BPI

"We work to build a better Philippines, one family, one community at a time.

For us to succeed, we recognize that customer obsession, digitalization, and sustainable banking must combine to expand financial inclusion.

Thus, our journey is one of banking excellence anchored on trust and the best digital offers."

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

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

Core Values

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

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

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

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

Our Vision

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

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

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

Our Mission

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

Our knowledge and expertise will be for naught unless we gain the trust of our customers.

It is our responsibility to provide sound advice, show them what we can do, and offer our services so that they can have a more prosperous future.

BPI Credo

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

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

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

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

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About the Report

BPI's 2023 Integrated Report highlights how BPI's core business model and strategy inherently contribute to the long-lasting continuous growth and development of the Filipino people.

The report further showcases the BPI Group's performance encompassing financial as well as environmental, social, and governance (ESG) key result areas from Jan. 1 to Dec. 31, 2023.

Reporting Boundary

The report covers the BPI Group of Companies, including the parent bank as well as the Bank's subsidiaries and affiliates in both domestic and foreign offices, unless otherwise stated. There may be considerations on the nature of the data source, level of data sufficiency, level of significance relative to the scale of operations, and level of management's control on the availability of information which may result to differences from the set reporting boundaries.

Reporting Frameworks and Disclosures

BPI's 2023 Integrated Report is crafted in accordance with the following standards:

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

Disclosures recommended by the Task Force for Climate-Related Financial Disclosures (TCFD) are still summarized in the appendices under page 307, following the discontinuation of the Task Force last October 2023.

BPI's financial and operational performance disclosures are submitted to the following agencies:

- Bangko Sentral ng Pilipinas (BSP)
- Securities and Exchange Commission (SEC)
- Philippine Stock Exchange (PSE)
- Philippine Bureau of Internal Revenue (BIR)
- Philippine Dealing and Exchange Corporation (PDEx)
- Singapore Exchange (SGX)

Data Sources

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

Disclosure Principles

The seven <IR> guiding principles underpin the preparation of the report content and the presentation of the information.

- **Materiality** - In 2023, we revisited our existing list of identified stakeholder concerns and material topics to reflect best practices and standards according to latest ESG developments. The list of material topics may be read on pages 303 to 304.
- **Conciseness** - Where applicable, prior published information are referenced in this report and only material topics that affect the value creation of BPI is presented.
- **Consistency and comparability -** The report is prepared in accordance with GRI and SASB disclosure standards. Comparative data from prior years are also provided.
- **Reliability and completeness** - Business units, including subsidiaries, regularly report their performance to management. BPI's Internal Audit also regularly examines the different units of the BPI Group. For 2023 year-end reporting, BPI engaged Isla Lipana and Co. to audit the Bank's financial statements, and SyCip Gorres Velayo & Co. to provide external assurance for the report's sustainability disclosures, which may be financial or non-financial.
- **Connectivity -** The report recognizes the interrelatedness and relationships between the factors that affect BPI's ability to create value.
- **Stakeholder relationships** - Our key stakeholders impact our business, and they in turn are affected by our operations. A discussion on the formal platforms of engagements and our responses to key concerns may be read on pages 36 to 37.
- **Strategic focus and future orientation -** A discussion on how the Bank creates financial and non-financial value for its stakeholders and how risks and opportunities are managed are presented on pages 38 to 41.

Feedback

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

BPI Investor Relations
investorrelations@bpi.com.ph

BPI Public Affairs and Communications
corporateaffairs@bpi.com.ph

Our Business

BPI shall continue to provide products and services efficiently, always mindful of the corporate values that have guided the company through 172 years.

As the first bank in the Philippines and Southeast Asia, the Bank of the Philippine Islands (BPI), a member of the Ayala Group of Companies, is one of the first institutions to be listed on the Philippine Stock Exchange (PSE). BPI has established a history of client trust, financial strength, and innovation. Since 1851, the Bank's business, products, and services have created sustainable value and played a significant role in every Filipino's daily life, as well as in the country's growing economy.

BPI aims to provide better access to financial services for every Filipino. The Bank wants everyone – from individuals, enterprises, and institutions – to directly or indirectly benefit from the economic value generated and enabled by its business. It shall continue to provide products and services efficiently, always mindful of the corporate values that have guided the company through 172 years. BPI is nurturing to both customers and communities. Its employees act with integrity and excellence, and are customer obsessed. A fully diversified universal bank and a recognized leader in the banking industry, BPI, together with its subsidiaries and affiliates, offers a diverse range of products and services in consumer and corporate banking, as well as in asset management, payments, insurance, investment banking, foreign exchange, leasing, and securities distribution.

Aside from the branches, the Bank continues to enhance its digital infrastructure for a truly digital banking experience. Clients can access BPI's services through its online and mobile platforms and agency banking partners.

As of Dec. 31, 2023, the Bank's network boasts 1,187 BPI and BPI Direct BanKo (BanKo) branches and branch-lite units (BLUs) nationwide and 5,344 partner outlets through Agency Banking.

BPI also has 2,086 ATMs and CAMs, and about eleven million clients being served by a 19,522-strong employee workforce. Together with subsidiaries and affiliates in the BPI Group, the Bank seeks to serve all client segments, including corporate, consumer, as well as micro, small, and medium entrepreneurs (MSMEs).

Overseas, BPI offers diverse value-added services through two banking subsidiaries: BPI International Finance Limited in Hong Kong and Bank of the Philippine Islands (Europe) Plc in London. This global presence is further strengthened through 126 tie-ups, remittance centers in Hong Kong, and representative offices in Tokyo and Dubai, which have been established to meet the financial services needs of overseas Filipinos. In 2023, BPI established BPI Wealth Singapore, which is in the process of securing capital markets services from regulators.

The Bank's headquarters is located at the 22nd to 28th floors of Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Bel-Air, Makati City, and it is currently redeveloping its original head office at the corner of Ayala Avenue and Paseo de Roxas.

Business Model and Value Creation

2023 Performance

Our Capitals

FINANCIAL

Php 2,411.11 billion outstanding deposits and bonds

Php 355.30 billion outstanding equity capital from investors

SOCIAL AND RELATIONSHIP

11 million client base across various segments

454 service providers

18 agency banking partners, providing BPI services to **5,344** brick-and-mortar & virtual stores

NICE culture enriching the Bank's relationships

HUMAN

19,522 strong and diverse workforce

- **66%** women; **34%** men
- **80%** in Luzon; **11%** in Visayas; **9%** in Mindanao
- **38%** below 30 years old; **52%** between 30 to 50 years old; **10%** above 50 years old

MANUFACTURED

1,187 branches and branch-lite units

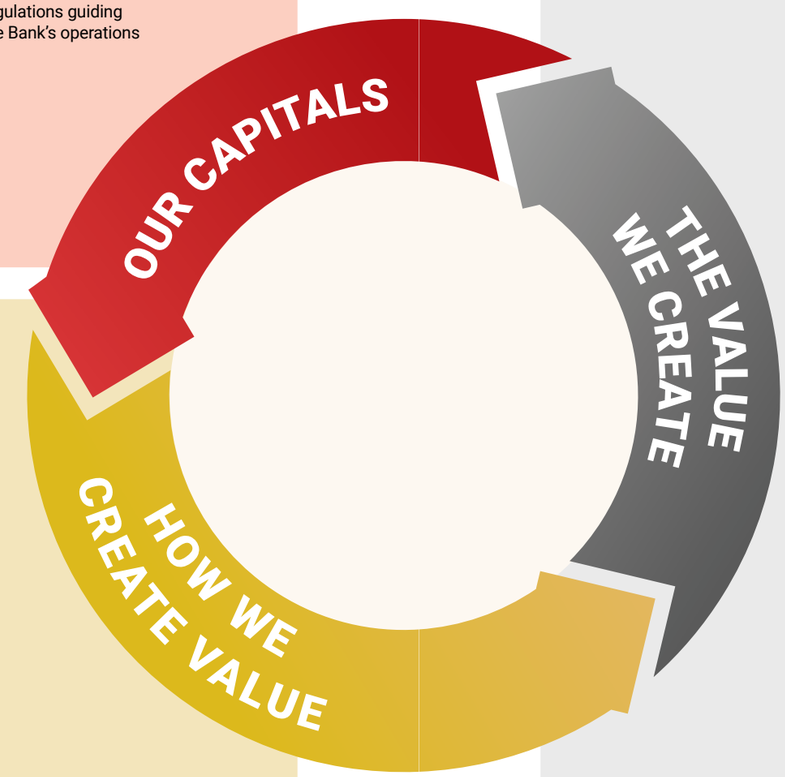
2,086 ATMs and CAMs

6 digital platforms for clients

INTELLECTUAL

172 years of banking experience

Robust policies and standards in accordance with regulations guiding the Bank's operations



How We Create Value

The Value We Create

ECONOMIC VALUE GENERATED AND DISTRIBUTED (in Php Mn)	
ECONOMIC VALUE GENERATED	138,321
ECONOMIC VALUE DISTRIBUTED	95,799
Payments to Suppliers	28,950
Payments to Employees	23,060
Payments to Providers of Capital	15,933
Payments to Government	27,606
Payments to Communities	250
ECONOMIC VALUE RETAINED	42,521

FINANCING SUSTAINABLE DEVELOPMENT	FINANCIAL INCLUSION	SUPPORTING NATION BUILDING
Php 827 billion (or 52%) of BPI's corporate and SME portfolio in support of the UN SDGs	**Php 16 billion** microfinance loans disbursed to **119,000** self-employed micro-entrepreneurs (SEMEs)	**Php 46 billion** loans disbursed to small and medium enterprises (SMEs)

Our Leadership

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Message from the Chairman

Jaime Augusto Zobel de Ayala
Chairman

> **“We move forward with a BPI that is highly digitalized, sustainability-driven, and financially inclusive in delivering delightful customer experiences.”**

This solid financial performance is a reflection of our strengthened customer franchise and deeper customer engagement which led to growing volumes to new highs and gaining market share in key businesses.

How would you describe BPI’s performance in 2023?

The year 2023 marked a tremendous milestone for BPI, when we were recognized by Euromoney as the “Best Bank in the Philippines,” citing our profitability numbers that grew the fastest among our peers and with metrics beating the industry average. This comes three years after Euromoney cited the Bank for the same award at the height of the pandemic. We see this as a strong testament to BPI’s resilience and strong fundamentals, providing us with a solid platform for a more ambitious future.

We move forward with a BPI that is highly digitalized, sustainability-driven, and financially inclusive in delivering delightful customer experiences. I am excited at what the future holds for the Bank, and am delighted to have our shareholders, together with us in the journey.

How was the economic landscape of the country at that time?

Looking back at 2023, the Philippine economy performed well amidst challenges. The Philippines was one of the best performing Southeast Asian economies and remained among the top economic performers in Asia. The country’s full-year gross domestic product (GDP) growth rate of 5.6%, not only surpassed major economies in Asia, such as China (5.2%), Vietnam (4.9%), and Malaysia (3.8%) but also exceeded or matched the forecasts of multilateral organizations and private analysts, such as the International Monetary Fund (IMF), the ASEAN+3 Macroeconomic Research Office (AMRO), and the World Bank (WB).

The labor market, on the other hand, remained strong and resilient as the unemployment rate continued to decline to 3.1% in December.

Our robust economic fundamentals were winning factors for the country. They encouraged Fitch Ratings to affirm the country’s ‘BBB’ credit rating and upgrade its outlook from ‘negative’ to ‘stable’ on May 22, 2023.

How did the strong economic fundamentals affect the dynamics of the Philippine financial system?

The Philippine financial system reflected the macroeconomic story. The full reopening of the domestic economy as well as prudent regulatory and supervisory reforms allowed for the banking sector to remain a key provider of credit to the economy. Banks’ loans rose by 7.8%, reaching Php 12.7 trillion. Lending remained broad-based and supportive of key productive sectors, including households. Most loans went to real estate; wholesale and retail trade; electricity, gas, steam, and air-conditioning

We forge on, building a better Philippines – one family, one community at a time.

supply; manufacturing; as well as financial and insurance activities.

Soaring inflation primarily driven by food prices was a concern at the beginning of the year which led the market to expect further rate hikes from the BSP in the first half of the year, followed by easing in the second half. Instead, the BSP delivered a total increase of 100 basis points, bringing the monetary policy rate to 6.5%. Coming to the final quarter of 2023, however, inflation seemed under control, declining for the third straight month to 3.9% in December.

Amid inflationary pressures and a high-interest rate environment, key indicators of capital, asset quality, profitability, and liquidity still point to the stability and soundness of the banking sector. The Philippine banking industry demonstrated sustained resilience, supported by a strong balance sheets, profitable operations, sufficient capital and liquidity buffers, and ample loan loss reserves.

How did BPI perform in this environment?

The year was a milestone for BPI's profitability as we delivered our highest full year net income of Php 51.7 billion, up 30.5% from the previous year's Php 39.6 billion, driven by record revenues and lower provisions, notwithstanding the acceleration in operating expenses. This solid financial performance is a reflection of our strengthened customer franchise and deeper customer engagement which led to growing volumes to new highs and gaining market share in key businesses.

The strength of our Brand was validated by the boost in our client base, which grew 18% from 9.3 million as of Dec. 31, 2022 to 11.0 million as of Dec. 31, 2023. Of these 7.0 million are enrolled in our digital platforms and of whom 4.2 million are active users; 1.9 and 2.2 times more than their respective 2019 numbers.

Total revenues soared 16.7% to Php 138.3 billion, attributable to the 22.7% increase in net interest income to Php 104.4 billion, as our average asset base expanded 7.7% and net interest margin widened 50 basis points to 4.09%. Non-interest income, meanwhile, grew 1.5% to Php 34.0 billion, on the back of record trading income gains of Php 5.2 billion, up 37.0% year-on-year.

Though our fee income may have declined overall, removing the one-time impact of the 2022 sale of a Pasong Tamo property, we see that fee income was actually higher year-on-year, with some businesses having noteworthy growth momentum:

- **For Credit Cards**, we attribute higher fees to the increase in average active customer base, transaction count, and billings from retail, cash advances and installment loans. This was also one of our highest growing loan portfolio for the year, boasting the lowest past due rates among the top credit card issuers in the country, and gained market share across important metrics – client base and card billings;
- **For Wealth Management**, we saw successive net inflows and an expanding client base of which 98% was acquired digitally, bolstering our market shares in both the trust and UITF industries. The 2023 launch of BPI's Signature Private Wealth experience also underpinned the 36% increase in private wealth AUM; and
- **For Bancassurance**, fee income was comprised of equity income from our life and non-life insurance joint ventures, royalty fees, and branch commissions, which were all higher year-on-year.

These gains tempered our continuous investment thrust for our people, our customer acquisition campaigns, and in furthering our digital initiatives.

Total assets reached Php 2.9 trillion, reflecting a 10.9% growth year-on-year. Total loans stood at Php 1.9 trillion, a 10.5% increase over the previous year, due to the strong growth across all our portfolios, most of which were trending ahead of industry. With BPI's culture of prudent risk management, the drive to capture market share gains was balanced with stringent credit underwriting policies and processes, leading to resilient asset quality.

While we have strategically expanded our portfolios, non performing loan (NPL) upticks have likewise been closely monitored, resulting in an overall NPL ratio of 1.84%. We are confident that our provisioning is more than adequate with NPL provisioning coverage at 156.1% as of the end of the year. In addition to the provision cover, our collateral cover is close to 200%. We provisioned less for the year, bringing our credit cost down to 23 basis points from 58 basis points last year, backed by our confidence in the strong macro fundamentals and our ability to manage our risk-adjusted returns.

The well of resources is deep and we have always strived to maintain a fortress balance sheet by optimizing our funding costs and sources, while actively engaging in advantageous lending and investing opportunities. Our liquidity remained healthy, supported by a stable and reliable franchise. Eighty four percent (84%) of the deposit growth last year was from retail customers, notwithstanding the lower branch count. Total deposits stood at Php 2.3 trillion, up 9.5% year-on-year, mainly from the growth in time deposits which tempered the decline in CASA, resulting in a CASA ratio of 67.0% and the Loan-to-Deposit Ratio at 82.0%.

We complemented our deposit franchise by tapping the debt capital markets.

Our leadership in this space gave us a competitive edge in garnering strong investor demand. In 2023, we executed the following successful transactions, (1) the USD 250 million IFC Green Financing Deal – the largest deal of IFC with a Philippine bank, (2) the Php 20.3 billion RISE Bonds or Reinforcing Inclusive Support for Micro, Small and Medium Enterprises (MSMEs), and (3) the Php 36.7 billion fixed rate bonds due 2025, the final issue size of the latter two increased four and seven times over their respective initial targets.

Our capital position further strengthened, driven by strong income generation, which offset the impact of sustained increases in shareholder returns and credit risk-weighted assets. Total equity stood at Php 357.2 billion. Our Common Equity Tier 1 Ratio stood at 15.3% and the Capital Adequacy Ratio of 16.2%, both well above regulatory requirements.

Last year was also a record for capital distribution. Following our 2022 shift from a fixed dividend amount per share to a variable dividend amount based on a 35% to 50% payout ratio on previous year's income, we declared a cash dividend of Php 1.68 per share per semester, up 58% from last year and 87% from previous years. This is equivalent to a payout ratio of 40.2% for the year, the highest in our history.

We have delivered consistent improvement in returns in the past four years, with a Return on Equity of 15.35% and a Return on Assets of 1.93% in 2023. Earnings per share (EPS) for 2023 reached Php 10.90, up 24.1% compared to last year's EPS of Php 8.78.

Could you share some details on BPI ending the year on a high note?

On the last trading day of 2023, BPI's share price closed at Php 103.80, 10.9% higher than a year ago. This reflects the markets' recognition of BPI's strong operating results. We continue to be the most valued among listed banks in terms of price-to-book and remain the country's second largest bank by market capitalization.

We continue to reinforce the view that BPI has always been a high-quality bank. We are highly esteemed by our regulators, who assess us based on three major elements – impact to the financial system, risk profile, and supervisory intensity. The Bank has earned top marks for our resiliency to various risks, having a robust enterprise risk and assurance framework, strong capital position, steady profitability, ample liquidity, and availability of governance support.

We hold the distinction of being the first private domestic bank and only the second of two Philippine companies to be given a credit rating equivalent to the Philippine government at BBB+ by S&P Global Ratings, which we have maintained ever since 2019. Moody's Investors Service at Baa2 and Fitch Ratings at BBB- also reaffirmed their investment grade credit ratings. Moreover, Fitch upgraded its Outlook on BPI from Negative to Stable, mirroring their action on the Philippine sovereign outlook. Finally, as noted by Bain and Company, BPI got the highest Net Promoter Score (NPS) among all banks in the Philippines for 2023. We are honored for this recognition of our renewed focus on customer experience.

Notably, BPI was also named Asia's 2023 Best Bank for Corporate Responsibility, becoming the first Philippine bank to win the accolade in the Euromoney Awards for Excellence 2023. We were recognized for our initiatives in achieving better financial literacy in the Philippines through our social development arm, BPI Foundation. Among the Foundation's most notable programs is FinEd Unboxed, a financial education platform that seeks to improve financial literacy levels among migrant domestic workers, public officials, farmers, and fishing communities.

Moreover, we achieved an impressive tally of fourteen prestigious Environmental, Social, and Governance or ESG awards in 2023, a record number received in any single year. In the Finance Asia Awards, BPI was honored as the "Best Sustainable Bank" for the fourth year in a row and we were acknowledged for making the "Biggest ESG Impact in the Philippines." Additionally, the Bank clinched the Best Sustainability Drive nod at the 5th Bank Marketing Awards for our Sustainability Awareness Month or SAM program. These accolades underscore BPI's exceptional dedication to ESG principles, affirming our leadership in advancing sustainable banking practices both locally and globally.

As a final point, let me share some quick thoughts on our merger with Robinsons Bank Corporation. This merger officially took effect on January 1st of this year, with BPI as the surviving entity. This has opened up exciting new paths for the bank, one that will provide us the opportunity to collaborate across the Gokongwei Group's ecosystem and allow us to offer a wider range of products and services on an expanded network of branches and other touchpoints. We are excited at what we can do together in the coming months and years.

Jaime Augusto Zobel De Ayala
Chairman

Message from the President & CEO

Jose Teodoro K. Limcaoco
President and CEO

> **“We celebrated BPI’s 172nd year in 2023 with our theme, "MORE with BPI," which encapsulates our commitment to BE MORE, DO MORE, SHARE MORE, and INSPIRE MORE.”**

With the promise that they can "DO MORE WITH BPI," we will empower our clients to achieve their financial aspirations, contributing to their personal growth and overall well-being.

How would you describe BPI’s performance in 2023?

The year 2023 was a year of remarkable success and achievements - a year of strength and growth - for all of us at the Bank of the Philippine Islands. I am proud to share the significant milestones and progress we have made, as we reflect on our continuing journey and set our sights on the path ahead.

What would you say have been BPI’s driving forces in its 172nd year?

We celebrated BPI’s 172nd year in 2023 with our theme, "MORE with BPI," which encapsulates our commitment to BE MORE, DO MORE, SHARE MORE, and INSPIRE MORE. These four pillars serve as our guiding principles. They embody the essence of who we are and what we aspire to be as we continue to grow the Bank by contributing to our nation’s progress and advancement.

What is the thought or idea behind “Be More”?

BE MORE embodies our dedication to nurture our greatest asset — our Unibankers. We strive to create an environment where each one can thrive, make moments that matter, and reach full professional and personal potential. By way of people initiatives such as wellness programs, engagement activities, and learning opportunities, we aim to enrich employee well-being and empowerment.

In line with our employer value proposition at BPI that you can ‘Be More’, we launched programs in 2023 that supported our goal to provide holistic stewardship of our employees.

Amid our digital transformation efforts, we have been upskilling our employees on requisite data skills by launching a bank-wide data literacy program that we called ‘FLAGS’, wherein our employees acquired skills on data analytics, data visualization, and data software, among others. More than 2,000 officers have either enrolled in or successfully completed this program.

Our dedication to customer obsession remains unwavering, driving us to deliver products and services that prioritize ease, effectiveness, and quality. This commitment extends not only to our external customers but also to our internal clients - our valued employees. And so, we launched the Real-time HR Express Assist (RHEA), a comprehensive digital HR solution designed to streamline all HR processes. From recruitment to retirement, RHEA offers convenient access to these services anytime, anywhere, through a mobile-first platform.

By sharing stories of success, meaningful content on sustainable initiatives, and engaging with our stakeholders, we hope to ignite a spark of inspiration, encouraging others to take action and contribute to the betterment of our nation.

With Sustainability integrated into our core strategy, we prioritize the well-being of our workforce, understanding that a healthy team is vital for the longevity and productivity of our organization. To support this, we launched the BPI Well program, which offers a range of interventions addressing physical, financial, social, spiritual, and emotional wellness dimensions. In May, we organized the BPI Best Life Run, the first corporate run in Makati since the pandemic, with nearly 2,000 participants including clients, employees, their families, and even pets. Proceeds from a nominal fee supported initiatives of the BPI Foundation. In August, we initiated the "Walk to the Moon Challenge," a bank-wide walking competition resulting in 17,000 employees collectively logging an impressive total of 1.9 billion steps, equivalent to the distance from the Earth to the Moon. We strive to maintain our position as among the top employers of the country and towards this, we continue to enhance the total compensation package of our employees through a differentiated approach on pay depending on performance with particular focus on our top and emerging talents. We have also expanded the definition of dependents to include domestic partners that will allow them to benefit from our health and insurance programs. We endeavor to provide our employees a progressive total rewards program that addresses the different needs of employees and their families. Our journey is grounded on our NICE core values — being Nurturing, acting with Integrity, being Customer Obsessed, and pursuing Excellence. With this value system ingrained in our culture, we can overcome challenges and embrace opportunities with unwavering determination.

Exemplifying positive C.H.A.N.G.E. as leaders is the bedrock of our transformative journey. The competencies to "lead Customer Obsession, inspire High Performance, set Aspirations, lead with a Nurturing Spirit, lead with a Growth Mindset, and lead with Excellence" propel us forward and empower us to make a positive impact on the lives of Filipinos nationwide.

If "Be More" is about the Unibankers, what would be the focus of "Do More"?

DO MORE exemplifies our dedication to our clients. We are committed to offering relevant digital solutions at every life stage, accompanied by excellent customer service and trusted advice. With the promise that they can "DO MORE WITH BPI," we will empower our customers to achieve their financial aspirations, contributing to their personal growth and overall well-being.

The introduction of our new and future-ready mobile banking app in April 2023 reinforced our position as the digital banking leader in the Philippines. Our commitment to digital excellence is not just evident through the successful launch of our new mobile app but more so through the expansion of our whole BPI ecosystem. We have achieved significant milestones, such as digital onboarding, the expansion of our digital engagement platforms, and the strong partnerships with over 100 brands and more than 6,500 services.

The digitalization front continues to evolve, with updates on client engagement platforms shaping the way forward. Platforms like the BPI Mobile App, VYBE by BPI, BPI Trade, the Banko App, BPI BizKo, and BPI BizLink are not just tools but gateways to a more seamless, secure, and personalized banking experience.

Our commitment to digitalization goes beyond customer-facing platforms. With agile core systems and data-driven decision-making, we are ensuring the robustness and security of our digital infrastructure.

In 2023, we embarked on a transformative journey centered around customer obsession, intertwining financial inclusion initiatives with a relentless pursuit of customer satisfaction. Our launch of Agency Banking paved the way for partnerships with prominent players in the retail sector, demonstrating our commitment to facilitate Filipinos' access to financial services. Today, one can access BPI products through leading online retail marketplaces and over 5,300 physical doors of eighteen retail partners. Our collaboration with sari-sari store owners nationwide through BPI BanKo, our microfinance arm, reflects our dedication to empowering communities and driving positive change.

At the start of 2023, we set forth a bold mission to claim the top position in Net Promoter Score, reflecting our collective commitment to being #1 in the hearts and minds of our customers. This unwavering dedication to customer obsession reached its peak when we achieved the coveted top spot among banks based on the 2023 final report of our NPS rating. This achievement is not a culmination but an ongoing commitment, a pledge to continuously prioritize and elevate the customer experience.

Throughout the year, the impact of our customer obsession became palpable as we witnessed how translating it into action and fostering collaboration among units made a tangible difference in our customers' lives. This journey reaffirms that our pursuit of customer excellence goes beyond rhetoric—it is a dynamic force that propels us to innovate, to improve, and to forge stronger connections with our customers.

How do you put into practice your third pilar – "Share More"?

SHARE MORE embodies our commitment to giving back to the communities we serve. Through acts of volunteerism and support for sustainable advocacies and charities, we aim to make a positive impact and uplift those in need, fostering a culture of caring and equity.

Our dedication to sustainability remains steadfast. At BPI, we believe that responsible business practices go hand-in-hand with our commitment to social and environmental impact. Our unique formula, ESG+E_2, seamlessly integrates Environmental, Social, and Governance principles into our products and services as well as our day-to-day operations while ensuring equitable economic benefits. Through initiatives like green financing and BPI BanKo's efforts in empowering underserved communities, we create positive and lasting change, promoting inclusive growth across the nation.

We all know that Sustainability is embedded in the way we conduct our business, and our responsible banking and operations reflect our dedication to making a positive impact on the world.

The first quarter saw BPI Forbes Park becoming the sixth BPI branch with IFC EDGE Certification, a testament to our dedication to environmental sustainability. By the end of the year, we also secured our 7th, 8th, 9th, 10th, and 11th IFC EDGE-certified branch locations at BPI Agoo La Union, BPI Bicutan, BPI Iloilo Jaro McArthur, BPI Cubao P. Tuazon, and BPI Ayala Columns.

Further demonstrating the Bank's commitment to sustainability, BPI engaged in multiple sustainability-oriented funding activities this past year. We surpassed the Php 10 billion target for the Green Saver Time Deposit. We issued the BPI RISE (Reinforcing Inclusive Support for MSMEs) bonds to support eligible Micro, Small, and Medium Enterprises. The USD 250-million Green Bond deal with the International Finance Corporation supporting climate finance marked the largest deal of IFC with any Philippine bank. We also established the Responsible Lending Policy, further enhancing the integration of environmental and social risks to the Bank's credit quality assessment process.

And lastly, what is the inspiration behind "Inspire More"?

INSPIRE MORE represents our aspiration to inspire positive change in the lives of others. By sharing stories of success, meaningful content on sustainable initiatives, and engaging with our stakeholders, we hope to ignite a spark of inspiration, encouraging others to take action and contribute to the betterment of our nation.

As 2023 drew to a close, we obtained all regulatory approvals for our merger with Robinsons Bank. Thus on January 1, 2024, we completed the merger and welcomed 2,231 RBankers to the Unibank team. We are excited by the potential of this merger, from strengthened relationships with shareholders, new customers from their ecosystems, and new products such as motorcycle financing and teacher loans.

Thus, as we move forward in our journey of banking excellence anchored on trust and the best digital offers, I once again encourage each Unibanker to embrace the spirit of our 172nd anniversary theme, "MORE with BPI." Let this be more than a theme; let it be a rallying cry that inspires us to push our boundaries, surpass expectations, and embrace the limitless possibilities that the future holds. Certainly, there is more we can achieve.

Jose Teodoro K. Limcaoco
President & CEO

Board of Directors

JAIME AUGUSTO ZOBEL DE AYALA
Chairman

CEZAR P. CONSING
Vice Chairman

JANET GUAT HAR ANG
Independent Director

RENÉ G. BAÑEZ
Director

IGNACIO R. BUNYE
Independent Director

JOSE TEODORO K. LIMCAOCO
Executive Director, President, and CEO

KARL KENDRICK T. CHUA
Director

EMMANUEL S. DE DIOS
Independent Director

OCTAVIO VICTOR R. ESPIRITU
Director

Board of Directors

RIZALINA G. MANTARING
Lead Independent Director

AURELIO R. MONTINOLA III
Director

CESAR V. PURISIMA
Independent Director

JAIME Z. URQUIJO
Director

MARIA DOLORES B. YUVIENCO
Independent Director

FERNANDO ZOBEL DE AYALA
Director

Advisory Council

LANCE Y. GOKONGWEI
Member

DELFIN L. LAZARO
Member

MERCEDITA S. NOLLEDO
Member

CHIEF JUSTICE ARTEMIO V. PANGANIBAN
Member

ANTONIO JOSE U. PERIQUET, JR.
Member

Executive Management

MARIA CRISTINA L. GO
Head, Consumer Banking

MARIA THERESA D. MARCIAL
President and CEO, BPI Wealth

EUGENIO P. MERCADO
Head, Enterprise Operations

MARIE JOSEPHINE M. OCAMPO
Head, Mass Retail Products

JUAN CARLOS L. SYQUIA
Head, Institutional Banking

JOSEPH ANTHONY M. ALONSO
Chief Credit Officer

MA. CRISTINA F. ASIS
Chief Risk Officer

MARIA VIRGINIA O. EALA
Chief Human Resources Officer

DINO R. GASMEN
Treasurer

JOSE RAUL E. JEREZA IV
Head, Agency Banking

ERIC ROBERTO M. LUCHANGCO
Chief Finance Officer and
Chief Sustainability Officer

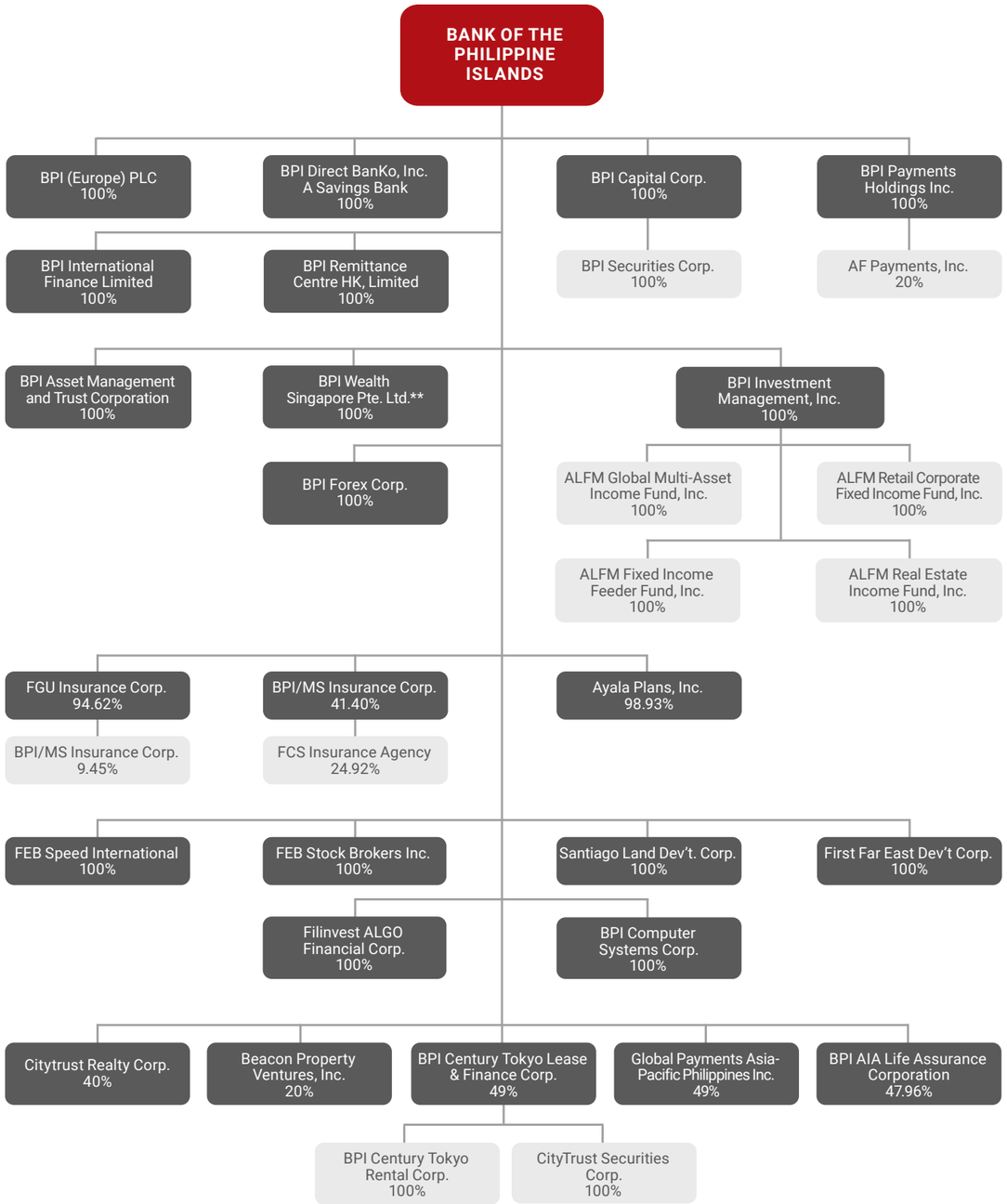
DOMINIQUE R. OCLIASA
Head, Business Banking

MARY CATHERINE ELIZABETH P. SANTAMARIA
Chief Customer and Marketing Officer

ALEXANDER G. SEMINIANO
Chief Technology Officer

BPI Conglomerate Map

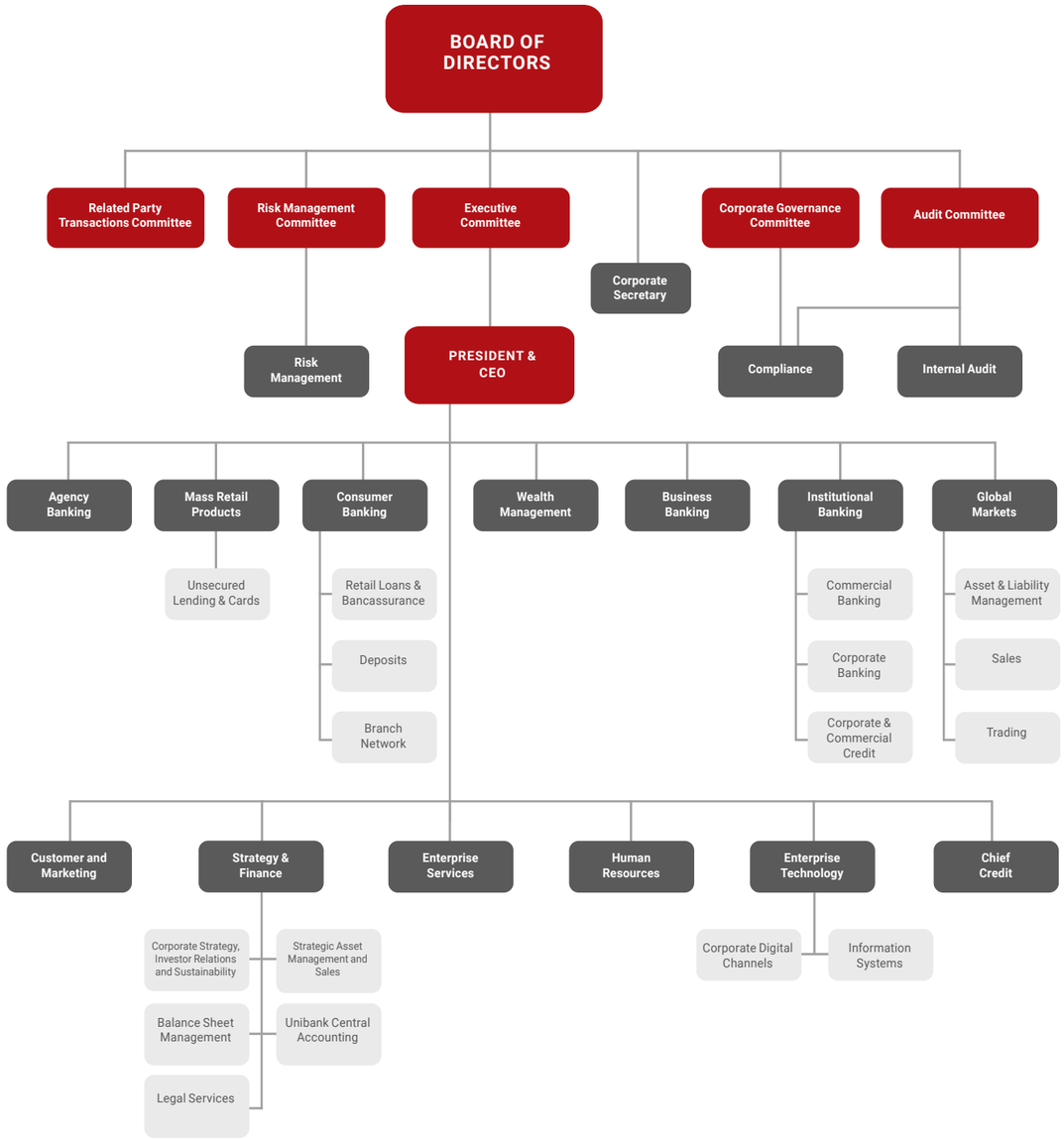
As of Dec. 31, 2023



*Updated as of Mar. 5, 2024
** Incorporated on Jun. 20, 2023 with the Accounting and Corporate Regulatory Authority of Singapore; with Capital Market Services license application still pending approval by the Monetary Authority of Singapore

BPI Table of Organization

As of Dec. 31, 2023



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

To our special partners,

190 years ago, Ayala was born out of a purpose – to build businesses that enable people to thrive.

Today, we continue our journey along this path of stewardship and purpose – and we are proud to have found a committed partner in you.

Your trust has enabled us to grow together and make our communal visions possible. We look forward to continuing our journey with you.

Thank you for your friendship and shared sense of a common future.

As Ayala celebrates its 190th anniversary, our chairman Jaime Augusto Zobel de Ayala pens this special letter to our committed partners.

We look forward to the next 190 years with our renewed purpose statement and values, which reflect our shared visions and aspirations as a group.

With my warmest and best wishes always,

Jaime

At the core of everything we do,

we build businesses that enable people to thrive.

Ayala

This is our commitment to our stakeholders.
It's one thing to say that we want what's best.

We go beyond to earn the trust of our partners and investors through continuous growth and value-adding to the investments we manage.

Guided by our shared values, we realize our collective promise of a sustainable future for all our stakeholders.

Imagine It Better

We envision a sustainable world and make it a reality. We innovate to find integrated solutions that deliver long-term value. Acting with the future generations in mind helps us stay relevant and respond to the nation's changing needs.

Do What's Right

We intend to do right by everyone through every decision we make. We honor our commitments and are accountable to them. Acting with kindness, empathy, and care, we find the best way forward for us and our stakeholders.

Inspire Excellence

At Ayala, our team members are valued and provided with resources to do their best work. We harness our unique strengths and enable everyone to take the lead. We step forward with commitment and quality in all our endeavors.

Create Value Together

We strive to be the partner of choice. We find synergies that deliver shared wins for us and our stakeholders. By working well together, we are able to build a stronger business and a more prosperous nation for all.

In all this, we thank you for being with us in our commitment to keep making every day possible for the communities we serve. For today. And Always.

Our Integrated Approach

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Economic Review and Outlook

With the anticipated easing of inflation in 2024, consumer spending may recover this year.

Global Economic Outlook

Global GDP growth is expected to slow down in 2024 as economies continue to deal with inflation while absorbing the impact of rate hikes. While 2023 rate hikes were milder than in 2022, the adjustment process to higher borrowing costs may extend for a considerable duration.

The US economy has been resilient with the unemployment rate near record low. Despite softer growth prints, the general consensus remains that the US economy will be able to avoid a deep recession. Nevertheless, economic expansion is expected to decelerate in 2024 as households are likely to curtail their spending given the increased financial strain of higher interest rates.

With demand easing and supply disruptions subsiding, inflation in major economies may continue to decline in the coming year. However, there are upside risks to this outlook, namely the lingering effects of COVID-19 on consumer preferences, the escalation of geopolitical tensions, the high cost of energy transition, and the effect of El Niño/La Niña on global food production. Inflation from US services may also remain sticky given sustained fiscal impulse from the various US stimulus programs just as trade tensions bolster the bargaining power of wage earners.

The Federal Reserve may start reducing rates in 2024, although the rate cuts might not be as sizeable as the market is expecting given the tight US labor market, solid US growth, and other supply-side challenges.

Philippine Economic Outlook

In Dec. 2022, inflation has finally settled within the target of the BSP after twenty two months. With global commodity prices remaining stable, the contribution of transport and utilities to inflation has declined. Commodity prices may remain stable given weaker demand from major economies as they continue to absorb the impact of higher interest rates.

However, rice continues to be the primary source of risk for inflation as supply constraints will likely persist in the coming months. Importation may help, but since other countries are also seeing a decline in their production, food inflation may continue to rise significantly. Overall, inflation may bounce back in the second quarter and could possibly breach the 4% target again for a few months, before returning to 2% to 4% range in the second half of 2024.

With the anticipated easing of inflation, consumer spending may recover this year. Growth of household consumption will likely continue to outpace that of our ASEAN peers given the favorable demographic profile of the country, combined with the continuous inflow of remittances from abroad and the declining rate of unemployment.

Investment spending may also grow faster now that adjustments in the construction sector have been made just as interest rates may have already reached their peak. Businesses may become more aggressive with their capital expenditures as the outlook for growth with lower inflation appears to be in place. Public construction will continue to be a major driver of capital spending as the government ramps up its infrastructure program.

The BSP may keep its rates steady in the first half of the year, taking into account a possible inflation rebound in the second quarter. Rate cuts are possible in the second half of the year once inflation is firmly within the target of the central bank. However, the timing of future rate cuts and their magnitude are also contingent on what the Federal Reserve will do. If local inflation conditions are right, the BSP will likely respond immediately with rate cuts once the Fed begins its easing cycle.

The Peso may appreciate in 2024, contingent on what the Federal Reserve will do. The Peso has the tendency to strengthen when the Fed eases its monetary policy. However, while a Fed cut might lead to Peso appreciation, its gains are likely to be smaller compared to other emerging market currencies given the substantial current account deficit of the country.

