel Foundation and PETA.

## OFFICE OF THE CHAIRMAN

JAIME AUGUSTO ZOBEL DE AYALA  
Chairman

CARLOS B. AQUINO  
Corporate Secretary

ROSEMARIE B. CRUZ  
Vice President

SANTIAGO L. GARCIA, JR.  
Vice President

MARITA SOCORRO D. GAYARES  
Vice President

GERARDO I. RARELA  
Vice President

SYLVIA P. SUMAGPANG  
Vice President

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President

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Senior Vice President

GERTIE K. SINIO  
Senior Vice President

ROLAND GERARD R. VELOSO, JR.  
Senior Vice President

DANIEL S. BABLES  
Vice President

ROSARIO J. BENEDICTO  
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GRACIA C. DE JESUS  
Vice President

SUSAN L. ERGUIZA  
Vice President

FLORENTINO T. GONZALEZ, III  
Vice President

CONRADO E. LAZA  
Vice President

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Vice President

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Vice President

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Vice President

AURALYN S. TORRES  
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Vice President

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Vice President

JOSE M. DE VERA  
Vice President

ANICETA P. DEL MUNDO  
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Vice President

MA. ANGELICA G. FLORENTINO  
Vice President

JESUS ANGELO O. GOMEZ  
Vice President

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AILEEN S. LAMASUTA  
Vice President

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ROY EMIL S. YU  
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HOMER L. ANICETO  
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ROBERTO E. GALVEZ  
Vice President

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HEIDI P. VER  
Senior Vice President

CARMENCITA LILIA B. GOZAR  
Vice President

MARY CATHERINE ELIZABETH  
P. SANTAMARIA  
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Vice President

ARTHUR NOEL S. TAN  
Vice President



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JOCELYN C. STA. ANA  
Senior Vice President

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OLGA S. ANG  
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Vice President

MA. CHRISTINA Z. SISON  
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HERBERT D. TUASON  
Vice President

**BPI CAPITAL**

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President

BONIFACIO M. BANZON  
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ARNOLD E. OLIVA  
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SAMUEL C. TANG  
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President

VICTORIA LOUELLA G. MANGALINDAN  
Vice President

**BPI SECURITIES CORPORATION**

VICTOR L. VITAL  
President

**BPI FOREX CORPORATION**

MANUEL C. SANCHEZ  
Vice President / Officer-in-Charge

**BPI INTERNATIONAL FINANCE LTD.**

SUSANA M. MANALO  
Managing Director

**BPI EUROPE PLC**

EDGARDO MADRILEJO  
Managing Director

**BPI MS / BBI**

TAKAAKI UEDA  
President

LILIAN G. BELLEN  
Vice President

PERFECTO M. DOMINGO  
Senior Business Director

MA. PERPETUA A. CUTIONGCO  
Business Director

**AYALA PLANS, INC.**

ELIZABETH J. TAN  
ADI / Officer-in-Charge



# PRODUCTS AND SERVICES

## Deposits

### Peso deposits

- Checking
- Savings
- Time

### Foreign Currency Deposits

- Savings
- Time

## Deposit Substitute

Promissory Notes

## Loans

### Commercial Loans

- Revolving Credits
- Term Loans
- Trade Finance
- Fleet & Floor Stock Financing
- Project Finance
- Receivable Financing
- Property Equity Credit Line
- Franchising Loans
- Sustainable Energy Financing
- Preliminary walkthrough energy audit

### Consumer Loans

- Housing Loans
- Auto Loans
- Motorcycle Loans
- Wholesale Mortgage Finance
- Personal Loan
- Small Business Loans

### Agribusiness loans

- Crop loans

### Leasing

- Finance Lease
- Operating Lease
- Full Service Operating Lease
- Lease Syndication
- Receivable Rediscounting

## Microfinance

- Microsavings
- Microinsurance
- Wholesale Microfinance Loans
- Capacity Building Loans

## Global Investment/Wealth Management Services (Hong Kong)

- Multi-Currency Time Deposits
- Consumer Loans
- Global Securities (Broker/Dealer) Account
- Foreign Currency Bonds
- Foreign Currency Investment Funds
- Foreign Currency Equities
- Structures/Hedged Securities
- Investment Management Account
- Foreign Exchange

## Payments & Settlement Services

### Self-Service Banking Channels

- Express Phone
- Express Online
- Express Mobile
- Express Teller ATM
- Express Deposit Machines
- BPI Trade

### Cards and Payments

- Debit Card
- Credit Card
- Prepaid Card
- Merchant Payment Facilities

### Payment and Settlement Facilities

- Bills Payment
- Funds Transfer
- Remittance
- Cash Remittance
- Direct Credit-to-Account
- Door-to-Door
- Branch Pick-up
- Bank-to-Bank
- Gift Remittance
- Prepaid Reloading

### Corporate Cash Management

- ExpressLink
- Collections
- Disbursements
- Account and Liquidity Management, Trade and Loan Inquiry

### Financial Institutions Depository Services

- Peso Vostro Services
- USD Vostro Services

## Asset Management & Trust

### Institutional Fund Management

#### Fund Management Solutions

- Corporate and Institutional Funds
  - Corporations
  - Educational Institutions
  - Religious Organizations
  - Foundations
- Pension and Provident Funds

#### Other Fiduciary Solutions

- Securities Custody
- Mortgage Trust Indenture
- Escrow Agency
- Asset or Mortgage-Backed Security Facility/ Loan Agency

### Wealth Management

- Living Trust
- Investment Management Account (IMA)  
/ Foreign Currency Denominated IMA
- Long-term Living Trust/Long-term Investment Management Account
- MyPortfolio

### Investment Funds

- BPI Short-Term Fund
- BPI Premium Bond Fund
- BPI Institutional Fund
- BPI International Fund Plus
- BPI Global Philippine Fund
- BPI Balanced Fund
- BPI Equity Value Fund
- BPI Global Equity Fund

### Odyssey Funds

- Odyssey Peso Cash Management Fund
- Odyssey Peso Income Fund
- Odyssey Peso Bond Fund
- Odyssey Philippine Dollar Bond Fund
- Odyssey Emerging Market Bond Fund
- Odyssey Diversified Capital Fund
- Odyssey Diversified Balanced Fund
- Odyssey Philippine Equity Fund
- Odyssey Philippine High Conviction Equity Fund
- Odyssey Asia Pacific High Dividend Equity Fund
- Odyssey Tax Exempt Peso Fixed Income Fund
- Odyssey Tax Exempt Philippine Equity Fund
- Odyssey Tax Exempt Philippine Dollar Fixed Income Fund

### ALFM Funds\*

- ALFM Money Market Fund
- ALFM Peso Bond Fund
- ALFM Dollar Bond Fund
- ALFM Euro Bond Fund
- ALFM Growth Fund

### Other Mutual Funds\*

- Bahay Pari Solidaritas Fund
- Ekklesia Mutual Fund

### BPI Index Funds

- ABF Philippines Bond Index Fund
- Philippine Dollar Bond Index Fund
- Philippine Stock Index Fund\*

*\*Managed and distributed by BPI Investment Management, Inc.*

## Investment Banking

### Capital Raising

- Debt Underwriting
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### Financial Consultancy/ Advisory

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## Insurance Services

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  - Whole Life
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  - Credit Secure for Credit Cards
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  - Savings Protection Plan for Depositors

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### Reinsurance

## Ancillary Services

### Call Center Services

### Economic Research

### Investment Research

- Fixed Income Research
- Equities Research

### Bank Statement Services

- Statement Printing
- Letter Shopping

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