Risks and Opportunities

MAJOR RISK AREAS	POTENTIAL IMPACT	MANAGEMENT AND MITIGATION	RISK EXPOSURE	OPPORTUNITIES
CREDIT RISK & ASSET QUALITY				
→ Risk of loss due to a borrower or counterparty's nonpayment of either the principal or interest, or both, of a loan and/or other credit accommodation	1) Deterioration of asset quality, including collateral valuation and/or coverage 2) Decrease in our profitability due to an actual (or expected) increase in loan losses and/or provisions	Comprehensive set of credit risk management policies, standards, methodologies, and procedures covering: 1) Assessment of borrowers using internal credit risk rating models and credit risk scorecards 2) Use of eligible collaterals and legally-enforceable collateral documentation 3) Prompt identification, workout, and close monitoring of deteriorating credit exposures 4) Adequate review of loan classification and assignment of loan loss provisions 5) Strict collection and remedial measures for problem credits 6) Conduct of credit stress testing on loan portfolios 7) Use of data analytics for credit risk model development, recalibration, and validation 8) Increased monitoring of high-risk delinquent and restructured accounts across all portfolios	Moderate, but mitigated	1) Greater flexibility in terms of qualified sectors and projects and continued availability of loanable funds to a wide range of borrowers in the agriculture, fisheries, and agrarian reform sectors, through the implementation of the Agriculture, Fisheries, and Rural Developments (AFRD) Financing or BSP Circular 1159 2) Opportunities in renewable energy and infrastructure financing, transition finance, and other sustainable financing initiatives supporting the regulator's policy for ESG initiatives and further aligned with our own ESG + E_2 framework and sustainability goals 3) Development of new products, programs and other initiatives, which target specific segments/ clientele with acceptable credit risks including SMEs and microfinance sectors
MARKET & LIQUIDITY RISKS				
→ Risk to earnings and capital from adverse movements in risk factors that affect the market value of instruments and products in our portfolios, and the risk arising from the potential inability to meet obligations to clients, counterparties or markets in any location and in any currency at any time when they fall due	1) Decline in earnings and capital 2) Deterioration of the quality of our liquid assets; increased funding needs 3) Consequences from non-compliance to regulatory changes	Comprehensive set of market, interest rate risk in the banking book (IRRBB), and liquidity risk management policies and standard procedures covering: 1) Measurement, monitoring, and reporting of market risk exposures; interest rate risk exposures in the banking book; and liquidity and funding concentration risks against thresholds and limits 2) Maintenance of adequate liquidity levels at all times 3) Establishment of a contingency funding plan 4) Conduct of stress tests and simulation/scenario analysis 5) Enhancement of risk models and systems	Moderate, but mitigated	Opportunities of robust market and liquidity risk systems include: 1) Enhanced brand and deposit franchise particularly during stressed environments 2) Access to lower cost funding and liquidity to support our activities 3) Ability to quickly respond to business & investment opportunities, given the controlled levels of liquidity and market risks
OPERATIONAL & INFORMATION TECHNOLOGY (IT)/CYBERSECURITY RISKS				
→ Risk of loss due to inadequate or failed internal processes, people, systems, or from external events and risk of adverse outcome due to the use of or reliance on IT	1) Increase in operational losses 2) Disruptions in daily operations 3) Unauthorized access to our information assets 4) Inaccurate, incomplete, inconsistent, and/or unavailable information 5) Damage to our physical assets 6) Damage to our brand and reputation 7) Legal liabilities and tax implications 8) Consequences from non-compliance to regulatory changes	Comprehensive set of operational and IT risk management policies and standard procedures covering: 1) Identification, assessment, control/ mitigation, monitoring, and reporting of operational and IT risks 2) Risk management processes are embedded in business activity processes (e.g., product development, outsourcing engagements, and process enhancements) 3) Development and monitoring of Key Risk Indicators (KRIs) 4) Loss event management process 5) Incident management 6) Establishment of systems and programs on business continuity management, information security/ cybersecurity management, vendor/ third-party management, and physical security management 7) Conduct of operational and IT risk management awareness and appreciation initiatives	Moderate, but mitigated	Advanced operational risk management and systems provide opportunities to: 1) Increase operational efficiency by implementing process improvements and adapting new tools, which enhances our capabilities for a remote workforce arrangement/mobility, and foster cross-functional collaboration between various business units 2) Enforce dynamic strategies (i.e., to think long-term while acting short-term thereby addressing clients' urgent needs, but at the same time improving and expanding current solutions)

MAJOR RISK AREAS	POTENTIAL IMPACT	MANAGEMENT AND MITIGATION	RISK EXPOSURE	OPPORTUNITIES
				3) Offer and provide clients safe, convenient, fast, and timely solutions despite disruptions such as a pandemic through rapid digital adoption 4) Acquire and build a long-term business relationship with a new group of adopters of digital solutions
BUSINESS & STRATEGIC RISKS				
→ Risk to earnings or capital arising from adverse business decisions or strategies, improper implementation of decisions, lack of responsiveness to industry changes, incorrect assessment of changes in business, and/or imposition of new regulations (e.g., moratorium on fee hikes, interest rate caps)	1) Decline in earnings 2) Legal liabilities and other regulatory implications resulting from non-compliance 3) Increase in operational losses 4) Damage to our brand and reputation	1) Close monitoring of global and domestic macroeconomic variables, banking, and financial industry trends 2) Close monitoring of financial and operational performance, strategies, and policies 3) Development and monitoring of key risk indicators 4) Regular reporting to Senior Management and Board of Directors	Moderate, but mitigated	1) Improving economic outlook coupled with positive business and consumer sentiment 2) Fast growing digital economy 3) Many Filipinos remain unbanked 4) Interest rate remaining elevated for most of the year
ENVIRONMENTAL & SOCIAL RISKS				
→ Risk of potential financial, legal and/or reputational negative effects from possible E&S issues (including acute & chronic physical risks and transition risks) affecting our key business activities	1) Aggravation of existing risk areas such as credit and operational risks 2) Increased operational losses from damages of our physical assets due to extreme weather events or environmental disasters 3) Damage to our brand and reputation arising from environmental and social issues 4) Consequences from increased health and safety concerns leading to operational disruptions 5) Legal liabilities and regulatory implications resulting from non-compliance with environmental and social regulations	Delivery of shared value through the following activities: 1) Integration of environmental and social considerations into credit assessments in alignment to regulations, UN SDGs, and through the implementation of robust risk management systems 2) Sustainable development financing through green and social products and services 3) Financial inclusion and wellness programs to reach underserved and underbanked segments and communities 4) Digitalization initiatives to streamline operations and minimize resource consumption, and enhance customer experience in accessing our services 5) Development of nation-building initiatives supporting SMEs and Overseas Filipinos (OFs) 6) Efficient resource management to optimize resource utilization 7) Prioritization of social responsibility activities on employee well-being and client experience through sound and ethical business practices 8) Enhanced vendor evaluation through compliance checks against environmental and social standards to ensure alignment to organizational values and sustainability objectives 9) Regular conduct of environmental and climate risk assessments of our physical assets and corporate and commercial lending clients' business operations and collaterals 10) Staying informed about regulatory changes, adapting policies and practices accordingly, and actively participating in industry initiatives	Increasing, but Mitigated	Enhanced environmental and social risk management brings opportunities such as: 1) Improved operational efficiency and resilience to reduce the risk and impact of disruptions 2) Development of E&S products and solutions, which potentially expands revenue streams and investor base 3) Long-term value creation through improved customer trust, credibility, and positive brand recognition 4) Agility in responding to regulatory and policy developments 5) Increased level of employee and stakeholder engagement 6) Possible regulatory incentives for innovation and early adaptation

Stakeholder Engagement

Regular dialogue with our stakeholders keeps our organizational goals and strategies aligned with their needs and expectations.

We identify our key stakeholders as those that have significant influence on our economic, social, and environmental performance, and are likewise impacted by our conduct of business in the context of global, regional, and local megatrends.

Proactive stakeholder engagement through various platforms allows the Bank to maintain beneficial relationships within the communities where we operate. It helps us identify issues we need to address and opportunities that will allow us to continue building long-lasting value.

In 2023, we revisited our existing list of identified stakeholder concerns and material topics to reflect best practices and standards according to latest ESG developments.

Refer to Pages 303 to 304 for the section on Material Topics.

	CLIENTS	INVESTORS	EMPLOYEES	SUPPLIERS AND CONTRACTORS	INDUSTRY ASSOCIATIONS	GOVERNMENT AND REGULATORY AGENCIES	COMMUNITIES AND CIVIL SOCIETY ORGANIZATIONS
HOW WE ENGAGE THEM	→ Daily customer touchpoints through branches, mobile devices, e-mail, and social media channels → Face-to-face or virtual meetings → Physical and digital customer feedback channels, including annual and periodic satisfaction surveys → Events (both physical and virtual)	→ Regular investor meetings and conference calls → Annual stockholders' meeting → Dedicated e-mail for investors	→ Online and face-to-face meetings → Training and learning sessions → Quarterly labor management conferences → Annual performance appraisals → Biennial engagement surveys → Town halls and culture building exercises → Online employee community	→ Invitations and communications → Accreditation → Coordination with facility maintenance and security agencies	→ Membership and active participation → Periodic industry and working committee meetings → Periodic conferences, seminars, and fellowship activities	→ Regular in-person, electronic, and/or written correspondence in relation to the Bank's business → Feedback to draft regulations, including those related to sustainable finance → Annual bank examination → Regular audits and follow-up	→ Partnerships & agreements → Regular correspondence → Updates through print and online platforms → Coordination on various partnerships, engagements, and other joint activities
THEIR CONCERNS	→ Accessibility and quality of products and services suited to their needs → Convenient, affordable, reliable, and efficient delivery of products and services, whether through physical or digital channels → Sound, suitable, and tailor-fitted financial products and services → Turn-around time of applications → Data privacy and security, especially for digital-based products and services → Transparency of requirements and processes → Competency of personnel to address concerns	→ Shareholder returns → Risk mitigation → Business growth and continuity → Business financial performance → Responsible and sustainable banking	→ Equitable and competitive compensation (including benefits) → Meritocracy and recognition of performance → Opportunities for career development → Trainings → Availability of work tools → Work-life balance → Workplace safety → Health and well-being → Clear understanding of the Bank's strategy and direction	→ Procurement policies and concerns → Timely and complete settlement of payment for availed services	→ Setting of industry standards and market practice → Continuing active membership → Sharing of industry updates and common concerns, including rules and regulations → Capacity building for association members → Enhancement and expansion of existing collaborations → Building collaborative networks	→ Compliance with relevant national laws as well as supervisory regulations and guidelines → Transparency and accountability → Feedback on the applicability of existing regulations vis-à-vis new trends and developments → Development of regulations on sustainable finance and integration of environmental and social principles into banking	→ Responsible and sustainable financing → Benefits from activities → New programs and initiatives → Enhancement and expansion of existing collaborations → Opportunities for capacity-building and access to financial and non-financial resources
HOW WE RESPOND	→ Enhancement of products and services → Diversified, reliable, and efficient delivery channels, both physical and digital → Constant monitoring and upgrade of systems to ensure secure and uninterrupted services → Proactive approach to client concerns, including continuous process improvements → Timely provision of tailor-fit feedback, advice, and/or solutions to inquiries → Economic and product briefings → Continuous personnel capacity building	→ Business strategies that maximize shareholder value while mitigating risks → Introduction and expansion of products and services which ensures income growth → Prioritization of value adding sectors and business segments → Transparent and timely disclosures	→ Salary reviews to ensure equitability and competitiveness versus industry → Merit-based promotions, performance bonuses, and salary increases → Rewards and recognition programs anchored on reinforcing the Bank's core values → Leadership development programs → Upgrading of competencies, including career advice and capacity-building → Cross-posting within the Bank → Management of duration in rank → Mobility work tools, allowing a conducive work-from-home set-up → Semi-flexible work hours → Holistic health program and coverage and wellness activities → Cascade of the Bank's strategy and direction	→ Timely cascade of supplier and contractor-related policies → Digitalization of platforms → Process enhancements to shorten turnaround time (TAT) for payment delivery	→ Active support and participation in association activities → Contributions in the evaluation and discourse of industry developments, latest trends, and regulations → Sharing of technical know-how and best practices	→ Policies, standards, and processes ensuring the Bank's compliance to regulations → Conduct of audits → Transparent and timely disclosures and reports → Feedback to formal requests for comments from regulators → Continuous dialogue with regulators on sustainable finance and integration of environmental and social principles into banking	→ Needs-based upscaling of financial solutions for local communities → Consideration of community growth and development in lending activities → Capacity-building initiatives and activities related to financial and non-financial resources → Transparency of reports and disclosures

Strategic Highlights

To become the Bank of Tomorrow, we operate according to a medium-term strategic roadmap which defines our priorities and the focus of our business execution.

Annually, our Board and Senior Management convene in strategic planning sessions to assess our strengths, weaknesses, opportunities, and threats in the context of the macroeconomic outlook, industry trends, regulatory landscape, competitive environment, and stakeholder concerns. Our strategic imperatives are then refined based on the outcome of this evaluation and cascaded to the organization, guiding us in capturing new business opportunities, managing enterprise risks, and developing products and services relevant to our customers. Through this exercise, we reinforce and further strengthen BPI's name as a choice investment, attractive to both domestic and offshore investors.

Customer obsession is the utmost focus of our strategy, which is founded on the pillars of financial inclusion, digitalization, and sustainability, all underscored by our NICE core values – being Nurturing, acting with Integrity, being Customer Obsessed, and pursuing Excellence.

Key highlights of the progress of our strategic imperatives follow:

Establish BPI as the undisputed leader in digital banking

We believe that the banking landscape is fast evolving with digital offerings. We envision our seven customer engagement platforms to be major vehicles for client acquisition, financial inclusion, and business growth. 2023 was a year of sustained growth across all of the six live platforms, with highlights as follows:

- VYBE by BPI – our e-wallet and rewards app in one, where anyone can be a customer – ended the year with more than 740,000 sign ups since its inception in Oct. 2022.
- The new BPI mobile app, which features an improved user experience and where clients can start banking instantly with its new-to-bank and new-to-product features, is the first banking app in the Philippines to feature AI-powered tracking and insights. The app offers financial advice, payment reminders and actionable advice on financial wellness. This new BPI app is key to the Bank's "phygital" approach to make the Bank more accessible to Filipinos through a combination of physical branches, as well as digital channels and platforms. There are about 7 million enrollees in BPI online and mobile as of Dec. 2023.
- BPI Trade launched a new institutional website as the new hub for our equities trading business. Customers will be able to access the new trading platform, financial educational material, announcements, account opening, and more.
- BanKo Mobile continues the mission to be the digital arm for our microfinance segment, with a total of 300,000 registered users for the year, a 99% surge of new registered users versus the previous year.
- BizKo enjoyed 56% annual growth in customer enrollment year-on-year, offering free access to the various digital solutions catered to small businesses.
- BizLink, for large corporations, multi-national companies, and conglomerates, ended 2023 with 1.7x enrolled customers compared to 2019.

Development of the seventh platform, which is geared towards our wealth management clients, is underway.

We continue our investment in API development to increase capabilities in open banking, real time payments, and payment gateways. The open banking business has 114 partners and offers more than 6,500 services as of Dec. 31, 2023, up from only 74 and 749 in 2019, respectively. The BPI Flagship Store in LazMall was officially launched in 2023, making BPI the first and still the only bank in Southeast Asia to offer its products and services in the Lazada platform. Other major partners include GCash, Maya, Shopee, Grab, FoodPanda and Luna Securities, amongst others.

Increased digitalization and strong digital adoption of our customers have expanded our client base to 10.9 million and enabled efficiency servicing 1.5x of the total transaction count and 2.4x of the total transaction value, despite a much leaner organization, with smaller branch footprint and lower headcount of 19,522 as of Dec. 31, 2023, a 10.0% decline from a pre-pandemic manpower count of 21,429 as of end-2019.

Grow the share of consumer and business banking loans in our loan book

In Jul. 2023, the Government's declaration of the end of the pandemic in the Philippines further spurred the socio-economic recovery that was already well underway, setting the ideal stage for the Bank to accelerate growth in its consumer and SME lending businesses while keeping appropriate credit underwriting policies and processes, ensuring asset quality preservation, and upholding prudent risk management of its exposures.

In 2023, we enjoyed broad-based growth in our consumer loans portfolios: 106.3% in personal loans, 38.3% in credit cards, 34.5% in microfinance, 24.3% in auto and

6.7% in mortgage. Meanwhile, our SME loans grew by 41.0%. Market share growth was noted across all segments.

Notwithstanding the gains in volume and market share, asset quality improved with NPL amount, NPL ratio, and NPL cover at more favorable levels than at the height of the pandemic.

BPI's recent merger with Robinsons Bank Corporation (RBC) will also expand our reach to the network of the Gokongwei Group of Companies, especially in the SME market segment. Our integration is expected to increase shareholder value by opening collaboration opportunities for BPI across the Gokongwei Group's ecosystem, which includes market-leading businesses in food manufacturing, air transportation, real estate and property development, and multi-format retail companies. The addition of RBC's loan book, which is 45% consumer, and the strong growth expected from motorcycle loans and teacher's loans, boost confidence that the loan mix will continue to shift in favor of consumer over time.

Close the gap in funding leadership

As of Dec. 31, 2023, total deposits stood at Php 2.3 trillion, an increase of 9.5% from 2022. Growth has been predominantly from time deposits as clients shifted to higher yielding products following the increases in interest rates.

Over the same period, our market share in total deposits also grew, though the increase was focused on managing deposits by tempering time deposits growth. This was a deliberate strategy to manage excess deposits over loans to keep funding costs in check.

Becoming the main operating bank of our corporate clients is a key imperative to achieving funding leadership. We engage our corporate clients through the BizLink digital platform designed to help them manage their accounts with BPI. Positive progress in client engagements via BizLink was noted in 2023, taking into stock that transaction count was double that of 2019, as well as seeing record count and volume in financial transactions, payroll, and automatic debit facilities.

Also crucial to our funding leadership is optimizing funding costs and maintaining efficient balance sheet management, which entails regular rationalization of deposit products, which now include RBC deposit products, and exploration of alternative funding sources for capital market maturities, ensuring prudent position taking. We aim to be well-poised to seize trading opportunities in the market as they arise. In 2023, there was strong demand from the debt capital markets, which led to the successful completion of the following transactions:

- On Jul. 31, 2023, BPI entered into a facility agreement for an unsecured syndicated term loan amounting to USD 300 million. The three-year loan, which was drawn down on Aug. 24, 2023, bears a floating interest payable on a quarterly basis.
- On Aug. 25, 2023, BPI issued a green bond amounting to USD 250 million with the International Finance Corporation as the sole subscriber. The bond carries a floating interest payable on a semiannual basis. The three-year bond due to mature on 2026 is unconditional, unsecured, and unsubordinated.
- On Nov. 13, 2023, BPI issued Php 36.7 billion fixed rate bonds due 2025 that have a term of 1.5 years and bear an interest payable on a quarterly basis. The net proceeds were used for general corporate purposes, including funding source diversification. To meet strong investor demand, the final issue size of these bonds was increased over seven times from the initial target of Php 5 billion.

Redefine the new role of branches

We continue to believe in the value of physical branches, opening branches where needed and where there has not been branch presence before, even while consolidating and co-locating existing branches in oversaturated areas, keeping a constant eye to not losing territory coverage. From 2019 to 2021, we co-located 135 branches, consolidated 29 branches, opened four branches, and transferred 11 branches to sites where BPI

presence is expected to be strengthened. Moreover, the merger with RBC, with BPI as the surviving entity, was approved by the regulators and took effect on Jan. 1, 2024, providing the Bank with another avenue to expand its physical presence.

Select branches have also been redesigned to incorporate the best of physical and digital customer service elements, unlocking the power of "Phygital" banking. As of Dec. 31, 2023, 20 branches have been transformed to Phygital branches – with a concierge and a quick transact area facilitating enrollment of more customers in the Bank's digital platforms, and educating them on how to use the various mobile and online applications to further enhance their banking experience. There are also meeting pods and meeting rooms equipped with virtual conferencing capabilities for customers to be able to access product specialists who provide expert advice. We intend to ramp up the number of branches for phygital transformation moving forward.

As of Dec. 31, 2023, BanKo, our microfinance arm, has 348 branches, 48 of which were opened since 2019. 2023 also saw the launch of three kiosks and 10 BanKo on-the-go vehicles, making banking accessible even in more remote areas where it may be more difficult to build a full branch.

In 2022, we introduced Agency Banking which creates partnerships with convenient stores, department stores, supermarkets, gas stations, and pharmacies to make BPI products available to the customers served by our partners. Our partner agencies instantly expanded the Bank's physical network from 709 branches to 6,053 brick-and-mortar locations with 5,344 new partner outlets.

Many of these outlets are located in municipalities and towns where BPI does not have a branch presence and are open on weekends and holidays, 24/7, allowing for accessibility beyond regular banking hours.

We aim to integrate banking into our customers' daily lives through this new channel which extends our capability to reach, acquire, and serve more customers in more communities. With customer convenience at the forefront, our agency banking marketing caravans create awareness about BPI's presence in partner agency stores to drive customers to the stores already in their community. From "come to us", BPI now "goes to you."

Agency Banking matches the right technology enablers, such as APIs and digital linkages with our own platform, to our partners' business requirements. Currently, a BPI tent card with the unique QR Codes of available BPI products is displayed by its agency partners. Customers only need to scan to apply for the product and they will then be directed to a BPI product landing page where they can complete their application. Our partners currently offer loans, credit cards, and insurance products and eventually will effectively operate like a branch which can process deposits, withdrawals, cash-in, cash-out transactions, and bills payment.

By becoming another channel for simple banking transactions, our partners help our branches operate more efficiently by reducing the transactional processing load, which we view as an ideal complement to our strategy of redefining the new role of BPI branches.

Champion Sustainability

Guided by the two pillars of "Responsible Banking" and "Responsible Operations", we developed a unique formula named "Environment, Social, Governance + Economic" or "ESG+E_2". While we actively integrate ESG principles in the way we do business, we give equal importance to E_2 (representing economic benefits), emphasizing that sustainability initiatives should be economically viable.

We recognize the fact that shifting to sustainable business practices may be perceived as too costly by some of our clients thus came our advocacy of offering free technical advisory services on sustainable financing solutions. Being the first and only bank to date to do so, we have joined hundreds of client calls and project site visits alongside our third-party consultants to help clients appreciate that when they integrate sustainability into their business strategy and operations, they can achieve higher business productivity, efficiency, and profitability.

In 2023, highlights of our financing portfolio for sustainability include:

- Php 827 billion of our outstanding corporate and SME portfolio is in support of the UN SDGs, representing 52% of our total corporate and SME portfolio as of Dec. 31, 2023;
- Php 24 billion new loan disbursements (upping our cumulative total to Php 277 billion) funded under BPI's Sustainable Development Finance (SDF) Program, financing renewable energy, energy efficiency, green building, and sustainable agriculture projects;
- Php 198 billion new agribusiness loans disbursed in 2023; and
- Php 15 billion new microfinance loans disbursed under BPI BanKo in 2023, serving approximately 213,000 SEMEs.

In 2023, we also pursued various inclusive, innovative, and pioneering banking solutions that champion sustainability such as:

- raising ESG-focused funding, including: (1) the USD 250 million IFC Green Financing Deal – the largest deal of IFC with a Philippine bank, (2) the Php 20.3 billion RISE Bonds or Reinforcing Inclusive Support for MSMEs – a social bond, the proceeds of which are allocated to eligible MSMEs, and (3) the Php 10 billion Green Saver Time Deposits – the proceeds of which are allocated to projects with clear environmental benefits;
- introducing new products for underbanked segments, including: (1) the e'Nay app empowering sari-sari store owners to quickly, easily, and conveniently order, manage, and pay for their inventory, (2) the Micro Agri Loan rewarding on-time loan repayments, which started as a pilot financing program for small scale onion farmers of Jollibee Foods Corporation, (3) InstaCashKo Line providing bridge financing for SEMEs, and (4) Max500, a term loan supporting the expanding operations of SEMEs requiring higher loan amounts;
- financing and arranging ESG-focused deals in 2023, including: (1) Php 11 billion sustainability-linked loan (SLL) financed with ADB for ACEN Corporation, and (2) Php 25 billion green preferred shares arranged as well for ACEN Corporation; and
- furthering its initiatives for Responsible Operations: (1) shifting two of its corporate offices to 100% renewable energy, bringing the total to three offices, and (2) having six new IFC EDGE-certified bank branches, bringing the total to 11.

Sustainability also means financial inclusion that promotes growth across all sectors. BanKo, our microfinance arm, has enhanced its efforts to provide SEMEs access to easy, convenient, and affordable products and services, via the Bank's digital and traditional distribution channels. We also grew our BanKo branch count given the importance of physical presence in this segment.

The Bank is steadfast in its milestone commitment of no additional greenfield coal power generation projects and to zero out coal power generation in its portfolio by 2032. Preparation for the Bank's Net Zero strategy roadmap is now underway.

Finally, our corporate social responsibility is carried out through BPI Foundation, which implements financial wellness and sustainability programs that look after the unserved and underserved, and through our BPI Bayan programs where BPI Unibankers volunteer to help local communities.

Focus on Customer Obsession

BPI's culture is anchored on our "NICE" core values of "being Nurturing, acting with Integrity, being Customer Obsessed, and pursuing Excellence". For the second year in a row, an internal summit involving hundreds of the Bank's senior officers was once again held to renew this commitment, followed by a nation-wide roll out to all its employees. Seizing the momentum from being appointed in 2022, the Bank's Customer Delight Officers delivered various customer delight projects that immediately addressed low-hanging fruit opportunities to improve internal and external customer experiences. To reinforce that customer obsession is a key result area of every employee's performance, "Delight-o-Meter" surveys were completed after internal meetings as a constant reminder that everything done across the organization should be in the best interest of customers.

In a relentless pursuit of customer satisfaction, the Bank achieved the highest Net Promoter Score among local banks and its highest historical customer count at 11 million.

Moving forward, the Bank's theme is "MORE with BPI," encompassing "BE MORE", "DO MORE", "SHARE MORE", and "INSPIRE MORE".

"BE MORE" focuses on nurturing our employees through people initiatives like wellness programs and learning opportunities which will empower them to reach their full potential. The "CHANGE" leadership competencies were also launched to guide everyone to "lead Customer Obsession, inspire High Performance, set Aspirations, lead with a Nurturing Spirit, lead with a Growth Mindset, and lead with Excellence".

"DO MORE" highlights our commitment to our customers, offering relevant digital solutions and excellent customer service.

"SHARE MORE" embodies our dedication to giving back, supporting sustainable advocacies and charities, and fostering a culture of caring and equity.

"INSPIRE MORE" drives everyone in BPI to share stories of success and sustainable initiatives, inspiring others to take action for the betterment of the nation.

We are united behind these strategies which will help sustain BPI as a resilient and enduring institution across multiple business cycles as it has shown in over 172 years of operations. We are united in our unwavering dedication to build a better Philippines, one family, one community at a time.

Financial and Operating Performance Highlights

	Consolidated			Parent		
	2023	2022	Change	2023	2022	Change
BALANCE SHEET (in Php Mn)						
Assets	2,888,372	2,603,961	10.9%	2,811,822	2,547,669	10.4%
Liquid Assets	1,196,865	1,033,103	15.9%	1,174,256	1,010,494	16.2%
Treasury Securities	625,019	537,933	16.2%	608,759	524,129	16.1%
Gross Loans	1,935,339	1,756,757	10.2%	1,901,678	1,733,262	9.7%
Net Loans	1,882,007	1,702,990	10.5%	1,849,840	1,680,684	10.1%
Deposits	2,295,106	2,096,001	9.5%	2,264,133	2,082,584	8.7%
Equity [1]	357,204	317,722	12.4%	336,303	299,029	12.5%
INCOME STATEMENT (in Php Mn)						
Net Interest Income	104,350	85,065	22.7%	98,086	80,808	21.4%
Non-Interest Income	33,971	33,459	1.5%	28,941	27,637	4.7%
Net Revenues	138,321	118,524	16.7%	127,027	108,445	17.1%
Operating Expenses	69,110	57,990	19.2%	62,591	52,726	18.7%
Pre-provision Profit	69,211	60,534	14.3%	64,436	55,719	15.6%
Impairment Losses	4,000	9,167	-56.4%	2,202	8,437	-73.9%
Net Income [1]	51,687	39,605	30.5%	50,053	36,999	35.3%
FINANCIAL PERFORMANCE INDICATORS						
PROFITABILITY						
Return on Equity	15.35%	13.14%	2.2%	15.71%	13.02%	2.7%
Return on Assets	1.93%	1.59%	0.3%	1.91%	1.52%	0.4%
MARGINS AND LIQUIDITY						
Net Interest Margin	4.09%	3.59%	0.5%	3.93%	3.47%	0.5%
Net Loans to Deposit Ratio	82.0%	81.2%	0.8%	81.7%	80.7%	1.0%
COST EFFICIENCY						
Cost to Income Ratio	50.0%	48.9%	1.0%	49.3%	48.6%	0.7%
Cost to Average Assets Ratio	2.58%	2.33%	0.2%	-	-	
ASSET QUALITY						
NPL Ratio [2]	1.84%	1.76%	0.1%	-	-	
NPL Cover	156.1%	180.0%	-23.9%	-	-	
CAPITAL AND LEVERAGE						
Tier 1 Ratio	15.29%	15.12%	0.2%	14.59%	14.33%	0.3%
CET 1 Ratio	15.29%	15.12%	0.2%	14.59%	14.33%	0.3%
Capital Adequacy Ratio	16.18%	16.01%	0.2%	15.48%	15.23%	0.3%
Leverage Ratio	10.95%	10.71%	0.2%	10.38%	10.08%	0.3%

	Consolidated		
	2023	2022	Change
DISTRIBUTION NETWORK AND MANPOWER			
Branch Licenses/International Offices	1,189	1,189	-
ATMs	2,086	2,080	6
Employees	19,522	18,201	1,321
Officers	7,659	6,701	958
Staff	11,863	11,500	363
SHAREHOLDER INFORMATION			
MARKET VALUE			
Share Price	103.80	102.00	1.8%
Market Capitalization (in Php mn)	513,311	460,339	11.5%
VALUATION			
EPS, Basic and Diluted	10.90	8.78	24.1%
Book Value per Share	72.23	70.40	2.6%
Price-Earnings Ratio	9.9x	11.6x	-1.7x
Price to Book Value	1.4x	1.4x	0.0x
DIVIDENDS			
Cash Dividends Paid to Common Shareholders (in Php mn)	15,933	9,568	66.5%
Cash Dividends per Common Share	3.36	2.12	58.5%
GRI ECONOMIC METRICS (in Php Mn)			
Economic Value Generated (Revenue)	138,321	118,524	16.7%
Economic Value Distributed[3]	95,799	74,909	27.9%
Payments to Suppliers	28,950	22,962	26.1%
Payments to Employees	23,060	19,392	18.9%
Payments to Providers of Capital[3]	15,933	9,568	66.5%
Payments to Government	27,606	22,830	20.9%
Payments to Communities	250	158	58.5%
Economic Value Retained[3]	42,521	43,615	-2.5%

(1) Attributable to equity holders of BPI
(2) Based on BSP Circular No. 941
(3) Payments to Providers of Capital now only covers cash dividend payments, to avoid the double netting of interest expense in computing for Economic Value Retained; 2022 figures have also been restated to reflect this correction

Sustainability Performance Highlights

SUSTAINABILITY AGENDA

BPI has an institutional Board-approved Sustainability Agenda which guides the integration of sustainability principles in the Bank's strategy, operations, and risk management framework.

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

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

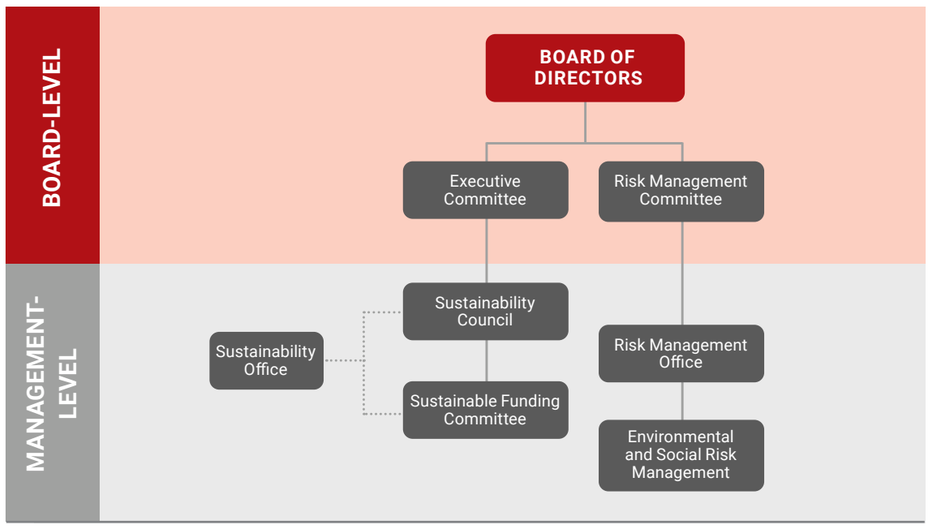
Sustainability Strategy
BPI's sustainability objectives are embodied in the pillars of Responsible Banking and Responsible Operations, supporting our vision of building a better Philippines, one family, one community at a time.

Sustainability Governance
BPI's Sustainability Agenda and Strategy is ultimately governed by the Board through the Executive Committee (ExCom) and the Risk Management Committee (RMCom). The ExCom oversees the overall integration of sustainability principles in the strategic direction of the Bank while the RMCom ensures that Environmental and Social (E&S) risk management is incorporated in the Bank's risk management systems.

Sustainability Key Result Areas (KRAs)
Following a cascade of the Sustainability Agenda in 2021, BPI became the first Philippine bank to mandate all its employees (including executives, officers, and staff) to have a minimum 10% of their performance evaluation criteria, affecting remuneration, to be sustainability-focused.

As a complement to this mandate, BPI required all employees to take the mandatory Sustainability 101 Training Course, also a first for a Philippine bank.

BPI's Sustainability Agenda, Sustainability Strategy, and Sustainability Governance are further discussed in the BPI website (https://www.bpi.com.ph/about-bpi/sustainability).



2023 MAJOR SUSTAINABILITY ACHIEVEMENTS

PILLAR 1: RESPONSIBLE BANKING

Php 827 billion
Corporate and SME portfolio in support of the UN SDGs, representing 52% of the total portfolio

Php 40 billion
ESG-focused funds raised through public offerings[1]

Over 750,000
Micro, Small, and Medium Enterprises (MSMEs) served

12
New ESG-Focused Products and Services

FOR SELF-EMPLOYED MICRO-ENTREPRENEURS (SEMES)
- Secure Assist Lite
- InstaCashKo Line (ICL)
- Max500
- e'Nay app

FOR FARMERS
- Micro Agri Loan

FOR RETAIL CLIENTS
- Electric Vehicle Financing
- Solar Mortgage
- BPI AIA Aspire
- 365 PA Plus
- Personal Cyber Insurance

FOR CORPORATES
- Perpetual Green Preferred Shares
- Sustainability-Linked Loans

[1] USD/Php 55.57 as of year-end 2023

PILLAR 2: RESPONSIBLE OPERATIONS

Over 210 million
Transactions from over 7 million total users in 6 digital platforms

Over 14,000
Attendees of the annual Sustainability Awareness Month (SAM)

1,042,895
Total training hours of employees

5,344
Brick-and-mortar & virtual stores of 18 agency banking partners providing access to BPI products and services

6
New IFC EDGE-certified green bank branches, for a total of eleven

90%
Score in BPI's employee engagement survey

SUSTAINABILITY COMMITMENTS OF BPI LEADERS

"I am delighted that BPI has taken sustainability to heart. It is part of our mindset, our strategies, and daily activities, and embedded in our DNA. I am confident that, with the talent, energy, and passion that I see from our Unibankers every day, whether at the head office or at our branches, no challenge is insurmountable."

Jaime Augusto Zobel de Ayala
Chairman of Ayala Corporation and
Bank of the Philippine Islands

"Sustainability has always been a high priority at BPI. We are committed to responsible banking and we will continue to champion sustainability towards a better Philippines. BPI's unique sustainability formula ESG+E_2 refers to Environmental (E), Social (S), and Governance (G) initiatives resulting in Economic (E_2) gains."

Jose Teodoro K. Limcaoco
BPI President and Chief Executive Officer

"Sustainability has become an essential component of business strategies. In BPI, our sustainability programs and initiatives, as well as products and services integrate ESG+E_2 principles and follow global standards."

Eric Roberto M. Luchangco
Senior Vice President,
BPI Chief Sustainability Officer, and Chief Finance Officer

SUSTAINABILITY COMMITMENTS: RESPONSIBLE BANKING

"We bank the most influential local and foreign institutions in the country. Embedded in our mission to assist our clients achieve their business goals is our commitment to partner with them to do so in sound ESG-fashion that over time will come naturally across our client universe. To achieve this, we promise to continue with and improve our programs that promote the UN Sustainable Development Goals."

Juan Carlos L. Syquia
Executive Vice President and
Head of Institutional Banking

"Sustainability is a key priority.

Through 'Phygital' innovations, we continue to minimize our carbon footprint and enhance the quality of sustainability-oriented products and services to deliver seamless, delightful experiences that make every day and every tomorrow better for the families and communities we serve."

Maria Cristina L. Go
Executive Vice President and
Head of Consumer Banking

"We recognize the valuable role of small and medium enterprises (SMEs) in driving local employment and nation-building. We are committed to deepen our reach and enable more Filipino SMEs by providing sustainable, innovative, and responsible solutions for their progressive needs as they manage challenges and risks, and strive to grow their businesses."

Dominique R. Ocliasa
Senior Vice President and
Head of Business Banking

"We help ensure the unbanked and underbanked are included in the country's economic recovery and growth by providing sustainable financial solutions tailor-fit for microbusinesses, farmers, and fishermen. Through digital innovations, we also make financing for solar panels, schools, and hospitals more accessible and affordable for retail clients."

Marie Josephine M. Ocampo
Executive Vice President and
Head of Mass Retail Products

SUSTAINABILITY COMMITMENTS: RESPONSIBLE BANKING

"At BPI Wealth, we continue to be your trusted partner in navigating volatile financial markets, in making investment decisions, and in creating a legacy for future generations. We offer a suite of sustainable investment funds that help finance high-impact green and social projects that deliver attractive returns and support the UN Sustainable Development Goals."

Maria Theresa D. Marcial
President & CEO, BPI Wealth - A Trust Corporation

"We integrate sustainability in our business offerings. We have a fast-growing sustainability portfolio of bonds and cross-border loans, fund-raising initiatives for deployment to green and social assets, and a dedicated sales team providing Treasury services to SMEs, schools, and hospitals."

Dino R. Gasmen
Senior Vice President and Treasurer

"As a complement to traditional branches and digital infrastructures, Agency Banking allows clients to access banking products and services through trusted and vetted third-party partners.

This is BPI's way of expanding our reach to the underbanked and underserved in areas far from city centers, a clear support for the Bank's ESG commitments."

Jose Raul E. Jereza IV
Senior Vice President and
Head of Agency Banking

"We have incorporated sustainability standards in the Bank's credit evaluation processes. Our credit review checks for alignment to the UN SDGs, project technical and financial viability as well as resilience to environmental and social risks."

Joseph Anthony M. Alonso
Senior Vice President and
Chief Credit Officer

"On top of spreading awareness on sustainability principles and best practices, we help communicate the Bank's sustainability offerings and initiatives which make banking easier, more efficient, more affordable, and feasible. A number of our fellow Filipinos are not even aware of what sustainability means nor its benefits. We commit to incorporate sustainability in our communications to help the Filipino people understand, appreciate, and contribute to achieving a more sustainable tomorrow."

Mary Catherine Elizabeth P. Santamaria
Senior Vice President and Chief Customer and Marketing Officer

SUSTAINABILITY COMMITMENTS: RESPONSIBLE OPERATIONS

"At the Centralized Operations Group, we spearhead the over-all improvement in the accuracy, efficiency, and timeliness of transaction processing, settlements, accounting, reconciliation, and reporting to minimize resource consumption.

Via our Facilities Services Group, we also ensure the physical safety and resource efficiency of BPI Offices while working to shift to renewable energy and help reduce the Bank's carbon emissions."

Eugenio P. Mercado
Executive Vice President and
Head of Enterprise Operations

"We at Human Resources are always working to ensure that we have a workforce physically and mentally fit, risk-resilient, and always ready to serve. Through well-designed and relevant capacity building initiatives, we also ensure a conducive environment for employees to enhance their skills and knowledge and improve their day-to-day work."

Maria Virginia O. Eala
Senior Vice President and
Chief Human Resources Officer

"At the Risk Management Office, we are committed to continuously enhancing the integration of ESG into our enterprise risk management framework. Our goal is to create value for our stakeholders while proactively managing environmental and social risks in all our activities. Through these efforts, we are able to ensure the resilience and long-term success for both our organization and the communities we serve."

Ma. Cristina F. Asis
Senior Vice President and
Chief Risk Officer

"We at the Digital Channels Group spearhead BPI's digital transformation through highly automated digital products and services, reducing the carbon footprint of banking while also expanding the Bank's reach to the underbanked and underserved.

At the Information Systems Group, we ensure that the Bank's systems are robust and secure, in support of digitalization initiatives across the whole bank. We also enable a remote working set-up among employees promoting resource efficiency, via well-crafted work mobility tools."

Alexander G. Seminiano
Senior Vice President and
Chief Technology Officer

14 ESG-Focused Awards

BEST SUSTAINABILITY DRIVE
(BY THE BANK MARKETING ASSOCIATION OF THE PHILIPPINES)
5TH BANK MARKETING AWARDS

ESG PROGRAM OF THE YEAR - SILVER
ASIA BANKING & FINANCE RETAIL BANKING AWARDS 2023

SUSTAINABILITY COMPANY OF THE YEAR CIRCLE OF EXCELLENCE
(2ND CONSECUTIVE RECOGNITION)
ASIA CEO AWARDS 2023

TOP SUSTAINABILITY ADVOCATES IN ASIA
(2ND CONSECUTIVE RECOGNITION)
ASIA CORPORATE EXCELLENCE & SUSTAINABILITY (ACES) AWARDS 2023

BEST BANK FOR ESG IN THE PHILIPPINES
(2ND CONSECUTIVE RECOGNITION)
ASIAMONEY BEST BANK AWARDS 2023

BEST HOUSE FOR SUSTAINABLE TREASURY SOLUTIONS
CORPORATE TREASURER AWARDS 2023

MARKET LEADER IN ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)
(2ND CONSECUTIVE RECOGNITION)
EUROMONEY MARKET LEADERS*

BIGGEST ESG IMPACT IN THE PHILIPPINES
FINANCE ASIA AWARDS 2023

BEST SUSTAINABLE BANK IN THE PHILIPPINES
(4TH CONSECUTIVE RECOGNITION)
FINANCE ASIA AWARDS 2023

SUSTAINABLE FINANCE AWARDS WINNER FOR THE PHILIPPINES
(2ND CONSECUTIVE RECOGNITION)
GLOBAL FINANCE

BEST SUSTAINABLE BANK IN THE PHILIPPINES
(2ND CONSECUTIVE RECOGNITION)
INTERNATIONAL BUSINESS MAGAZINE AWARDS 2023

SUSTAINABILITY BUSINESS PARTNER OF THE YEAR
NORDIC SUSTAINABILITY AWARDS

SUSTAINABILITY LEADER OF THE YEAR
(AWARD GIVEN TO BPI PRESIDENT AND CEO MR. JOSE TEODORO K. LIMCAOCO)
NORDIC SUSTAINABILITY AWARDS

BEST DIGITAL ESG AWARDS
THE ASSET TRIPLE A TREASURISE AWARDS

Sustainability Awareness Month 2023

In 2023, BPI held the 2nd Sustainability Awareness Month with the theme Green and Beyond, highlighting the Bank's digitalization and financial inclusion efforts on top of environmental initiatives. Over 14,000 attendees celebrated which included fourteen public events and three employee events.

PUBLIC EVENTS

Green & Beyond Sustainability Fair
Glorietta Activity Center, Makati

SustainableME: Biz Solutions for Growth
Webinar via Zoom

BPI #BestLife Run
Ayala Triangle Gardens, Makati

Building Wealth Through Sustainable Investments
Webinar via Zoom

BanKo on the Go Caravan
Greater Metro Manila Area (8 Events)

Best Practices In Sustainable Livestock Production
Pampanga and Davao (2 Events)

INTERNAL EVENTS

Blue Finance 101
Webinar via Zoom

Transforming Lives Through Financial Inclusion
Webinar via Zoom

BPI Sustainability Summit and Sustainability Innovations Awards (SIA)
Manila Polo Club, Makati

Business Review

Celebrating 172 years as a leader in the banking industry, BPI takes its role in advancing financial inclusion and sustainability more seriously than ever. Fostering progress by supporting businesses, organizations, and activities that contribute to economic growth, environmental protection, and social development.

For 2023, BPI continues its focus on four key areas:

- **FINANCIAL INCLUSION**
- **CUSTOMER ACQUISITION AND DIGITALIZATION**
- **BUSINESS GROWTH**
- **CUSTOMER EXPERIENCE**

Financial Inclusion

Recognizing that financial inclusion must be supported by appropriate touchpoint infrastructures, we continued strengthening our digital banking platforms along with our traditional brick-and-mortar branches.

The Bank's e-wallet and rewards app in one, VYBE by BPI, ended 2023 with 743,372 total sign-ups since its inception in October 2022. These users recorded a transaction count of 314,200 and a transaction volume of Php 275.3 million, which included cashless payments by scanning the QR Ph code of the merchants, adding or sending money to other VYBE users, and receiving money from other local banks and e-wallets.

The BanKo Mobile App continues its mission to be the digital arm for financial inclusion of BPI. In 2023, there were 300,000 registered users of the app, translating to a 99% surge in new registered users versus the previous year. The app saw 886,000 transactions corresponding to Php 2.8 billion, strengthening BanKo's focus on "bridgitalization," or bridging the gap of the underserved Filipinos through hyper-local, tech-enabled financial solutions.

Clients can now open an account, apply for a loan, monitor loan transactions, check payment due dates, and pay loans through the BanKo Mobile app. The payment functionality of the app has seen an increase in payments of 153% vs. the previous year. The app also offers payment solutions by offering FREE InstaPay services through its Libreng Padala program, resulting in a usage increase of 136% vs. last year.

Similarly, in the last two years, BPI Deposits enabled customers to open a savings account without the need to visit a BPI branch. Customers can now do it via the BPI app or even through GCash. These digital savings products (called #SaveUp/#MySaveUp) are offered with no required deposit maintaining balance, encouraging clients to get into the habit of saving for as low as Php 1 without worrying about being charged a fee based on their available deposit balance.

Business Banking launched Ka-Negosyo On The Go, an online loan application for business loans for SMEs. Ka-Negosyo On The Go features an intuitive product finder that guides SMEs in selecting the Ka-Negosyo Loan that fits their needs and an Eligibility Checker that offers a convenient tool for business owners to determine if a business loan aligns with their requirements and capabilities. As of its launch in June 2023, we were able to engage with over 100,000 users on the platform, guide over 10,000 SMEs in determining their eligibility for a business loan, and serve over 500 business loan applications.

BPI also started its foray into Agency Banking in April 2022, allowing Filipinos access to basic banking services through trusted and vetted third-party banking partners across the country.

In 2023, the "May BPI Dito" program established partnerships with eighteen physical retail partners, allowing customers to have more than 5,000 alternative touchpoints to apply for and avail of a BPI product by simply scanning the QR code of the product from any of BPI's agency partners.

Officially launched as well was the BPI Flagship Store in LazMall, making BPI the first and still the only bank in Southeast Asia to offer products and services within the Lazada platform.

Agency Banking's drive to increase awareness resulted in reaching 137 barangays, or approximately 225,000 Filipinos.

Through BPI MS, we're also providing underserved and low-income customers with affordable insurance products. For many years, BPI MS has been working with BPI BanKo to provide microinsurance products to their customers. We also offer several affordable personal accident and casualty insurance variants. Likewise, we have made fire insurance more accessible to the mass market by providing low-priced home contents insurance to customers who buy appliances and gadgets.

"Our partnership with BPI led us to increase our production because of their financial assistance.

Eyal Ben Ari
CEO
Aba Pardes Agritech Corp.

Aba Pardes Agritech Corp. (APAC) produces, markets, and sells vegetables to the most notable hotels, restaurants, and supermarkets in the country. The company operates hydroponic vegetable factories using advanced technology, controlled climates, and work processes that include, among others, irrigation, fumigation, and the application of fertilizers. What Aba Pardes develops specifically for the Philippines is a state-of-the-art technological answer while providing a real blueprint for sustainability in all aspects.

BPI's financing helps build more independent factories fully controlled by technologies and expands APAC's production to make fresh, high-quality, and nutritional vegetables available to retail consumers. BPI also provided financing for its solar project, supplying the power system needed. BPI also offers support in the form of reefer trucks, cold storage, and industrial packaging lines, all to provide a high scale of affordable, sustainable, and premium fresh vegetables.

How did Aba Pardes Agritech Corp. begin? What was the company's goal when you started the business?

The idea was to produce sustainable food with premium quality at an affordable price 365 days a year. We want to change the concept of the food production industry worldwide where we can maintain the prices of food despite inflation. Our goal is to make mass-produced and affordable food for everybody.

Can you describe the challenges you faced in running your business? What did you do to overcome these challenges?

Since the pandemic, the biggest challenge for us has been the budget. We're talking about producing sustainable food for a country with 100 million people. We need to invest in properties so we can build more factories and increase production. On top of that, we also needed to ensure that our products are of top-notch quality.

To address our need, we searched for a long-term financial partner that could easily assist us so that we could invest in technology. We wanted to find the perfect partner who shares our vision and will help, support, and guide us financially.

How did BPI make a difference in your business?

Since partnering at the end of 2022, our partnership with BPI led us to increase our production because of their financial assistance.

I was amazed by the support that the BPI management team gave us when we met them – from the officers, the VPs, and eventually President TG himself. They shared our vision and walked hand in hand with us to make sure that it would become a reality.

In the past year, the Bank granted us different facilities by partially financing various solar energy projects, delivery equipment, and capital requirements.

How do you envision your business five to ten years from now, especially in terms of pushing for sustainability?

In the next decade, we aim to have 400 hectares of factories built all over the Philippines. We're aiming to provide affordable, scalable food that will be sustainable for everybody.

“The fact that a big bank like BPI trusted RENDCO with a non-collateral loan is also a big boost for us when talking to other funders.

Elinor Mendez
President, COO, and CTMO
RENDCO Water Infrastructure, Inc.

RENDCO is a company involved in circular water treatment. It builds water treatment infrastructures, combining advanced chemistry and engineering solutions to optimize depleting water resources. The company also uses the best available technologies to create efficient water treatment, conservation, recycling, and reuse processes.

Currently, the company treats water from Laguna de Bay for Maynilad Water Services' customers in southern Metro Manila.

What drove you to start such an enterprise?

Our strong desire to start our own company is to provide clean, safe, and affordable water to all Filipinos who have yet to access it.

What financial and technical challenges did you face when you began your business?

We were supposed to have a project when we started RENDCO in early 2020, but the pandemic and lockdown came. The financial challenges that came after were unbelievable because we needed to support our team and pay our rentals kahit na how many months nang walang benta

How did you overcome these challenges?

Our industry friends, specifically our partners in Singapore, boosted our confidence by entrusting us to deliver computer-aided drawing requirements for their building projects. With that contract secured, we slowly went back to the market, offering supplies for water and wastewater treatment.

What led to your engagement with Maynilad, and how did BPI play a key role in this?

Back in 2022, Maynilad was looking for technologies that would enhance their existing system to avoid water interruptions. We then offered several water treatment technologies that interested them, but we needed more capital to fund the project.

Fortunately, BPI gave us a non-collateral term loan – the first bank to do so. This meant a lot because it gave us added confidence to move forward with our project with Maynilad, as well as our other water projects. The fact that a big bank like BPI trusted RENDCO with a non-collateral loan is also a big boost for us when talking to other funders.

BPI also gave us an open credit line, which is revolving. The Bank really helped us to bridge the financial gap para 'di kami nagkakaroon ng delays in terms of purchasing ng mga kailangang gamit for the projects, or yung pampasweldo sa mga tao, and then yung marketing to get more projects.

Could you describe the service you have received from the BPI Business Banking team?

BPI's Business Banking External Sales Channel account officers saw our plans and goals for sustainability, so they invited me to participate in the Bank's sustainability initiatives, such as speaking at the Sustainability Fair and connecting us with Bloomberg Singapore for a feature on what our company does. It's a big boost to our company's and team's confidence.

How do you envision the future of RENDCO?

We envision having a RENDCO holding company in less than five years. Right now, we have set up different divisions. We have created them to become cost-profit centers. Once everything is stable in those divisions, we would spin them off to create new companies under RENDCO Water Holdings.

Customer Acquisition and Digitalization

Intimately tied to BPI's culture of customer obsession, we focus our digital innovations on making it easy for our customers to start, strengthen, and continue their relationship with the Bank.

Institutional Banking (IB) served 18,484 clients through their online platform, BizLink, providing them with efficient and seamless business transactions. Additionally, BizKo, a mobile and web app tailored to the daily banking needs of new solo business operators, do-it-all business owners, and budding entrepreneurs, helped 16,355 clients reach their financial goals.

We also launched e'Nay, an app powered by BPI that links sari-sari stores for ordering grocery items, in partnership with one of our clients in the wholesale and distribution industry. As of December 2023, e'Nay is present in four piliot areas and has reached 6,400 active users with 14,000 orders (an average of 2.2 orders per client), amounting to Php 4.3 million in sales.

In addition to the digital platforms, IB initiated financial wellness fairs catering to select corporate and PEZA locator clients' needs and their employees'. There was also increased collaboration with the branches to conduct onsite account opening and Preferred onboarding for select executives, enabling us to land several payroll deals, including with a 3,000-strong company that migrated its payroll from a major competitor to BPI.

Unsecured Lending's new customer acquisition had an impressive 43% growth, ending the year with 2.44 million cards in force. Billings grew by 41%, while credit card loans stood at Php 138 billion as of December 2023, up 38% year on year. These were driven by our focus on categories that had propelled more card usage, such as travel, e-commerce, and dining, as well as a strong push for new customer acquisition, enhancements in value propositions, and digitalization. These investments yielded double-digit growth in revenue.

In 2023, Credit Cards relaunched its loyalty program under the bank-wide BPI Rewards program. It boasts near-real-time point viewing and real-time rewards redemption, as well as the first phase of credit card control, which allows ease in the blocking and unblocking of credit cards.

The business also ramped up its card usage offers through its intensified efforts on "The Real Deal," a year-round campaign that offers up to 50% off discounts in categories such as dining, shopping, essentials, and travel. The "Oh My Deals!" app was also launched, allowing cardholders to conveniently browse, filter, and search for nearby promotions.

The Loans Group fully implemented the new loan origination system, which enabled score-based decisioning for auto and housing loans. We also launched the BPI Loans Marketplace, a one-stop shop for our clients who are looking for new cars and new homes and a convenient way for them to apply for a loan with the Bank.

The Digital Channels Group continues to build digital capabilities to acquire more clients and serve them efficiently through the various digital platforms we manage.

- The Open Banking business, which delivered and managed the different APIs such as Direct Debit and Disbursement APIs, has a total partner count of 114, while the total number of brands and services is 16,651. The total transaction count of Open Banking as of December 2023 was about 122.4 million, which is 11.09% higher than the previous year. The transaction volume is at Php 361.3 billion, up by 4.40% versus 2022.

- BPI BizKo served 16,400 enrolled clients, enjoying free access to various digital solutions catering to their small businesses. The platform recorded a 56% annual growth in client enrollments compared to the previous year. The transaction count as of December 2023 is 63,600, and the transaction volume is Php 1.6 billion. New features such as the Electronic Statement of Account (eSOA), the Merchant Settlement Report for Credit Card Collections, and the ability to access various collection and disbursement solutions in BPI BizKo for free were also rolled out.

- BPI BizLink, the online banking platform for large corporations, multi-national companies, and conglomerates, recorded 52,500 enrolled clients last year. The transaction count as of December 2023 is 77.4 million, and the transaction volume is Php 6.89 trillion. BPI BizLink was also further enhanced to include online FX purchase and sale across nine foreign currencies: USD, EUR, JPY, HKD, AUD, CAD, GBP, CHF, and CNY, without the need for delivery of transactional documents. We are also the first local bank to offer online FX conversions to corporate customers.

- Our Retail Digital Platforms, likewise, recorded growth in 2023. There are about 6.5 million clients enrolled in BPI Online and Mobile as of December 2023, up 16.9% year on year, while the active user count reached 4.3 million, up 13.1% from the previous year.

Despite the market volume regressing by 17.5% in 2023, the BPI Securities group grew its volume by 138.6%. We saw a 128.1% increase in the value of our block sales, with 3,996 new clients choosing BPI Trade to be their partner in equities trading. We earned our clients' trust, as shown by an increase of 2.47% in market share.

Also during the year, BPI Securities began laying the foundations for future growth by developing a BPI Trade Mobile App that will improve the client experiences of our current clients and clients-to-be. We launched our new Institutional Website which serves as the new hub for BPI's equities trading business, where clients can access the new trading platform, financial educational materials, announcements, account openings, and more.

BPI AIA grew the number of lives insured to over 776,000—with 86,000 added in 2023. Our digital platforms provided nearly 44,000 Filipinos access to our products via Messenger and PamilyaProtect.

2023 also saw us launch our milestone product, BPI AIA Aspire—an endowment product that provides policyholders with a guaranteed cash payout equivalent to 10% of their face amount.

BPI MS launched an online registration platform to make it convenient for customers to purchase simple non-life insurance products. Other new services and offerings that we've launched over the past year include Personal Cyber Insurance, a partnership with BPI Debit and GCash; 365 PA Plus, which provides financial assistance in cases of hospitalization due to dengue and food poisoning; Travel Insurance with COVID-19 Coverage; and insurance protection against online retail fraud and electronic fund transfer fraud made possible by our partnership with Globe Telecom.

Business Banking launched the Ka-Negosyo Caravan in 2023, an avenue provided to SME clients to easily consult with the Bank's representatives and frontliners at the branches about their needs and discover and understand the solutions that are fit for their specific business aspirations. With Ka-Negosyo Caravans in over eighty BPI branches nationwide, we were able to engage with 550 SME clients, generating almost Php 500 million worth of business loans booked.

The BizTalk series provides business insights and trusted advice to our clients. In 2023, we engaged over 1,200 SME clients through its fifteen BizTalk sessions with topics on economic outlook, taxation, digital banking, and business opportunities.

In July 2023, we launched a new 24/7 facility that enabled Retail customers to place their orders for purchasing US Dollars with their Philippine Pesos through a microsite. The launch of the Buy USD Online facility provided customers with a more convenient channel to source their dollars apart from transacting over the counter.

In the same month, the Deposits group launched Saver-Plus, our first savings product that allows deposit accountholders to earn rewards points while saving. Best of all, the rewards points can also be instantly redeemed via our all-in-one e-Wallet and rewards app, BPI VYBE.

"BPI has been a dependable partner. Their people are very proactive and offer tailored financial solutions.

Julie Lim
Vice President for Operations
LPT Marketing

LPT Marketing, which operates the Ultra Mega Supermarket chain, has been catering to wholesale and retail mass market customers for over fifty years. With the help of partners from BPI Institutional Banking since 2003, Ultra Mega has expanded its reach to thirty-eight supermarkets and five value marts scattered mostly throughout Manila's outskirts.

In 2023, BPI and its microfinance arm BanKo helped spur LPT's expansion by taking part in the pilot testing of the e'Nay App. The digital platform links wholesalers to sari-sari stores owned by mothers and enables them to order groceries for their respective businesses. e'Nay had its pilot test in four provinces—Bulacan, Cavite, Pampanga, and Laguna.

What challenges did Ultra Mega encounter in 2023? What did you do to overcome these challenges?

In 2023, we still encountered the aftermath of the series of price increases due to rising fuel costs in 2022. To survive these challenges, we closely monitored our operational expenses. In our industry, increasing margins isn't easy because of tough competition. We worked to improve our sales volumes by initiating marketing programs and promotional campaigns, which helped mitigate the losses and establish our financial position at that time.

How did BPI make a difference in your business?

BPI has been a dependable partner. Their people are very proactive and offer tailored financial solutions. They would call us from time to time, asking about our needs and giving suggestions on what BPI products we could avail for our business.

You've been banking with BPI for the past two decades. What has kept you loyal to the Bank for that long?

BPI's team works closely with us. Although the team's members may have changed from before to now, the Bank's constant communication with us has fostered a sense of partnership and trust.

How has the e'Nay App helped Ultra Mega?

It helped enhance the Ultra Mega business by expanding its reach to those areas where we don't have presence yet. As a result, we gained around 4,000 new customers since we began using the app aggressively late last year. This is very important because we could grow our business with them.

What future opportunities do you see for Ultra Mega, especially in terms of empowering customers through technology?

We'll leverage technology more, as we believe that digitizing the process of ordering and payment will improve the customer experience.

Business Growth

In 2023, BPI Capital Corporation ranked first among domestic investment banks in the Bloomberg Corporate Bonds League Table for Philippine Peso Bond Issuances, reinforcing our strength in debt fundraising for top corporates across multiple markets. BPI Capital remains the only domestic investment bank to take a lead role in arranging offshore USD transactions.

With deep experience in the fixed income space and extensive relationships with various corporate accounts, BPI Capital arranged and underwrote 8 corporate bond issuances, with an aggregate issue size of Php 396.19 billion or equivalent to USD 7.2 billion.

Despite the uncertain and volatile market conditions in the Philippines and globally throughout the year, BPI Capital has been able to execute five transactions during the review period with a cumulative issue size of over USD 250 million through a combination of overnight private block placements and perpetual preferred shares issuances. Among these landmark deals is the country's first-ever perpetual preferred shares issuance without a step-up spread feature, which generated a total of Php 16.66 billion for ACEN Corporation. In addition to Php 8.34 billion raised from the offer of another perpetual preferred shares series with the usual redemption features.

In 2023, BPI Capital closed the placement of 205 million AREIT shares totaling Php 6.58 billion, which is the largest overnight private equity placement for a real estate investment trust (REIT) to date. BPI's loan growth increased by 7.8% to Php 12.7 trillion.

The Bank disbursed a total of Php 198 billion in agribusiness loans, helping to put food on the table for 118 million Filipinos in 2023.

BPI Business Banking made a number of notable gains across the business, reflecting good growth momentum for the whole segment, with a 41% increase in SME loan volume and over 15% growth in SME client count in 2023.

The Personal Loan product posted strong growth with 102% increase in accounts booked year-on-year, equivalent to Php 17.56 billion in total new loan releases. The significant growth in loan releases resulted to better than plan performance across business metrics.

The auto loan releases under the Retail Loans Group increased 34% year-on-year and nearly half of these loans originated from branches. Meanwhile, BPI's dealer-generated business grew by 45%, a testament to the strength of our relationships with dealer partners. Our auto loan portfolio expanded by 24% to Php 76.5 billion, surpassing the industry growth and boosting BPI's market share to 15% in 2023.

"My banking relationship with BPI has made a worthwhile difference in my life. I've managed to overcome my financial challenges with their help.

Helen Masahud

72-year old retired professor based in the US
BPI client for over two decades, now a BPI Preferred client

Helen Masahud began banking with BPI in 2003 to help save for her personal financial needs. Now a BPI Preferred client, she has recently ventured into investing and appreciates the benefits of BPI's online services

What were the financial challenges that you had to face?

At the beginning of my career, I faced the dilemma of insufficient income to cover my basic needs and support my postgraduate degree. I began banking with BPI in 2003 to help me save so I could overcome these financial challenges.

In 2006, I was fortunately hired to work in California, USA, and I decided to maintain my BPI account and use it for remittance purposes.

What did you do to overcome these challenges?

I was able to overcome all these financial challenges through careful planning, regulated spending and investments. My BPI relationship manager (RM), Josephine V. Tiu, helped me through these.

How does BPI continue to help you with your finances?

In 2023, I focused on remitting my dollar savings in the US to my BPI account. I appreciate BPI's different services to facilitate my needs, such as depositing my US and local checks, as well as my remittances and money transfers, and that I can do them all online.

What made you decide to choose BPI as your trusted financial partner?

I chose BPI as my financial partner because I trust that my money is safe with them. Plus, the convenience of the service that they offer and the amazing accommodation of their staff.

Would you say that banking with BPI has made a difference in your life?

Definitely. My banking relationship with BPI has made a worthwhile difference in my life. I've managed to overcome my financial challenges with their help. My two eldest sons, based in the UAE, also maintain BPI accounts, one of which they use regularly for remittances too. Meanwhile, my two youngest sons also have BPI accounts, and it is where I regularly deposit their educational expenses when I am in the US.

How would you describe BPI's service?

I continue to get excellent treatment from BPI and its staff. My RM as the one who introduced me to BPI Investment Management's mutual fund back in August 2023. She motivated me effectively because she was able to explain well the different investment outlets, their pros and cons, and more importantly, how it will help maximize the value of my hard-earned money.

Now that you're retired, what are you currently up to, and what more do you intend to do? How can BPI help you achieve them?

Currently, I have a small-scale business abroad. BPI's financial services help me facilitate the different business processes. I also intend to continue investing, and I am confident that BPI will continue assisting me with financial advice.

“Tiningnan ko yung difference ng MyKotse kumpara sa car loan ng ibang bangko. Maliit lang yung interest. Mababa lang yung babayaran ko buwan-buwan for seven years. Ang dating sa akin is ‘Ayos ‘to, ah!’ Mas magagamit ko kasi ang pera ko para pampuhunan sa mga negosyo ko.

Imelda Leyesa
myKotse client

Imelda Leyesa has been in the construction and trucking business for five years. She has always wanted to buy her own car for both her business and personal use. As a long-time BPI client, she is thankful for the Bank's MyKotse loan and its quick approval process.

Launched in 2023, MyKotse is the first-of-its-kind product in the Philippine auto loan market, which allows clients to enjoy lower monthly amortizations by spreading the term to a maximum of eighty-four months.

Have you always wanted your own car?

Since ako po ay nagkaroon ng muwang sa mundo, talagang pangarap ko nang magkaroon ng brand new car.

What was your usual routine before having your own car?

Noon po, [pag may mga client meeting ako], nakikihiram ako sa family ko ng sasakyan. Humihiram ako sa father ko, sa tito ko, sa tita ko. Sabi ko [sa kanila], "Hayaan niyo, pagdating siguro ng araw na naging successful na 'tong business ko [ay] magkakaroon na ako ng brand new car na gusto ko."

What made you apply for BPI's myKotse loan?

Tiningnan ko yung difference [ng MyKotse kumpara sa car loan ng ibang bangko]. Maliit lang yung interest. Mababa lang yung babayaran ko buwan-buwan for seven years. Ang dating sa akin is "Ayos 'to, ah!" [Mas magagamit ko kasi ang pera ko para pampuhunan sa mga negosyo ko.] Bukod dito, ang BPI, madaling mag-approve ng MyKotse loan.

How can you describe BPI's service?

I'm happy that my account officer went the extra mile to answer all my questions about the loan. Mas madaling kausap yung mga tao. Pag tumawag ka, may sagot agad. Yung mabilis kausap. Madali yung proseso.

How do you feel that you finally have your own car?

[Nagpapasalamat ako] kasi nagkaroon ng ganitong oportunidad na mas mapadali [ang pagbayad namin sa] loaned car. Hindi po kami mahihirapan.

BPI's housing loans also performed well, with loan released increasing 20% from last year. The majority of these loans were for end-buyers, while a fourth were for wholesale or Contract-to-Sell (CTS) financing. Our housing loan portfolio grew by 7% to Php 189.8 billion, maintaining a market share of 17%.

In 2023, BPI launched MyKotse, a first-in-the-market auto loan product which allows clients to enjoy lower monthly amortization by spreading out the loan term to up to eighty-four months. In less than twelve months, the Bank generated Php 1.7 billion additional loan volumes under MyKotse, consisting of 1,552 borrowers.

For housing loans, BPI continued to promote the MyBahay, which provides opportunity for the Filipino middle-class household to own a home through a minimal down payment and flexible loan term. As of December 31, 2023, Php 101.29 million loans were generated.

As the companion card to BPI deposit accounts, the BPI Debit Mastercard® gives clients the ability to access their funds anywhere in the world. The Bank's commitment to transform the Philippines into a cashless society can be seen in the year-on-year growth of 18% in 2023 versus 2022 transaction volume. With the recovering economy and improving health situation, customers are now more comfortable to go out, shop, and travel. Notably, contactless transactions done using BPI Debit Cards saw more than 73% growth year on year versus 2022. Likewise, e-commerce transactions through BPI Debit Cards continued its strong growth with a 35% increase from 2023.

Cash Management transactions grew 6% year on year while transaction value increased 38% year-on-year. The bulk of the volume growth is attributed to BPI's robust Collection solutions, led by Auto Debit Arrangement, Bills Collection, and Deposit Pick Up.

The number of clients that integrated their enterprise systems by entering into a host-to-host banking connection in 2023 was at 333, a 356% increase versus 2022. The result is a more streamlined manner of processing clients' transactions using our BizLink digital banking platform.

Our branches also contributed to providing protection to our clients through the cross-selling of insurance products. They partnered with BPI AIA's BSEs in which registered a remarkable 37% increase in annualized new premium year-on-year. Our branches also worked with BPI MS in generating an 11% Gross Premiums Written (GPW).

For inward cross-border remittance, there is 13% growth in unique remitters and 14% growth in unique beneficiaries. For Outward Remittance, there is a growth of 28% of clients sending money from their BPI account to international bank accounts.

For PESONet, BPI ranked as top 2 receiving bank for incoming funds and top 4 for outgoing funds.

For InstaPay, the Bank was ranked as top 3 receiving bank for incoming funds and top 4 for outgoing funds.

BPI acquired four new remittance tie-ups to reach untapped market in unique locations as well as to leverage on the digital capabilities of fintechs.

We launched partnerships with visa application centers to solicit account opening for OFWs and their families who need remittance accounts.

BPI launched Outward Remittance online and transactions can now be made using digital channels. The Bank also broadened our currency offerings in all retail channels.

BanKo solidified its community presence by establishing partnerships with over one hundred sari-sari stores, strategically designating them as new cash agents. These partners not only facilitate cash transactions but also serve as valuable referral sources for BanKo, amplifying its outreach and accessibility.

Taking BanKo's commitment a step further, a pivotal alliance was formed in November 2023 with the Philippine Association of Sari-Sari Stores (PASCO).

BanKo also celebrated a landmark partnership with Jollibee Foods Corporation (JFC) in the same year. This collaboration sparked the initiation and successful conclusion of an Onion Farmer Financing project under a pilot program. This endeavor paved the way for the launch of BanKo's Micro Agri Loan product, resulting in the disbursal of Php 5 million in loans to fifty-eight small-scale farmers nationwide, each cultivating less than 0.6 hectares of land.

Remarkably, the project boasted a 100% loan repayment rate, a testament to the resilience and commitment of these farmers.

BPI MS is committed to providing insurance protection to as many Filipinos as possible. In 2023, the number of clients served grew by 1.8%. The number of BPI MS microinsurance policies continues to grow as well. It has issued microinsurance policies for BanKo customers in 2023, which is 22.9% higher than the number of policies issued the prior year.

BPI MS recognize its customers' need for convenience in purchasing insurance. It has aggressively promoted its digital sales platforms, with the number of policies sold through the online platforms growing by 8.4% policies in 2023.

Net premiums written increased by a commendable 12.8% to Php 2.8 billion from Php 2.5 billion in 2022.

Maintaining adequate liquidity ahead of a USD bond maturity, the majority of the Global Market Group's securities acquisitions were in the FVOCI book. This strategy was intended to take advantage of an inverted yield curve, capitalize on attractive bond prices in the market, and ensure prompt bond liquidation if needed.

As a result, BPI increased its securities portfolio by USD 380 million (including HTC and FVOCI maturities) year-on-year. The acquisitions increased the average rate of the portfolio by 44 basis points.

BPI Asset Management and Trust Corporation, doing business as BPI Wealth – A Trust Corporation, saw its assets under management (AUM) reach Php 1.22 trillion as of end-2023, exceeding the company's Php 1 trillion target for the year. The end-2023 performance marked a 40% increase from the Php 875 billion in AUM it recorded in 2022.

In 2023, BPI Wealth's bespoke managed accounts also grew by 54%, with over fifty new mandates won, generating Php 45 billion in new money. This includes landmark deals such as the awarding of investment mandates from the state's pension provider SSS (Social Security System) and from Pag-IBIG Fund (Home Development Mutual Fund).

In 2023, BPI grew its total deposits portfolio to Php 2.3 trillion, which marks a 9.5% growth year-on-year. Growth in deposits was observed across all segments, from retail, business banking, institutional clients, and wealth clients.

For its trade and finance business, BPI was able to grow fee revenue by 11% to Php 726 million in 2023 from Php 653 million in 2022.

"Yung BanKo Mobile App, suited talaga sya sa mga busy na negosyante na katulad ko.

Teresita Tamada
Beauty Salon and Flower Shop Owner
BanKo Mobile App User

Teresita Tamada, a salon owner, was granted a Php 100,000 loan by BanKo which she used to acquire more equipment. She further expanded and eventually started a flower shop.

Pakikwento po kung paano nagsimula ang Ken & Kyle Salon. Bakit po ito ang negosyo na naisipan niyong buksan?

Dati akong nagpapahiram ng pera sa mga empleyado ng CUT Encarnacion Group of Salo via check rediscounting. Nung iniwan ng dating may-ari ang business, nag-decide ako na ipagpatuloy since interested talaga ako na magtayo ng salon, at gusto kong magkaroon pa rin ng trabaho yung mga empleyado. Doon nag-umpisa ang Ken & Kyle Salon.

Paano niyo napalago ang inyong salon operations?

Yung ginamit kong pambili ng mga additional equipment dito sa salon ay first loan ko sa BanKo na Php 100,000. Kaya thankful talaga ako sa BanKo kasi na-sustain ko yung operations ng salon.

Anu-anong mga hamon ang inyong hinarap sa negosyo?

Yung pandemic talaga yung pinakamatinding hamon na pinagdaanan ko dahil siyempre, stop yung operations ng salon, pero diretso yung mga gastusin pati renta. Mahal ko rin yung mga nagtatrabaho sa akin kaya lahat ng kaya kong ibigay sa kanila that time, ibinibigay ko para lahat kami'y maka-survive.

Ano ang ginawa niyo para masolusyonan at malagpasan ang mga hamong ito?

Naging positibo lang ako na i-sustain yung operations ng salon doon sa natitira ko pang pera. Kumpleto naman kami sa equipment kasi nga malaking tulong na nakapag-business loan ako sa BanKo.

Ano naman ang nagtulak sa inyo para simulan ang flower shop business ninyo?

Seasonal by nature ang salon business. So, inisip ko na gamitin pa yung space ko rito sa salon para magbukas din ng flower shop. Eventually, ako yung napili ng City Government na mag-supply ng mga flowers for the funerals ng mga residents ng Lucena. Kaya nag-umpisa na rin akong kumita sa flower shop business ko.

Paano nakatulong ang BanKo Mobile App sa inyong operasyon?

Yung Banko Mobile App, suited talaga siya sa mga busy na negosyante na katulad ko. Nagagawa ko lahat ng payment or inquiries sa App, pipindutin na lang kumbaga. Very convenient siyang gamitin, nakakatipid sa oras at panatag pa yung isip mo kasi andun din yung pwede mong i-monitor yung account mo.

Ano ang pangarap mo para sa inyong mga negosyo? May ibang negosyo pa kayong iniisip na itayo?

Pangarap kong mas lumago pa yung salon ko sa pamamagitan ng pagfa-franchise. At gusto ko rin magtayo ng iba pang branches ng flower shop.

SUSTAINABLE FINANCING

UN SDG Portfolio
As a financial institution, BPI recognizes its important role in directing funds towards the country's sustainable development. As such, the Bank remained steadfast in financing companies and projects in support of the UN Sustainable Development Goals (SDGs).

In 2023, BPI's outstanding corporate and SME portfolio in support of UN SDGs increased by 9.39% to Php 827 billion, representing 52% of the total portfolio. This resulted in Php 45 billion worth of gross interest income for the Bank.

BPI has targeted to have a Php 1 trillion corporate and SME portfolio in support of UN SDGs by 2026.

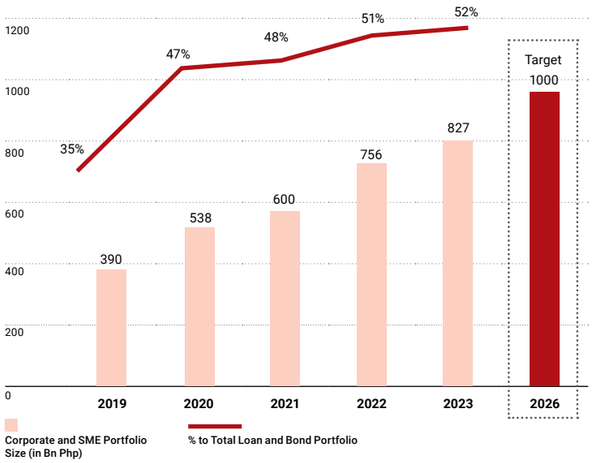
Sustainable Development Finance (SDF) Program
BPI's pioneering and multi-awarded Sustainable Development Finance (SDF) Program continued to be a driving force in augmenting the Bank's UN SDG portfolio.

In 2023, BPI has financed Php 24 billion worth of projects under the SDF Program, bringing the Bank's cumulative total to Php 277 billion. Adding up to 416 projects – an unmatched number in the Philippine banking industry – the Bank's cumulative disbursements are estimated to reduce GHG emissions by thirty one million tCO_2e per year.

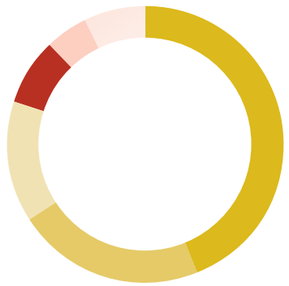
BPI's SDF Program supports both large companies and small and medium enterprises (SMEs) alike, encompassing four project types, namely energy efficiency, renewable energy, climate resilience (including green buildings), and sustainable agriculture. The Bank provides free technical and financial evaluation to client projects through the program, harnessing the expertise of top-tier consultants trained and accredited by the International Finance Corporation (IFC) of the World Bank.

Recognizing that renewable energy projects may also bring forth environmental and social risks, BPI ensures that proper permits are in place prior to the actual loan disbursement. For a more in-depth discussion of environmental and social criteria that the Bank applies for its financing portfolio, kindly refer to pages 89 to 92.

Historical Portfolio Trend
(in Php Bn)



Breakdown per SDG, as of FY 2023



SDG 9: Industry, Innovation, and Ifrastructure	44%
SDG 2: Zero Hunger	22%
SDG 7: Affordable and Clean Energy	14%
SDG 8: Decent Work and Econmic Growth	8%
SDG 11: Sustainable Cities and Communities	5%
Others	7%

Power Generation Portfolio
BPI fully supports the country's targets in transitioning to sustainable energy and ensuring climate resilience:

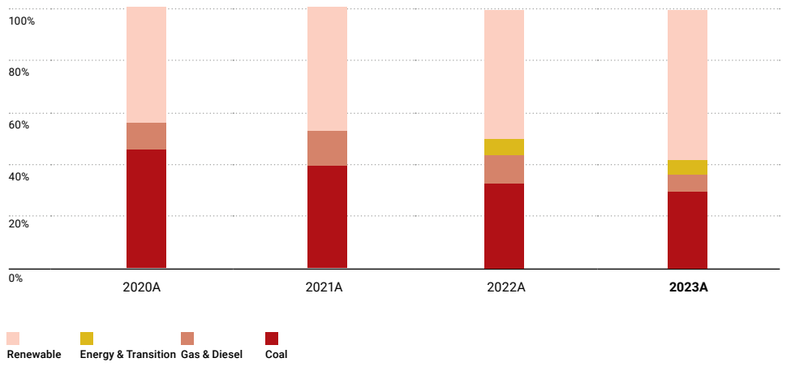
- 75% cumulative GHG emission reduction and avoidance from a Business-As-Usual (BAU) scenario from 2020 to 2030, as the Philippines' Nationally Determined Contributions (NDCs) to the Paris Climate Agreement
- 50% renewable energy (RE) share of the Philippines' power generation mix by 2040, as part of the Philippine Energy Plan

As such, the Bank continues to grow its RE portfolio through the SDF Program while still recognizing that a complete and immediate abandonment of non-RE is not yet feasible due to the expected resulting supply deficit versus demand.

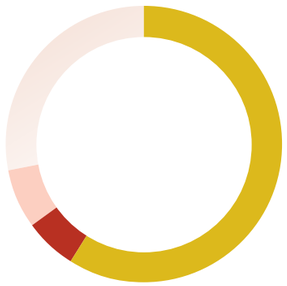
BPI's outstanding RE financing comprises 59% of the Bank's total power generation mix as of year-end 2023, still significantly higher compared to the Philippines' total share of RE at 22% in the country's energy mix as of year-end 2023.

Meanwhile, BPI is on-track with its commitment to zeroing out its coal power generation portfolio by 2032, lowering its exposure from 32% of the Bank's power generation financing mix as of year-end 2022 to 29% as of year-end 2023.

BPI's Historical Energy Generation Financing Mix

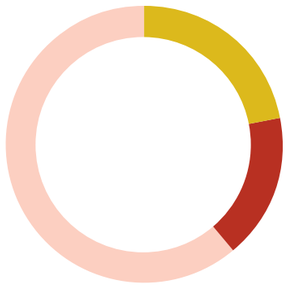


BPI's Energy Generation Financing Mix (as of 4Q 2023)



Renewable	59%
Energy Transition	6%
Gas & Diesel	6%
Coal	29%

Philippines' Energy Generation Mix (as of 4Q 2023)



Renewable	22%
Gas & Diesel	17%
Coal	61%

Source: National Grid Corporation of the Philippines (NGCP)

BPI Green Deposits Report

BPI has outstanding Green Saver Time Deposits, allowing clients to take part in funding projects with clear environmental benefits.

For the reference of depositors, outlined herewith are details of the projects whereby product proceeds are allocated.

DEPOSIT PRODUCT NAME	OUTSTANDING SIZE (in Php Bn)	TENOR
Green Saver Time Deposit	10.00	5 years

ESTIMATED IMPACT FROM EARMARKED GREEN BUILDING PROJECTS

CATEGORY	PROJECT	OUTSTANDING BALANCE (in Php Bn)	PROJECT LOCATION	PROJECTED GHG EMISSION REDUCTION FROM ENERGY (in tCO_2 /year)	PROJECTED GHG EMISSION REDUCTION FROM MATERIALS (in tCO_2 /year)	ELECTRICITY SAVINGS (in MWh/Year)	BUILDING CERTIFICATION
Renewable Energy	1	6.88	Luzon	104,433	-	-	-
	2	0.58	Luzon	8,985	-	-	-
	3	0.06	Luzon	1,094	-	-	-
Sub-Total		**7.52**		**114,512**	**-**	**-**	**-**
Green Buildings	4	2.48	NCR	259	1,615	538	EDGE (Compliant)
Sub-Total		**2.48**		**259**	**1,615**	**538**	
Total		**10.00**		**114,771**	**1,615**	**538**	

BPI Green and Social Bonds Report

BPI conducts fund-raising activities via green and social bonds under an established Sustainable Funding Framework, to augment the Bank's capacity in enabling projects promoting sustainable development.

BPI's Framework is in accordance with the following standards and principles:

- International Capital Market Association (ICMA) Green and Social Bond Principles
- Loan Market Association (LMA) Green Loan Principles
- Association of Southeast Asian Nations (ASEAN) Green, Social, and Sustainability Bond Standards

PROJECT CATEGORY	PROJECT TYPE
Eligible Green Projects	• Renewable Energy • Energy Efficiency • Sustainable Water and Wastewater Management • Pollution Prevention and Control • Green Buildings
Eligible Social Projects	• Financing Micro, Small, and Medium Enterprises (MSMEs) • Financing Projects in Support of Gender Equality

GREEN BONDS

As of year-end 2023, BPI's USD 300 million ASEAN Green Bond is the sole outstanding green bond issued under the Bank's Framework. Fully allocated to eligible renewable energy and green building projects, the Green Bond has resulted to an estimated 328,919 tCO_2e reduction in Greenhouse Gas (GHG) emissions.

ISIN CODE	AMOUNT (in USD Mn)	TENOR	COUPON RATE	ISSUE DATE	MATURITY DATE
XS2050923825	300.00	5 years	2.50%	Sept. 10, 2019	Sept. 10, 2024

OUTSTANDING EARMARKED PROJECTS (AS OF DECEMBER 2023)

CATEGORY	PROJECT	ORIGINAL CURRENCY	OUTSTANDING BALANCE	
			ORIGINAL CURRENCY (in Mn)	USD (in Mn)[1]
Renewable Energy	1	USD	235.21	235.21
	2	PHP	1,777.67	31.99
	3	PHP	200.00	3.60
Sub-Total				**270.81**
Green Building	4	PHP	1,000.00	18.00
	5	PHP	622.25	11.20
Sub-Total				**29.19**
Total				**300.00**

[1] USD/PHP 55.57 as of year-end 2023

ESTIMATED IMPACT FROM EARMARKED RENEWABLE ENERGY PROJECTS

PROJECT	ORIGINAL CURRENCY	OUTSTANDING BALANCE (in USD Mn)	PROJECT LOCATION	PROJECTED GHG EMISSION REDUCTION (in tCO_2 /year)
1	USD	235.21	Indonesia	271,400
2	PHP	31.99	Luzon	52,012
3	PHP	3.60	Luzon	1,983
Total		**270.81**		**325,395**

ESTIMATED IMPACT FROM EARMARKED GREEN BUILDING PROJECTS

PROJECT	ORIGINAL CURRENCY	OUTSTANDING BALANCE (in USD Mn)	PROJECT LOCATION	PROJECTED GHG EMISSION REDUCTION FROM ENERGY (in tCO_2 /year)	PROJECTED GHG EMISSION REDUCTION FROM MATERIALS (in tCO_2 /year)	ELECTRICITY SAVINGS (in MWh / year)	BUILDING CERTIFICATION
4	PHP	18.00	Visayas	167	1,044	346	EDGE (Compliant)
5	PHP	11.20	Luzon	354	1,016	598	EDGE (Compliant)
Total		**29.19**		**520**	**2,060**	**944**	

SOCIAL BONDS

As of year-end 2023, BPI's Php 20.3 billion **R**einforcing **I**nclusive **S**upport for Micro, Small, and Medium **E**nterprises **(RISE)** Bonds is the sole outstanding social bond issued under the Bank's Framework. The RISE Bonds has been fully allocated to eligible social projects, providing funding for 11,028 MSMEs.

BOND NAME	AMOUNT (in Php Bn)	TENOR	COUPON RATE	ISSUE DATE	MATURITY DATE
BPI RISE Bonds	20.30	1.5 years	5.75%	Jan. 30, 2023	Jul. 30, 2024

EARMARKED SOCIAL PROJECTS WITH IMPACT ACHIEVED

CATEGORY	AMOUNT (in Php Bn)	NUMBER OF ACCOUNTS	NUMBER OF CUSTOMERS
Micro Enterprise	7.54	8,252	7,663
Small Enterprise	7.59	3,655	2,442
Medium Enterprise	5.17	1,304	923
Total	**20.30**	**13,211**	**11,028**

EXTERNAL VERIFICATION

Third party Second Party Opinion (SPO) provider Sustainalytics performed an independent evaluation of the projects funded under the Framework as of year-end 2023. The evaluation included an assessment on whether the projects financed met the following criteria outlined in the Bank's Framework:

- Use of Proceeds, including the Eligibility Criteria
- Impact Report, including at least one Key Performance Indicator (KPI) for each Use of Proceeds criteria

Sustainalytics' Annual Review can be accessed through BPI's institutional website, along with more details on BPI's Sustainable Funding Framework: https://www.bpi.com.ph/about-bpi/sustainability/funding-framework.

Customer Experience

Best Life Run (June 2023)

BPI Well: Holistic Well-Being for Resilience

Touching on the six dimensions of well-being—physical, mental, social, financial, spiritual, and emotional —the BPI Well Program makes employee health and wellness a priority to build resilience in the organization. Under BPI Well, the Bank has organized several activities to pave the way towards wellness.

- Wellness Ambassadors' Workshop – a workshop that trained new leaders to promote the program
- Best Life Run – the first fun run in Makati after the pandemic
- Walk to the Moon Challenge – a walking activity that engaged 13,981 Unibankers to accumulate 1,962,116,129 steps to virtually cover the distance from Earth to the Moon
- BPI Well Cup 2023 – a sports fest to provide a platform for friendly competition and drive physical and social wellness

Unibankers also have access to wellness platforms like AIA Vitality for physical health and MindYou for mental health.

Best Life Run (June 2023)

BPI Well Cup Opening Ceremony (Oct 2023)

BPI Well Cup Inaugural Basketball Games (Oct 2023)

Men's Volleyball Finals (Dec 2023)

Men's Volleyball Finals (Dec 2023)

BPI Well Cup Inaugural Basketball Games (Oct 2023)

Women's Volleyball Finals (Dec 2023)

Walk to the Moon Challenge Awarding Ceremony (Oct 2023)

BPI FOUNDATION

In 2023, BPI continued facilitating the empowerment of communities via the following programs.

Financial Education

- 1,024,386 million beneficiaries of the FinEd Unboxed program delivered through face to face and virtual sessions for the following:
  - OFWs and their families
  - Uniformed personnel
  - DepEd teaching and non-teaching staff
  - Farmers, fisherfolk and beneficiaries of BPI Foundation's enterprise development and livelihood programs
- Signing of the Memorandum of Agreement among BPI Foundation, BSP, CHED, and other agencies to implement Personal Finance 101, a 3-unit elective for college students
- Signing of Memorandum of Agreement with Knowledge Channel Foundation for the production and streaming of video lessons to advocate financial wellness among high school students

Enterprise Development and Livelihood

- 2,610 fishing community members in Halian Island, Surigao del Norte empowered by the Farm to Table program through sustainable fishing, fish processing, business development, market access and provision of a fish processing facility and a water purifying and refilling station
- 1,218 rice farmers and their families in San Carlos City, Negros Occidental supported through training on Good Agricultural Practices, Organic Concoctions & Provision of Fertilizers in the initial phase of the program
- Signing of the Memorandum of Agreements with new partners to uplift the lives of farmers and fisherfolk through the Farm to Table Program:
  - Department of Agriculture - Philippine Rice Research Institute - San Carlos City, Negros Occidental
  - Pilipinas Shell Foundation, Inc. - Leyte, Leyte
  - Mahintana Foundation, Inc. - Polomolok, South Cotabato
  - Kasilak Development Foundation, Inc. - Asuncion, Davao del Norte
- TechVoc program provided 1,808 unemployed and underemployed beneficiaries with training on bread and pastry production, cake production, bottled gourmet, Christmas goodies, food processing, organic farming, nail care services, basic haircutting, small engine repair, data analytics, mobile application development and contact center services that also benefited 9,040 family members. Opportunities for employment and entrepreneurship were also provided.
- 59 Social entrepreneurs (SEs) with 235,996 beneficiaries empowered by Sinag through capacity building, innovations, cash grants and market access to scale up their businesses while addressing social problems; 4,101 SEs participated in webinars, roadshows and SE Summit
- 487 nano and micro enterprises helping 3,795 individuals benefited from the Small Enterprise Acceleration Lab (SEAL) aimed at strengthening the entrepreneurial capabilities of business owners through capacity building, mentoring, cash grants and access to financial services for resilient and sustainable businesses; 6,562 participated in webinars and roadshows

Disaster Recovery

3,444 benefited from livelihood-related Bayanihan disaster recovery programs in the following areas:

- Fishing gear, equipment and boats and capacity building for fisherfolk in Alcantara and Cordova, Cebu affected by typhoon Odette
- Fishing gear, equipment and boats for fisherfolk in Misamis Occidental affected by flooding
- TESDA NCII Training on masonry, carpentry, tile setting and scaffolding with starter kits for residents affected by the oil spill in Mindoro Oriental

Employee Volunteerism

70 registered BPI Bayan groups with a total of 2,492 volunteers in Luzon, Visayas and Mindanao that implemented livelihood, financial education and environmental programs for 17,235 beneficiaries in their chosen communities

Special Projects

41,392 beneficiaries of Pagpupugay scholarship, BPI-DOST Innovation Awards, 45th Anniversary Financial Wellness Fair, Art Exhibit, STARBOOKS (digital library) and Lakbay Luntian (reforestation)

UNIBANKERS AT THE CUTTING EDGE OF DIGITAL TECHNOLOGY

With an emphasis on data literacy and innovation, BPI's Future Tech Academy is giving Unibankers the skills and knowledge to navigate the rapidly evolving landscape of fintech, blockchain, artificial intelligence, cybersecurity, and other disruptive technologies.

More than 50 BPI leaders have completed the National University of Singapore's Digital Leadership Masterclass Program, and 30 employees are now part of its Digital Passport Program. These programs provide valuable and relevant insights into digitalization, agile methodology, making better decisions with data, and design thinking.

In 2023, BPI also launched the FLAGS Program to strengthen Unibankers' competence in analysis, management, visualization, and storytelling. More than 2,000 BPI officers have participated in this program.

ESG Matters

BPI consistently integrates Environmental, Social, and Governance (ESG) principles into its core business operations, positively impacting the development and delivery of the Bank's products and services to various stakeholders across the value chain. Through collaborative efforts, BPI remains steadfast in driving positive environmental and social change and in contributing to a more resilient and sustainable financial ecosystem.

The Bank also continuously consciously strengthens its sustainability performance by improving its ESG policies, standards, and business practices to adhere to global best practices and principles while striving to mitigate any potential negative environmental and social-related risks that may be brought about by the projects the Bank finances as well as its direct operations.

ENVIRONMENTAL MATTERS

BPI manages the impact of the Bank's operations to the environment as well as the impact of the environment to the Bank's operations through well-studied programs, in consultation with internal and external subject matter experts.

Greenhouse Gas Emissions

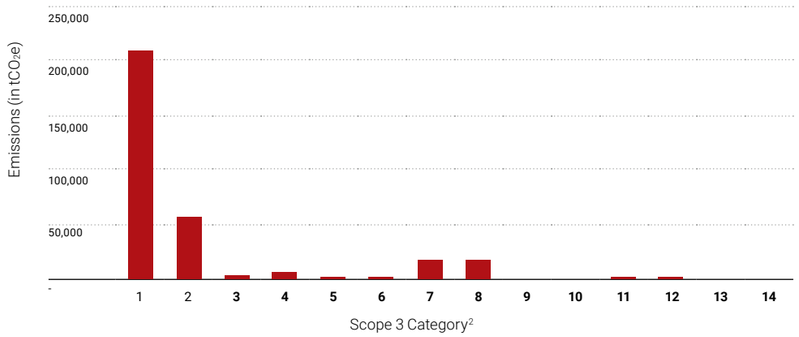
From 2022 to 2023, BPI engaged a third-party service provider organization to determine its baseline greenhouse gas (GHG) emissions as of 2021, and understand the necessary action steps for a financial institution to reduce its GHG emissions ("External GHG Baselining Engagement").

Figures on the Bank's operational GHG emissions as of 2021 resulting from such engagement are presented herewith, in accordance with Greenhouse Gas Protocol (GHG Protocol). Where noted, the Bank applied emission factors from the Philippine Department of Energy (DOE), in lieu of foreign-based emission factors used in the computations during the engagement.

OPERATIONAL GHG EMISSIONS (AS OF YEAR-END 2021)

SCOPE 1	291 tCO_2e
SCOPE 2 [1]	9,763 tCO_2e
SCOPE 3	320,665 tCO_2e
TOTAL	330,719 tCO_2e

Scope 3 Operational GHG Emissions
(as of year - end 2021)



Following the External GHG Baselining Engagement using 2021 data, BPI refined its scope 1 and 2 GHG emission computations for the parent bank in 2022 and 2023 in accordance with GHG Protocol.

GREENHOUSE GAS EMISSIONS

INDICATOR	UNITS	2022	2023
Scope 1 [3]	tCO_2e	[in process]	53
Scope 2 [4 5]	tCO_2e	19,776	8,979
Scope 3 [6]	tCO_2e	8,500	9,319
GHG Emissions (operational)	tCO_2e	28,277	18,351
GHG Operational Emissions Intensity (per Php 1 Bn revenue)	tCO_2e / Php	239	133

Moving forward, the Bank aims to finalize the accounting for its financed GHG emissions, in accordance with Partnership for Carbon Accounting Financials (PCAF).

The Bank also aims to orient its action items to mitigate its GHG emissions based on the factors studied during the engagement.

[1] Scope 2 GHG Emissions for 2021 lower than 25,652 tCO_2e disclosed in BPI's 2021 and 2022 Integrated Report, due to the following reasons: (a) lower emission factor assumed in the External GHG Baselining Engagement, and (b) re-classification of GHG emissions from leased assets' electricity consumption from Scope 2 to Scope 3 Category 8 GHG Emissions (Upstream Leased Assets)

[2] Pertains to the categories of Scope 3 Operational Emissions, namely:

1 - Purchased Goods & Services	6 - Business Travel	11 - Use of Sold Products
2 - Capital Goods	7 - Employee Commuting	12 - End-of-Life of Sold Products
3 - Fuel and Energy-Related Activities	8 - Upstream Leased Assets	13 - Downstream Leased Assets
4 - Upstream Transportation and Distribution	9 - Downstream Transportation and Distribution	14 - Franchises
5 - Waste Generated in Operations	10 - Processing of Sold Products	

[3] Scope 1 GHG Emissions from Stationary Combustion

[4] Scope 2 GHG emissions from Purchased Electricity

[5] Scope 2 GHG Emissions for 2022 lower than 28,277 tCO_2e disclosed in BPI's 2022 Integrated Report due to the re-classification of GHG emissions from leased assets' electricity consumption from Scope 2 to Scope 3 Category 8 GHG Emissions (Upstream Leased Assets)

[6] Scope 3 Category 8 GHG Emissions from purchased electricity used in upstream leased assets; data for 2023 also includes stationary combustion in upstream leased assets

Green Buildings

Following five EDGE-certified green bank branches in 2022, BPI continued employing measures to mitigate the environmental footprint of more branches. In 2023, an additional six BPI branches received EDGE certification, achieving at least 20% savings on energy, water, and embodied energy in materials.

BRANCH NAME	SAVINGS		
	ENERGY	WATER	EMBODIED ENERGY IN MATERIALS
BPI Forbes Park	55%	24%	38%
BPI Agoo La Union	45%	42%	91%
BPI Bicutan	51%	37%	96%
BPI Iloilo Jaro McArthur	64%	45%	90%
BPI Cubao P. Tuazon	35%	32%	91%
BPI Ayala Columns	47%	27%	51%

Electricity, Fuel, and Water Consumption Management

BPI regularly monitors the electricity, fuel, and water consumption levels of all facilities to identify means by which the Bank can reduce usage, and thereby mitigate the Bank's environmental impact.

SHIFT TO RENEWABLE ENERGY OF BPI'S CORPORATE OFFICES → Three of BPI's corporate offices use 100% renewable energy as part of the Bank's partnership with ACEN Corporation

SHIFT TO ENERGY EFFICIENT APPLIANCES → 100% of branches converted to LED lights since 2021

E-SHUTTLE FOR EMPLOYEES → E-Shuttle available for employees in the Bank's corporate offices in Makati, offering free transport in designated pick-up points (including corporate offices and nearby train stations)

HYBRID WORK ARRANGEMENT → Provision of mobility work tools for hybrid work set-up that allows flexible assignment of workspaces for select head office units as suitable, reducing the Bank's:

- indirect emissions from employee commuting
- requirement for office space, thereby also reducing real estate footprint

ELECTRICITY CONSUMPTION

INDICATOR	UNITS	2021	2022	2023
Fuel Consumption	liters	[in process]	[in process]	34,498
National Grid Electricity Consumption	gigajoules	128,815	142,228	91,569
Renewable Energy Consumption	gigajoules	-	14,170	33,527
Total Electricity Consumption	gigajoules	128,815	156,398	125,096
Energy Intensity from Fuel Consumption (per Php 1 billion revenue)	gigajoules / Php	[in process]	[in process]	10
Energy Intensity from National Grid Electricity Consumption (per Php 1 billion revenue)	gigajoules / Php	1,323	1,200	662
Energy Intensity from Renewable Energy Consumption (per Php 1 billion revenue)	gigajoules / Php	-	120	242
Energy Intensity (per Php 1 billion revenue)[1]	gigajoules / Php	1,323	1,320	914

[1] Energy Intensity (per Php 1 billion revenue) for 2022 higher than 1,200 gigajoules / Php disclosed in BPI's 2022 Integrated Report due to the inclusion of renewable energy consumption in the computation

WATER CONSUMPTION

INDICATOR	UNITS	2021	2022	2023
Water Consumption	cubic meters	326,035	315,353	308,967

Waste Management

BPI diligently monitors waste produced from the Bank's operations, despite not having an intensive production line resulting to significant amounts of by-product. Furthermore, the Bank works to minimize waste disposed to landfills via following the reduce, reuse, recycle hierarchy.

NON-HAZARDOUS WASTE REDUCED → 33.54 million pages of paper saved annually due to digitalization efforts

NON-HAZARDOUS WASTE RECYCLED → 6,185 kg of waste recycled from corporate offices in 2023

NON-HAZARDOUS WASTE DIRECTED TO LANDFILLS → 459,612 kg of waste directed to landfills from corporate offices in 2023

SOCIAL IMPACT

As BPI further enhances its operations for continuous growth and development, the Bank ensures a positive social impact for its stakeholders, including but not limited to, employees, clients, suppliers, and local communities.

For Employees

Business Ethics

Through the Board-approved Codes of Business Conduct for directors and employees, BPI provides guidance for all actions and decisions in the performance of roles and responsibilities, including those related to interactions with various stakeholders.

The Codes list high-level ethical principles on the conduct of business activities, as well as guidance on the care for the environment, commitment to human and labor rights, customer service, protection, and privacy, as well as anti-bribery and corruption, among others. For more information, please refer to Pages 120 to 123.

Employee Welfare

Recognizing that its employees are core to the Bank's success, BPI ensures the welfare and safety of all employees across all levels through the following mechanisms:

- Providing competitive compensation packages (including non-statutory monetary and non-monetary benefits), benchmarked against industry standards
- Ensuring and maintaining safe, secure, and non-discriminative working environments
- Promoting work-life balance, by ensuring that employees' deliverables are commensurate to their number of work hours

EMPLOYEE BENEFITS

MONETARY BENEFITS →	• Performance Bonus • Quarterly Bonuses • Clothing Allowance • Medical Allowance
LEAVE BENEFITS →	• Vacation Leaves • Sick Leaves • Parental Leaves • Emergency Leaves • Bereavement Leaves • Solo Parent Leaves
HEALTH BENEFITS →	• Annual Physical Examinations • Mental Health Therapy Sessions
INSURANCE BENEFITS →	• Health Insurance • Life and Accident Insurance
FINANCIAL SERVICE BENEFITS →	• Car Loan • Housing Loan • Education Loan • Multi-Purpose Loan
ADDITIONAL BENEFITS →	• Retirement Plan (may either be Defined Contribution or Defined Benefit depending on hiring date) • Officers' Stock Purchase Plan • Long-Term Incentive Program

Additionally, BPI has a flexible benefits program where employees can upgrade the coverage of their existing benefits or avail additional benefits such as gym memberships. The Bank's offices are also equipped with facilities such as clinics and wellness rooms available for the use of employees.

BPI also promotes the following additional principles to ensure the well-being of its employees:

- Work-Life Balance
  BPI acknowledges and respects the different facets of employees' life and promotes a work environment that aims to bring fulfillment in each employee's professional and personal life.
- Non-Discrimination
  BPI fosters a work environment that encourages respect, equal opportunity, and non-discrimination based on gender, religion, age, race, ethnicity, skin of color, disability, political views, or social background.
- Grievance Mechanism
  BPI promptly addresses and amicably settles grievances, if any. More information on this can be found in the BPI Code of Business Conduct and Ethics on the BPI website.

Throughout the year, BPI has also hosted employee events to promote employee health and wellness through the BPI Well Program, which aims to institutionalize employee health & wellness as an organizational focus. The program touches on the six dimensions of well-being, namely:

- Physical
- Mental
- Social
- Financial
- Spiritual
- Emotional

EMPLOYEE WELLNESS INITIATIVES

INITIATIVE NAME	DESCRIPTION
BPI WELL CUP (LAUNCHED IN MARCH 2023)	Sportsfest for all employees with sporting events including but not limited to: • Basketball Games (42 total games) • Volleyball Games (20 total games) • Table Tennis Matches (23 total games)
BEST LIFE RUN (JUNE 2023)	First post-pandemic fun run in the Makati Central Business District, attended by over 1,281 employees, family members, and pets, as part of the 2nd Sustainability Awareness Month (SAM)
WALK TO THE MOON CHALLENGE (AUGUST TO OCTOBER 2023)	Bank-wide engagement initiative designed to encourage employees to increase their daily step count by having a more active lifestyle (eg. walking, running, cycling) More than 1.9 billion steps were achieved as part of the challenge, surpassing the number of steps needed to cover the simulated distance from the Earth to the moon.
MIND YOU PLATFORM	Mental health platform where all employees can avail on-demand mental and psychosocial counselling as well as access wellness materials (including recorded webinars)
MENTAL HEALTH FIRST AIDER TRAINING	28 employee champions given mental health first aid training

In addition to the above-mentioned initiatives, BPI also conducts weekly Zumba sessions as well as health, wellness, and safety webinars (covering topics such as dental health, eye care, women's health, liver cancer, hepatitis, thyroid, allergy, psoriasis, neck and back discomfort, suicide prevention, and mental health).

In line with the employee wellness motif, BPI also employs safety mechanisms within its premises, preventing workplace injuries among employees and even clients.

BPI also strictly upholds labor laws and regulations in the Philippines. As such, the Bank strictly enforces non-employment of minors and is against forced labor.

BPI also upholds employees' rights to freedom of association and collective bargaining. In 2023, the Bank closed its Collective Bargaining Agreements (CBA) with its twenty five constituent unions, covering around 7,385 or 64% of staff employees.

EMPLOYEE SAFETY

PROTECTION FROM NATURAL AND MAN-MADE HAZARDS	• Regular work safety briefings and capacity buildings through trainings and drills, awareness campaigns, and monthly branch visits. • Preparations before impact of natural disasters such as strong typhoons through weather bulletins and published emergency contact details in case needed, providing assistance up to recovery period. • Regular assessment and upkeep of facility to prevent workplace accidents and damage to property.
SECURITY PROTOCOLS	• Robust protocols and safeguards on potential terrorist attacks in branches and corporate offices • Mandatory training on physical security

EMPLOYEE HEALTH AND SAFETY STATISTICS

NO. OF DISABLING WORK-RELATED INJURIES	0
NO. OF FATALITIES AS A RESULT OF WORK-RELATED INJURIES	0

Employee Engagement Survey

BPI conducts a biennial employee survey called BPI Engage, which aims to assess the level of engagement, enablement, and energy of all its regular employees. The 2023 edition of the survey was conducted in June 2023, with 98% of its workforce participating. BPI obtained an overall score of 90%, at parity with its 2021 score.

The results of this survey are cascaded to the Bank's Board of Directors and each business unit. As a response, BPI uses this feedback to develop and prioritize institutional initiatives to address employee concerns, keep employees engaged, and boost productivity in the Bank. Additionally, representatives from the different business units identify engagement programs and interventions according to the specific needs of their employees as reflected in the survey.

Talent Development

BPI has set in place programs and mechanisms for the continuous development of all employees' talents and capabilities across all levels, including but not limited to:

- Individual Development Plan (IDP)
- BPI University Hub (comprising of capacity building programs)
  - > Internal Training Programs (includes internally-developed specialized programs)
  - > External Training Programs (includes support for master's degrees, professional certifications, and specialized courses from educational institutions)
- Mandatory Training Courses
- Performance Appraisal

To ensure the active development of new and existing talents within the Bank, BPI has in place Individual Development Plans (IDP), documenting each employee's plans and goals for learning, growth, and development. In instances deemed applicable, the Bank employs apprenticeship programs wherein:

- Direct reports are actively mentored and trained by their respective immediate supervisors, and
- Direct reports are given the opportunity to observe their respective immediate supervisors in field works and meetings,

thereby ensuring the continuity and quality of talents within the Bank.

Based on the documented and forecasted training needs of employees, the Bank employs capacity building programs through the BPI University Hub.

The BPI University Hub is an online one-stop shop for all employees' training and development needs, featuring programs to develop leadership skills, functional skills, and "future-tech" skills – which are geared to align employee skills with emerging global trends such as data analytics and digital transformation.

Courses in the BPI University Hub are made available to all employees across all levels through internal resources and online platforms. In 2023, all employees accumulated a total of 1,042,895 training hours, with the following breakdown:

AVERAGE TRAINING HOURS BREAKDOWN BY GENDER

GENDER	AVERAGE TRAINING HOURS PER EMPLOYEE
Female	53.56
Male	53.15

AVERAGE TRAINING HOURS BREAKDOWN BY RANK

GENDER	AVERAGE TRAINING HOURS PER EMPLOYEE
Rank-and-File	52.81
Middle Management	53.51
Senior Management	76.35

The Bank has invested Php 235 million on employee training in 2023.

As part of the BPI University Hub, the Bank also has an Officership Training Program (OTP) which prepares rank-and-file employees in performing the duties and responsibilities of bank officers. In 2023, the Bank had a total of 549 employee OTP graduates.

BPI UNIVERSITY HUB

PROGRAM	LEADERSHIP ACADEMY	FUNCTIONAL ACADEMY	FUTURE TECH ACADEMY
Description	Provides opportunities for leaders to lead, inspire, and motivate their team members and the rest of the organization	Develops and strengthens specific functional and technical competencies that allow employees to perform their tasks effectively	Provides employees with skills and capabilities needed to future-proof the organization
Offered Courses	• Build Organizational Talent • Coaching for Success • Customer Focus • Drive Strategy • Execution • Lead Change • Lead Self • Lead Teams • Management 101 • Officership Training Program (OTP)	• Accounting • Admin Services • Branch Operations • Brand, Marketing, and Communications • Business Intelligence • Business Support • Credit • Customer Excellence • Facilities Management • Finance • Governance • Human Resources • Information Technology • Investment • Product Management • Project Management • Relationship Management • Sales • Top Management	• Agile Methodology • BPI F.L.A.G.S. Program (Data Fundamentals, Lifecycle Management, Analytics & Storytelling, Governance, and Standards) • DaPP General Modules • Data Awareness Week • Design Thinking • Digital Transformation • OTP Data Literacy Topics • OTP Innovation Module

TRAINING PLATFORMS

Granite coursera

INTERNAL TRAININGS AND PROGRAMS

COURSE NAME	FREQUENCY (PER ANNUM)	DESCRIPTION
Automated Official Receipt (AOR) Training	Once, for Branch Employees	Self-paced online course for branch employees on how to process and issue Automated Official Receipts (AORs)
Branch Manager's Coaching & Mentoring Program	Once, for Branch Managers	Program for Branch Managers on coaching and mentoring skills and techniques that help improve people's thinking, build relationships, and grow people (conducted by Benchmark Consulting)
Coaching Employees with Performance Challenges	As Requested	Training equipping immediate supervisors on guiding and managing direct reports
Coaching For Success	Once, for Newly Promoted Senior Managers	Training on leading effective teams, enhancing feedback and learning, and creating a high performance, purpose-led workplace culture (conducted by Benchmark Consulting)
Counterfeit Detection Seminar - Peso and Dollar	22 runs	Course on details of the Philippine Peso and US Dollar banknote technology, current counterfeiting techniques, and proper detection of counterfeits
Counterfeit Detection Seminar - Third Currency	10 runs	Course on details of third currency banknote technology, current counterfeiting techniques, and proper detection of counterfeits
Customer Sales and Service Associate Certification Program (CSSACP) Phase 1	23 runs, for Branch Staff	Six-month blended learning program that prepares new-to-bank or new-to-role branch staff to handle cash and check-related transactions
Customer Sales and Service Associate Certification Program (CSSACP) Phase 2	10 runs, for Branch Staff	Six-month blended learning program that prepares branch staff to handle branch transactions, such as but not limited to account opening and auxiliary services
Digital Ambassador Course	Once	Full self-paced online certification course enabling employees to confidently promote and address client inquiries about the Bank's online platforms; also features Cybertech terms and tips on how to successfully conduct virtual meetings
Effective Presentation Skills Workshop	Once, for Branch Area Administrative Officers (AAO)	Two-day workshop on how to do effective presentations and successfully facilitate training sessions
Lending Service Assistant Training Program	3 runs	Training on the duties and responsibilities of lending service assistants
Management 101	Once, for Newly Promoted Managers	Training on the essential skillset needed by managers to lead their respective business units and their team members
Mentoring (COALESCE)	Once, for Top Talents	Developmental intervention for identified top talents of the Bank, wherein these talents become mentees to executive mentors for a year
New Employee Orientation	24 runs	Onboarding program for newly-hired employees, comprised of three main parts: • BPI as an institution • BPI as an employer • Becoming a BPI Unibanker
Phonebanking Certification Program	Once, for Newly Onboarded Phonebankers	Certification program to prepare newly-onboarded contact center phonebanking specialists in performing their functions; composed of the following main parts: • Product and Services Training • Phonebanker Handling • Service Excellence • Nesting (Hands-on)

INTERNAL TRAININGS AND PROGRAMS

COURSE NAME	FREQUENCY (PER ANNUM)	DESCRIPTION
Professional Grooming at Work	Once	Experiential learning course for Branch Business Managers, Assistant Business Managers, and Relationship Managers (RMs) on the basics of appropriate business styling according to individual body type, along with corporate make-up and grooming
RM2 Application System Training Program	10 runs	Program on the use of the RM2 System, a vital tool serving as a centralized location for customers' demographic information
Signature Verification Seminar	10 runs	Course on how to identify and distinguish a signature (including the manner it is written based on the form and line quality), in order to authenticate the identity of an individual
UCAS and UNITAS Certification Program	10 runs	Certification program in using the UCAS and UNITAS systems, which are front-end systems used by branches for Inquiry, Account Opening, File Maintenance, Service Request, and Sales

EXTERNAL TRAININGS AND PROGRAMS

COURSE NAME	FREQUENCY (PER ANNUM)	DESCRIPTION
Digital Leadership Programme (NUS)	Once	NUS Digital Leadership Masterclass equipping leaders with the knowledge and skills on Business Agility, Design Thinking, and Making Better Decisions with Data
Employee Scholarship Program	As Requested	Scholarship program for eligible employees looking to pursue graduate studies in business administration, data science, economics, or finance
FLAGS Program	Once	Three-month long program developing employees' working knowledge and competence in key data literacy skills
Occupational First Aid and Basic Life Support CPR with AED Training	As Requested	Two-day course on first aid, cardiopulmonary resuscitation (CPR) with automated external defibrillator (AED), and response to occupational hazards, in accordance with requirements to be a PRC-certified first-aider
UITF Certification Program	10 runs per annum	Certification of branch personnel as Certified UITF Salespersons (CUSP) recognized by the Trust Officers Association of the Philippines

ADDITIONAL INTERNAL TRAINING PROGRAMS

PROGRAM NAME	DESCRIPTION
Global Markets Learning Sessions	27 internal learning sessions deepening employees' appreciation on a wide-ranging set of topics including financial markets, treasury products, governance, and leadership
Green Energy Finance Specialist Program	20-week program on green energy finance, including a five-day face-to-face seminar in Berlin (conducted by Renewables Academy)
Mitsui Sumitomo Insurance (MSI) Secondment Program	Six-month secondment program to the MSI Head Office for select BPI MS employees, aimed to enhance their insurance knowledge and skills as well as broaden their perspectives
Offshore Wind Capacity Building Workshops	Series of workshops on the necessary knowledge and skills to foster the growth of the critical offshore wind development in the Philippines (hosted by the Department of Energy in partnership with the USAID Energy Secure Philippines)
Sustainability Boot Camps	Internal training sessions for Institutional Banking lending officers to help them effectively identify sustainable projects and market the Sustainable Development Finance (SDF) program to their clients; included a site visit to a live renewable energy project and lectures from the SDF team and its technical consultants, as well as representatives from the Sustainability Office, Economic Research, and Agribusiness teams
E&S Risk Knowledge Sharing Session	Training for all risk management personnel to discuss and propagate use of best practices on the emerging area of sustainability and climate risk

BPI also prescribes mandatory training courses for all employees, as based on perceived needs within the Bank, best practices, and regulatory requirements.

MANDATORY TRAINING COURSES

COURSE NAME	FREQUENCY	DESCRIPTION
BPI Code of Business Conduct and Ethics (includes anti-bribery, anti-corruption, and conflict of interest)	Annual	An overview of key practices and behaviors that define the conduct to which employees hold themselves accountable for and the behavior that is expected from all employees at all levels in the organization
Business Continuity Management	Biennial	An overview of BPI's Business Continuity Management System (BCMS) to mitigate or avoid the impact of disruption in the delivery of BPI's services, while ensuring the safety and security of clients and employees
Data Privacy Awareness	Annual	An introduction to the basics and best practices in data privacy so that employees know how to integrate data privacy best practices in their everyday work
Enterprise Risk Management	Once	An overview of Enterprise Risk Management in the Bank, identification of key risk areas, risk management processes, and roles and responsibilities in managing the Bank's risks
Financial Consumer Protection Program	Annual	Overview of the Bank's Financial Consumer Protection Program, including: • Basic principles and ethical practices that govern the conduct in dealing with the Bank's customers • Available channels for client concerns and feedback • Guidelines on disclosure and transparency
Information Security Awareness	Biennial	An overview of the importance of information security in the operations of an organization in the aspects of technology, human actions and behavior, and the work environment
Law on Bank Secrecy	Once	An overview of different laws covering confidentiality of deposits and other accounts
Legal Risk Awareness	Once	An overview of legal risks, including its handling, its adverse financial consequences, and its prevention
Money Laundering and Terrorist Financing Prevention Program	Annual	An overview of BPI's Money Laundering and Terrorist Financing Prevention Program

MANDATORY TRAINING COURSES

COURSE NAME	FREQUENCY	DESCRIPTION
Operational Risk Overview	Once	An overview of BPI's operational risks and how to manage them
ORM Basics: Risk and Control Self-Assessment	Once	A guide on how to conduct a Risk and Control Self-Assessment
Physical Security Awareness	Annual	An overview of the importance of physical security awareness, including examples of physical security incidents as well as measures to protect personnel and property from harm or damage and to prevent unauthorized access to facilities, equipment, and resources
Secure Systems Administration	Once	Covers introduction to cyber-attacks and methods for organizations and individuals to combat them
Sustainability 101	Biennial	An introduction to global and local sustainability concepts, issues, and standards, including BPI's own sustainability initiatives aimed to equip all employees in further embedding sustainability in their business activities
Workers' Occupational Safety & Health	Once	A comprehensive discussion on occupational safety and health (OSH), in compliance with Republic Act No. 11058 entitled "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof"

As part of talent development, BPI also annually conducts a performance management process for 100% of the Bank's employees across all levels, including rank-and-file, officers, and executives. The performance management process starts with goal setting, wherein Key Result Areas (KRAs) and Key Performance Indicators (KPIs) are identified and approved in consideration of business objectives. Throughout the year, performance monitoring exercises are done through progress presentations within the business units and to top management. Performance feedback conversations are also employed between each immediate supervisor and direct report, as deemed necessary. Following each calendar year every January, the Bank also conducts a performance appraisal process designed according to best practices, wherein performances of employees are assessed vis-à-vis the set KRAs during goal setting as well as identified qualitative characteristics.

Inputs from the Bank's performance management and appraisal process are factored by BPI into the overall talent development program, including the employee IDPs, the BPI University Hub, and the Mandatory Training Courses.

Employee Demographics

UNIBANK EMPLOYEES

CATEGORY	2021	2022	2023
Direct Hires	19,181	18,201	**19,522**
Indirect Hires	2,556	2,610	**3,424**

BREAKDOWN OF DIRECT HIRES

CATEGORY	2021	2022	2023
Gender			
Male	6,351	6,079	**6,637**
Female	12,830	12,122	**12,885**
Age			
Over 50 years old	1,386	1,528	**1,674**
30 - 50 years old	9,429	9,661	**10,454**
Below 30 years old	8,366	7,012	**7,394**
Region			
NCR	10,951	10,438	**11,264**
Luzon	4,416	4,129	**4,345**
Visayas	2,174	2,054	**2,163**
Mindanao	1,594	1,530	**1,697**
Hong Kong	34	38	**37**
London	12	12	**16**
Rank			
Senior Management	242	271	**289**
Middle Management	6,527	6,666	**7,370**
Rank-and-File	12,412	11,264	**11,863**

BREAKDOWN OF SENIOR MANAGEMENT

CATEGORY	2021	2022	2023
Gender			
Male	117	134	**132**
Female	125	137	**157**
Age			
Over 50 years old	150	171	**187**
30 - 50 years old	92	100	**102**
Below 30 years old	0	0	**0**
Region			
NCR	219	246	**259**
Luzon	9	9	**10**
Visayas	3	6	**6**
Mindanao	3	3	**6**
Hong Kong	7	7	**7**
London	1	0	**1**

BREAKDOWN OF MIDDLE MANAGEMENT

CATEGORY	2021	2022	2023
Gender			
Male	2,283	2,340	**2,640**
Female	4,244	4,326	**4,730**
Age			
Over 50 years old	777	829	**888**
30 - 50 years old	4,708	4,799	**5,313**
Below 30 years old	1,042	1,038	**1,169**
Region			
NCR	4,194	4,393	**4,951**
Luzon	1,260	1,204	**1,299**
Visayas	590	577	**605**
Mindanao	462	462	**486**
Hong Kong	16	24	**23**
London	5	6	**6**

BREAKDOWN OF RANK-AND-FILE

CATEGORY	2021	2022	2023
Gender			
Male	3,951	3,605	**3,865**
Female	8,461	7,659	**7,998**
Age			
Over 50 years old	459	528	**599**
30 - 50 years old	4,629	4,762	**5,039**
Below 30 years old	7,324	5,974	**6,225**
Region			
NCR	6,538	5,799	**6,054**
Luzon	3,147	2,916	**3,036**
Visayas	1,581	1,471	**1,552**
Mindanao	1,129	1,065	**1,205**
Hong Kong	11	7	**7**
London	6	6	**9**

BREAKDOWN OF PROJECT HIRES[1]

CATEGORY	2021	2022	2023
Gender			
Male	0	0	**22**
Female	0	0	**12**
Age			
Over 50 years old	0	0	**1**
30 - 50 years old	0	0	**18**
Below 30 years old	0	0	**15**
Region			
Luzon	0	0	**34**
Visayas	0	0	**0**
Mindanao	0	0	**0**
Hong Kong	0	0	**0**
London	0	0	**0**

[1] Based on reported data from the BPI parent bank and the BPI subsidiaries

NEW HIRES

CATEGORY	2021	2022	2023
No. of New Hires	645	922	**3,718**
Gender			
Male	341	407	**1,409**
Female	304	515	**2,309**
Age			
Over 50 years old	4	3	**11**
30 - 50 years old	265	306	**1,007**
Below 30 years old	376	613	**2,700**
Region			
NCR	379	633	**2,458**
Luzon	144	127	**533**
Visayas	57	76	**335**
Mindanao	54	82	**380**
Hong Kong	8	3	**5**
London	3	1	**7**
Employee Category			
Senior Management	8	10	**14**
Middle Management	201	325	**866**
Rank-and-File	436	587	**2,838**

EMPLOYEE TURNOVER [2]

CATEGORY	2021	2022	2023
Employee Turnover	1,463	2,376	**2,295**
Gender			
Male	619	913	**818**
Female	844	1,463	**1,477**
Age			
Over 50 years old	139	152	**158**
30 - 50 years old	610	1,034	**962**
Below 30 years old	714	1,190	**1,175**
Region			
NCR	901	1,487	**1,376**
Luzon	314	471	**487**
Visayas	127	216	**230**
Mindanao	91	190	**194**
Hong Kong	10	11	**5**
London	1	1	**3**
Rank			
Senior Management	32	25	**23**
Middle Management	544	782	**589**
Rank-and-File	886	1,569	**1,683**
Project Hire	1	0	**0**
Type of Contract			
Voluntary	1,282	2,245	**2,177**
Involuntary	108	131	**118**
Retirement	72	0	**0**
End of Contract	1	0	**0**

[2] Data restated following 2022 data review

PROMOTIONS

CATEGORY	2021	2022	2023
To Middle Management	326	440	**432**
To Senior Management	25	0	**38**

EMPLOYEE RATIOS

CATEGORY	2023
Gender Total Pay Ratio	**65% women: 35% men**
Population Ratio	**66% women: 34% men**

COLLECTIVE BARGAINING

CATEGORY	2021	2022	2023
Employees Covered by Collective Bargaining Agreements (CBAs)	8,985	7,845	**7,385**
Total Eligible Rank-and-File Employees	11,953	10,841	**11,497**
Percentage Covered	75%	72%	**64%**
Total Existing Labor Unions	25	25	**25**

FOR CLIENTS

Client Engagement

BPI organizes capacity-building sessions for clients which include product briefings, economic updates, and financial wellness, among others.

TRAININGS FOR CLIENTS

COURSE NAME	DESCRIPTION
Agribusiness Technical Trainings	Technical trainings for clients and industry stakeholders focused on sustainable livestock production and swine health management
BizTalk	Series of fifteen capacity building sessions tailor-fit for Small and Medium Enterprise (SME) clients featuring topics such as economic outlook, taxation, digital banking, and business opportunities
Sustainable Development Finance (SDF) Forum	Hybrid knowledge-sharing event attended by 211 clients, where subject matter experts presented latest developments in different areas of sustainability such as energy efficient buildings

Financial Consumer Protection and Satisfaction (Consumer Financial Protection)

BPI has a responsibility to empower customers to make informed financial decisions, protect their rights across all transactions with the Bank, and provide them with an avenue to express their concerns about the Bank's products and services.

As such, prior to engaging in any new business activity or implementing changes in existing business activities, BPI conducts proper assessment, review, and approval procedures thereby ensuring that risks to the clients and to the Bank are properly assessed and mitigated, as necessary. The approval of business activities is governed by the following approving bodies within the Bank:

- Board-Level
  - > Executive Committee
  - > Risk Management Committee
- Management-Level
  - > Product Approval Committee

To further ensure the protection of clients, the Bank strictly adheres to guidelines on responsible advertising and disclosures, ensuring that all key information on product features, terms and conditions, and applicable risks, among others are clearly and comprehensively disclosed and communicated to clients and potential clients.

BPI has also established several initiatives in support of customers' financial protection and satisfaction, spearheaded by the Customer Experience Center (CXC).

INITIATIVE NAME	DESCRIPTION
Financial Consumer Protection Policy	• Guidelines on the fair and responsible treatment of customers, as aligned with the Bangko Sentral ng Pilipinas (BSP) regulations on financial consumer protection • All employeaes required to take a mandatory Financial Consumer Protection Program training course annually
Customer Assistance Program	• Institutionalized guidelines ensuring that feedback from existing and potential clients are handled appropriately • Touchpoints and channels via phone, e-mail, website, social media accounts, branches, and offices whereby feedback, complaints, requests and inquiries are received • Mechanism for elevating cases, as needed, including those referred to the Bank by the BSP
Performance Measures	• Periodic performance assessment against defined service quality goals • Product, service, or process improvements to mitigate recurrences of each type of complaint and deepen customer engagement

Customer Assistance Officers (CAO) are also assigned for every business unit to support the CXC. They undergo regular specialized trainings that equip them with technical and soft skills needed to address customer concerns in accordance with Bank policies.

Specialized training and recognition programs help reinforce exemplary customer service. Information and education campaigns for all BPI employees, including non-client facing teams, are included in the Financial Consumer Protection (FCP) Program.

In handling complaints, the Client Experience Center (CXC) head serves as the ombudsman overseeing the internal complaint review procedures performed by the CXC team. A consolidated report of complaints is submitted by CXC to senior management and the Executive Committee, ensuring the soundness and adherence to guidelines of all action steps taken to resolve customer complaints.

Through the Bank's financial consumer protection efforts, the Bank's percentage of total number complaints versus total number of transactions has gone down. From 2022 to 2023, the number of complaints for every 1,000 declined from 0.09 to 0.08. Furthermore, the Bank's complaint resolution rate remains high at 98.48%.

In line with BSP Circular No. 1160, BPI ensures to observe good faith and reasonable conduct in its debt collection or recovery practices. Consequently, the Bank refrains from any activities that could be perceived as abusive, unscrupulous, or improper.

Please refer to pages 126 to 127 for more information.

COMPLAINTS INTENSITY AND RESOLUTION RATE

INDICATOR	2021	2022	2023
Number of transactions (in billions)	3.5	5.3	**7.4**
Number of complaints (in millions)	0.32	0.45	**0.61**
Number of complaints for every 1,000 transactions	0.09	0.09	**0.08**
Complaints resolved	98.86%	98.89%	**98.48%**

INDICATOR	2022	2023
% Increase in the No. of Transactions	51%	**40%**
% Increase in the No. of Complaints	41%	**36%**

For Suppliers

Supply Chain Engagement

Potential business partners undergo vendor selection, accreditation, and audit to assure the quality of suppliers that bid for projects with the Bank. Due diligence is performed prior to engagement to manage any potential impact that may arise from the contract.

Service providers are screened for compliance with relevant government clearances, licenses, and permits covering financial, environmental, and social matters (e.g., business permit, Department of Labor and Employment certificate, and industry-specific licenses, as applicable). This also includes ensuring that all protocols and standards on conflict of interest, related party transactions, intellectual property, data privacy, and information security are enforced and complied with.

In 2023, there were a total of 454 accredited suppliers of which 94% or 429 were local vendors and the remaining 6% or twenty five were foreign vendors.

Please refer to pages 125 to 126 for more information.

BPI's Unsecured Lending Credit started the Bank's "Greening the Supply Chain" Program by engaging its service provider agencies in capacity building sessions.

Greening the Supply Chain

To further augment efforts with regards to greening the Bank's supply chain, BPI trained a first batch of service provider agencies on basic sustainability principles during a tree planting session at La Mesa Watershed Reservation.

BPI engaged thirteen service provider agencies in two tree planting sessions as part of DENR's National Greening Program (NGP). The engagement is part of the Bank's three-year reforestation commitment through the planting of indigenous forest tree seedlings, as well as maintaining and protecting an adopted one-hectare NGP site at La Mesa Watershed Reservation.

Moving forward, BPI aims to further expand ESG-specific requirements of its accreditation criteria for service providers, suppliers, and vendors.

GOVERNANCE CONSIDERATIONS

Governance provides the structure, principles, processes, and other mechanisms for the management of the Bank. It promotes accountability and alignment across the entire organization. All engagements and transactions are guided by the BPI Code of Business Conduct and Ethics and the BPI Corporate Governance Manual.

Sustainability-related risk management and compliance measures are also highlighted as key governance considerations of the Bank.

Integration of Environmental and Social Considerations into Enterprise Risk Management

BPI incorporates environmental and social (E&S) considerations into the Bank's lending and investment activities as well as day-to-day operations. Additionally, we include E&S factors in qualitative assessments to identify and address potential exposures to E&S risks.

The Bank's key activities and initiatives to manage E&S risk exposures include:

RISK MITIGATING MEASURES

RESPONSIBLE BANKING	RESPONSIBLE OPERATIONS
• Integration of environmental, social, and governance (ESG) criteria to provide sustainable financial products and services that are attuned to clients' needs while enabling their achievement of long-term growth and resilience • Time-bound reduction of the Bank's coal power generation portfolio, in support of the country's transition toward sustainable energy sources • Consideration of sustainability-related standards in the credit evaluation processes such as checking for adherence to laws and regulations, alignment to UN SDGs, ESG-related business practices, project technical and financial viability, and resilience to E&S • Risk mitigation through insurance to secure the Bank's own assets and/or client collaterals which may be exposed to environmental risks • Provision of technical support, training programs, and project design enhancements to support clients' compliance with E&S best practices	• Issuance and/or updating of policies on E&S risk management, good governance, code of business conduct and ethics, waste management, and physical safety and security • Implementation of Business Continuity and Operational Resiliency Plans and Programs to ascertain that products and services continue to be offered at acceptable levels at all times, as well as ensure the security and safety of stakeholders • Geohazard/Environmental Risk Assessment on the Bank's various physical assets, client collaterals, and employee residences to determine areas susceptible to natural hazards such as earthquakes, flooding, typhoons, or volcanic eruptions. Results help the Bank determine the appropriate risk-mitigating measures such as engineering interventions or insurance coverage • Review and updating of risk categories, key risk indicators, and loss event reports to facilitate further integration of E&S risk identification and monitoring into operational risk management • Conduct of Risk and Control Self-Assessments to identify the various risks (including E&S risks) each business unit faces, along with the severity of those identified risks, and to capture and evaluate the key controls associated with the risks identified • Vendor evaluation in terms of compliance with regulatory requirements, including those focused on ESG • Monitoring of the Bank's environmental impact (e.g., electricity and water consumption)

Environmental Risk Assessment

Environmental Risk Assessment (ERA) is a pioneer mitigation tool to assess physical climate and environmental risk exposures, introduced by BPI to the Philippine banking industry, in view of the Philippines' location in the Typhoon Belt and the Pacific Ring of Fire. Through DOST-PHIVOLCS' HazardHunterPH system, the Bank was able to assess risk exposures of client addresses and collaterals, as well as employee residences, Bank branches, ATMs, and CAMs vis-a-vis environmental hazards:

- Climate Hazards (such as flooding, typhoons/severe winds, storm surge, and rain-induced landslides)
- Non-Climate Hazards (such as earthquakes, liquefaction, and volcanic eruptions)

ERA aims to identify, detail, measure, and mitigate physical climate and non-climate risks incurred by the Bank in its lending activities & daily operations. ERA's integration into BPI's processes allows the Bank to assess its specific or aggregate environmental risk exposures by industry, by city/barangay, or by type of asset which helps prevent potential losses not just in terms of income, but more importantly in terms of human lives.

MITIGATED RISK	SOLUTIONS
Credit Risk	→ Integration of risk data from mapping of clients' assets, collaterals, and locations of key business operations vis-à-vis natural hazards to the credit evaluation process of all corporate and commercial loans → Risk-mitigating measures required prior to the approval of potential borrowers with high-risk scores • Project relocation • Engineering interventions aimed at damage prevention, resilience, and compliance • Insurance coverage
Operational Risk	→ Awareness of employees on the risk exposures of their residences vis-à-vis natural hazards → Integration of risk data in the mapping of BPI's corporate offices, branches, and machines (eg. ATMs, CAMs) vis-à-vis natural hazard exposures of the Bank's processes for real estate acquisition and leasing → Application of risk-mitigating measures • Relocation • Engineering interventions aimed at damage prevention, resilience, and compliance • Insurance coverage → Business Continuity Plans ensuring uninterrupted, resilient, and reliable operations amidst natural disasters • Focus areas > Employee health and safety > Asset protection > Timely restoration of building, equipment, and technology • Additional preventive measures > Regular evacuation drills > Hazard protection guidelines > Hazard awareness seminars

Integration of Environmental and Social Criteria into Credit Evaluation

BPI acknowledges the societal and economic risks associated with environmental degradation and climate change. As such, the Bank has established controls in place to mitigate the impact of the Bank's financed portfolio to the environment and the society.

Responsible Lending Policy

In 2023, BPI institutionalized the integration of environmental and social criteria into the Bank's credit evaluation process through the Responsible Lending Policy.

In line with BSP Circular No. 1085 and 1128, the Bank's Responsible Lending Policy provides guidance on how environmental and social (E&S) risk factors are considered in core lending activities, as guided by the following objectives:

- Setting of strategic objectives and targets for the Bank's credit operations covering short, medium, and long-term horizons to facilitate integration of E&S principles;
- Setting of criteria to expand and/or limit financing to sectors and borrowers with material E&S risks;
- Credit underwriting and loan pricing frameworks;
- Measurement of E&S risks at the individual and portfolio levels;
- Periodic reporting of E&S credit risk exposures to Senior Management and Board-Level Committees.

All loan proposals and credit accommodations undergo comprehensive credit evaluation to ensure that E&S risks are well understood, adequately addressed, or mitigated, including those arising from potential issues or violations on laws and regulations, related to:

- Environmental pollution
- Loss of biodiversity
- Hazard to human health
- Workplace safety and security concerns
- Involuntary resettlement
- Harm to indigenous communities and cultural heritage

Furthermore, sustainability initiatives of BPI's corporate clients are also monitored and considered as part of credit evaluation.

Material E&S issues that emerge during E&S assessments require the performance of necessary actions and risk mitigations, which may include securing additional credit enhancements such as insurance or collateral top-ups, enhancing due diligence including business or financial justifications subject to the required approvals by the Bank's credit authorities, and/or submitting supplemental documentation in accordance with BPI's policies and regulatory guidelines.

BPI has also established processes for ongoing E&S assessments and reviews. This includes annual reviews of credit facilities by Business Units or more frequent assessments when significant developments affect a borrower's operations or collateral properties. These reviews also provide an opportunity for BPI to communicate potential risks to borrowers and raise awareness in alignment with the Bank's sustainability strategies.

The Bank also has credit administration, risk measurement, and reporting mechanisms in place, ensuring transparency to senior management and the board, regulatory bodies and other stakeholders, where applicable. This includes addressing emerging and complex E&S issues and developing plans to manage any identified concerns.

Environmental and Social Screening for Philippine Protected Areas

Recognizing the importance of environmental protection and cultural preservation, BPI established its standards on E&S Screening for Philippine Protected Areas. These standards reinforce the Bank's responsibility in being prudent when engaging in business activities which might pose negative impacts on places of cultural, historical, or other form of significance that are legally protected by national laws or international treaties.

Environmental and Social Due Diligence for Investments

In 2023, BPI also established E&S due diligence requirements for the Bank's investment portfolio, where E&S investment risks are assessed in relation to credit quality impact.

Included in the Bank's E&S due diligence are considerations in the following areas:

- Environmental pollution
- Loss of biodiversity
- Hazard to human health
- Workplace safety and security concerns
- Involuntary resettlement
- Harm to indigenous communities and cultural heritage

Exclusion List

As part of the Bank's strengthened commitment to sustainability, BPI has also established an exclusion list which will guide its financing activities moving forward.

BPI's exclusion list reflects principles and standards espoused by the International Finance Corporation of the World Bank Group.

To ensure adherence to Philippine regulations, BPI further enhanced its exclusion list by specifying the national and industry-specific laws affecting the negatively tagged sectors.

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
- Production or trade in weapons, munitions, and landmines, including weapons of mass destruction such as nuclear weaponry
- Nuclear materials, processes, and devices deemed illegal
- Gambling, casinos, and equivalent enterprises
- Any business related to pornography and/or prostitution
- Production or activities involving harmful or exploitative forms of harmful child labor, as deemed illegal under the Special Protection of Children Against Abuse, Exploitation, and Discrimination Act (RA 7610, as amended by RA 9231)
- Production or activities involving harmful or exploitative forms of forced labor (including human trafficking), as covered by the Labor Code of the Philippines and the Anti-Trafficking in Persons Act of 2003 (RA 9208, as amended by RA 10364)
- Production or trade in radioactive materials[1]
- Production or trade in or use of unbonded asbestos fibers, as deemed illegal under the Chemical Control Order for Asbestos (DENR Administrative Order No. 2000-02)
- Production or trade in illegal pharmaceuticals subject to international phase outs or bans
- Production or trade in illegal pesticides / herbicides subject to international phase outs or bans
- Production or trade in ozone depleting substances subject to international phase out, and as deemed illegal under the Revised Regulations on the Chemical Control Order for Ozone Depleting Substances (ODS) (DENR Administrative Order No. 2013-25)
- Production or trade in products containing Polychlorinated Biphenyls (PCBs), as deemed illegal under the Chemical Control Order for Polychlorinated Biphenyls (DENR Administrative Order No. 2004-01)
- Greenfield coal power generation[2]
- Diesel-fired power generation plants for applications where diesel is the primary source of energy[3]
- Mining, processing, and refining of oil sands or tar sands
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), as deemed illegal under the Wildlife Resources Conservation and Protection Act (RA 9147)
- Drift net fishing in the marine environment deemed illegal under the Philippine Fisheries Code of 1998 (RA 8550, as amended by RA 10654), as augmented by Fisheries Administrative Order No. 155 and the Fisheries Administrative Order Series of 2022
- Purchase of logging equipment for use in protected areas[4]
- Commercial logging operations in protected areas[4]
- Production or trade in wood or other forestry products from protected areas[4]

[1] This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is insignificant and/or adequately shielded.

[2] No additional funding of greenfield coal-fired power generation plants, as part of BPI's existing Coal Phase Out Policy

[3] No additional funding of diesel-fired power generation plants

[4] This refers to protected areas, as cited under the Expanded National Integrated Protected Areas System (E-NIPAS)

Climate Risk Management

The Bank manages E&S risks, including those climate-related, in accordance with the Bank's Enterprise Risk Management framework. This involves the identification, measurement, monitoring, control, and reporting of risk exposures. As guided by BSP Circulars 1085 and 1128, the Bank classifies climate risks under E&S risks, which are defined as potential negative financial, legal, and/or reputational effects from E&S issues affecting our key business activities.

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

The Bank is cognizant of the ability of climate and other E&S risks to influence and/or aggravate other functional key risk areas such as, among others, credit and operational risks, with examples shown in the following table.

RISK CATEGORY	EXAMPLES OF ENVIRONMENTAL RISK DRIVERS	
	PHYSICAL RISK	TRANSITION RISK
Credit	Reduced repayment capacity of borrowers due to reduced profitability or value of collateral, and returns on transactions caused by climatic shifts or extreme weather events	Failure to consider the shifting regulatory and policy landscape in credit quality assessment (e.g., carbon taxes on emissions, total outright ban in activities driving E&S risk events, shift in consumer preferences, etc.) resulting in a deterioration in portfolio and asset quality
Market	Reduced value and marketability of our assets due to physical impacts	Shift in demand and preferences of clients and other stakeholders for the Bank's products and services
Operational	Business interruptions due to extreme weather events and its resulting damage to physical assets	Increased operating costs and higher capital expenditures to ensure resilience and carbon reduction measures
Reputational	Negative public reaction due to perceived inadequate support for clients and communities affected by extreme weather (and other environmental) events Negative public reaction due to perceived increase in exposure to environmental hazards	Damage to our brand, reputation, and social capital due to potential perceptions of our institution's detraction from the transition to a low-carbon economy

Internal guidelines, processes, tools and risk metrics supplementing the Bank's overarching ESRMS Policy are continuously being developed and enhanced to enable the Bank to improve its understanding of its climate risk profile, and eventually fully integrate climate risk management in the delivery of products and services, as well as in the resilience of our operations.

Refer to page 149 for more information on Risk Management

Compliance

For BPI, compliance does not only refer to adherence to laws, regulations, and standards, but also aims to ensure integrity in our conduct of business. The Bank values and protects the trust we have been given by our stakeholders such as investors, clients, employees, regulators, partners, and communities.

The Compliance section communicates the Bank's policies, processes, and standards on governance areas such as but not limited to:

- Business ethics – refer to pages 120 to 123
- Conflict of interest, anti-bribery, and anti-corruption – refer to pages 122 to 123
- Anti-money laundering – refer to pages 138 to 139
- Insider trading – refer to page 123
- Related party transactions – refer to pages 123 to 125
- Whistleblowing – refer to page 123

The BPI Sustainability Agenda and ESRMS Policy comply with Bangko Sentral ng Pilipinas (BSP) Circular 1085 Sustainable Finance Framework and Circular 1128 Environmental and Social Risk Management Framework.

Data Privacy

In response to the Data Privacy Act of 2012 (DPA) and the various circulars of the National Privacy Commission (NPC), BPI established the Data Privacy Office (DPO) to manage the fulfillment of data privacy requirements throughout the organization. The Bank completed its Phase II registration with the NPC in March 2018.

The DPO is led by the Data Protection Officer, concurrently the Enterprise Information Security Officer:

- Has extensive qualifications and experience in data privacy and information security;
- Performs all the responsibilities and tasks of a Chief Information Security Officer.

The Bank ensures that its Data Protection Officer has obtained a DPO Ace Level 1 Certification from the NPC.

The Data Protection Officer and Enterprise Information Security Officer regularly reports to the Board's Audit and Risk Management Committees. All confirmed incidents, if any, must be reported to these Board-level committees and are used as references for assessing existing internal controls.

Under the supervision of the Chief Compliance Officer, the Bank's Data Protection Officer is accountable for ensuring compliance with applicable laws and regulations for personal data protection. The Data Protection Officer develops, maintains, and promotes the effective implementation of the Bank's Data Privacy Policy.

The Privacy Framework and Management Program details the Bank's strategy for upholding stakeholders' rights to data privacy. It provides the duties and responsibilities of business units, guidelines for implementing the Framework, and assessing internal processes in ensuring the protection of clients' personal information.

The Framework makes reference to BPI's Data Privacy Policy and Information Security Policy, which apply to 100% of BPI's business lines and operations. Both policies are reviewed and refined on an annual basis, and are audited every two years either by independent internal auditors, third party external auditors, or regulators. In addition, periodic maturity level assessments are also conducted by consultants. Under the Framework, BPI grants access, rectification, and deletion rights to all clients.

The BPI Data Privacy Policy is posted on the BPI website (www.bpi.com.ph/privacy).

BPI follows the Privacy by Design principle in its data privacy and information security policies. The Bank proactively evaluates data privacy risks and considerations in all products and services. Data privacy regulatory, compliance, and legal requirements are embedded in the Bank's systems, products, and processes. All new products, services, and processes trigger the Privacy Impact Assessment, a due diligence tool containing a privacy risk assessment.

Data Privacy and Information Security Awareness are mandatory courses for all BPI employees, and are supplemented by internal communication materials. 96% of employees completed the mandatory course on Data Privacy in 2023. The DPO also conducts live webinars for employees, featuring industry experts who share best practices on data security.

DATA PRIVACY INITIATIVES

INITIATIVE	DESCRIPTION
Privacy Awareness Week (PAW)	BPI, together with participating subsidiaries and affiliates, celebrate the Privacy Awareness Week every month of May in accordance with the declaration of the National Privacy Commission (NPC).
Privacy Risk Management System	Automated and streamlined conduct of Privacy Impact Assessments and the improved monitoring of privacy-related risks across the Bank.
"Data Privacy in BPI" training for OTPs, Branches, and other Business Units	• Integration of data privacy training on the onboarding stage of all upcoming officers and staff • Refresher training for branches and other business units • Release of regular internal bulletins
Data Privacy Awareness for Third-Party Service Providers	Data privacy training for third-party service providers (TPSPs), who may serve as a co-PIC or PIP of the Bank
Data Privacy Awareness for External Stakeholders	Data privacy awareness efforts for the public and external stakeholders through social media campaigns and event speaking engagements
Data Privacy Forum for DPOs of BGC, GCOs, and GCCOs	Avenue where the Data Privacy Office shares relevant news, announcements, and updates to stakeholders
Simulated Social Engineering for Employees and Third Parties	Social engineering simulation performed on a number of BPI employees and critical third-party service providers, to determine their level of awareness and preparedness when it comes to threats (covers different attack vectors)

Political Involvement
As stated in the BPI Code of Business Conduct and Ethics, the Bank is non-partisan and does not contribute or solicit political contributions, funds, assets, or resources to any political candidate, party, or similar organization. Employees are allowed to engage in public service following internal procedures and in alignment with the Bank's standards for Conflict of Interest.

Disclosure and Transparency
BPI values opportunities to communicate its initiatives, policies, operations, financial, non-financial performance, and goals to all of its stakeholders. The Bank believes that dialogue is essential in maintaining a healthy relationship with all stakeholders. This provides them with timely, balanced, and understandable information, which is also integral in fulfilling the Bank's role and responsibilities as a global financial institution.

BPI consistently ensures that its corporate disclosures meet the following purposes:

- Compliance with regulatory requirements
- Traditional purposes such as investor protection, market efficiency, and corporate governance
- Demonstrative of concern for other corporate constituencies such as customers, creditors, employees, service providers, as well as the broader public.

The Bank continuously enhances its disclosure and transparency levels to address the different needs of stakeholders.

PUBLIC DISCLOSURE	FREQUENCY	DESCRIPTION
Integrated Report	Annual	• Contains BPI's financial and non-financial performance as well as management discussions for the reporting year • Aligned with global and local financial and sustainability reporting frameworks and standards • Includes audit statements for financial disclosures and external assurance statements for sustainability and non-financial disclosures • Available for download from the BPI website
Audited Financial Statements	Annual	• In compliance with BSP, BIR, SEC, PSE, PDEx, and SGX requirements • Includes detailed management discussions and analyses presented to the Audit Committee and the Board before disclosure • Filed within the mandated 105 calendar days from the end of the reporting period • Available to investors and analysts through the BPI website and the websites of the various exchanges where BPI capital market issuances are traded
Quarterly Financial Statements	Quarterly	• In compliance with BSP, BIR, SEC, PSE, PDEx, and SGX requirements • Includes detailed management discussions and analyses presented to the Audit Committee and the Board before disclosure • Filed within the mandated 45 calendar days from the end of the reporting period • Available to investors and analysts through the BPI website and the websites of the various exchanges where BPI capital market issuances are traded
Institutional Website	As Needed	• A comprehensive, cost-efficient, and timely communication channel for the Bank's corporate information, its various initiatives, products and services, and other relevant disclosures and reports for easy access to all stakeholders • Aligned with the SEC-prescribed format and template

The Bank recognizes its continuous disclosure obligations under PSE Listing Rules and the Securities Regulation Code (SRC). As a Publicly-Listed Company (PLC), the Bank's corporate actions are disclosed to SEC, PSE, PDEx, and SGX. In adherence to Recommendation 8.1 of the SEC Corporate Governance Code for PLCs, the Policy of Disclosure and Transparency is disclosed in its Manual on Corporate Governance, published in the BPI website.

Key Disclosure Principles
BPI is committed to provide clear, timely, accurate, and balanced disclosures of all material information about the Bank and to provide fair and equal access to such information. BPI, however, treats all information pertaining to the company, business transactions and operations, and products and services as strategic in nature. Therefore, the Bank, in the provision of its disclosures, safeguards its proprietary information and competitive position.

The Board requires that management has processes in place to support its policy on full, comprehensive, understandable, and timely disclosures of financial and non-financial results, significant developments, and other material information to both its internal and external stakeholders, such as clients, investors, regulators, employees, suppliers, rating agencies, analysts, and securities exchanges.

Required disclosures of market-sensitive information are coursed through the proper regulatory agency and released to the public through various cost-efficient and appropriate modes of communication.

Disclosures should be consistent over time, unbiased, and comparable across the industry.

BPI is guided by internal governance, risk, and compliance standards which serve to ensure that information disclosures comply with the Bank's established rules and procedures to identify, assess, mitigate, monitor, and report any possible risks or damages to the Bank, its counterparties, or partners.

BPI considers violation of policies and standards related to the confidentiality of any information affecting clients' or counterparties' interests as serious matters subject to the immediate attention of designated authorities to evaluate the case. The Bank respects the rights of its clients and counterparties as related to the protection of confidential information.

BPI's Contributions to the United Nations

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

Php 9 billion
Microfinance Portfolio

Over 1.3 million
Beneficiaries of BPI Foundation

2 ZERO HUNGER

Php 180 billion
Portfolio in support of Zero Hunger

Php 1,198 billion cumulative disbursements for agribusiness

3 GOOD HEALTH AND WELL-BEING

Php 20 billion
Portfolio in support of Good Health and Well-Being

4 QUALITY EDUCATION

Php 3 billion
Portfolio in support of Quality Education

5 GENDER EQUALITY

66% Women Employees
In BPI's Workforce

6 CLEAN WATER AND SANITATION

Php 26 billion
Portfolio in support of Clean Water and Sanitation

7 AFFORDABLE AND CLEAN ENERGY

Php 118 billion
Renewable Energy Portfolio

100% Renewable Energy
Electricity use of 3 Corporate Offices

Php 195 billion cumulative disbursements for renewable energy

8 DECENT WORK AND ECONOMIC GROWTH

Php 67 billion
Portfolio in support of Decent Work and Economic Growth

738,435 Self-Employed Micro-Entrepreneurs
Served by BPI BanKo

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Php 362 billion
Portfolio in support of Industry, Innovation, and Infrastructure

10 REDUCED INEQUALITIES

100% of the Work Environment
Practicing Non-Discrimination and Equal Opportunity

11 SUSTAINABLE CITIES AND COMMUNITIES

Php 8 billion
Energy Efficiency Portfolio

100% Branches
Using LED Lights

Php 35 billion cumulative disbursements for energy efficiency

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

34 million Pages of Paper
Paper Consumption Reduction due to Digitalization

13 CLIMATE ACTION

Php 24 billion
Climate Resilience Portfolio

11 Branches
IFC EDGE-Certified Green Bank Branches

Php 46 billion cumulative disbursements for climate resilience

14 LIFE BELOW WATER

Php 3.6 billion
Portfolio in support of Fisheries and Aquaculture

15 LIFE ON LAND

100% of Business Lending Segments
Including Biodiversity Considerations in Credit Evaluation

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

100% of the BPI Group
Covered by the Anti-Money Laundering Program

17 PARTNERSHIPS FOR THE GOALS

Over 50 Memberships
Memberships in Reputable Industry Associations

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

CORPORATE GOVERNANCE

Over the past year, boards of banks found themselves dealing with new investor pressures, ESG disclosure guidelines, the need to fortify the integration of strategy and risk governance and shifting greater focus on board culture.

While there is continued debate on various aspects of sustainability, there is little question as to how climate, human capital and ethical dealing affects supply chains, customer bases, materials availability and more.

Prior to 2023, the BPI Board had already been integrating sustainability into the Bank's operations as a strategic imperative. Because of increasing impact of sustainability on the bottom line, the Board made the early shift from a regulatory focus to collaborating with management towards leadership in the sustainability space.

In 2023, the Board also focused on risk governance, paying greater attention to strategy, the interconnectivity of the risks, and existing internal risk governance structures, practices and reporting. Risk governance consistently accounted for a significant portion of the Board agenda to ensure provision of timely oversight.

Lastly, with the conduct of the second externally-facilitated board assessment in 2023, the Board also spent considerable time and reflection on its current practices on board governance. In particular, with the challenge of providing effective oversight in pace with regulatory changes, technological disruption and the merger with Robinsons Bank, the Board needed to make informed, considered decisions drawing on the full range of members' views and experience. This meant examining board culture, in order to productively tap into the wealth of skills and expertise.

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

LEADERSHIP

Advisory Council. We have an Advisory Council to the Chairman which was organized following the ASM in April 2016. At the Organizational Meeting of the Board of Directors held Apr. 27, 2023, immediately after the BPI Annual Stockholders' Meeting, the following were appointed as members of the Advisory Council:

1. Chief Justice Artemio V. Panganiban
2. Fernando Zobel de Ayala[1]
3. Delfin L. Lazaro
4. Mercedita S. Nolledo
5. Antonio Jose U. Periquet
6. Lance Y. Gokongwei

Board of Directors

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

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

[1] Member until Sep. 20, 2023

Chairman. The Board is headed by a competent and qualified Chairman.[2]

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

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

Role and Independence of the Chairman. The Chairman and Vice-Chairman are both Non-Executive Directors. The Board does not encourage CEO duality. The Chairman, who has not served as CEO of the Bank within the past three years, is separately appointed from the President and CEO. The Chairman and the President and CEO positions are currently held by two individuals who are not related to each other and have defined roles and responsibilities that are separate and distinct, as set in our Amended By-Laws and MCG.[3]

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

[2] Recommendation 2.3, SEC CG Code for PLCs
[3] Recommendation 5.4, SEC CG Code for PLCs

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

Lead Independent Director. At the Organizational Meeting of the Board, following the 2023 ASM, Rizalina G. Mantaring was appointed as Lead Independent Director.[5]

Board Charter. The Board Charter is incorporated in our MCG, both of which are reviewed annually. The Bank's updated and revised MCG was approved and adopted by our Board in its entirety on Jan. 17, 2024.[6] The Board Charter is also disclosed on the company website at www.bpi.com.ph.

In the Board strategy session last Dec. 14, 2023, the Board and the Senior Management committee reviewed and approved the Bank's mission and vision and strategic plans for the coming years.[7]

[4] Recommendation 5.4, SEC CG Code for PLCs
[5] Recommendation 5.5, SEC CG Code for PLCs
[6] Recommendation 2.12, SEC CG Code for PLCs
[7] Recommendation 2.1, 2.2, 2.12, 8.7, SEC CG Code for PLCs

COMPOSITION AND QUALIFICATION

Board Composition. BPI maintains a fifteen-member board. The size of the Board is deemed appropriate given the complexity of operations of the Bank and the entire BPI group, our risk appetite, the geographical spread of our business, and the significant time demands placed on the Directors. No director or small group of directors can dominate the decision-making process. The only Executive Director is the Bank's President and CEO.[7]

Board membership was reinvigorated during the Bank's ASM on Apr. 27, 2023, with fourteen of the newly-refreshed fifteen-member board comprised of Non-Executive Directors, safeguarding independent oversight of management.

In 2023, the following board membership changes occurred:

- At its meeting held on Feb. 15, 2023, the Board approved the appointment of Ms. Janet Guat Har Ang as Interim Chairman of the Risk Management Committee (RMCom) for the remainder of the current board term 2022-2023 replacing Mr. Octavio Victor R. Espiritu. The Board likewise approved the update of the composition of RMC from the current five to three, board members, composed of Independent Director Janet Guat Har Ang, Independent Director Cesar V. Purisima and Non-Executive Director Octavio Victor R. Espiritu.

Subsequently, at the Organizational Meeting of the Board on Apr. 27, 2023, following the 2023 Annual Stockholders' Meeting, composition of the RMCom was updated from three back to five members.

- At the Annual Stockholders' Meeting on Apr. 27, 2023, Mr. Karl Kendrick T. Chua and Ms. Rizalina G. Mantaring were elected as new members of the Board.
- At its meeting held on May 17, 2023, the Board approved the appointment of Mr. Karl Kendrick T. Chua as an additional member of the Retirement/Pension Committee.
- At its meeting held on Sep. 20, 2023, the Board elected Mr. Fernando Zobel de Ayala ("Mr. Zobel") as Director vice Mr. Romeo L. Bernardo ("Mr. Bernardo") who had resigned effective Sep. 12, 2023 in view of his appointment to the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). Mr. Zobel was also appointed as member of the Executive Committee and Personnel and Compensation Committee vice Mr. Bernardo. With his election to the Board of Directors, Mr. Zobel relinquished membership in BPI's Advisory Council.

Director Qualifications.
As a financial institution imbued with public interest and a publicly-listed company, qualifications for membership in the Board are dictated by our Amended By-Laws, MCG, the Revised Corporation Code, and relevant regulations of the BSP, PSE and the SEC. Directors comply with all fit and proper qualifications and requirements of the BSP, SEC, and PSE and must remain qualified throughout the one-year term. Comprehensive profiles of the Directors are disclosed in the Bank's annual reports and on the company website. See Appendix for full biographies of the Directors.[8]

POLICY ON BOARD DIVERSITY

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

Our leadership model ensures an appropriate balance of power, accountability, and independence in decision- making. Diversity—in terms of gender, age, cultural background, education, professional experience, engagement in sustainability and ESG initiatives, skills, knowledge, length of service, and other regulatory requirements—is duly considered in the design and selection of the Board's composition.[9]

Gender Diversity

Male	80%
Female	20%

Age Diversity

60 to 69	60%
70 to 79	27%
50 to 59	13%

Skill and Expertise

Bank CEO/President	27%
CPA/Lawyer/Finance/Risk	27%
Regulatory/Gov't.	27%
PLC Chair/Director/CEO	20%

APPOINTMENT AND YEARS OF SERVICE OF BOARD OF DIRECTORS
as of Dec. 31, 2023

DIRECTOR'S NAME	TYPE OF DIRECTOR[1]	DATE FIRST ELECTED[2]	DATE LAST ELECTED	MANNER OF ELECTION	NO. OF YEARS AS DIRECTOR OF BPI
Jaime Augusto Zobel de Ayala	NED	03/13/1990	04/27/2023	Annual Meeting	33.8
Fernando Zobel de Ayala	NED	10/19/1994 09/20/2023	09/12/2022 09/20/2023	Annual Meeting	27.9 0.3
Janet Guat Har Ang	ID	05/19/2021	04/27/2023	Annual Meeting	2.4
René G. Bañez	NED	08/18/2021	04/27/2023	Annual Meeting	2.4
Romeo L. Bernardo[3]	NED	02/1998	2001	Annual Meeting	3.0
	ID	08/21/2002	04/24/2019		16.7
	NED	04/25/2019	09/12/2023		4.4
Ignacio R. Bunye	ID	04/14/2016	04/27/2023	Annual Meeting	7.7
Karl Kendrick T. Chua	NED	04/27/2023	4/27/2023	Annual Meeting	0.7
Cezar P. Consing	NED	02/1995	01/2000	Annual Meeting	5.0
	ID	08/18/2004 01/01/2007	12/31/2006 04/17/2013		2.4 6.3
	ED	04/19/2013	04/21/2021		8.0
	NED	04/22/2021	04/27/2023		2.7
Emmanuel S. De Dios	ID	04/28/2022	04/27/2023	Annual Meeting	1.7
Octavio Victor R. Espiritu	NED	04/07/2000	04/03/2003	Annual Meeting	3.0
	ID	04/03/2003	05/18/2021		18.1
	NED	05/19/2021	04/27/2023		2.6
Rizalina G. Mantaring	ID	04/27/2023	04/27/2023	Annual Meeting	0.7
Jose Teodoro K. Limcaoco	NED	02/20/2019	04/21/2021	Annual Meeting	2.2
	ED	04/22/2021	04/27/2023	Annual Meeting	2.7
Aurelio R. Montinola III	ED	01/14/2004	04/17/2013	Annual Meeting	9.3
	NED	04/18/2013	04/27/2023		10.7
Cesar V. Purisima	ID	01/20/2021	04/27/2023	Annual Meeting	2.9
Ramon R. Del Rosario, Jr.	NED	04/23/2020	04/27/2023	Annual Meeting	3.7
Jaime Z. Urquijo	NED	09/21/2022	04/27/2023	Annual Meeting	1.3
Maria Dolores B. Yuvienco	NED	04/10/2014	04/13/2016	Annual Meeting	2.0
	ID	04/14/2016	04/27/2023		7.7

[1]Type: Executive (ED), Non-Executive (NED), Independent (ID)
[2]Based on Type of Director
[3]Resigned as of Sep. 12, 2023

[8] SEC Memo. Cir. No. 11, s2014, Recommendation 8.3 SEC CG Code for PLCs

[9] Recommendation 1.4 of the SEC CG Code for PLCs, Recommendation 1.1, SEC CG Code for PLCs

Measurable Diversity Objectives or Targets. Best practice under the SEC Code of Corporate Governance for Publicly-Listed Companies recommends the establishment of measurable objectives or targets for achieving board diversity. In this respect, the following are the Board's diversity goals, approved in 2021 and considered as rolling targets over a five-year period, that, together with the Board Skills and Expertise Matrix, are reviewed annually and updated as needed:

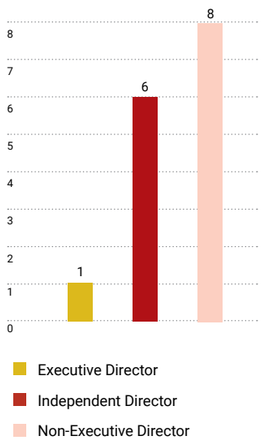
1. At least two Female Directors on the Board.
2. At least five Independent Directors on the Board
3. At least one director with knowledge of IT systems and technology governance in the financial services industry.
4. At least one director with marketing and customer management expertise.

Progress towards the diversity goals are also made through one or more of the following activities:

- Increasing the number of female candidates to be considered for the shortlist of nominees for the election of the board of directors at the annual stockholders' meeting.
- Conduct of a regular review of list of retired bank employees for consideration of directorship positions within parent, subsidiaries and affiliates.
- Close coordination within Ayala Group of Companies for information on and shortlisting of independent candidates.
- Liaison and relationship development with regulators for information on possible candidates for directorship.
- Use of professional search firms/ industry databases and associations to shortlist candidates.

Our full Board Diversity Policy may be read on our website at www.bpi.com.ph.

Independence



Security Ownership of Directors and Officers. Beneficial ownership and control structures of the Bank are disclosed in the table below. None of the members of the Bank's Board of Directors and management owns 2.0% or more of the outstanding capital stock of the Bank.[10]

As of Dec. 31, 2023, the following are known to BPI to be directly the record and/or beneficial owners of BPI voting securities:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	DEC 2022		DEC 2023		NATURE OF OWNERSHIP (D) DIRECT (I) INDIRECT	CITIZENSHIP
			NO. OF SHARES	% OF HOLDINGS	NO. OF SHARES	% OF HOLDINGS		
Common	Jaime Augusto Zobel de Ayala	Chairman, NED	9,628	0.00%	10,402	0.00%	D	Filipino
Common	Cezar P. Consing	Vice Chairman, NED	2,834,093	0.06%	3,062,734	0.06%	D	Filipino
Common	Jose Teodoro K. Limcaoco	ED, President & CEO	291,416	0.01%	314,925	0.01%	D / I	Filipino
Common	Janet Guat Har Ang	ID	10	0.00%	10	0.00%	D	Singaporean
Common	René G. Bañez	NED	10	0.00%	10	0.00%	D	Filipino
Common	Romeo L. Bernardo	NED	12	0.00%	N/A	N/A	D	Filipino
Common	Ignacio R. Bunye	ID	133,452	0.00%	10	0.00%	D	Filipino
Common	Karl Kendrick T. Chua	NED	N/A	N/A	10	0.00%	D	Filipino
Common	Emmanuel S. De Dios	ID	10	0.00%	10	0.00%	D	Filipino
Common	Ramon R. Del Rosario, Jr.	NED	2,287	0.00%	N/A	N/A	D	Filipino
Common	Octavio Victor R. Espiritu	NED	985,110	0.02%	1,064,583	0.02%	D	Filipino
Common	Rizalina G. Mantaring	ID	N/A	N/A	9,973	0.00%	D	Filipino
Common	Aurelio R. Montinola III	NED	1,794,863	0.04%	1,956,471	0.04%	D	Filipino
Common	Cesar V. Purisima	ID	10	0.00%	10	0.00%	D	Filipino
Common	Jaime Z. Urquijo	NED	10	0.00%	10	0.00%	D	Filipino
Common	Maria Dolores B. Yuvienco	ID	5,813	0.00%	6,331	0.00%	D	Filipino
Common	Fernando Zobel de Ayala	NED	N/A	N/A	96,327	0.00%	D	Filipino
	SUB-TOTAL		**6,056,724**		**6,521,816**			
Common	Ramon L. Jocson	EVP & COO	63,783	0.00%	N/A	N/A	D	Filipino
Common	Maria Cristina L. Go	EVP	26,892	0.00%	59,741	0.00%	D	Filipino
Common	Eugenio P. Mercado	EVP	N/A	N/A	68,005	0.00%	D	Filipino
Common	Marie Josephine M. Ocampo	EVP	281,692	0.00%	227,427	0.01%	D	Filipino
Common	Juan Carlos L. Syquia	EVP	8,982	0.00%	28,080	0.00%	D	Filipino
	SUB-TOTAL		381,349		383,253			
	TOTAL		**6,438,073**		**6,905,069**			

[10] Recommendation 8.2 SEC CG Code for PLCs

INDEPENDENCE

For the 2023 to 2024 Board term, BPI meets bwoth the minimum BSP regulatory and SEC CG Code requirements with six out of the fifteen-member board elected or 40% of the Board being classified as Independent, or having no interest or relationship with BPI at the time of election, appointment, or re-election, as defined under Rule 38 of the Securities Regulation Code. Fourteen or 93% of the Board are Non-Executive Directors, who are not involved in the day-to-day management of banking operations.[11]

BPI submits the required certifications of its Independent Directors annually to the BSP for confirmation of the election or appointment.[12]

Term limits of Independent Directors. BPI is compliant with BSP and SEC rules which prescribe a maximum cumulative term of nine years for Independent Directors, reckoned from 2012.[13]

POWERS OF THE BOARD OF DIRECTORS

As stated in the BSP MORB, the "corporate powers of a bank shall be exercised, its business conducted, and all its resources controlled through its board of directors. The powers of the board, as conferred by law, are original and cannot be revoked by the stockholders. The directors shall hold their office, charged with the duty of exercising sound and objective judgment for the best interest of the institution."

Duties and Responsibilities. The Board bears the primary responsibility for creating and enhancing the long-term shareholder value of BPI, and generating reasonable and sustainable returns on shareholder capital by:

- Reviewing and approving the Bank's mission, vision, strategies and objectives;
- Appointing senior executives and confirming organizational structures;
- Approving enterprise-wide policies and procedures;
- Monitoring business and financial performance;
- Overseeing risk management frameworks and risk appetite; and
- Fostering regulatory compliance.

The Directors have healthy communication lines across various levels and functions within the Bank and the BPI group. In particular, BPI Directors who also sit on the boards of the Bank's subsidiaries or affiliates have first- hand access and insight into their operations and business activities, which allows for better assessment of Bank strategy and performance.

BOARD NOMINATION AND SELECTION POLICY

All written nominations for directors are submitted to the Nomination Committee. Nominations may be presented not later than the date prescribed by law, rules and regulations or at such earlier or later date before the date of the next annual meeting of the stockholders. All recommendations shall be signed by the nominating stockholders together with the written acceptance and conformity of the would-be nominees.

Transparent Nomination Process. Shareholders, including minority shareholders, may recommend candidates for board membership for consideration by the Nomination Committee. Such recommendations are sent to the Committee through the Office of the Corporate Secretary. Candidates recommended by shareholders are evaluated in the same manner as Director candidates identified by any other means. The Committee itself may identify and recommend qualified individuals for nomination and election to the Board.

For this purpose, the Committee utilizes information from professional search firms or external director databases when possible and maximizes all available information resources to search for qualified candidates. Members of the Committee recuse themselves in case of deliberations on their nomination.[14]

In 2023, in accordance with the resolution of the Board dated Dec. 14, 2022, which was disclosed and reported to PSE and SEC, all nominations for election of Directors for the term 2023 to 2024 were required to be submitted to the Corporate Secretary not later than Mar. 13, 2023. As of said date, there were only fifteen nominees to the Board received by the Corporate Secretary and all the nominees confirmed their acceptance of said nomination. Mr. René G. Bañez was nominated by the Roman Catholic Archbishop of Manila and the rest of the nominees were formally nominated by Ms. Josenia Jessica D. Nemeño, a long time stockholder of BPI who is not related to any of the nominees including the nominees for independent director.

[11] Recommendation 1.2, 5.1, SEC CG Code for PLCs
[12] Recommendation 5.2, SEC CG Code for PLCs
[13] SEC Mem. Cir. No. 9, Series of 2011 and No. 4, Series of 2017, Recommendation 5.3, SEC CG Code for PLCs

[14] Recommendation 2.6, SEC CG Code for PLCs

The nominations were subsequently processed and evaluated by the Nomination Committee of the Bank in a meeting called for that purpose and it was determined by the Committee that all the nominees (both regular Directors and Independent Directors) possess all the qualifications required by relevant laws, rules, regulations, BPI's By-Laws and MCG, and no provision on disqualification would apply to any of them. None of the nominees, directors and officers of the Bank works for the government.

Vetting of Directors. In the case of incumbent directors, the Nomination Committee reviews each director's overall service during his or her current term, including the number of meetings attended, level of participation, quality of performance, and, if any, transactions between the director and the Bank. Apart from the annual accomplishment reports of all board-level committees, inputs to the Committee review include, but are not limited to, the results of the regular board self-assessment, updated directors' biographies, written affirmation to the BPI Director's Code of Conduct and MCG, and relevant disclosures such as conflicts of interest or related party transactions, if any.

Selection Criteria. The Board, through the Nomination Committee, ensures the Fit and Proper requirements for the position of a director of a bank and assesses candidates in terms of integrity or probity, competence, education, diligence and experience or training. These are dictated by Banking Laws, BPI's Amended By-Laws, MCG, Board Diversity Policy, Board and Committee Charters, the rules and regulations of the BSP, SEC, and PSE as well as the Corporation Code. A Skills and Expertise matrix prepared by the Corporate Governance Committee also provides recommendations for the desired competency profile of the Board, which includes the alignment of qualifications with the strategic direction of the Bank. The Board also reviews candidate directors with respect to their skills, engagement and past or present work or board experience that considers ESG factors.[15]

The General Banking Law of 2000 (Republic Act 8791) provides the BSP with powers to prescribe, pass upon, and review the qualifications and disqualifications of individuals elected or appointed as bank directors or officers and the power to disqualify those found unfit for positions of bank directors and officers.

ELECTION OF DIRECTORS

The Nomination Committee pre-screens the candidates and prepares a final list of candidates prior to the ASM. Only nominees whose names appear on the final list of candidates are eligible for election to the Board. No other nomination shall be entertained after the final list of candidates are drawn up. No nomination shall be entertained or allowed on the floor during the ASM.

One Share, One Vote Rule. The Bank's Amended By-Laws state that elections for the Board will be held yearly during the ASM. Voting for the election of members of the Board is considered on a poll, by shares of stock, that is, one share entitles the holder to one vote. Under this rule, any minority shareholder can nominate individuals and has the power to cumulate voting rights. The right to cumulative voting is a statutory right granted by the Corporation Code of the Philippines. The Bank also has no current practice that awards disproportionate voting rights to select shareholders. The fifteen nominees receiving the highest number of votes are declared elected.

Electronic Voting in Absentia.
In its meeting held on Feb. 15, 2023, the Board approved Management's recommendations for BPI to provide the Bank's shareholders with the option to vote in absentia in the 2023 ASM. Whether made in person or in absentia, the votes carry equal effect. This also allows shareholders who are unable to attend the ASM the opportunity to participate and vote. Hence, at the Apr. 27, 2023 ASM, stockholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.

Voting Process. No meeting of stockholders shall be conducted to transact business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day or until such time as may be deemed proper. The Rules of Conduct, voting and vote tabulation procedures are explained during the ASM. Votes are cast and counted for each agenda item. The Office of the Corporate Secretary tabulates all votes received and the Bank's external auditor validates the results. Voting results are presented for each agenda item during the meeting to inform the participants of such outcome. Voting results are likewise disclosed on the various exchanges where BPI's capital market issuances are traded and the company's website as soon as possible after the meeting.

The election and appointment of directors and officers, which includes the Chairperson of the Board, is confirmed by the Monetary Board of the BSP. Elected or appointed directors and officers also submit required certifications and other documentary proof of qualifications to the BSP for the confirmation of their election or appointment.

The nomination and election processes and their effectiveness, including committee performance, are reviewed annually by the Nomination Committee during its review of the committee charter and its self-assessment.

These nomination and election policies are disclosed in the Bank's MCG and Nomination Committee Charter at www.bpi.com.ph.[16]

[15] Recommendation 1.1, 2.6, SEC CG Code for PLCs

[16] Recommendation 2.6, SEC CG Code for PLCs

Term of Directors. Directors are to hold office for a term of one year immediately upon their election and until the next election when their successor shall have been elected and qualified in accordance with the Bank's Amended By-Laws and the Corporation Code. In case any vacancy or vacancies should occur on the Board during the period between two ASMs, due to death, resignation or other causes, except removal, the remaining members of the Board, if still constituting a quorum, may fill said vacancy or vacancies by electing from among the stockholders. The stockholder or stockholders so elected shall act as a member or members of said Board until the election of a new Board of Directors.

POLICIES ON DIRECTORSHIPS

With a rigorous nomination process, close monitoring and reporting of board and committee meeting attendance, an annual performance evaluation which includes affirmative determination of time commitments and a review of board committee chairmanships and memberships, adequate safeguards against over boarding or over commitment are in place. Directors must notify the Board of their intention to accept a directorship in another company.[17]

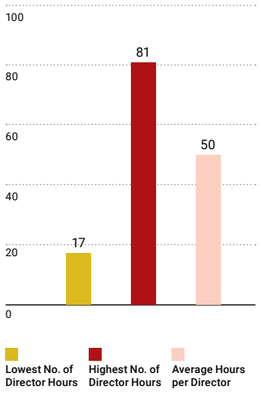
BPI directors are bound by the Board of Director's Code of Conduct to consider their individual circumstances and the nature, scale and complexity of the Bank's activities in showing full commitment. They should be able to devote the time, schedule and attention necessary to its business interests, to properly and effectively perform their duties and responsibilities, to avoid conflicts of interest, and to affirm this in writing annually.

Directorships in PLCs. The Bank applies a limit of five on directorships of Non-Executive Directors and Independent Directors in publicly-listed companies and within conglomerates[18]. Internally, the Bank ensures that the policy does not impinge on or violate a shareholder's ownership rights and legal right to vote and be voted upon as directors.

Interlocking Directorships. The Bank has a Policy on Directors and Officers Interlocking Positions which: (1) adopts the rules as provided by BSP Circular No. 1129 for determining allowable and prohibited interlocking positions; (2) establishes internal guidelines, procedures and processes for proper management of directors' and officers' interlocking positions, and; (3) sets out the minimum requirements from the circular for monitoring, compliance and regulatory reporting of director and officer interlocking positions in the BPI Group.

Time Commitments. Through the annual Board performance evaluation exercise and review of the Board size, structure and composition, the Board ensures that Directors' time commitments allow them to fulfill their Board roles to an appropriate standard and that the Board's quality of performance as a body, is high.[19]

Time Commitments



POLICY ON DIRECTOR EDUCATION AND TRAINING

The Board ensures that directors acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.[20]

Directors, senior management and key officers, in their own capacity or as sponsored by the Bank, are able to attend the requisite programs, seminars and roundtables with accredited service providers during the year.

Likewise, internal meetings with senior executives and operational or functional heads, and dedicated briefings on specific areas of responsibility within the business and special presentations on current issues or regulatory initiatives in cooperation with external technical and subject matter experts are arranged as needed. Directors also regularly attend governance fora, conferences, and summits. New Directors are briefed on BPI's background, organizational structure, and on general and specific duties and responsibilities of the Board.

[17] Recommendation 4.3, SEC CG Code for PLCs
[18] BSP Cir. 969 and Recommendation 4.2 SEC CG Code for PLCs

[19] Recommendations 4.1, 4.2 and 4.3, SEC CG Code for PLCs
[20] Recommendation 1.3 and 1.5, SEC CG Code for PLCs

They are given an overview of the industry, regulatory environment, business of banking, strategic plans of the Bank, its governance framework, including support from the Corporate Secretary and Senior Management. New directors submit a certification to the BSP that they have received a copy of the general responsibility and specific duties and responsibilities of the Board and of a Director.[21]

In this respect, in fulfillment of the Corporate Governance Committee's charter responsibilities for the provision of on-boarding/orientation programs for first time directors and new members of the board, the Corporate Governance Department conducted several on-boarding/orientation sessions throughout 2023, for Rizalina G. Mantaring, Jaime Z. Urquijo, and Karl Kendrick T. Chua, respectively.

The following table shows the training received by the Board of Directors and Key Officers:

DIRECTOR	2022	2023
Jaime Augusto Zobel de Ayala	The 4th Integrated Corporate Governance, Risk Management, and Sustainability Summit by Institute of Corporate Directors on Oct. 18	2023 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit by Institute of Corporate Directors on Oct. 03
Cezar P. Consing		
Janet Guat Har Ang		
René G. Bañez		
Ignacio R. Bunye		
Emmanuel S. de Dios		
Aurelio R. Montinola III		
Cesar V. Purisima		
Maria Dolores B. Yuvienco		
Jose Teodoro K. Limcaoco		• 2023 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit by Institute of Corporate Directors on Oct. 03 • ICD Masterclass: The Third Series – Session 6 "The Brand Architecture: A Valuable Framework for Setting Strategy" by Institute of Corporate Directors Dec. 15
Octavio Victor R. Espiritu		
Ramon R. del Rosario, Jr.*		N/A
Romeo L. Bernardo**		N/A
Jaime Z. Urquijo	• ICD Masterclass: Disruptive Strategy by Institute of Corporate Directors on Nov. 25 • Pilipinas: Aspire, Rise and Sustain Series Accelerating the Energy Transition and Inclusive Development Episode 3: Towards a Prosperity Agenda on Nov. 25	2023 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit by Institute of Corporate Directors on Oct. 03
Karl Kendrick T. Chua***	N/A	
Rizalina G. Mantaring***	N/A	
Fernando Zobel de Ayala****	N/A	

* Board member until Apr. 27, 2023
** Board member until Sep. 12, 2023
*** Board member effective Apr. 27, 2023
**** Board member effective Sep. 20, 2023

[21] BSP Circular No. 758, Recommendation 1.3, 2.1, SEC CG Code for PLCs

SENIOR MANAGEMENT	2022	2023
Eugenio P. Mercado (EVP)	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 18	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 03
Marie Josephine M. Ocampo (EVP)		
Maria Cristina L. Go (EVP)		
Juan Carlos L. Syquia (EVP)		• Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 03 • ICD Masterclass: The Third Series – Session 6 "The Brand Architecture: A Valuable Framework for Setting Strategy" by Institute of Corporate Directors on Dec. 15
Maria Theresa D. Marcial (EVP)		• BPI AIA IC Mandated Training by Quisumbing Torres on Oct. 26
Eric Roberto M. Luchangco (Chief Finance Officer and Chief Sustainability Officer)		Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit by Institute of Corporate Directors on Oct. 03
Anna Liza O. Bobadilla (Chief Audit Executive)		
Ma. Cristina F. Asis (Chief Risk Officer)		
Noravir A. Gealogo (Chief Compliance Officer)		
Maria Lourdes P. Gatmaytan (Corporate Secretary)		

POLICY ON REMUNERATION

BPI's remuneration policy for the Board and management is aligned with risk incentives and supports sustainable, long-term value creation. Apart from ensuring that Board and management pay appropriately reflects market and industry conditions and drives business strategy and financial performance, the policy likewise applies performance-based remuneration that rewards employees for their commitment to Bank's strategy.

Principles guiding Remuneration. In proposing the remuneration policy, the Personnel and Compensation Committee (PerCom) ensures that the mix of fixed and variable pay, in cash and other elements:

- Meets the Bank's needs and strategic objectives based on targets that are stretched, verifiable, and relevant;
- Accurately reflects recorded performance measures and promotes a pay-for-performance culture;
- Governs vesting of long-term incentives that are monitored and tied to risk-assessments to align remuneration with the Bank's long-term strategy and shareholder interests and encourage the long-term commitment of employees.[22]
- Reflects market rates and the challenge of attracting, retaining and competitively rewarding key staff with the ability, experience, skills, values, and behaviors to deliver bank goals.

These principles of paying competitively and paying for performance applies equally to the Board, President & CEO, officers, employees and staff. BPI's employee remuneration is aligned with the principle of non-discrimination in respect of equal remuneration for men and women who produce work of equal value and where remuneration is based not on an employee's gender but on an objective evaluation of the work performed.

Other remuneration policies include:

- All salary programs are subject to the approval of the PerCom and the Board.
- The remuneration policy is reviewed annually to ensure that it remains competitive and consistent with the Bank's high-performance culture, objectives, long-term outlook, risk assessment, and strategies.

Total Compensation Elements.
The PerCom ensures that a transparent compensation structure is in place, with a clear link between compensation and the Bank's objectives as well as a strong emphasis on the interests of the shareholders.

[22] Recommendation 2.5, SEC CG Code for PLCs

Fixed Pay Element. The fixed pay component is set at an appropriate level and considers industry and market rates as well as skills, competencies, responsibilities, and performance of the employee. It is reviewed at least annually.

- In this respect, salary surveys conducted by external compensation consultants are also used as references for employee salary benchmarking purposes.
- An annual merit increase may be granted upon Management's discretion based on the employee's performance.

Variable Pay Element. The variable pay component is performance-linked and based on the Bank, business or support unit and individual performance towards attainment of the overall Bank goals.

- It is measured against a balanced scorecard which includes financial and strategic metrics such as: revenues, loan volume, earnings, earnings per share, return on equity, return on assets, capital strength and risk containment, as well as non-financial metrics like corporate governance, customer satisfaction, adherence to corporate values, contributions both to operating unit and company-wide achievement, including any ESG factors which may be relevant to the evaluation of an employee's performance in the context of the Bank's sustainability objectives.
- All employees' performances are assessed by what is achieved and how it is achieved in line with BPI's core values.
- This performance bonus may be given upon management's discretion, subject to the endorsement of the PerCom and approval of the Board.

Director Remuneration. Non-executive directors shall be entitled to receive from the Bank, such retainer fees, reasonable per diems and other compensation as may be fixed by the President upon recommendation of the Personnel and Compensation Committee, provided that in no case shall the total yearly compensation of non-executive directors exceed one percent (1%) of the net income before income tax of the Bank during the preceding year. The Personnel and Compensation Committee of the Board of Directors shall have the responsibility for recommending to the President the fees, per diems and other compensation for non-executive directors. In discharging this duty, the Committee shall be guided by the objective of ensuring that compensation should fairly pay directors for work required in a company of the Bank's size and scope. No Director shall be involved in deciding his own remuneration during his incumbent term.

Remuneration Structure. Directors receive per diems for each occasion of attendance at meetings of the Board or of a board committee. Other than the usual per diem arrangement for Board and Committee meetings and the aforementioned compensation of Directors, there is no other standard arrangement as regards to the compensation of directors, directly or indirectly, for any other service provided by the directors for the last completed fiscal year.

- All fixed or variable remuneration paid to directors may be given, upon recommendation of the PerCom.
- Directors with executive responsibilities within the BPI group are compensated as full-time officers of the company, not as Non-Executive Directors.
- No Director participates in discussions of the remuneration scheme for himself or herself.
- Historically, total compensation paid annually to all directors has been significantly less than the cap stipulated by the Bank's Amended By-Laws.

In 2023, the Board of Directors, as a whole, received a total of Php 84.7 million as fees and other compensation for the services they rendered.[23]

Directors receive per diem allowances of PHP 70K for attendance at board meetings and PHP 30K for attendance at committee meetings. No distinction is made between per diem allowances for committee chairmen and members. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

The total compensation for each director for 2023 is disclosed in Annex A-3(b) of the 2023 Definitive Information Statement. (Recommendation 8.4 SEC CG Code for PLCs)

President & CEO and Senior Management Remuneration. The Board, through the PerCom, annually approves the remuneration payable to the President & CEO and Senior Management, which includes Executive Vice Presidents and Senior Vice Presidents who have the authority and responsibility for the Bank's overall direction and strategy execution. The PerCom monitors and assesses how the remuneration was implemented each year and ensures that it corresponds to the remuneration policy.

[23] Includes P25.9M for the year 2023 representing per diem of Directors at P70,000 per Board meeting and P30,000 per Committee meeting attended.

Remuneration Structure. Remuneration for the President & CEO and Senior Management is set in the same way as for all employees being contractually fixed, based on the role, the skills and experience of the individual, and reviewed annually with reference to relevant market benchmarks. Remuneration for Senior Management, as reflected in the ratio between fixed and variable components of their total compensation, changes according to performance, rank, and function.[24]

- Apart from the key performance indicators discussed in the foregoing section on Total Compensation Elements, the Percom ensures that Senior Management remuneration and incentives reflect prudent risk-taking and effective control.
- Salary reviews (covering fixed and variable compensation) are done at least annually to ensure market competitiveness of the senior officers' total remuneration. The Bank also participates in Executive and Total Remuneration Surveys to benchmark on its market positioning.

The remuneration of the Chief Risk Officer (CRO) and that of the Chief Compliance Officer (CCO) and Chief Audit Executive (CAE) are reviewed and endorsed by the Risk Management Committee and the Audit Committee respectively and subsequently approved by the Board. The performance of control functions (Audit, Compliance and Risk) are assessed independently from the business units they support to prevent any conflicts of interests.

Alignment with Long-term Shareholder Interests. The Board, through the PerCom, also established long-term incentive programs, which are aligned with shareholder interests. The Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP) give officers the opportunity to buy shares of stock in BPI at a discounted price. Details on the ESOP and ESPP can be found in Note 18 of the Audited Financial Statements.[25]

[24] Recommendation 8.4, SEC CG Code for PLCs
[25] Recommendation 2.5 SEC CG Code for PLCs

In 2023, the level of remuneration for the most senior executive officers of the Bank is as follows:

NAME	SALARY*	BONUSES*	OTHER SALARY
Jose Teodoro K. Limcaoco President & CEO**	Php159.83M	Php122.90M	None
Maria Cristina L. Go EVP			
Maria Theresa D. Marcial*** EVP			
Marie Josephine M. Ocampo EVP			
Juan Carlos L. Syquia EVP			

*In as much as corporate governance best practices recommend that remuneration of the top five key officers be individually disclosed, the Bank believes that it would be disadvantageous to do so because of the competitiveness and high demand for talent in the industry.

**The President and CEO/Executive Director receives remuneration as Officer and not as Executive Director of the company. There are no other Executive Directors other than the President and CEO.

***Seconded to BPI Asset Management and Trust Corporation (doing business under the trade name and style of BPI Wealth - A Trust Corporation)

POLICIES ON MEETINGS AND ATTENDANCE

Our Directors make significant time commitments, not only in preparing for and attending Board and board committee meetings, but also to initial induction, continuing education, training, and engagement with the executive team and stakeholders, as needed.[26]

Scheduling of Meetings. The Board and the board committees conduct business through meetings for the effective discharge of obligations. Regular board meetings are convened monthly, scheduled at the beginning of the year to cover the full term of the newly elected or re-elected Directors, reckoned from the date of the current year's ASM to that of the following year. Special meetings may be called as needed.

Board Meetings in 2023 were held on the following dates:

DATE OF MEETING	NATURE OF MEETING
January 18	Regular
February 15	Regular
March 15	Regular
April 19	Regular
April 27	Organizational
May 17	Regular
June 21	Regular
July 19	Regular
August 16	Regular
September 20	Regular
October 18	Regular
November 15	Regular
December 13	Regular
December 14	Strategic Planning

[26] Recommendation 4.1, SEC CG Code for PLCs

Conduct of Meetings. The Chairman presides over meetings of the Board. The Vice Chairman presides in the absence of the Chairman. Board and committee meetings are conducted consistent with the Bank's Amended By-Laws.

Discussions during board meetings are open and independent views are given due consideration. When necessary, the Board holds executive sessions to discuss highly sensitive matters.

Agenda Setting. Items placed on the board agenda are those that have the most fundamental importance and broad policy implications for the Bank. Directors are free to suggest items for inclusion in the agenda, and are free to raise at any board meeting topics that are not on the agenda for that meeting. At the Chairman's discretion, any agenda items may also be referred for discussion in the respective committees.

Director Attendance. In 2023, average attendance of elected Directors of the Board's fourteen meetings was 99%. When exigencies prevent a Director from physically attending a Board or board committee meeting, facilities for telephone conferencing are made available. In instances when a Director is unable to attend meetings even through teleconferencing due to prior commitments or unavoidable events, the said Director provides input to the chairman so that his views can be known and considered.

Meetings Held Remotely. Consistent with its digitalization strategy, the Bank has adopted virtual meeting platforms and invested in the necessary equipment, including video and web conferencing software. In addition to training, virtual meeting protocols for both the Board and Management have also been established accordingly. These alternative means of communication for Board and board committee meetings follow BSP and SEC guidance on the conduct of meetings held remotely by electronic means. Likewise, rules and procedures relating to presence of a quorum, notices, agenda setting, voting, conflicts of interest, when meetings can be called and held, etc., continue to follow rules and procedures for meetings held in person. All directors in attendance at the meetings held remotely by electronic means are able to hear, participate and communicate 'live' in the discussions and decisions made at the meetings.

NO. OF MEETINGS ATTENDED IN 2023		
Name	**Attended/Total**	**In Percentage (%)**
Jaime Augusto Zobel De Ayala	12/14	86%
Cezar P. Consing	14/14	100%
Jose Teodoro K. Limcaoco	14/14	100%
Janet Guat Har Ang	14/14	100%
René G. Bañez	14/14	100%
Romeo L. Bernardo*	9/9	100%
Ignacio R. Bunye	14/14	100%
Karl Kendrick T. Chua**	10/10	100%
Emmanuel S. de Dios	14/14	100%
Octavio Victor R. Espiritu	14/14	100%
Rizalina G. Mantaring**	10/10	100%
Aurelio R. Montinola III	14/14	100%
Cesar V. Purisima	14/14	100%
Ramon R. Del Rosario, Jr.***	4/4	100%
Jaime Z. Urquijo	13/14	93%
Maria Dolores B. Yuvienco	14/14	100%
Fernando Zobel De Ayala****	4/4	100%

**Resigned as Board Member effective Sep. 12, 2023*
***Elected as Board Member effective Apr. 27, 2023*
****Resigned as Board Member effective Apr. 27, 2023*
*****Elected as Board Member effective Sep. 20, 2023*

Minutes of Meetings. Minutes of Board and committee meetings are prepared with due regard to legal requirements. Key points and decisions taken have been summarized. The Board generally acts by consensus rather than on an adversarial basis, so that abstentions and rare instances of formal dissent are duly recorded. Further, Directors take the initiative to have high-level discussions outside the Board meetings, including separate discussions with Senior Management on its proposals. The Chairman likewise ensures that there is a fair and honest exchange of ideas and opinions by and between the Directors and Senior Management in board meetings.

Meeting Materials. Board and board committee reference materials are made available to the directors prior to the scheduled meeting. As an innovation to board governance, all materials for Board and board committee meetings are uploaded through a secure system onto individual tablet devices specifically provided to the Directors to ensure immediate receipt and quick access.

Annual Strategic Planning Meeting. The Board and senior executives attend each year, a strategy session, held offsite when possible, to engage in dynamic and in-depth strategic discussion on the Bank's medium and long-term plans as well as regularly review the Bank's vision and mission. For last year, this was held on Dec. 14, 2023.

Non-Executive Directors (NED) Meeting. Independent and Non-Executive Directors of the Bank also meet at least once a year without the presence of the executive director or management.

The NED meeting held on Nov. 20, 2023 facilitated an open discussion of ongoing initiatives and semestral performance of the Bank. The meeting was chaired by the Lead Independent Director and was also attended by the control heads – Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer as well as the external auditor.

Two-thirds (2/3) Quorum. The minimum quorum requirement for board decisions is set at two-thirds (2/3) of the Board as provided by the Bank's Amended By-Laws. Any meeting for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act, unless otherwise provided in the Amended By-Laws.

Access to Information
The Board has separate and independent access to the Corporate Secretary, who serves as an adviser to the Directors on their responsibilities and obligations and oversees the adequate flow of information to the Board prior to meetings.[27]
All directors also have access to Senior Management. Directors and board committees also have unrestricted access to company records and information, in addition to regular detailed financial and operational reports from Senior Management.

Board Access to External Advice. The Board, if requested by the Chairman or other Directors, can call on external specialists or consultants for advice, briefings or assistance on specialized areas of focus such as accounting standards, related party transactions, capital, tax, listing, mergers and acquisitions, valuation, etc. Management can arrange for the external auditor, management services company or consultants to present to the Board.

Role of the Corporate Secretary.
Our Corporate Secretary, who is a senior, strategic-level corporate officer, not a member of the Board, and a separate individual from the Chief Compliance Officer, plays a leading role in the Bank's corporate governance, and as such, attends corporate governance training annually. The Corporate Secretary's functions are stated in the Bank's Amended By-laws and Manual on Corporate Governance.

The Corporate Secretary is suitably trained and experienced in legal, accountancy, and company secretarial practices and is professionally qualified for these responsibilities. She is Co-Head of Legal and Head of Corporate Legal Affairs of the Bank and also the Corporate Secretary of various BPI subsidiaries and affiliates.

See Appendix for the full biography of our Corporate Secretary.

[27] Recommendation 1.5, SEC CG Code for PLCs

POLICIES ON PERFORMANCE EVALUATION

The Board annually conducts a self-assessment to ascertain the alignment of leadership fundamentals and issues, validate the Board's appreciation of its roles and responsibilities and confirm that the Board possesses the right mix of background and competencies.[28]

Board Self-Evaluation. Performance is assessed across four levels: the Board as a body, Board Committees, individual Directors, and President and CEO. Key evaluation criteria are built on the Board's terms of reference and committee charters, and framed around broad leadership fundamentals and best practices.

In this respect, the Board conducted its 2023 annual performance evaluation in early 2024. Directors assessed that the Board as well as its committees and individual directors had performed their duties and responsibilities effectively for the past year and that there were no material issues with respect to membership, governance, and operations. This also included an assessment of the President and CEO.

Third-Party External Performance Evaluation. In pursuit of best practices, the Bank engaged in 2023 a third-party external facilitator, Aon Hewitt Singapore Pte. Ltd., to conduct a separate Board Assessment covering the prior board term.[29]

The results of the second triennial external assessment (the "Aon Report"), which forms part of BPI's compliance with BSP Cir. 969 and SEC Memorandum Circular 19, Series of 2016, were presented to the Corporate Governance Committee at its meeting on Nov. 23, 2023, which endorsed the same to the Board. Subsequently, the Board noted the results and recommendations in the Aon Report in its meeting on Jan. 17, 2024.

[28] Recommendation 6.1, SEC CG Code for PLCs
[29] Recommendation 6.1, SEC CG Code for PLCs, BSP Cir. 969

BOARD PERFORMANCE EVALUATION AND SELF-ASSESSMENT[30]

	PROCESS	CRITERIA
Board of Directors	The Board shall be given sufficient time to accomplish the self-assessments. Each individual director performs the four (4) levels of self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level. For the Board and Committee-level assessments, while the directors will be rating the Board's or Committee's performance as a body, the accomplishment of the assessment forms is meant to be done individually, on a per director basis. This is to secure an honest, unbiased, independent, and anonymous view from each director rather than a collective assessment that may already be subject to filtering and pre-agreement. Each director shall submit the completed forms on or before the deadline set by the Corporate Governance Committee or at such earlier or later date as the Board may agree upon. The Corporate Governance Committee processes the results of the assessments and communicates this to the Board through a Summary Report.	1. Strategic Foresight 2. Board Structure and Committee Effectiveness 3. Board Meetings and Procedures 4. Board and Management Relations 5. Induction and Continuing Education 6. Performance Evaluation 7. Value Creation General and specific leadership standards under the above criteria are considered in evaluating the Board as a body such as: adequacy of the processes which monitor business performance; board member interaction with management; adequacy of board knowledge; appropriateness of balance and mix of skills; size of board; contribution of individual directors; board's effectiveness in use of time; if board allows sufficient opportunity to adequately assess management performance; board's ability to keep abreast of developments in wider environment which may affect BPI; working relationship between chairman and chief executive officer; segregation of duties between board and management; ability of directors to express views on each other and to management in constructive manner, etc.
Board Committees	Submission of Accomplishment Reports to the Board by the different committees. In addition, the Audit Committee submits the "Self-Assessment in the Performance of the Audit Committee" to the SEC.	General and specific factors relating to Committee role, membership, procedure and practice, structure, collaboration and style and effectiveness. 1. General 2. Committee Charter and Governance Each committee's assessment template is now based on their specific charter and manner of governance. Sample factors: • Use of committee time • Adequacy of committee papers and frequency of meetings • Ability to access resources • Ability to keep informed in relevant areas; provision for continued development; working relationship between committee chairman and members; segregation of duties between committee and management; ability of directors to express views on each other and to management in a constructive manner, etc.
Individual Director	Each director is required to fill-up a Self-Assessment Form annually.	Evaluation criteria focuses on best practice benchmarking and specific director roles in the board and in committees: 1. Company Strategy, Developmental Role and Reputation 2. Board Engagement and Attendance 3. Performance and Governance Role In addition, the template includes separate question(s) for executive directors, independent directors and committee chairmen.
CEO/President	Each director fills up an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The CEO/ President's performance is also evaluated at least once a year by the Personnel and Compensation Committee and Executive Committee	For the CEO assessment, questions revolve around these criteria: 1. Leadership 2. Working with the Board 3. Managing Execution 4. Communication/External Relations

[30] Recommendation 6.2 SEC CG Code for PLCs

SKILLS AND EXPERTISE MATRIX	BOARD TERM: 2023-2024															
Competency Area	**JAZA**	**CPC**	**JTKL**	**FZA[31]**	**JHA**	**RGB**	**IRB**	**KTC**	**ESD**	**OVE**	**ARM**	**RGM**	**CVP**	**JZU**	**DBY**	**RLB[32]**
Core Personal Attributes[33]	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Board/ Corporate Governance experience[34]	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Executive Leadership/ Management Skills[35]	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Specialized Skills or expertise[36]																
• Accounting or Internal Control[37]	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
• Risk Management[38]		√	√		√				√	√	√	√	√	√	√	
• Technology[39]			√		√			√				√				
• Marketing/Sales and Customer Management[40]					√							√				
• Organizational Development[41]	√	√	√	√	√	√	√	√		√	√	√	√	√	√	√
• Public and Regulatory[42]					√	√	√	√					√		√	√
• Sustainability[43]	√	√	√											√		
• General Banking (Industry knowledge)	√	√	√	√	√		√	√		√	√	√	√		√	√

CEO and Senior Management. As stated in the Bank's Amended By-Laws and MCG, the board-level Personnel and Compensation Committee oversees the performance evaluation process within the Bank which includes the annual review and approval of corporate goals, strategic objectives, and standards relevant to the CEO, Senior Management, and other key officers of the Bank. Performance is generally measured based on achievements and output of the officer, business unit, or the Bank as a whole, or using a combination of all as the executive's responsibilities may dictate.[44]

The performance management framework considers strategies and goals or actual results of a given period's business objectives and core competencies. It also looks into the behavior, technical competencies, and soft skills exhibited by the officer during the period under review, as well as fitness and propriety. The performance of control function heads for audit, risk management, and compliance are also evaluated by the Audit Committee and Risk Management Committee.

The framework also follows a performance management cycle: Goal setting, Performance monitoring, Performance appraisal, Performance reinforcement, and Performance improvement.

[31] Elected Sep. 20, 2023
[32] Resigned Sep. 12, 2023
[33] History of ethical behavior (prior or current directorships in other publicly-listed companies or confirmation from regulatory bodies such as the BSP and SEC), availability (based on number of current directorships), relevant and distinguished professional career (as may be determined from bio-data).
[34] Knowledge and experience in a system for the oversight of decision-making, actions and behavior and governance structures (as may be determined from candidate's bio-data/professional career); Commitment to high standards of corporate governance (prior or current directorships and if publicly- listed companies, classification as a director).
[35] Senior executive perspective of running a large organization or bank; Experience with stakeholder management. (as may be determined from bio-data/ professional career).
[36] Experience or education
[37] Ability to understand financial statements, assess adequacy and integrity of financial controls and reporting
[38] Technical knowledge of or expertise with risk management models, methods
[39] Expertise in information technology systems, or experience in technology governance in the financial services industry
[40] Technical background in marketing with strategic focus on customer issues and perspectives; customer advocacy and/or engagement
[41] Organizational/talent development, including executive performance, change management, remuneration frameworks
[42] Regulatory policy or working in government, public administration
[43] Familiarity with mapping supply chain risks, conduct of safety and environmental due diligence audits, renewable energy procurement/contracting; developing, directing sustainability initiatives, programs and practices
[44] Recommendation 2.8, 2.9 SEC CG Code for PLCs

POLICIES ON SUCCESSION PLANNING AND TALENT MANAGEMENT

The Board is committed to a process of orderly succession and acknowledges that a succession plan for the Board and its leadership positions is in the best interest of the Bank and its stakeholders. Leadership changes are not only carefully considered and planned, but are also part of a comprehensive risk management strategy that is guided by clear and transparent governance policies, processes, and laws.

Board Succession. In this regard, the Board is regularly refreshed in a continuing cycle. The Nomination Committee and the Corporate Governance Committee work within a general board succession plan framework to ensure that: 1) appropriate governance processes are in place and ongoing, for identifying, assessing, and monitoring future needs of the Board; 2) there is continuity and transfer of knowledge in the Board so that it may effectively fulfill its role and responsibilities to BPI, as that may evolve over time, and; 3) the Board is taking a prudent and structured approach to managing succession risk. [45]

The Corporate Governance Committee assists the Nomination Committee in the annual review and assessment of the structure, size, and composition of the Board and Board-level committees. The committees take into consideration the Bank's current strategy and business, regulatory requirements on independence and diversity, as well as comparative benchmark and peer group analysis.

The Corporate Governance Committee also utilizes a Skills and Expertise Matrix to proactively shape board composition, identify competency gaps, if any, and build the desired or required competency profile against which candidate directors will be assessed. Using a point system, succession planning priorities are then determined to guide the Nomination Committee in the assessment of candidates and in managing current and future requirements of the Board.

President & CEO Succession. As part of the executive planning process, the PerCom as a whole or a part thereof, in consultation with the Board, the Nomination Committee and the President and CEO, evaluates and nominates potential successors to the President and the CEO.[46] Succession planning has effectively ensured leadership continuity through four President and CEO changes in the last three decades, marked by early planning and mentoring, smooth organizational and operational transitioning, and prudent but progressive institutional building at BPI and across the BPI group.

Senior Management Succession. The Board, through its PerCom, manages the talent pipeline and assembles the required personnel capable of navigating such changes. In consultation with the President and CEO, the PerCom reviews the Bank's succession development process for proper management. Senior Management provides a report to this Committee on the results of its talent and performance review process for key management positions and other high-potential individuals. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps, and proactive measures in the Bank's executive succession planning.

Selection Process. The selection process involves a number of steps, including:

- Identifying candidates for the talent pipeline and market mapping to gain an understanding of current offerings in the marketplace in relation to the roles, skills, knowledge, and experience needed; this also involves actively building and nurturing relationships with talent in order to create a list of roles that are key to the Bank's success; the Bank also utilizes referrals, and industry platforms as it tailors skillset requirements;
- Screening and vetting candidates once the requirements have been identified, through a variety of methods, such as reviewing resumes, conducting interviews, or administering online assessments; the focus here is on the fit and suitability of the candidate to the role, the current and future business directions, and the Bank's company culture, beyond the minimum fit and proper requirements and qualifications stated in the BSP Manual of Regulations for Banks;
- Making the selection decision: The final step is to make the selection decision. This decision should be based on the information gathered during the screening and interviewing process.

More information on Succession Planning and Talent Management can be read on the company website at www.bpi.com.ph.

POLICIES ON RETIREMENT

Director Retirement. The best interests of BPI are served by retention of directors that make meaningful contributions to the Board and the organization, regardless of age. It is the Bank's strong view that with age often comes unmatched wisdom and experience, expert business judgment, invaluable industry and community relations and authority, and deeply ingrained appreciation of corporate governance principles.

The Bank believes that imposing uniform and fixed limits on director tenure is counter-productive as it may force the arbitrary retirement of valuable directors.

Retirement Age. Nevertheless, the Bank has set a retirement age for Directors at 80 years old.[47]

Retirement of Senior Management. The requisite succession planning for key officers as well as employees is done in accordance with the Bank's policies and implementing guidelines of its retirement plan for all employees, the Bank's Amended By-Laws, Labor Code, and the Corporation Code of the Philippines. Currently, the retirement age for employees of the Bank is set at 60 years old.

The Retirement Policy and other board governance policies may be viewed on the company website at www.bpi.com.ph. See Appendix for full biographies of our Principal Officers.

CONTACT OUR BOARD

Communications to the Directors, including any concerns regarding BPI's risk management, governance, accounting, internal controls, auditing or other matters, may be addressed to the Board through the Office of the Corporate Secretary.

Board of Directors
Bank of the Philippine Islands
Office of the Corporate Secretary
28/F Tower Two, Ayala Triangle Gardens
Paseo de Roxas corner Makati Avenue
Bel-Air, Makati City 1226

Concerns may be submitted anonymously or confidentially by any shareholder, customer, supplier, or other interested party. Communications relating to the Bank's risk management will be endorsed to the Risk Management Committee. Accounting, internal controls, or auditing matters will be relayed to the Audit Committee. Other matters will also be handled by the appropriate Board committee. In the same manner, communications will be referred to other areas of the Bank for handling as appropriate under the facts and circumstances outlined in the communications.

BOARD COMMITTEES

The Board has established Committees to heighten the efficiency of Board operations and assist in exercising its authority for oversight of internal control, risk management, and performance monitoring of the Bank.

The committees provide organized and focused means for the Directors to achieve specific goals and address issues, including those related to governance.

In particular, the committees enhance the objectivity and independence of the Board's judgment, insulating it from undue influence of management and major shareholders. In 2023, the Bank had eight Board-level committees. The chairmen and members of the different committees were elected by the Board during the Organizational Meeting on Apr. 27, 2023, after the ASM. Any subsequent changes in membership of the respective committees are made upon approval by the Board.[48]

We strive to comply with the BSP regulations and the SEC Code of Corporate Governance for PLCs with respect to the chairmanships and memberships of the committees. All committee chairmanships and memberships are compliant with their respective committee charters and the Manual on Corporate Governance.

Committee chairs and vice chairs provide leadership to their respective committees and guide members in translating the Board's goals for the committee into meeting agendas and work plans for the year. They work with the Corporate Secretary, management and committee secretariats to prepare the agendas, discussion materials and reports, and schedules of meetings set at the beginning of the year, for guidance of the members. Committee meetings are recorded and minutes are prepared by the Corporate Secretary. The work, accomplishments, and minutes of the meetings of the committees are regularly reported to the Board. Policies approved at committee level are confirmed by the Executive Committee or the Board.

As part of the annual Board effectiveness review, committees conducted self-assessment exercises for 2023 in at end-2023 to early 2024. The review found all committees to have performed their respective duties and responsibilities effectively. There were no material issues with respect to committee memberships, governance, and operations.

Attendance of the members of our Board in their respective committee meetings in 2023 are shown on pages 118 to 119.

Committee Charters. All the board-level committees have Committee Charters which state their respective purposes, memberships, structures, duties and responsibilities, operations, reporting processes, resources, and other relevant information which may serve as a basis for the performance evaluation of each committee. In 2023, all committees conducted the annual review of their charters as well as the self-assessment exercise.[49]

Committee Charters are fully disclosed in the Manual on Corporate Governance and on the company website at www.bpi.com.ph.

Executive Committee. The Board appoints from its members an Executive Committee composed of not less than five members, one of which shall be an Independent Director.

At its meeting held on Sep. 20, 2023, the Board elected Mr. Fernando Zobel de Ayala ("Mr. Zobel") as Director vice Mr. Romeo L. Bernardo ("Mr. Bernardo") who had resigned effective Sep. 12, 2023 in view of his appointment to the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). Mr. Zobel was also appointed as member of the Executive Committee and Personnel and Compensation Committee vice Mr. Bernardo. With his election to the Board of Directors, Mr. Zobel relinquished membership in BPI's Advisory Council.

Membership of the committee remained in compliance with its updated charter in the latest version of the Manual on Corporate Governance.

The Executive Committee, between meetings of the Board, possesses and exercises all powers of the Board in the management and direction of the affairs of the Bank subject to the provisions of the Bank's Amended By-Laws, and the limitations of the law and other applicable regulations.

The Executive Committee serves as the operating arm of the Board, approves all major policies and oversees all major risk-taking activities. A majority of all the members of the Executive Committee shall constitute a quorum.

[45] BSP Cir. 969, Recommendation 2.4 SEC CG Code for PLCs

[46] Recommendation 2.4, 2.8 SEC CG Code for PLCs

[47] Recommendation 2.4 SEC CG Code for PLCs

[48] Recommendations 3.1- 3.6 SEC CG Code for PLCs

[49] Recommendation 3.6, SEC CG Code for PLCs

BPI BOARD AND BOARD-LEVEL COMMITTEES

	BOARD	EXECUTIVE	CORPORATE GOVERNANCE	RISK MANAGEMENT	AUDIT	RELATED PARTY TRANSACTIONS	PERSONNEL AND COMPENSATION	NOMINATION	RETIREMENT/ PENSION
Number/Composition of Committee Members	**15**	**7**	**3**	**5**	**3**	**3**	**5**	**3**	**4**
Frequency of Meetings[1]	Every 3rd Wednesday of the month	Every Wed. except 3rd Wednesday	Quarterly	Every month	Once a month	Monthly or As needed	As needed	Twice a year or as needed	At least twice a year or as needed
Name of Members									
1. Jaime Augusto Zobel de Ayala	X-C	X-C					X-C	X	
2. Cezar P. Consing	X-VC	X-VC		X[3]			X[3]	X	
3. Jose Teodoro K. Limcaoco (President & CEO)	X	X							
4. Janet Guat Har Ang (ID)	X			X					
5. René G. Bañez	X	X				X			X
6. Romeo L. Bernardo	X[2]	X[2]					X[2]		
7. Ignacio R. Bunye (ID)	X					X-C			
8. Karl Kendrick T. Chua	X[3]								X[5]
9. Emmanuel S. de Dios (ID)	X		X-C						
10. Octavio Victor R. Espiritu	X			X	X				
11. Rizalina G. Mantaring (ID)	X[3]		X[3]	X-C[3]					X[3]
12. Aurelio R. Montinola III	X	X					X		X-C
13. Cesar V. Purisima (ID)	X	X		X	X			X-C	
14. Jaime Z. Urquijo	X		X[3]						
15. Maria Dolores B. Yuvienco (ID)	X				X-C	X	X		
16. Fernando Zobel de Ayala	X[4]	X[4]					X[4]		

[1] Based on committee charter or current practice
[2] Board/Committee member until Sep. 12, 2023
[3] Board/Committee member effective Apr. 27, 2023
[4] Board/Committee member effective Sep. 20, 2023
[5] Committee member effective May 17, 2023

Legend:
C-Chairman
VC-Vice Chairman

In 2023, the Executive Committee approved major credit risk exposures, major policies and, corporate actions, including contracts, sale of real properties, HR Matters (such as compensation, hiring, promotions, terminations), and branch relocations.

Audit Committee. The Board appoints from its members an Audit Committee composed of at least three (3) NEDs, of which majority must be Independent Directors including the Chairman. Members of the committee must have accounting, auditing, or related financial management expertise, or experience commensurate with the size, complexity of operations, and risk profile of the Bank. The Chairperson of the Audit Committee shall not be the Chairperson of the Board or of any other board-level committees.[50]

Committee membership remained in compliance with its charter for the year.

For 2023, the Audit Committee monitored and evaluated the adequacy and effectiveness of the Bank's internal control systems, risk management, compliance, and governance practices. It provided oversight on the integrity of the Bank's financial statements and financial reporting process, performance of the internal and external audit functions and compliance with bank policies, applicable laws, and regulatory requirements. The Committee also approved the external auditor's annual audit plan and scope of work, and assessed its overall performance and effectiveness. In consultation with management, this Committee also approved the external auditor's terms of engagement and audit fees.

For more details, please read the Audit Committee Report for the year ended Dec. 31, 2023. The report is also posted on the company website at www.bpi.com.ph.

Corporate Governance Committee. The Board appoints from its members a Corporate Governance Committee composed of at least three (3) NEDs, of which majority must be Independent Directors including the Chairman.[51] In the Organizational Meeting of the Board of Directors immediately after the 2023 Annual Stockholders' Meeting, newly-elected Independent Director Rizalina G. Mantaring and Director Jaime G. Urquijo were appointed as new members of the committee. Committee membership remained in compliance with its charter for the year.

In 2023, the Corporate Governance Committee carried out its regular mandate as set in its charter, to offer recommendations for the Bank's corporate governance framework and to address, in particular, BPI's conformance to BSP Circular 969, BSP Circular 900, SEC Memorandum Circular 19, Series of 2016, as well as best practices espoused by the ASEAN Corporate Governance Scorecard (ACGS). This included remedial action for regulatory compliance, policy development, oversight of the corporate governance framework and practices as well as compliance testing of Bank subsidiaries. The Committee also provided guidance with respect to regulatory matters concerning the BSP and SEC.

Nomination Committee. The Board appoints from its members a Nomination Committee composed of at least three (3) directors, of which majority must be Independent or Non-Executive, including the Chairman.

In this respect, membership of the committee remained in compliance with its charter.

During the year, the Nomination Committee convened to vet candidates for nomination to be elected at the 2023 ASM and guided election activities, appointments and re-composition of committee memberships as part of its charter responsibilities, the succession planning process and to align with best practices.

Risk Management Committee. The Board appoints from its members a Risk Management Committee (RMCom) composed of at least three Directors, of which the majority must be Independent, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. The Chairperson shall not be the Chairperson of the Board or of any other board-level committee.[52]

In the Organizational Meeting of the Board following the 2023 Annual Stockholders' Meeting, newly-elected Independent Director Rizalina G. Mantaring was appointed by the Board as the Chair of the Risk Management Committee on Apr. 27, 2023. Likewise, composition of the RMCom was updated from three back to five members. In this respect, membership of the committee remained in compliance with its charter.

The RMCom is tasked with nurturing a risk-aware culture throughout the organization. It supports the Board by overseeing and managing the Bank's exposures to financial and non-financial risks, evaluate new and emerging risk issues across the Bank, and regularly reviews the Bank's risk appetite and limits, policies, methodologies, structures, and metrics. These efforts are aligned with the Bank's business strategies, and in compliance with regulatory and international risk management standards.

Personnel and Compensation Committee. The Board appoints from its members a PerCom composed of four (4) members of the Board who are not officers of the Bank plus one (1) member who is an Independent Director. At its meeting held on Sep. 20, 2023, the Board elected Mr. Fernando Zobel de Ayala ("Mr. Zobel") as Director vice Mr. Romeo L. Bernardo ("Mr. Bernardo") who had resigned effective Sep. 12, 2023 in view of his appointment to the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). Mr. Zobel was also appointed as member of the Executive Committee and Personnel and Compensation Committee vice Mr. Bernardo. With his election to the Board of Directors, Mr. Zobel relinquished membership in BPI's Advisory Council.

[50] Recommendation 3.2 SEC CG Code for PLCs

[51] Recommendation 3.3 SEC CG Code for PLCs

[52] Recommendation 3.4, SEC CG Code for PLCs

Membership of the Committee remained in compliance with the PerCom charter.

In 2023, the PerCom directed and ensured the implementation of various programs of the Human Resources Management Group such as: Leadership and Talent Development, Compensation and Total Rewards Review, the Performance Level Ranking Program for officers, Collective Bargaining Agreements (CBA) settlements, as well as promotions and organizational changes during the year.

Related Party Transactions Committee. The Board appoints from its members a Related Party Transactions Committee (RPTCom) composed of at least three Independent and/or Non-Executive Directors, of which the majority must be Independent, including the Chairperson.[53] Membership of the Committee remained in compliance with the RPTCom Charter.

[53] Recommendation 3.5 SEC CG Code for PLCs

For 2023, the RPTCom vetted and endorsed credit and non-credit transactions of the Bank involving accounts that reached established materiality thresholds. The Committee also noted the regular post-transaction reviews of RPTs by the Internal Audit (for significant RPTs) and Compliance Office (for below significant transactions), as presented by the Chief Audit Executive and Chief Compliance Officer, respectively, both of whom are resource persons of the RPTCom. The Committee also noted the regular reports on: (a) credit and non-credit RPTs that were below the materiality threshold as vetted by the Management Vetting Committee (MVCom) and (b) RPTs that are exempt from vetting but subject to post-transaction reporting. Details of significant RPTs are disclosed in the audited financial statements. The RPTCom is supported in its vetting activities and other functions by the RPTCom Secretariat, under the Credit Policy and Risk Management (CPRM) Division of the Risk Management Office.

Retirement/Pension Committee. The Board appoints from its members a Retirement/Pension Committee composed of at least three (3) directors, of which majority must be Independent or Non-Executive, including the Chairman. The Human Resources Head shall also be a non-voting member of the Committee.

At its meeting held on May 17, 2023, the Board approved the appointment of Mr. Karl Kendrick T. Chua as an additional member of the Retirement/Pension Committee. Membership of the Committee remained in compliance with its Charter for the year.

For 2023, the Retirement/Pension Committee convened to oversee and discuss matters relative to its fiduciary, administrative, and investment portfolio responsibilities under its charter, as well as manage the non-investment aspects of the Bank's retirement plan.

COMMITTEE APPOINTMENTS, ATTENDANCE AND YEARS OF SERVICE 2023

COMMITTEE	POSITION	NAME	DATE OF APPOINTMENT	ATTENDANCE/ MEETINGS[1]	%
Executive Committee	Chairman (NED)	Jaime Augusto Zobel de Ayala	April 06, 2006	19/31[8]	61%
	Vice-Chairman (NED)	Cezar P. Consing	April 18, 2013	25/31[8]	81%
	Member (ED)	Jose Teodoro K. Limcaoco	April 25, 2019	31/31[8]	100%
	Member (NED)	Rene G. Bañez	August 18, 2021	31/31[8]	100%
	Member (NED)	Romeo L. Bernardo[2]	September 21, 2022	21/22[8]	95%
	Member (NED)	Aurelio R. Montinola III	March 25, 2004	25/31[8]	81%
	Member (ID)	Cesar V. Purisima	April 28, 2022	31/31[8]	100%
	Member (NED)	Fernando Zobel de Ayala[3]	September 20, 2023	5/8	63%
Audit Committee	Chairman (ID)	Maria Dolores B. Yuvienco	October 21, 2020	16/16[9]	100%
	Member (NED)	Octavio Victor R. Espiritu	April 15, 2010	16/16[9]	100%
	Member (ID)	Cesar V. Purisima	April 22, 2021	16/16[9]	100%
Risk Management Committee	Chairman (ID)	Rizalina G. Mantaring[4]	April 27, 2023	9/9[9]	100%
	Member (ID)	Janet Guat Har Ang	May 19, 2021	13/13[9]	100%
	Member (NED)	Cezar P. Consing[5]	April 27, 2023	10/11[9]	91%
	Member (NED)	Octavio Victor R. Espiritu	May 15, 2000	13/13[9]	100%
	Member (ID)	Cesar V. Purisima	April 22, 2021	13/13[9]	100%
Corporate Governance Committee	Chairman (ID)	Emmanuel S. de Dios	April 28, 2022	4/4	100%
	Member (ID)	Ignacio R. Bunye[6]	October 21, 2020	1/1	100%
	Member (NED)	Ramon R. Del Rosario, Jr.[6]	April 22, 2021	1/1	100%
	Member (ID)	Rizalina G. Mantaring[4]	April 27, 2023	3/3	100%
	Member (NED)	Jaime Z. Urquijo[4]	April 27, 2023	2/3	67%
Nomination Committee	Chairman (ID)	Cesar V. Purisima	April 22, 2021	2/2	100%
	Member (NED)	Jaime Augusto Zobel de Ayala	April 14, 2011	2/2	100%
	Member (NED)	Cezar P. Consing	September 21, 2022	2/2	100%
Personnel and Compensation Committee	Chairman (NED)	Jaime Augusto Zobel de Ayala	September 21, 2022	6/8[8]	75%
	Member (NED)	Romeo L. Bernardo[2]	April 28, 2022	6/7[8]	86%
	Member (ID)	Ignacio R. Bunye[6]	April 23, 2020	3/3[8]	100%
	Member (NED)	Cezar P. Consing[4]	April 27, 2023	5/6[8]	83%
	Member (NED)	Aurelio R. Montinola III	April 18, 2013	7/8[8]	87%
	Member (ID)	Maria Dolores B. Yuvienco	April 23, 2020	8/8[8]	100%
	Member (NED)	Fernando Zobel de Ayala[3]	September 20, 2023	1/1	100%
Related Party Transactions Committee	Chairman (ID)	Ignacio R. Bunye	April 20, 2017	12/12	100%
	Member (NED)	Rene G. Bañez	August 18, 2021	12/12	100%
	Member (ID)	Maria Dolores B. Yuvienco	April 25, 2019	12/12	100%
Retirement/ Pension Committee	Chairman (NED)	Aurelio R. Montinola III	May 19, 2021	3/4	75%
	Member (NED)	Rene G. Bañez	August 18, 2021	4/4	100%
	Member (NED)	Karl Kendrick T. Chua[7]	May 17, 2023	3/3	100%
	Member (ID)	Rizalina G. Mantaring[4]	April 27, 2023	3/3	100%
	Member (NED)	Ramon R. Del Rosario, Jr.[6]	April 22, 2021	1/1	100%

[1] For the period of Jan. 1 to Dec. 31, 2023
[2] Committee member until Sep. 12, 2023
[3] Committee member effective Sep. 20, 2023
[4] Committee member effective Apr. 27, 2023
[5] Committee member from Apr. 22, 2021 to Feb. 15, 2023 and Apr. 27, 2023 to present
[6] Committee member until Apr. 27, 2023
[7] Committee member effective May 17, 2023
[8] Includes Joint Executive and Personnel & Compensation Committee Meeting
[9] Includes Special Joint Audit and Risk Management Committee Meeting

MANUAL ON CORPORATE GOVERNANCE

The Bank has a Manual on Corporate Governance (MCG) which, together with the board and board-level committee charters, supplements and complements BPI's Articles of Incorporation and Amended By-Laws. It sets forth the underlying principles of good and transparent governance through a framework of policies, rules, systems, and processes for the Board and Management's performance of their respective duties and responsibilities to stakeholders.

The manual is accessible to all employees via the internal electronic database and is likewise published on the company website.[54]

The MCG, reviewed annually, was last approved for amendment in January 2024. Upon amendment, BPI submits the updated MCG, bearing the signatures of the Chairman of the Board and the Chief Compliance Officer, to the SEC.

Compliance with the SEC Code of Corporate Governance for PLCs. A certification on the Bank's full compliance with the BPI Manual on Corporate Governance, containing relevant provisions of the SEC Code of Corporate Governance for PLCs, signed and issued by the Chief Compliance Officer, is posted on the company website.

ASEAN CORPORATE GOVERNANCE SCORECARD

BPI actively measures its governance practices against its counterparts in the region, having adopted the rigorous benchmarking framework of the ASEAN Corporate Governance Scorecard (ACGS).

In 2023, BPI received the ICD's Golden Arrow Award as a Top Performing Company in the domestic assessment of the ACGS.

The Bank's ASEAN Corporate Governance Scorecard is posted on the company website at www.bpi.com.ph.

[54] Recommendation 8.7 SEC CG Code for PLCs

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

SEC Memorandum Circular No. 15, Series of 2017 and PSE Memorandum CN No. 2017-0079 mandate all companies listed in the PSE to submit the Integrated Annual Corporate Governance Report (I-ACGR) on or before May 30th of every year that the company remains listed on the PSE.

The I-ACGR covers (1) Recommendations from SEC CG Code for Publicly-Listed Companies, (2) Supplemental provisions from PSE CG Guidelines Disclosure Survey, (3) Additional requirements not in SEC CG Code/PSE CG Guidelines but expected of PLCs, and (4) Requirements from the ASEAN CG Scorecard (optional).

BPI's latest I-ACGR as well as that of previous years' may be viewed on the company website at www.bpi.com.ph.

CODES OF BUSINESS CONDUCT AND ETHICS

BPI has Codes of Business Conduct and Ethics, providing the key practices and behaviors for its directors, officers, and employees. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Bank.[55]

Employee Code of Business Conduct and Ethics. Built around BPI's Mission and Vision, Credo and Core Values, the Code lists the high-level ethical principles that guide the Bank's business, how its employees must treat its clients, and the conduct expected from them. The Code also includes guidance on care for the environment, labor rights, customer service and protection, commitment to human rights, the right to privacy, and anti-bribery and anti-corruption. The Code of Business Conduct and Ethics is a declaration of principles and, more so, a vital part of the Bank's risk management strategy. Annually reviewed, the Code was refreshed and approved by the PerCom in October 2022.[56]

[55] Recommendation 7.1 SEC CG Code for PLCs
[56] Recommendations 7.1 and 7.2., SEC CG Code for PLCs

THE CODE OF BUSINESS CONDUCT AND ETHICS

OUR CLIENTS

[N.I.C.E.] Values at work: Nurturing, Integrity, Customer-Obsessed, Excellence

- Building Client Relationships
- Safeguarding Privacy and Security of Client Information
- Promoting and Strengthening Consumer Protection

OUR EMPLOYEES

Values at work: Nurturing, Integrity, Excellence

- Adhering to Company Rules and Workplace Policies
- Creating Dignity and Unity in the Workplace
- Contributing to Workplace Health & Safety
- Following Limits of Authority
- Avoiding Conflict of Interest
- Protecting Property and Assets of BPI and Others
- Recognizing Privacy of Employee Information

OUR SHAREHOLDERS

Values at work: Integrity, Excellence

- Upholding the Bank's Reputation, Service Quality and Trust
- Transparency, Liaison and Coordination with Regulators
- Maintaining Company Records and Reporting Requirements
- Supporting Investors and the Market
- Encouraging and Assisting Whistleblowing
- Handling Related Party Transactions

OUR COUNTRY

Values at work: Nurturing, Integrity, Excellence

- Compliance with KYC, Anti-Money Laundering and FATCA Regulations
- Preventing Insider Trading
- Enforcing Anti-Corruption and Anti-Bribery
- Dealing with Suppliers and Business Partners
- Caring for Sustainability and Communities

Applicability of Code. The Code is applicable to and mandatory for all employees of the BPI group. As no code could address every situation an employee may encounter, all employees are required to follow both the spirit and the letter of the Code, its policies, and procedures. Annually, all BPI employees are required to read, understand, and comply with the Code of Business Conduct and Ethics.

All others who work for, or on behalf of, BPI are also required to demonstrate the highest standards of professional business conduct. In general, this includes consultants, agents, contract or temporary workers, and business partners.

Guidance on the Code. Throughout the Code, employees will find information, key terms, and links to related policies on BPI's internal electronic database, to guide them in making ethical decisions. In the absence of a specific policy, employees have a responsibility to use good judgment, comply with the spirit of the Code, and seek help from their immediate superior, the Human Resources Management Group, or HR Employee Care Unit if they have any questions or concerns.

Reporting Violations. All employees must report to management any information they may have about any offense or Code violation which has been, is being, or is about to be committed. Failure to do so will subject the employee to the appropriate disciplinary action. Protection of the reporting party's identity will be maintained to the extent possible, within the legitimate needs of law and the fact-finding process. Where appropriate, BPI may apply the protected disclosure protocols of our Whistleblower Policy. Employees are also expected to cooperate with any investigation, inquiry, examination, or litigation related to the offense or Code violation.

Director's Code of Conduct. BPI has a Code of Conduct for its Board, adopted in Sep. 2017, which applies to and is binding on all directors of the Bank. The Director's Code is intended to provide guidance to directors, whether executive, nonexecutive, or independent, with policies on standards for conduct of the business of the Bank, the protection of its rights and its stakeholders, the upholding of BPI's reputation for integrity, and compliance with applicable laws and regulations. The principles outlined in the Director's Code of Conduct: (1) codify a standard of conduct for which directors are to abide throughout their term of service, from the date of their appointment; (2) set out a range of matters relating to the director's role and the behavior expected of them to properly undertake their fiduciary duties, protect the business interests of BPI, and maintain its reputation for integrity, and; (3) emphasize BPI's commitment to compliance with regulatory guidelines, rules and laws. In contrast to the Board Charter and MCG, which sets out the qualifications, role, composition, duties, and responsibilities of the Board within the governance structure of the Bank, the Code governs the behavior and conduct of the directors.

The Director's Code, therefore, sets forth policies in several basic areas that commonly require directors to exercise sound and informed judgment, recognize and deal with ethical issues, report possible unethical conduct, and foster a culture of openness, fair dealing, diligence, and accountability. These basic areas include: (1) leadership and stewardship; (2) diligence, care, and skill; (3) upholding the law; (4) conflict of interest; (5) competition and fair dealing; (6) confidentiality; and (7) corporate disclosure. The Director's Code also discusses directors' time commitments, training and development, personal investments and insider trading, political activity and involvement, gifts policy, anti-bribery and anti-corruption, related party transactions, competition and fair-dealing, and public communication. [57]

[57] Recommendation 2.1 SEC CG Code for PLCs

Dissemination of the Codes. The Bank's codes of conduct are embodied in the Bank's MCG and the internal electronic databases readily accessible for all Bank employees. Advisories on the employee code are also regularly communicated on electronic mail messages group and bank-wide. Directors are provided with hard copies as well as electronic copies of the Director's Code. Both the Employees' and Directors' Codes of Conduct are disclosed in the MCG and on the company website.[58]

Training on the Codes of Conduct. Employees are required annually to take the mandatory Code of Business Conduct (COBC) Course which includes training sections on other CG policies of the Bank such as the Insider Trading Policy, Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy.

Annual Affirmation to the Codes. All directors and employees acknowledge annually, through a Statement of Affirmation, that they have read and understood the Director's Code and/or the employee Code of Conduct, respectively, as well as the MCG, and fully comply and adhere to the principles, standards, and policies therein.

Notices on the Employee Affirmation and COBC Course are broadcast group-wide and bank-wide to remind employees of their need to comply with the mandatory training and affirmation. The Board monitors compliance with the code through its various board-level committees.[59]

[58] Recommendation 7.1, 8.7 SEC CG Code for PLCs
[59] Recommendation 7.2 SEC CG Code for PLCs

COMPANY POLICIES AND STANDARDS

CONFLICT OF INTEREST STANDARDS

The Bank has in place standards on conflict-of-interest that elevate the interest of the Bank above that of the personal interests of directors, officers, and employees:

- prohibit directors and employees from using their position of authority or rank to directly or indirectly derive personal gain or advantage;
- expect all directors and employees to refrain from any conduct that could be viewed unfavorably by the Bank's clients, co-employees, competitors, suppliers, investors, regulators, or the public;
- require full cooperation and provision of complete and accurate information from employees during government, regulatory or internal enquiries, investigations, and audits;
- require directors to disclose any conflicts of interests such as cross-board memberships, cross-shareholdings with suppliers and other stakeholders, and related party issues;-
- cover specific conflict-of-interest situations such as receipt of gifts from third parties, respect for trade secrets, use of non-public information, and use of company funds, assets, and information.

Employee Awareness and Training. Employee bulletins on Conflict of Interest are regularly issued by the Human Resources Group and the Corporate Governance Department to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.[60]

[60] Recommendation 7.1, 8.7 SEC CG Code for PLCs

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Through its Anti-Bribery and Anti-Corruption (ABC) Policy, the Bank puts the highest premium on sound, responsible, and effective corporate governance. The Bank advocates that directors and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducements in the course of any business dealing.[61]

Aligned with the Bank's commitment to act fairly and with integrity in all business dealings and relationships, the ABC Policy complements the Bank's financial crime policies and programs such as the Money Laundering and Terrorism Financing Prevention Program (MTPP) and Whistleblower Policy.

Bribes. Employees must not engage in any form of bribery, either directly or through any third party (such as an agent or distributor). Specifically, employees must not bribe public officials in all dealings.

Gifts policy. (Request or Acceptance of Commission, Kickbacks, Gift or Gratuities from those who have dealings with Bank). Guidance on the Bank's ABC Policy is supplemented by the Standards on Conflict of Interest, Gifts Policy, which prohibits employees from making direct or indirect requests or acceptance of any gift, share, percentage, discounts, special privileges, or benefit for oneself or any other person in an employee's past, present or intended intervention in any dealings between the Bank and any other party with the exception of, but not limited to, the following:

- Receipt of gifts during the Christmas season or any occasion from clients or suppliers which should be in view or due to one's position of the bank, unless said gifts are of considerable monetary value, i.e., above Php 5,000.00;
- Receipt of unsolicited gifts of a token nature, promotional items

Employees are required to: 1) Disclose items received in any occasion except during Christmas; 2) Turn over the gift to the Division Head, who subsequently endorses such to the Group Head for proper disposition when it is not practical to return a gift.

The following are prohibited or considered violations:

- Acceptance of fees, commissions, or kickbacks from clients, suppliers, in consideration of patronizing their products or services in connection with their dealings with the Bank
- Solicitation from clients, suppliers in favor of patronizing their products or services in connection with their dealings with the Bank
- Receipt of commission from insurance agents whenever premiums are paid on account of insurance policies covering properties mortgaged to the Bank

Political contributions. The Bank has guidance on Public Policy and Political Engagement which mandates employees to exercise utmost prudence in ensuring that their personal political activities are separate from their work duties and responsibilities. The Bank is non-partisan and does not lobby nor contribute or solicit political contributions, funds, assets or resources to any political candidate, party, or similar organization. Employees who wish to campaign for a political candidate or party may do so as long as this does not violate any of the HR policies of the Bank.

Compliance. Monitoring of and compliance with the Code of Conduct and related policies are undertaken by the Human Resources Management Group and in part by the Corporate Governance Department of the Compliance Division.

[61] Recommendation 15.2, 7.1, 8.7 SEC CG Code for PLCs

Employee Awareness and Training. Employee bulletins are regularly issued by the Human Resources Group and Corporate Governance Department to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.

2023 Reports. For the year 2023, there are no confirmed incidents of bribery or corruption.

INSIDER TRADING POLICY

The Bank has an Insider Trading Policy which prohibits its covered persons or directors, employees, and other parties who are considered to have knowledge of material facts that have not been disclosed to the public, including any information that will likely affect the market price of BPI's securities, from buying or selling these securities for their own personal account during periods of structured and non-structured disclosure (trading blackout). This prohibition includes passing on material and non-public information relating to BPI or its clients to anybody who may buy or sell securities.[62]

Employee Awareness and Training. Employee bulletins are regularly issued by the Compliance Office before, during, and after trading blackout periods to ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.

Disclosure and Reporting. All Directors and Senior Management are required to comply with regular reportorial requirements of and disclosure to the SEC and the PSE for the purchase and sale of BPI shares.

Violation of the policy shall be subject to disciplinary action as may be determined by management or the Board, without prejudice to any civil or criminal proceedings which BPI or the regulators may file. Under the law, insider trading may be subject to penalty for damages or fine and/ or imprisonment.

[62] Recommendation 7.1, 8.2, 8.7 SEC CG Code for PLCs

2023 Reports. For the year 2023, there are no confirmed incidents of insider trading.

WHISTLEBLOWER POLICY

The Bank has an established whistleblower program, which is an important mechanism to prevent and detect fraud or misconduct, and enable fast and coordinated incident responses, remedial actions, and damage control procedures.[63]

Applicability of Policy. The Whistleblower Policy is applicable to both internal and external stakeholders. All directors and employees, as well as clients, suppliers, and other stakeholders can report any violation. These can include violations of policies, procedures, and applicable laws and regulations such as fraud, sexual harassment, theft, stealing, conflict of interest, information security breach, and any other acts which are inimical to the interests of the Bank and the BPI group.

Reporting Procedure. The whistleblower may approach any of the following officers who are the designated contacts for the Bank and the primary reporting line: Chief Human Resources Officer, Chief Audit Executive, and Chief Risk Officer. Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President and CEO or the Chairman of the Bank's Audit Committee.

The whistleblower may report formally or anonymously to the primary contacts. Reporting can be done in writing, by telephone, in person, or through eye_report@bpi.com.ph.

Upon receipt of the whistleblower report, the personnel to whom the report was disclosed shall immediately initiate the investigation by turning over the details and documents, if any, to the investigating unit of the Bank. The investigation of the whistleblower report shall follow due process as stipulated in the Bank's manual of operations for handling fraud and irregularities.

[63] Recommendation 7.1, 8.7, 15.3 SEC CG Code for PLCs

Non-Retaliation. The Whistleblower Policy emphasizes the Bank's commitment to non-retaliation. It fosters and maintains an environment of utmost confidentiality where all whistleblowers may act appropriately without fear of reprisal, and are treated with utmost confidentiality. An individual who makes a protected disclosure shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subject to discipline, including termination.

In case the whistleblower believes he/she has been subjected to retaliation, he/she may seek redress or file a formal complaint to the three primary contacts for whistleblowing.

Employee Awareness and Training. Employee bulletins are regularly issued by the Human Resources Group to increase awareness and ensure compliance. Annual employee training on the policy is likewise provided while the policy itself is also disclosed in the MCG and on the company website.-

2023 Reports. In 2023, BPI received a total of nineteen reports through its BPI Eye Report Box, of which five were unsubstantiated or invalid queries or allegations. The remaining fourteen were verified and/or referred to concerned bank units for proper disposition, and were subsequently fully resolved. The nature of the reports included: customer complaints (7%), administrative matters (58%), conflict of interest issues (21%) and operational lapses (14%).

RELATED PARTY TRANSACTIONS POLICY

Our Related Party Transactions Policy aims to further strengthen the BPI Group's corporate governance over related party transactions by imposing stringent guidelines and measures to avoid the occurrence of abusive RPTs[64].

[64] Recommendation 2.7 SEC CG Code for PLCs

The policy identifies persons and companies that are considered the Bank's related parties. Management periodically reviews and updates the inventory of related parties to capture organizational and structural changes in the Bank, the BPI Group, and its related parties. Covered transactions are those that not only give rise to credit and/or counterparty risks, but also those that could pose material/special risk or potential abuse to BPI and its stakeholders.

Through this policy, the Bank also institutionalized a sustainable framework for the identification, assessment, and reporting of related party transactions, aimed at achieving an increased degree of transparency and integrity.

Related Party Transactions Committee. BPI established a Board-level Related Party Transactions Committee (RPTCom) to assist the Board in assessing material agreements of any kind with a related party and determine whether to approve, ratify, disapprove, or reject a transaction.

Directors with material interest in any transaction affecting the Bank abstain from taking part in deliberations for the same. Currently composed of independent and/or non-executive directors, the RPTCom meets regularly to vet credit and non-credit related party transactions of significant amounts that meet the materiality threshold per transaction type as established per Bank's policy on RPTs. The Bank's CAE and CCO sit as resource persons of the RPTCom. Internal Audit, under the CAE, performs post-transaction reviews to ensure proper implementation of related party transactions vetted and endorsed by the RPTCom.[65]

Vetting Process. The RPTCom is guided by the following:

- The RPTCom evaluates the fairness and reasonability of the terms of the RPT and ensures that RPT terms are dealt at arm's length (i.e., considers whether the RPT is entered into on terms no less favorable to the Bank than terms generally available to non-related parties under the same or similar circumstances).
- For a transaction involving a sale of the Bank's assets, the Committee reviews the results of the appraisal or valuation methodology used, as well as alternative approaches to valuation.
- The Committee assesses the details of the related party transaction:
  - Terms of the transaction;
  - The related party's interest in the transaction;
  - Purpose and timing of the transaction;
  - Whether the Bank is a party to the transaction and, if not, the nature of the Bank's participation in the transaction;
  - If the transaction involves the sale of an asset, a description of the asset including date acquired and costs basis;
  - Information concerning potential counterparties in the transactions;
  - Approximated value of the transaction and the approximated value of the related party's interest in the transaction;
  - Description of provisions or limitations imposed as a result of entering into proposed transaction;
  - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
  - Potential benefits to the Bank.
- If needed, the RPTCom may also call on independent experts to help with valuation issues to ensure that the interests of the Bank and its stakeholders are protected.
- The RPT Vetting Department, which is part of the Risk Management Office, acts as the RPTCom Secretariat, assisting the Committee in carrying out its responsibilities as defined in the RPTCom Charter.

RPTs that are classified as a material transaction must be approved by the Board and submitted for confirmation by majority vote of the stockholders in the ASM.

Materiality Threshold. RPTs involving amounts below the materiality threshold must be approved by the proper authority and submitted for confirmation by the respective Board of Directors. All transactions involving Directors, Officers, Shareholders, and Related Interests (DOSRI), and credit transactions of subsidiaries and affiliates, must at all times be submitted to the appropriate Board for approval.

SEC Material RPT Policy. In compliance with SEC Memorandum Circular 10 Series of 2019 on Rules of Material RPTs for publicly listed companies, the Bank also incorporated additional guidelines on materiality threshold, defined as related party transaction/s, either individually, or in aggregate over a twelve-month period with the same related party, amounting to 10% or higher of the company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company (e.g., BPI), the total assets shall pertain to its total consolidated assets.

[65] Recommendation 5.6 SEC CG Code for PLCs

Management Vetting Committee. The Bank has a Management Vetting Committee (MVCom), currently composed of the Executive Vice Presidents, the Chief Finance Officer, and the Treasurer of the Bank, to review Related Party Transactions which are below the materiality threshold, and, as may be designated, the notation of post-transaction reports on exempted RPTs. The Compliance Office, under the CCO, is responsible for the post-review of all MVCom-endorsed transactions. All transactions vetted by the MVCom are submitted to the RPTCom for its information/notation.

All Directors, Officers, and Employees are also required to disclose conflicts and potential conflicts, as well as relationships with clients, prospects, suppliers, and other interests. Companies within the BPI Group, notwithstanding its respective RPT policies, standards, and materiality thresholds at the subsidiaries' level, are also covered by this overarching Related Party Transactions Policy of the Bank under an enterprise oversight.

Disclosure of Related Party Transactions. Related party transactions are properly disclosed in the Bank's audited financial statements, and other applicable filings in accordance with the relevant rules and issuances of the BSP, SEC, and other regulatory bodies. Disclosures on related party transactions can be found in Note 25 of the 2023 Audited Financial Statements.

Employee Awareness and Training. Employee bulletins are issued to increase awareness and ensure compliance. The policy itself is also disclosed in the MCG and on the company website.[66]

[66] Recommendation 7.1, 8.5, 8.7 SEC CG Code for PLCs

DATA PRIVACY POLICY

BPI has a strong Data Privacy Policy in place. This policy describes to whom it applies to, what personal data the Bank collects, and how such data is collected, and how the Bank may use personal data for core business and marketing purposes. The policy also covers how the Bank may disclose and share such personal data, how such personal data is stored and retained, and how such data can be accessed or corrected. The Data Privacy Policy or Statement is posted on the company website and complies with the requirements of the Data Privacy Act and the NPC.

POLICY ON MERGERS, ACQUISITIONS AND/OR TAKEOVERS

The Board and Senior Management exercise appropriate due diligence and good faith in the review and consideration of all material issues with respect to strategy, opportunities and risks, pricing or valuation, compliance and legal obligations, including diligence on the parties involved before entering into extraordinary transactions, such as mergers, acquisitions, and takeovers. The Bank engages the service of independent and qualified third-party firms and consultants to evaluate the fairness of the transaction price and terms and conditions.[67]

The Board of Directors in its meeting on Sep. 30, 2022 approved the proposed merger between Robinsons Bank Corporation (RBC) and BPI, with BPI as the surviving bank, subject to shareholders' and regulatory approvals. JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc. currently own approximately 99.9984% of the outstanding capital stock of RBC. In relation thereto, the Board approved:

a. The execution of an Agreement for the Merger of Bank of the Philippine Islands and Robinsons Bank Corporation, among BPI, RBC and JG Summit Capital Services Corp. and Robinsons Retail Holdings, Inc. as the RBC Shareholders (the "Agreement");
b. The execution of the Plan of Merger and Articles of Merger by and between BPI and RBC, with BPI as the surviving bank;
c. Designation of certain authorized signatories and representatives to give effect to the aforementioned resolutions; and
d. Calling for a special stockholders' meeting.

On the same day and after the Board approval, BPI executed the Agreement. Following this, during its regular meeting held on Nov. 16, 2022, the Board of Directors approved the calling of a Special Stockholders' Meeting to be held on Jan. 17, 2023, for purposes of securing the required shareholders' approval for execution of the Plan of Merger and Articles of Merger for purposes of the proposed merger between BPI and RBC, with BPI as the surviving bank.
The merger is expected to unlock various synergies across several products and service platforms, expand the customer and deposit base of both banks through the merged entity, and, at the same time, by capitalizing on BPI's expertise and network, enhance the overall banking experience of RBC customers.

POLICY ON SUPPLIERS AND CONTRACTORS

BPI has established processes for accreditation, vendor selection, and suppliers audit to ensure qualified suppliers are given equal opportunity when bidding for projects with the Bank. All employees, departments, and divisions are also regularly advised to update and review their respective lists of suppliers to meet accreditation requirements. Employees must also review the Bank's detailed policies on outsourcing services where applicable. BPI complies with outsourcing regulations mandated by the BSP which requires banks to put in place appropriate processes, procedures, and information systems that can adequately identify, monitor, and mitigate operational risks arising from the outsourced activities.

[67] Recommendation 8.6 SEC CG Code for PLCs

In this regard, BPI's Board and Senior Management established policies on outsourcing to ensure that all outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws, rules, and regulations.

From a governance standpoint, commercial transactions with suppliers should be economically beneficial to all parties involved and relationships should be based on the principle of fair and honest dealings. Compliance with internal policies must be in place to stop fraud, money laundering, bribery, and corruption and adhere to local or international laws and regulations. From an ESG standpoint, the Bank's goal is to work collaboratively with supply chain partners on sustainability. BPI's supply chain management policies ensure that the Bank's supply chain is not only sustainable but is also geared towards improving the lives of workers, their communities, and the environment. The Bank also engages suppliers who promote sustainable development and who comply with national laws and internationally recognized standards and conventions for ethical, environmental, and social conditions.

POLICY ON CREDITORS

As a financial institution and an active participant in the capital markets, BPI respects the rights of its creditors. In 2023, the Bank continued diversifying its funding sources and lengthening the maturity profile of its borrowings through a fundraising activity, via the onshore debt market. For details of the Bank's issuance in 2023, please refer to pages 68 to 70.

BPI attributes the success of this issuances to the robust demand from both institutional investors as well as high-net worth and retail clients. This issuance supports the Bank's drive to diversify its investor base and fund its asset expansion, particularly loan growth, digitalization initiatives, and general corporate purposes.

The Bank complies with all covenants of its debt and equity issuances and respects the rights of its bondholders and stockholders. BPI also complies with statutory requirements with respect to post-issuance continuing disclosures, tax compliance, and other duties, responsibilities, or actions it is obligated to perform or is prohibited from performing, for the outstanding capital market issuances. The Bank also has an Investor Relations Office to respond to investors' need for information. It keeps rating agencies informed of material events and responds to other requests for information.

FINANCIAL CONSUMER PROTECTION

The Bank has in place a Financial Consumer Protection Assistance Mechanism (FCPAM), which was established by the Client Experience Center (previously Customer Experience Management Office or CXMO) to institutionalize guidelines that will help ensure that feedback from existing and potential clients are handled appropriately, as required by the Bank's consumer protection policies.

The Board and Senior Management are responsible for the development of the Bank's consumer protection strategy and establishment of an effective oversight over the Bank's consumer protection programs. The Board of Directors is ultimately responsible for ensuring that consumer protection practices are embedded in the Bank's various business operations and include the following:

- Approval of the Bank's consumer protection policies as well as the mechanism to ensure compliance with the said policies, including policies and mechanisms related to the consumer assistance management process;
- Oversight on the implementation of and compliance with the Bank's consumer protection activities;
- Promotion of a culture of ethical behavior and adherence to the highest standards of fair and responsible dealing with consumers and relationships with third parties that may give rise to consumer protection risks;
- Ensuring that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, as well as other material consumer related developments that will impact the Bank;
- Delegation of other duties and responsibilities to a Board-level Committee or to Senior Management but not the function of overseeing compliance with the prescribed consumer protection framework/ policies.

The Board-level Executive Committee exercises the powers and fulfills the duties and responsibilities of the Board in the management of the Bank's consumer protection activities, including other duties and responsibilities delegated by the Board. Senior Management ensures that the approved policies and procedures on consumer protection and consumer assistance are clearly documented, properly understood and appropriately implemented across all levels and business units through:

- Establishment of an effective monitoring and management information system to regularly measure, aggregate and analyze consumer related issues to determine level of consumer protection risk;
- Ensuring that an appropriate and clear reporting and escalation mechanism are integrated in the risk governance framework;
- Putting in place of adequate systems and controls to promptly identify issues that affect the consumer across all phases of the relationship

In July 2020, CXMO became Client Experience Center (CXC) and integrated all the major customer touchpoints to strengthen our focus on customer experience. CXC is now composed of four units: Customer Care, Governance, Service Quality and FCP Customer and Insights. These four units work together to safeguard the interests and well-being of our customers as we address their financial needs. There are also related policies in place such as the BPI Financial Consumer Protection Program and Complaints Management and Reporting to properly equip our bank personnel in the handling of customer feedback. Preventive measures and treatment plans from business units with top customer concerns are presented to senior management regularly for appropriate service improvements and customer satisfaction.

A new and more robust system to gather complaints data was acquired for the use of the Bank in the last quarter of 2021, to replace the Customer Feedback Database created in 2017. This is a vital tool in identifying areas of concern and process improvements which is part of the FCP program.

As part of our FCPAM, different touch points or channels are in place where clients can file their feedback. These include our Contact Center via phone, e-mail, and social media accounts, CX Customer Care, branches, and the business units. Our employees are guided by the internal bank policies on FCP where client feedback, specifically complaints, are classified according to complexity which will determine the turnaround time within which the complaint should be addressed and resolved.

We maintain a vigilant approach in addressing feedback and concerns regarding our products and services. Throughout 2023, we diligently addressed and resolved issues, achieving a 98.60% compliance rate for complaint resolution, consistent with our previous performance of 98.63%. By year-end 2023, reported complaints had been effectively resolved, reflecting our dedication to swift and satisfactory resolutions. Our adherence to regulatory standards remains steadfast, with no confirmed incidents of non-compliance in 2023, underscoring our unwavering commitment to product and service excellence. We continuously uphold our enterprise-wide complaint reporting to BPI Management, ensuring transparency and accountability across our operations. Notably, our efforts have contributed to a decrease in complaint intensity by 3% from 2022 to 2023. This is calculated as every one complaint per 1,000 transactions.

The designated Customer Assistance Officers (CAOs) undergo training to ensure that they are equipped to address customer issues and ensure compliance with the Bank's Consumer Protection Program. Employees are made aware of the FCP Program through a continuous information and education campaign. Since 2018, the CXC has conducted roll-outs and training sessions on FCP and held alignment meetings with the CAOs in various business areas.

Employees also take the mandatory FCP Training course annually available via e-learning. With the revision of the FCP module in 2023, there has been a notable improvement in performance among Unibankers, evidenced by a completion rate of 97.44%, which surpasses the 98.6% achieved in 2022. To further improve service and align with the customer obsessed culture of the Bank, Human Resource – Learning & Development Department provides soft-skills trainings such as business writing, oral communications, problem solving, professional image development, and collections overview, among others. FCP is also embedded in the employee code of conduct.

For the awareness of our customers, we regularly update our product features and services in our website and social media pages. This also includes frequent reminders on phishing, vishing and other forms of fraudulent schemes in order to warn and protect our customers. Marketing materials and offerings involving our customers are also reviewed for proper and necessary disclosure and transparency. Our social media team closely monitors customer engagements in our social media pages and the data collected is regularly reported to management.

Since the establishment of the FCP Framework in 2017, we have maintained full compliance with product and service regulations, bolstering trust and confidence in our brand with a commitment to customer satisfaction.

OPERATING MANAGEMENT

Organization. BPI's President and CEO is responsible for formulating the business strategy and the overall management of the Bank in fulfilling objectives to achieve the desired outcomes of its strategy. The Bank's senior executive officers are each responsible for an area of the Bank's business and report directly to the President and CEO.

In 2023, the senior executive officers of the Bank included:

- Dino R. Gasmen, Treasurer, Senior Vice President and Head, Global Markets
- Eugenio P. Mercado, Executive Vice President and Head, Enterprise Operations
- Maria Cristina L. Go, Executive Vice President and Head of Consumer Banking
- Juan Carlos L. Syquia, Executive Vice President and Head, Institutional Banking
- Marie Josephine M. Ocampo, Executive Vice President and Head, Mass Retail Products
- Maria Theresa D. Marcial, Executive Vice President and President and CEO of BPI Wealth
- Eric Roberto M. Luchangco, Senior Vice President, Chief Finance Officer, Chief Sustainability Officer, and Head of Strategy and Finance

The senior executive officers are responsible for ensuring:

- Development and expansion of the Bank's client relationships;
- Service quality and innovation in its products and services;
- Enterprise asset-liability management and flows business;
- Reliability, productivity, and efficiency of the operating infrastructure;
- Financial strategy formulation and execution;
- Sustainable investor and stakeholder relations

Planning and Performance Management. BPI articulates its strategy in periodic planning exercises, realizes plans in formal budgets, and conducts periodic performance reviews against budget and past performance. We act in accordance with well-defined operating policies and procedures, as well as ensure the accuracy and transparency of operational and financial reporting to further solidify our reputation on integrity and fair dealing. We also strive to achieve accountability in revenue performance, efficiency in resource expenditures, and customer satisfaction in the delivery of services. Management is regularly reviewed and rewarded according to their performance relative to assigned targets, taking into account innovation, customer feedback, peer performance and Board evaluation.

We place a strong emphasis on prudent risk-taking and risk management. Specific management committees ensure that major risks are identified, measured, and controlled against established limits. These key management committees include:

- Assets and Liabilities Committee
- Credit Committees
- Crisis Resiliency Committee
- Finance Committee
- Fraud and Irregularities Committee
- Information Technology (IT) Steering Committee
- IT Infrastructure Governance Committee
- IT Project Steering Committee
- Management Vetting Committee
- Money Laundering Evaluation Committee
- Money Service Business Governance Committee
- Operational Risk Management Committee
- Opex Accreditation Committee
- Real and Other Properties Acquired (ROPA) Committee
- Sustainability Council

Members of these committees are senior officers (in the case of the Information Technology Steering Committee, includes a non-executive Director) who are subject matter experts in areas of knowledge relevant to the respective committees. Members may include client specialists, product specialists, senior officers of the Risk Management Office, and other senior executives, as applicable.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights. BPI treats capital as a valuable asset and seeks to generate superior returns for its shareholders, while being prudent in risk-taking, spending, and investment. The Bank treats all its shareholders equitably and equally, whether they have majority or minority interest. The Board is committed to respect the rights of shareholders, recognized in the Corporation Code, including, among others:

Voting rights. Shareholders have the right to elect, remove, and replace directors and vote on certain corporate acts.

- Electronic Voting in Absentia. In its meeting held on Feb. 15, 2023, the Board approved Management's recommendations for BPI to provide the Bank's shareholders with the option to vote in absentia in the 2023 ASM. Hence, at the Apr. 27, 2023 ASM, BPI shareholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as also provided for in the Revised Corporation Code.
- Cumulative voting is used in the election of directors, who may be removed with or without cause. Directors shall not be removed without cause if it would deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of the outstanding capital of BPI.
- No stockholders' meeting may conduct business unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day until such time may be deemed proper.
- The Bank also strictly complies with the rules and regulations of the SEC and the BSP, in relation to sending out the notice of meeting at least two weeks prior to the meeting, right to vote, and right to appoint a proxy.
- BPI adheres to the "One Share, One Vote" rule. Its Amended By-Laws state that shareholders are entitled to voting rights equivalent to the number of shares they hold, i.e., voting is by shares of stock and not "per capita".

Pre-emptive rights. All shareholders have preemptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They have the right to subscribe to the capital stock of BPI. The Bank's Articles of Incorporation lays down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law as long as they are not in conflict with the Corporation Code.

Right of inspection. Shareholders shall be allowed, within certain reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with an annual report, including financial statements.

Right to information. Upon request and for a legitimate purpose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the directors and officers, and certain other matters such as their holdings of BPI's shares, dealings with BPI, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement and Proxy Forms where these are stated must be distributed to the shareholders before ASMs and in the Registration Statement and Prospectus in case of registrations of shares for public offering with the SEC.

Right to dividends. Shareholders have the right to receive dividends subject to the discretion of the Board. However, the SEC may direct BPI to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:

- When justified by definite corporate expansion projects or programs approved by the Board;
- When BPI is prohibited under a loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without the creditors' consent, and such consent has not been secured; or
- When it can be clearly shown that retention of earnings is necessary under special circumstances, such as when there is a need for a special reserve for probable contingencies.

Appraisal right. In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of a sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of a merger or consolidation.

Alternative Dispute Mechanism. It is the policy of the Bank to resolve disputes or differences with shareholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration. If the agreement between the Bank and third parties has an arbitration clause, arbitration is the ADR system being adopted. If none, the Bank initiates conciliation-earnest effort to arrive at amicable settlement. If everything fails, and the dispute progresses into court litigation, the Bank strictly adheres to and complies with Supreme Court A.M. No. 11-1-6-SC-PHILJA dated Jan. 11, 2011 [Consolidated and Revised Guidelines to Implement the Expanded Coverage of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR)].[68]

Relative to regulatory authorities, the Bank adopts and complies with the alternative modes of dispute resolution they are using or promoting such as, but not limited to, mediation, conciliation, and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004).

[68] Recommendation 13.1, 13.4 SEC CG Code for PLCs

Investor Relations.
BPI believes that transparent and accurate reporting of operating and financial results, major business decisions, and developments gives shareholders and investors the relevant inputs to their investment decisions. In addition, such reporting provides the basis for the sound and robust market valuation of its shares and a proper view to all stakeholders of possible future losses or gains.

The Investor Relations Office, which is part of the Corporate Strategy, Investor Relations and Sustainability Division, is tasked with a program of proactive, uniform, appropriate, and timely communication and reporting. Full disclosure is done in compliance with the BSP, Securities Regulation Code (SRC), SEC, PSE, PDEx, and SGX rules, regulations, and disclosure guidelines in light of the Bank's capital market issuances. (Recommendation 13.5 SEC CG Code for PLCs). European investors who are covered by the Markets in Financial Instruments Directive II (MiFID II) regulations are also engaged directly by the Investor Relations Office.

Information not required under these disclosure rules, if such matters are estimated to have an impact on investment decisions by interested parties, are disclosed as promptly and comprehensively as possible by appropriate methods.

The Investor Relations Office has sustained an active level of engagement with the Bank's local and foreign analysts, investors, and shareholders through a mix of in-person and online activities. Face-to-face meetings are regularly hosted onsite and senior management travel to participate in both local and international conferences. Virtual meetings and events are conducted on communication platforms such as Zoom, Microsoft Teams, and Cisco's Webex.

For the year, BPI senior leadership and investor relations officers hosted almost 100 one-on-one meetings, attended over thirty investor conferences, and met almost 400 individual participants in these events. Further, the Investor Relations Office also submitted about 300 structured and unstructured disclosures to various Exchanges.

The Investor Relations Office also provides quarterly investor presentations and collaborates with the Public Affairs and Communications Office for media briefings and press releases. Such information about the Bank is shared regularly with the investing public, analysts, and members of the media. Statements in these presentations describing BPI's objectives, projections, estimates, and expectations may be forward-looking. (Recommendation 11.1 SEC CG Code for PLCs)

Actual results may differ from the statements made in the presentations, whether expressed or implied.

Select regulatory disclosures, all investor presentations and press releases distributed, including presentations of the Chairman and the President and CEO at the ASM, may be viewed at www.bpi.com.ph

Annual Stockholders' Meeting.-
The ASM allows the Bank's shareholders to advise and adopt resolutions on important matters affecting the Bank on which they have legal sovereignty, such as: the appropriation of profit; ratification of all acts and resolutions of the Board and Management adopted during the preceding year; approval of the Report of the President and the Bank's Statement of Condition; amendments to the Articles of Incorporation or By-Laws; and election of Board of Directors and external auditor, as well as measures to amend the shareholders' equity.

The ASM also continues to be a key communications event for our Board and Management. It is a primary opportunity for

- meaningful discussion of the company's narrative
- to engage with its shareholders and investors on key issues facing the Bank
- the review of fiscal information for the past year,
- response to any questions regarding the Bank's goals and directions moving forward

BPI's Board, including the Chairman, Chairman of the Audit Committee, Independent Directors, and senior executive officers are always in attendance and available for informal discussion before and after the formal business of the ASM. The Chairman and members of the Board, chairmen and members of the Board-level Committees, and senior executive officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the Investor Relations Officer attended the 2023 ASM.[69]

For the benefit of all the stockholders, the Chairman of the Board and the Corporate Secretary discussed the Rules of Conduct and Procedures for the meeting after the requisite call to order, certification of notice of meeting, and determination of quorum. The Rules of Conduct and Procedures were also detailed in the explanations of agenda items in the Notice of ASM. All items in the agenda requiring approval by the shareholders, including the election of the Board, need the affirmative vote of shareholders representing at least a majority of the issued and outstanding voting stock. Voting is considered on a poll, by shares of stock; that is, one share entitles the holder to one vote, two shares to two votes. Cumulative voting as provided for in the Corporation Code may be applied in the election of the Board. The Office of the Corporate Secretary tabulates all votes received and the Bank's external auditor validates the results.

The Bank proactively encourages the full participation of its shareholders, including institutional shareholders, at the ASM. Shareholders may participate in person or through their authorized representative. For the 2023 ASM, only shareholders of record as of Mar. 10, 2023 were entitled to receive the notice and to vote at the meeting. Due to the pandemic, the Bank conducted a virtual ASM and shareholders could not physically attend the meeting.

[69] Recommendation 13.3, 13.5 SEC CG Code for PLCs

However, they could still participate through the livestreamed webcast of the meeting and the option to vote in absentia through an online electronic system or by appointing the Chairman of the meeting as their proxy.

Duly accomplished proxies were to be submitted to the Office of the Corporate Secretary, Ayala North Exchange Tower 1, 6796 Ayala Avenue cor. Salcedo St., Legaspi Village, Makati City or by email to bpi-asm@bpi.com.ph not later than 5:00 P.M. of Apr. 17, 2023. Validation of proxies was set for Apr. 18, 2023 at 2:00 P.M.

Shareholders are encouraged, recognized, and given sufficient time to ask questions at the ASM to ensure accountability and identification with the Board's and Management's strategy and goals of the Bank. Questions or comments of shareholders, as well as responses of the Board and management, were duly recorded in the Minutes of the Meeting.

The Board ensures that the ASM is held in an easy to reach and cost-efficient venue and location in Metro Manila. In 2023, however, the Annual Stockholders Meeting was conducted virtually via http://www.ayalagroupshareholders.com/ Shareholders intending to participate by remote communication were requested to notify the Bank by email to bpi-asm@bpi.com.ph on or before Apr. 17, 2023.

Notice of ASM and Definitive Information Statement. The Bank sends the Notice of the ASM to its shareholders well before the meeting date to give them ample time to review the meeting's agenda as well as to provide them with sufficient information regarding issues to be decided on during the meeting.

The Bank's Notice of ASM and Definitive Information Statement is written in English as this is an official language in the Philippines. The Bank provides the rationale and explanation for each agenda item which requires shareholders' approval in the Notice of ASM. In the same way, each resolution in the ASM deals with only one item, i.e., there is no bundling of several items into the same resolution. The profiles of directors seeking election or re-election (including information such as age, qualifications, date of first appointment, experience, and directorships in other listed companies) are included in the Notice of ASM. The external auditor seeking appointment or re-appointment is also clearly identified.

When dividend payment is one of the agenda items, an explanation of the dividend practice is also included. The Notice of ASM also includes proxy forms which can be downloaded by shareholders from www.bpi. com.ph. For the 2023 ASM, the proxy forms included instructions as well as the deadline for submission of proxies to the Office of the Corporate Secretary, which was on Apr. 17, 2023.

The Definitive Information Statement (DIS), or SEC Form 20-IS is issued in accordance with the Bank's Amended By-laws and SRC Rule 20. Shareholders as of record date of the annual or special stockholders meeting are sent the DIS or SEC Form 20-IS at least 15 business days before the meeting. The Bank, as an issuer subject to the reporting requirements of SRC Section 17, must issue the DIS to notify shareholders of the written notice of the date, time, place, and purpose of the meeting; the DIS provides other specific information relevant to the meeting.

The Bank is transparent on matters of this nature and encourages shareholders, including institutional investors, to attend the meeting via individual notices, newspaper publication, the, the company website, and notices to various Exchanges. The DIS or SEC Form 20-IS is deemed to have been given at the time when delivered personally, deposited in the post office, or sent via e-mail. Shareholders who prefer to receive hard copies of the DIS can request this from the Office of the Corporate Secretary.

In 2023, the Notice, including the DIS, was sent out to shareholders of record by Mar. 10, 2023, 27 days before the ASM. The SEC Form 20-IS was also sent out to shareholders of record by Mar. 10, 2023, and disclosed via PSE EDGE on the same date. No new item was included in the agenda at the 2023 ASM. Likewise, no amendments were made to the SEC Form 20-IS after the aforementioned disclosure on the PSE EDGE.

The Notice of ASM for the stockholder's meeting on Apr. 27, 2023, included explanations for all agenda items: (1) Calling of the Meeting to Order, (2) Certification of Notice of the Meeting, Determination of Quorum, and Rules of Conduct and Procedures, (3) Approval of the Minutes of the Annual Meeting of the Stockholders on Apr. 28, 2022 and Special Meeting of Stockholders on January 17, 2023, (4) Approval of the Annual Report and Audited Financial Statements, (5) Ratification of the Acts of the Board of Directors and Officers, (6) Election of the Board of Directors (including the Independent Directors), (7) Approval of Board Compensation, (8) Amendment of the Bank's Amended By-Laws, (9) Election of the External Auditor and Fixing of Remuneration, (10) Consideration of Such Other Business as May Properly Come Before the Meeting, (11) Adjournment.[70]

The Notice of ASM and DIS or SEC Form 20-IS for the current and prior years may be viewed at www.bpi.com.ph.

Minutes of the ASM. The Minutes of the ASM includes all information pertinent to the meeting: date, time, and location of the annual meeting; qualified participants, attendance, and quorum present to conduct business; approval of prior minutes; general report of the President and CEO; record of action items in the meeting including election of the Board, any pertinent discussions, and actual votes; and corporate resolutions that were adopted. The minutes also records the dialogue between shareholders and the Board and Management, including their responses to shareholders' questions and clarifications, as well as any follow up actions that need to be taken by the Board and Management in the future.

Minutes of the previous year's ASM are provided to shareholders prior to the start of the meeting of the current year. Minutes of the 2023 ASM were likewise posted on the company website within five calendar days from the date of the ASM. Minutes of the ASM for the current and prior years may be viewed at www.bpi.com.ph.[71]

[70] Recommendation 13.2 SEC CG Code for PLCs
[71] Recommendation 13.3 SEC CG Code for PLCs

Voting Results. The results of the voting during the ASM are counted and tabulated by an independent external third-party auditor. For the 2023 ASM, the Bank's independent external third-party auditor, Isla Lipana & Co., performed this task. Voting results for the 2023 ASM are as follows:

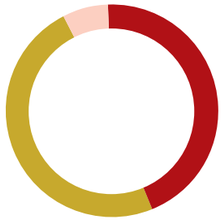
BPI Annual Stockholders Meeting
(Voting Results)*
Apr. 27, 2023

Total Number of Shares (Present and Proxy) – **3,428,790,967**
Total Issued and Outstanding Shares – **4,531,250,405**
Percentage of Attendees – **75.67%**

RESOLUTION	FOR	AGAINST	ABSTAIN
Approval of the Minutes of the Annual Meeting of the Stockholders on April 28, 2022 and Special Meeting of Stockholders on January 17, 2023	3,428,487,239 99.99%	- 0.00%	303,728 0.01%
Approval of Annual Report and Audited Financial Statements	3,427,635,025 99.97%	- 0.00%	1,155,942 0.03%
Ratification of the Acts of the Board of Directors and Officers	3,427,258,765 99.96%	132,870 0.00%	1,399,332 0.04%
Board Compensation	3,425,920,442 99.92%	- 0.00%	2,870,525 0.08%
Amendment of the Amended By-Laws	3,428,436,721 99.99%	- 0.00%	354,246 0.01%
Election of External Auditors and Fixing of their Remuneration	3,412,798,905 99.53%	15,688,324 0.46%	303,738 0.01%
Election of the Board of Directors			
Jaime Augusto Zobel de Ayala	3,303,928,621 96.36%	53,303,784 1.55%	71,558,562 2.09%
Janet Guat Har Ang	3,425,370,041 99.90%	3,116,787 0.09%	304,139 0.01%
René G. Bañez	3,384,951,641 98.72%	27,599,949 0.80%	16,239,377 0.47%
Romeo L. Bernardo	3,239,542,944 94.48%	38,875,772 1.13%	150,372,251 4.39%
Ignacio R. Bunye	3,427,232,083 99.95%	1,011,355 0.03%	547,529 0.02%
Karl Kendrick T. Chua	3,346,862,648 97.61%	53,552,801 1.56%	28,375,518 0.83%
Cezar P. Consing	3,198,809,721 93.29%	58,230,527 1.70%	171,750,719 5.01%
Emmanuel S. de Dios	3,427,475,473 99.96%	1,011,355 0.03%	304,139 0.01%
Octavio Victor R. Espiritu	3,343,681,305 97.52%	33,131,539 0.97%	51,978,123 1.52%
Jose Teodoro K. Limcaoco	3,401,168,230 99.19%	26,764,139 0.78%	858,598 0.03%
Rizalina G. Mantaring	3,339,565,401 97.40%	42,149,350 1.23%	47,076,216 1.37%
Aurelio R. Montinola III	3,240,011,791 94.49%	38,875,772 1.13%	149,903,404 4.37%
Cesar V. Purisima	3,012,715,128 87.87%	52,729,941 1.54%	363,345,898 10.60%
Jaime Z. Urquijo	3,364,992,530 98.14%	30,166,736 0.88%	33,631,701 0.98%
Maria Dolores B. Yuvienco	3,425,370,041 99.90%	3,116,787 0.09%	304,139 0.01%

*As validated by the auditors

Shareholders
with more than 5% ownership



Ayala Corp.[1]	48.6%
RCAM[2]	7.2%
Public Float	44.2%

[1] Includes share in Liontide Holdings Inc.
[2] Roman Catholic Archdiocese of Manila

Voting results are submitted to the SEC and disclosed on the websites of the various Exchanges, where BPI capital market issues are traded, and made publicly-available on the company website by the next working day or sooner (Recommendation 13.3 of the SEC CG Code for PLCs). The voting results for the 2023 ASM, as well as that of prior years, may be viewed at www.bpi.com.ph.

Annual and Quarterly Reports. The Bank's Annual, Quarterly, and Current Reports are its primary disclosure mechanisms used to impart knowledge about the Bank to all its stakeholders in an informative, structured, and cost-effective manner. The Annual and Quarterly accountability reports effectively detail its performance during the period under review and put that performance in context of the objectives of the Bank, its strategies, and future direction. The Current Reports similarly provide timely updates on significant corporate actions undertaken by the Bank.

The Annual, Quarterly, and Current Reports are regularly submitted to the SEC pursuant to SRC Section 17, which also prescribes format and content.

These Reports are also disclosed on the websites of the various Exchanges, as previously mentioned. These may also be viewed at www.bpi.com.ph.

General Information Sheets.
Under Sections 26 and 141 of the Corporation Code, corporations are required to submit the General Information Sheet (GIS) annually to the SEC, within 30 days after the corporation's annual or special stockholders' meeting. Containing, among other information, the names, nationalities, and addresses of the directors, trustees, and officers of the company, the GIS is accompanied by a certification under oath by the Corporate Secretary, President or CEO.

The Bank's latest GIS, as well as that of prior years, may be viewed at www.bpi.com.ph.

SHARE INFORMATION

Stock Information. BPI common shares are listed in the PSE under the ticker symbol of BPI. At Php 513.31 billion as of Dec. 31, 2023, its market capitalization is among the largest in the Philippine banking industry. BPI is a member of the benchmark Philippine Stock Exchange Composite Index (PSEi).

Listing Date:	Oct. 12, 1971
Class of Shares:	Common shares
Voting Rights:	One vote per share
Authorized:	5,060,000,000 shares as of Dec. 31, 2021
Outstanding:	4,945,197,291 shares as of Dec. 31, 2023

Rights, obligations, and restrictions attaching to shares. The rights and obligations attaching to each class of ordinary, common, and non-cumulative preference shares in BPI's share capital are set out in full in its Articles of Incorporation which may be amended by special resolution of the shareholders and can be found on www.bpi.com.ph.

Minimum Public Ownership.
As of Dec. 31, 2023, listed securities held by the public were at 44.2% of BPI's issued and outstanding shares. This is well above the minimum required public float level of 10%.

Ownership Structure. BPI's founding shareholders were primarily charities and endowments associated with the Roman Catholic Church, and its directors consisted of government officials and prominent businesspersons, including Antonio de Ayala, a partner in the predecessor firm of today's Ayala Corporation.

Restrictions on Ownership. Foreign ownership is subject to a limit of 40%.

Sharelots Statistics as of Dec. 31, 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-100	1,571	13.36%	56,169	0.00%
101-500	3,942	33.52%	1,043,784	0.02%
501-1,000	1,799	15.30%	1,283,795	0.03%
1,001-5000	3,021	25.69%	6,423,102	0.13%
5,001-10,000	544	4.63%	3,781,934	0.08%
10,001-50,000	601	5.11%	12,802,036	0.26%
50,001-100,000	115	0.98%	7,960,351	0.16%
100,001-500,000	127	1.08%	26,767,205	0.54%
500,001-1,000,000	16	0.14%	11,745,833	0.24%
1,000,001-5,000,000	12	0.10%	37,137,935	0.75%
5,000,001-10,000,000	5	0.04%	42,389,737	0.86%
10,000,001-50,000,000	0	0.00%	–	0.00%
50,000,001-UP	7	0.06%	4,793,805,410	96.94%
Grand Total	**11,760**	**100.00%**	**4,945,197,291**	**100.00%**

Equity Ownership of Foreigners on Common Shares as of Dec. 31, 2023

Nationality	No. of Shareholders	%	No. of Shares	%
Filipino	11,614	98.76%	3,977,817,844	80.44%
Non-Filipino	146	1.24%	967,379,447	19.56%
Grand Total	11,760	100.00%	4,945,197,291	100.00%

Shareholdings of Directors and Management as of Dec. 31, 2023. Please see table under Corporate Governance section which sets forth the beneficial ownership of shares of the Company's common stock as of Dec. 31, 2023, by the Bank's current directors and named executive officers and as a group.

Beneficial Ownership Reporting Compliance. Under SRC Section 23, the SEC requires a PLC's directors. and executive officers, and persons who beneficially own: (1) qualifying but not more than 100 shares; (2) more than 100 shares but less than 5% of the outstanding common stock; or (3) more than 5% but less than 10% of the outstanding common stock, to file reports with the SEC regarding initial ownership and changes in ownership of the common stock.

In this respect, the PSE also requires, under Section 13.1 of the Revised Disclosure Rules on Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities, that the Exchange be furnished with a copy of the respective SEC filing within five trading days.

In this respect, the PSE also requires, under Section 13.1 of the Revised Disclosure Rules on Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities, that the Exchange be furnished with a copy of the respective SEC filing within five trading days.

As a practical matter, the Bank assists its directors and officers in the filing of the required SEC Form 23-A or B reports on their behalf.

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of Dec. 31, 2023.

TITLE OF CLASS	NAME/ADDRESS OF RECORD OWNER & RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES	PERCENT OF HOLDINGS
Common	**PCD Nominee Corporation**[72] 37/F Tower 1, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	PCD Participants acting for themselves or for their customers	Non-Filipino	964,331,662	19.5004%
			Filipino	870,758,949	17.6082%
				1,835,090,611	37.1086%
Common	**Ayala Corporation**[73] 37th to 39th Floor Ayala Triangle Gardens Tower Two, Paseo de Roxas, corner Makati Avenue, Makati City Stockholder	Ayala Corporation[74]	Filipino	1,515,177,839	30.6394%
Common	**Liontide Holdings, Inc.**[75] 38th Floor Ayala Triangle Gardens Tower Two, Paseo de Roxas, corner Makati Avenue, Brgy. Bel-Air, Makati City Stockholder	Liontide Holdings, Inc.[76]	Filipino	823,218,041	16.6468%
Common	**Roman Catholic Archbishop of Manila** 121 Arzobispo St., Intramuros Manila Stockholder	Roman Catholic Archbishop of Manila[77]	Filipino	357,297,439	7.2251%

[72] PCD Nominee Corporation (PCD), now known as the Philippine Depository and Trust Corporation (PDTC), Non-Filipino and Filipino, is the registered owner of the shares beneficially owned by participants in the PDTC. The Board of Directors of each participant generally has the power to decide on how shares are to be voted. Out of the 1,835,090,611 common shares registered in the name of PCD, 547,135,240 shares (or 11.0640% of the total outstanding shares), 444,291,288 shares (or 8.9843% of the total outstanding shares), and 344,540,182 shares (or 6.9672% of the total outstanding shares) are for the accounts of The Hong Kong and Shanghai Banking Corporation, Citibank N.A., and Standard Chartered Bank, respectively.

[73] Mermac, Inc. owns 47.8577% of common shares and 57.2579% of total voting shares, while Mitsubishi Corporation owns 6.0941% of common shares and 6.9961% of total voting shares, respectively, of the outstanding shares of Ayala Corporation (AC).

[74] The Board of Directors of AC has the power to decide how AC's shares in BPI are to be voted.

[75] AC owns 95.51% of the outstanding shares of Liontide Holdings, Inc. (formerly Ayala DBS Holdings, Inc.), which translates to 93.44% effective ownership.

[76] The Board of Directors of Liontide Holdings, Inc. ("Liontide") has the power to decide how Liontide's shares in BPI are to be voted.

[77] The Archbishop of Manila has the power to decide how the Roman Catholic Archbishop of Manila's shares in BPI are to be voted.

Payment of dividends. Dividend declaration is ultimately the responsibility of the Bank and the Board which has the authority to declare dividends as it may deem appropriate. Under BSP regulations, no bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. The net amount available for dividends shall be the amount of unrestricted or free retained earnings less loss provisioning which takes into account relevant capital adjustments including losses, bad debts, and unearned profits or income.

Per BSP Circular 888, banks that meet the prequalification criteria including capital adequacy requirements and applicable laws and regulations of the BSP can declare and pay dividends without prior BSP verification. However, banks must ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

As approved by the Board on May 18, 2022, the Bank's dividend policy is based on a dividend payout ratio of 35% to 50% of previous year's earnings.

The final dividend payout ratio will be determined subject to:

- Compliance with regulatory limits,
- Compliance with internal thresholds on capital and liquidity,
- Maintaining sufficient capital to support the Bank's medium-term growth targets, with a buffer for a possible downturn scenario, and
- Board approval.

As a testament to BPI's fiduciary prudence, this policy is designed to provide shareholders the balance that they seek between current income and capital appreciation while demonstrating the Bank's ability to return capital to shareholders in adherence to risk and capitalization standards.

Upon Board approval, the Bank then declares cash dividends to its common shareholders, who can now have their BPI cash dividends credited directly to their bank account. Under BPI's Electronic Cash Dividend Payment Program (ECDP), the payment of cash dividends is facilitated through electronic fund transfer or direct credit to a stockholder's nominated bank account. Available to certificated BPI stockholders for their BPI or non-BPI bank accounts, the ECDP was launched in line with the sustainability and digitalization efforts of the Bank and for the convenience of BPI stockholders.

While the Bank does not foresee any impediments to its ability to pay dividends on common equity in the medium-term, it cannot make explicit warranties about the quantum of future dividend payments.

DIVIDEND DISTRIBUTION

Cash Dividends

Cash dividends declared and paid during the years 2021 to 2023 are as follows:

DATE DECLARED	DATE OF PAYMENT	DIVIDEND AMOUNT	
		PER SHARE	TOTAL (IN PHP MN)
May 19, 2021	Jun. 23, 2021	0.90	4,062
Nov. 17, 2021	Dec. 24, 2021	0.90	4,062
May 18, 2022	Jun. 22, 2022	1.06	4,784
Nov. 17, 2022	Dec. 23, 2022	1.06	4,784
May 17, 2023	Jun. 22, 2023	1.68	7,626
Nov. 15, 2023	Dec. 22, 2023	1.68	8,308

Property Dividends

On Mar. 15, 2023, the Board approved the declaration of property dividends consisting of 406,179,276 BPI common shares held in treasury (Property Dividend) to be distributed to all eligible stockholders of BPI as of record date of Mar. 29, 2023 (Record Date), at an entitlement ratio of 0.0896395563 common share for every one common share of BPI held by the Stockholder.

The payment of the Property Dividend was carried out on Jun. 16, 2023 (Payment Date), following BPI's receipt of the Certificate of Filing the Notice of Property Dividend Declaration issued by the SEC on Jun. 13, 2023. The cross price for the transfer of the Property Dividend through the Exchange is Php 105.00 per share. The Property Dividend shares were recorded in the name of PCD Nominee Corp. for the account of the Stockholders in the books of BPI on Payment Date. Following such payment, the total outstanding shares of BPI changed from 4,539,018,015 to 4,945,197,291 common shares as of Jun. 16, 2023.

INVESTMENT RATINGS

Credit Ratings

BPI has upheld its investment-grade ratings as reaffirmed by the following international credit rating agencies:

CREDIT RATING	RATING		OUTLOOK	REPORT DATE
S&P	BBB+	Long term issuer Credit Rating	Stable	Sep. 2023
Moody's	Baa2	Baseline Credit Assessment	Stable	Aug. 2023
Fitch	BBB-	Long term issuer Default Rating	Stable	Nov. 2023

In 2023, all three major international Credit Rating Agencies reaffirmed BPI's Credit Ratings. In August 2023, Moody's affirmed its Baseline Credit Assessment of "Baa2" which is one notch above investment grade. In September 2023, S&P affirmed the Bank's Long term Issuer Credit Rating of "BBB+" which is two notches above investment grade (same as the agency's rating for the Philippine Sovereign). Most recently, in November 2023, Fitch affirmed its Long-term Issuer Default Rating of "BBB-" (investment grade).

COMPLIANCE, RISK MANAGEMENT, AND INTERNAL CONTROL

The Bank's compliance, risk management, and internal control agenda is a key priority.

In this respect, BPI:

- continuously enhances governance and oversight of the compliance, risk management and internal control across the BPI Group;
- streamlines operations and reduces risk via investments in financial, technology and human capital;
- partners and engages in constructive dialogue, shares efforts and seeks proper clearance in designing adjustments and remediation plans with our regulators; and
- builds and strengthens the culture and infrastructure to support risk management, compliance, and assurance activities.

In 2023, the Board, through its various board-level committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively.[78]

[78] Recommendation 12.1 SEC CG Code for PLCs

In line with the regulatory shift of the BSP, the Bank's Compliance Office functions as the second line of defense, embracing a more forward-thinking, risk-based, and stress-tested approach to continuously monitor, evaluate, and improve compliance amidst a banking landscape experiencing disruption and rapid change.

Chief Compliance Officer. Oversight of the Bank's compliance, ensuring that it operates in adherence to regulatory and legal requirements, internal policies and by-laws, and compliance programs is the responsibility of the Board through the Audit Committee, and of management through the Compliance Office, led by the Chief Compliance Officer (CCO).[79]

Designated by the Chairman of the Board, the CCO is not a member of the Board and has the rank of at least a Vice President. The CCO's qualifications are subject to the applicable provisions of the BSP Manual of Regulations for Banks, on Fit and Proper criteria. The CCO annually attends training on corporate governance. [80]

The Compliance Office is currently organized to cover Regulatory Compliance, Corporate Governance, Anti-Money Laundering Compliance, FATCA Compliance, Compliance Analytics and Data Privacy.

The Compliance Office is also empowered by twenty six Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank, to enforce initiatives, and provide timely reports.

The Compliance Office applies a three-layered compliance testing and monitoring process while overall enforcement is through self-regulation within the business units:

- Self-assessment testing conducted by GCOs
- independent random testing, conducted by the Compliance Office
- independent periodic review conducted by the Internal Audit Division.

Compliance testing results are regularly reported and elevated to the Audit Committee. Governance related issues are also reported to the Corporate Governance Committee.

The Compliance Office promotes adherence and awareness to laws, rules, and regulations by electronically posting information and documents in a compliance database that is accessible to all employees. Regular meetings are conducted by the Compliance Office with the GCOs to discuss the impact of new regulations, decide on the required compliance measures, and amend compliance matrices as necessary. Through continued liaison and dialogue with regulators, the Compliance Office ensures prompt dissemination of new regulations and other developments affecting bank operations.

Regulatory Compliance. The Regulatory Compliance Department covers adherence to all relevant and applicable Philippine banking laws and regulations and manages the Bank's requirements under the BSP's institutional compliance rating system, which comprehensively evaluates the effectiveness of a bank's compliance system in mitigating business risk. Regulatory compliance also involves collaborative partnership-building with the regulators, external auditor, and industry organizations such as the Association of Bank Compliance Officers and the Bankers Institute of the Philippines.

Corporate Governance. The Corporate Governance Department covers internal and external compliance of the Bank's governance framework both as a bank and as a PLC as well as manages the Bank's participation in the ASEAN Corporate Governance Scorecard. The department also assists the Board, through the Corporate Governance Committee, in developing and establishing the governance policies, mechanisms and practices required by regulation or recommended as best practice.

Anti-Money Laundering/Counter-Terrorism and Proliferation Financing
The Anti-Money Laundering Department is the "watch dog" in preventing and detecting potential money laundering and suspicious financial activities of customers. It maintains and regularly updates a comprehensive and risk-based Money Laundering and Terrorism Financing/Proliferation Financing Prevention Program (MTPP), which is consists of various policies which includes, but not limited to, customer due diligence, sanctions screening, risk profiling, and ongoing monitoring. This MTPP is aligned with the Anti-Money Laundering Act, its implementing rules and regulations, Part 9 of BSP Manual of Regulations, and all other amendments thereto. The AML Department uses automated tools to identify, detect and report financial transactions of a suspicious nature; while test checking is regularly conducted to ensure employees' compliance with the MTPP. Results of test checking conducted, suspicious transactions reported, any emerging typology, and summary of all other activities of the AML Department are reported to the Audit Committee every quarter.

A comprehensive and mandatory MTPP training is provided at least once a year to all employees to ensure each understands the policy and strictly observes their respective responsibilities.

An Institutional Risk Assessment (IRA) is carried out at least once every two (2) years to provide a comprehensive analysis, as well as an aggregate evaluation of the Money Laundering, Terrorism Financing and Proliferation Financing (ML/TF/PF) risks that are present across the Bank and its majority-owned subsidiaries covered by the MTPP. The result of each IRA is presented to the Board of Directors for articulation and approval. The IRA drives improvements in the overall risk management of ML/TF/PF which is documented in the MTPP.

FATCA Compliance. BPI has a Foreign Account Tax Compliance Act (FATCA) Compliance Department headed by the FATCA Compliance Officer who has established a program to ensure the effective implementation of FATCA compliance initiatives. The department is also in charge of overseeing the Bank's compliance with FATCA regulations and accomplishing certifications with the US Internal Revenue Service (IRS). The FATCA compliance program provides additional requirements on customer due diligence and documentation, as well as additional reporting guidelines to relevant tax authorities.

The Bank appears in the IRS official list of participating financial institutions with the Global Intermediary Identification Number (GIIN) CUC04I.00000.LE.608.

Type of Financial Institution (FI): Lead of an Expanded Affiliated Group

FATCA Classification and Date of Registration:

- Participating Foreign Financial Institution: Apr. 23, 2014
- Registered Deemed-Compliant Financial Institution/ Reporting Financial Institution under a Model 1 IGA: Mar. 23, 2015

Compliance Analytics. The Compliance Analytics Department supports the Compliance Division by providing proactive data science analytics in identifying and managing various risk and compliance issues to help create pre-emptive and sustainable environments for existing compliance functions. In particular, it is responsible for the over-all design and delivery of various data science analytics initiatives of the Division, which may cover AML, Data Privacy, and other compliance-related matters. The Department ensures continuous training and development of its Data Science Officers under Compliance Analytics to ensure that the Department produces high level tactical data analytics and models.

Manned by an Analytics Team Head and a Data Science Officer, the Compliance Analytics Department also helps BPI differentiate itself from industry peers by using the most advanced technologies as part of a comprehensive effort to improve regulatory compliance while protecting customers' funds and data, as well as the Bank's brand and reputation.

Data Privacy Office. BPI has established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls, and technologies designed for risk reduction. The Bank has a Data Privacy Office, headed by a Board-appointed Data Protection Officer (DPO), a senior management officer. The key focus of the DPO is to oversee data privacy compliance and manage data protection risks for the organization, consistent with the Data Privacy Act rules and regulations, issuances by the NPC, and other applicable laws. Management has also appointed Compliance Officers for Privacy (COP) for major business units of the Bank to augment the Data Privacy Office and ensure the sustained implementation of the Data Privacy Management Program across business lines. To promote transparency and to comply in part with the Data Privacy Act, BPI has published online and prominently displaced inside its branches the Data Privacy Statement that discloses how BPI collects, protects, uses, and shares personal data across its operations.

The Data Privacy Statement applies to 100% of BPI's operations.

[79] Recommendation 2.10 SEC CG Code for PLCs
[80] Recommendation 1.6 SEC CG Code for PLCs

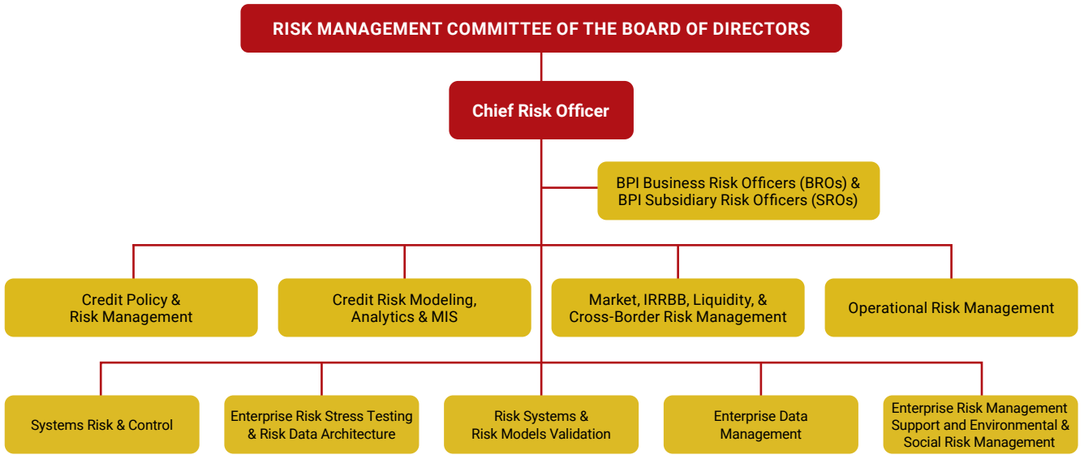
We manage our risks ethically, prudently and pro-actively through a robust risk management governance structure, supported by business-enabling risk processes and risk-intelligent data and technologies to deliver sustainable value to our clients and stakeholders.

Comprehensive Framework. BPI pursues best practices in Enterprise Risk Management (ERM) across its businesses and processes. We have an established ERM and capital management framework that enables us to systematically identify, measure, monitor, and control our significant financial and non-financial risk exposures, ensure adequate liquidity, and sufficient capital to support growth and business resilience. The framework covers traditional risks that the Bank is exposed to such as credit, market and liquidity, and operational and information technology (IT) risks, and other risks such as reputational, conduct, model, legal and tax, and environmental and social risks. The Bank's framework is anchored on the regulatory guidance set by the BSP which emphasizes effective risk management governance, robust business continuity and operational resilience standards, financial viability, and soundness through the conduct of internal capital adequacy assessments, and the adoption of various risk management processes and methods that are regularly reviewed and updated. (Recommendation 2.11, 12.4 SEC CG Code for PLCs).

Cultivating a Risk-Aware Culture. Our risk culture is anchored on our vision of transparency and integrity in the workplace, creation of sustainable value, and delivery of maximum returns to stakeholders. To fulfill our responsibilities to clients, employees, stakeholders, regulators, and our country, we exercise proactive and prudent risk management. The Bank actively promotes a culture of ethical behavior and risk management best practices, emphasizing that risk management is a shared responsibility that is integral to day-to-day activities.

Integrated Approach. Risk management in BPI adopts a top-down approach, with the Board driving risk appetite setting and overall risk strategy. The Board fulfills its risk management function through the Risk Management Committee (RMCom). The RMCom defines risk appetite statements at functional and enterprise levels, oversees and reviews risk management structures, metrics, limits, and issues across the BPI Group of Companies (BPI Group). The RMCom guides our risk strategy framework, emphasizing sound risk management governance, value-enhancing and business-enabling risk methods and processes, and risk-intelligent data and technologies. It ensures oversight on risks, monitors regulatory and internal capital adequacy vis-à-vis risk exposures, and promotes a strong risk culture across the BPI Group through the Subsidiary Board-level RMComs. Operating on the "Three Lines of Defense" model, we manage risks through clearly delineated functions to ensure effective risk management governance and control processes across the Bank. This model defines the risk management responsibilities of each unit owning and managing the risk (1st line), overseeing the risk management function (2nd line), or providing independent assurance on the quality and effectiveness of risk management and internal controls (3rd line).

Management-level Committees are also established to strengthen the Bank's risk management by aligning strategies with organizational goals and improving decision-making in specific business areas. With transparent reporting, they cultivate a risk-aware culture, enhancing operational resilience, crisis preparedness, and strategic alignment (refer to Operating Management on page 128).



Leveraging on Data, Risk Systems, and Technology. BPI's Risk Management Office (RMO) leads the Bank's Enterprise Data Program, ensuring data quality, consistency, reliability, and accessibility. The Data Governance Office (DGO) oversees the Bank's data program establishing and implementing relevant organizational structures, frameworks, policies, standards, processes, and technologies. The effectiveness of our enterprise data program is measured through data quality, valorization, organizational capabilities, scalable technologies, and defenses. The Enterprise Data Steering Committee (EDSC) that provides strategic oversight to the DGO, aligning initiatives with the BPI Group's business strategic imperatives.

We also continuously enhance and upgrade our systems and invest in cloud-hosted technologies, data, reporting and analytics capabilities, and enhance our processes to promote efficiencies, accuracy of data, 360° risk perspective, and timely reporting. With our Enterprise Data Warehouse/Lakehouse and Risk Data Architecture systems leveraging on our Enterprise Data platform, the availability of a reliable, accessible, integrated, secured and comprehensive view of enterprise and risk data not only strengthens our risk management processes and capabilities, but also supports business-enabling analytics empowering users to optimize usage of data in the platform, and facilitates data servicing to various business and support units of the Bank.

Changes to the Risk Organization.
In 2023, key changes to our Risk Management Office include the following:

- Retirement of SVP Marita Socorro D. Gayares and appointment of SVP Ma. Cristina F. Asis as BPI's Chief Risk Officer;
- Establishment of the Systems Risk and Control (SRC) Division to reinforce our focus and commitment to the Bank's digital and application systems-related initiatives;
- Consolidation of our Consumer Credit Policy and Risk Management with Corporate Credit Policy and Risk Management to form a single Credit Policy and Risk Management (CPRM) Division for a unified view and management of our credit risk.

Chief Risk Officer (CRO). The CRO of the BPI Group reports directly to the RMCom and is responsible in leading the formulation of risk management policies and methodologies, aligned with the Bank's overall business strategies, ensuring a prudent and rational approach to risk-taking that is commensurate with returns on capital, and within our risk appetite. Our risk appetite is a careful measure of the amount of risk we are willing to assume in order to achieve business objectives. Risk appetite statements are regularly reviewed and approved by the Board through the RMCom (refer to the full biography of the BPI CRO on page 316).

The CRO is supported by the RMO, a team of skilled risk managers dedicated to identifying, measuring, controlling, and monitoring the BPI Group's risk exposures. Through continuous training and development programs, including risk awareness campaigns, our risk managers stay informed about industry developments, emerging risks, and risk management best practices. The CRO and the RMO actively engage the RMCom, Management, and business units to effectively communicate our risk culture and best practices (Recommendation 12.5 of the SEC CG Code for PLCs).

We identify risks according to three major classifications:

- Credit Risk (including concentration and cross-border risks)
- Market (including foreign exchange, interest rate, and equity price risks) and Liquidity Risks
- Operational and Information Technology Risks

Credit Risk refers to the risk of default on obligations that may arise if a borrower or counterparty fails to make required payments such as principal and/or interest on an agreed date; market risk is due to price movements/fluctuations in trading and distribution activities of credit securities, foreign exchange, and derivative instruments (as allowed by regulation); liquidity risk is from the management of our cash flows and balance sheet; and operational and IT risks from inadequate or failed internal processes, people, information technology and systems, and threats from external events that pose risks of financial losses and damage to our reputation. We are likewise cognizant of other risks (e.g., environmental, social, legal and tax risks, etc.) that we may be exposed to in our day-to-day business activities and operations. In managing our financial and non-financial risks, we have established risk management processes and controls, and use various methodologies, metrics, tools, and systems to identify, measure, monitor and control our risk exposures.

In compliance with BSP Circular 989 (Conduct of Stress Testing Exercises), the RMO and the Corporate Strategy, Investor Relations, and Sustainability group have employed a formal integrated risk and capital stress testing framework, with a forward-looking assessment of risks under given stressed scenarios identified or developed by our experts. Among others, these stress testing scenarios include the impact of possible economic crisis through stressed macroeconomic variables forecasts, impacts of climate and environmental risk, and reputational risks to the Bank's portfolio. These scenarios are carefully considered to assess the financial and capital impact and to facilitate the development of the Bank's capital contingency and recovery plans.

Independent reviews are regularly conducted by our internal audit, external auditors, and regulatory examiners to verify the effectiveness of controls and risk mitigation measures. We also engage various risk management experts to independently assess our risk maturity across key areas, including business continuity, cyber and information security, and ERM.

All these efforts have been undertaken and conscientiously practiced in recognition of BSP Circular 971 (Risk Governance), as well as benchmarked to the Committee of Sponsoring Organization's (COSO) ERM integrated framework. These have likewise proven indispensable with our reliance and belief in our established risk management system to ensure continued delivery of value to our stakeholders especially during periods of unprecedented uncertainties and economic downturns.

Credit Risk. BPI's Credit Policy and Risk Management (CPRM) Division is responsible for the overall management of the Bank's credit risks. CPRM is accountable to the RMCom in managing BPI's credit risk appetite and in credit risks and asset quality. In addition, CPRM supports Senior Management in ensuring the overall quality of our loan and investment portfolios by adopting proper risk control strategies and adequate monitoring and reporting. CPRM ensures that our prudent credit evaluation and underwriting standards and rating parameters are complied with by the various business lending units through the conduct of independent business portfolio and product credit reviews. The Bank also has a cross-border risk management team tasked to independently monitor and evaluate country and cross-border credit risks facing the BPI Group.

In 2023, we continue to experience modest growth in loan volumes, but is able to manage overall credit risk profile and maintain asset quality as evidenced by acceptable levels of non-performing loans (NPLs), generally at par or lower-than-industry NPLs, and adequate reserves cover), and does so in general compliance with internal and prudential requirements relating to credit risk management (including compliance to Related Party Transaction (RPT) guidelines, single borrower's limits, credit risk concentration, and internal and regulatory stress tests, among others). We continue to maintain a diversified loan portfolio with no significant concentrations. Top borrower-group exposures, which operate in diversified industries, remain within the internal and regulatory single borrower's limit.

We regularly review the appropriateness of the credit risk ratings of non-default accounts and the classification and impairment rates of defaulted or impaired accounts. Corporate credit risk exposures are assessed individually using internal credit risk rating models that generate a probability of default per rating grade and take into account credit risk mitigation. Credit risk rating models are developed internally by our Credit Risk Modeling, Analytics and MIS (CRMA & MIS) Division using statistical methods on quantitative and qualitative risk factors, including credit judgment overlays to account for borrower-specific factors and such other factors that cannot be modeled statistically. The credit risk ratings of corporate accounts are generally updated on an annual basis. Each rating grade has a corresponding probability of default that exponentially increases as a rated account moves across the rating scale. The migration of accounts between rating grades is regularly monitored and analyzed. Loss provisioning also takes into account the rating grade of each exposure. Provisioning for non-default exposures is based on expected credit loss (ECL), while specific reserves are set up for defaulted exposures and reviewed regularly. For cross-border loans accounts, we utilize credit assessment scorecards that take into account risk factors inherent to cross-border exposures. The credit assessment scorecards generate risk ratings for cross-border accounts through a combination of qualitative and quantitative factors with scorecard outputs that could be benchmarked and compared against global ratings. There is also a facility risk rating system in place to consider available collateral covering the cross-border borrower. Such risk rating components enable the Bank to properly and uniformly assess the creditworthiness of cross-border accounts. For consumer credit risk exposures, we adopt credit risk scorecards to assess borrowers' credit worthiness. Both financial and non-financial variables were considered in the scorecard development process, and all scorecards were subjected to expert judgment meetings with key business lending units. The models undergo independent validation as well as regular monitoring for predictive power and performance.

We fully implemented Philippine Financial Reporting Standards 9 (PFRS 9)-based policies, models, and ECL methodologies for all of our credit and investment portfolios, rendering them compliant to both the BSP and PFRS. Loss provisioning for consumer and corporate loan and investment exposures are based on ECL, which is a function of the Probability of Default, Loss Given Default, and Exposure at Default. Any additional reserves are provided as qualitative management overlay, based on forward-looking moderate and/or adverse stress scenarios simulated by the Bank.

We also regularly conduct credit reviews to assess that the credit process - loan origination, credit analyses, approval, implementation, and administration – conforms to the standards set in the Bank's internal policies and complies with regulatory requirements. In 2023, various credit products and test programs were reviewed and were found to exhibit generally acceptable credit performance and portfolio quality.

We measure our credit risk exposures in terms of regulatory capital requirements using the standardized approach in compliance with Basel III and BSP standards on minimum capital requirements. Using this approach, our credit exposures to sovereigns, corporates, and banks are risk-weighted to reflect the credit assessment from reputable credit ratings agencies (Moody's, Standard & Poor's, Fitch, and PhilRatings, where applicable). This approach also allows for the use of eligible collaterals (cash, financial instruments, and guarantees) to mitigate credit risks.

We are committed in integrating environmental and social standards in our lending activities and credit risk management principles. We continuously enhance our credit policies, processes, guidelines, and lending programs to conform with sound credit risk management, including practices that conform to the Bank's sustainability agenda not only to manage environmental and social risks, but also to pursue opportunities that would add and/or enable value for the Bank's various stakeholders by positively impacting the environment and society. Existing credit manuals are regularly revisited and updated to reflect new developments and are aligned with the Bank's customer delight programs and business sustainability practices.

We regularly conduct stress tests on our loan portfolio to determine the impact of changes in various macroeconomic and/or industry scenarios, surface any undue credit concentration risk, and to comply with regulatory reporting. Assessment of stress testing impact to the Bank's financials is also performed simultaneously. In the most recent exercise, results showed that the Bank's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 Ratio (CET1) generally remain above or at about the minimum regulatory capital requirements, even with assumed write-downs on the Bank's large exposures and consumer portfolios, and even with the economic scenario analyses of rising interest and inflation rates and Peso depreciation affecting the Bank's borrowers.

All these efforts have been undertaken in recognition of BSP Circular 855 (Sound Credit Risk Management Practices), BSP Circular 1085 (Sustainable Finance Framework), BSP Circular 1128 (Environmental and Social Risk Management Framework), BSP Circular 1150 (Prudential Framework for Large Exposures Monitoring Threshold), BSP Circular 1159 (Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing), and other related regulatory standards and guidelines.

Market, Interest Rate Risk in the Banking Book (IRRBB), and Liquidity Risks. BPI's RMO exercises its market, IRRBB, and liquidity risk management duties and responsibilities through its Market, IRRBB, and Liquidity Risk Management (MLRM) Division. The Division employs various risk metrics commensurate to the size and sophistication of the Bank's business operations which guide us to effectively manage risks arising from position-taking, trading and investing strategies. Our risk exposures are continuously monitored against approved risk limits which are regularly reviewed and updated to align with our business objectives, strategies, and overall risk appetite. We also conduct forward-looking scenario analyses, risk simulations, and stress tests to complement our risk metrics to provide a broader and holistic risk perspective to the RMCom and Management. For 2023, despite the continued market volatility and uncertainties due to factors such as a tight monetary environment, still elevated inflation levels albeit on a decelerating pace, and continued geopolitical risks and developments, our market, IRRBB, and liquidity risk exposures were prudently managed and controlled within the RMCom-approved limits.

We closely monitor the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk from our trading portfolios is measured using the Historical Simulation Value-at-Risk (HS VaR) model complemented by several risk metrics such as Stop-Loss and Dollar Duration (DV01). The Bank calculates VaR using the Historical Simulation (HS) approach, wherein the one-day changes in risk factors in the past 250 days (e.g., one year) are considered to estimate the risk of loss at a 99% confidence level. In terms of regulatory capital requirements, market risk exposures are measured using the Standardized Approach in compliance with Basel and BSP standards on minimum capital requirements. Currently, we have exposures in credit securities, foreign exchange, and financial derivatives

such as interest rate swaps, currency swaps, futures, and securitization structures as part of our trading and position-taking activities. Financial derivatives are also used to hedge exposures to mitigate price risk inherent in our portfolios. Where hedging strategies are performed, hedge effectiveness assessments are regularly performed to ensure that the hedging relationship still meets the risk management objective set at the inception of the deal.

IRRBB is the current and prospective risk to our capital and earnings arising from adverse movements in interest rates that affect our banking book positions. Since excessive levels of interest rate risks in the banking book can pose a significant threat to our earnings and capital base, we have established adequate risk management policies and procedures, appropriate risk measurement models, risk limit structures, and a robust risk management system to manage our IRRBB.

Interest rate exposures from banking book activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the short- to medium- term horizon (i.e., those occurring in the next one to three years) due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of future cash flows in the banking book due to changes in interest rates. The EaR is calculated using the parametric approach based on the volatility of the daily year-on-year rate movements for the short- to medium- term horizon (i.e., one to three years) at a 99% confidence level. The BSVaR, on the other hand, is measured using the historical simulation approach based on the daily year-on-year rate movements in the historical window at a 99% confidence level. BSVaR considers both principal and interest payments while EaR considers principal payments only. Both metrics are built on the repricing profile of a static balance sheet and utilize certain assumptions based on behavioral/historical patterns such as for deposit accounts which do not have specific maturity dates or repricing schedules (i.e., current and/or savings accounts), and accounts that are subject to embedded optionality (i.e., time deposit pretermination and fixed-rate loan prepayment). The Bank may also hedge its IRRBB risk through financial instruments. Where there are transactions qualified as hedges, these shall follow the Bank's hedge accounting policies. IRRBB levels are measured and monitored daily against RMCom-approved limits and regularly reported to the RMCom and Senior Management.

We ensure adequate levels of liquidity at all times and that contingency plans are in place in the event of liquidity stress. Our liquidity profile is measured and monitored through our internal metrics - the Minimum Cumulative Liquidity Gap (MCLG) and Intraday Liquidity Buffer Ratio (ILBR), and the regulatory metrics - Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. This indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the Bank. In view of further strengthening our liquidity risk management, we implemented in 2022 the ILBR which was designed to promote the Bank's resilience against intraday liquidity risk by ensuring that adequate liquidity buffers are in place to meet unexpected outflows throughout the day without significantly affecting our funds or reserves management. The LCR determines the short-term resilience of our liquidity risk profile, requiring financial institutions to hold adequate levels of high-quality liquid assets to cover net cash outflows in the next thirty days. We, on a solo and consolidated basis, maintain adequate levels of liquidity to provide a sufficient buffer for critical liquidity situations. The Bank monitors and reports its significant currencies to track any potential currency mismatches that could impact the LCR. The NSFR complements the LCR by limiting the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

We perform regular stress testing activities to determine our ability to withstand and evaluate the impact of financial crises and other types of stress events. We conduct price stress tests in both the trading and banking books using a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on our economic value, earnings and non-interest income. The design of the trading and banking book stress tests includes various interest rate shock scenarios such as steepening and flattening yield curves, parallel up/down and short rate up/down, forward-looking and other notable historical stressed events that have occurred in the financial industry. The interest rate shocks applied are calibrated for all significant currencies in which we have significant positions. We conduct liquidity stress tests using different risk events, scenario types, and stress horizons to assess our liquidity position and determine potential liquidity shortfalls during stress events. Scenario analyses and simulations, including recent risk-related developments such as the Silicon Valley Bank (SVB) collapse, are also performed to provide forward-looking liquidity conditions and anticipate potential liquidity and funding requirements. The results of the stress tests are presented to the RMCom and Management as part of our overall risk management process. All these initiatives are undertaken to ensure that the relevant market, IRRBB, and liquidity risks are identified and controlled.

We have in place escalation procedures in handling potential and/or actual limit breaches in our market, IRRBB and liquidity risk metrics, enabling timely identification and reporting of risks and the formulation of appropriate action plans and strategies to prudently manage such risks and contain them at acceptable levels.

The risk management process, including its various components, is subject to regular monitoring and periodic independent review (i.e., internal/regulatory audit and model validation), and regularly updated to ensure accuracy, propriety, and timeliness of data and assumptions employed.

Operational and Information Technology Risks. BPI's Operational Risk Management (ORM) Division monitors risks arising from inadequate or failed internal processes, people, and systems or from external threats and events such as cybercrime that lead to financial losses, pandemics, natural disasters that damage physical assets, or electronic or telecommunication failures that disrupt our operations. Operational risk is inherent in all banking products and services, and may include risks that give rise to adverse legal, tax, regulatory, or reputational consequences. Information Technology (IT) is a significant risk factor subsumed under operational risk, given the highly automated nature of our processes and services. We define IT risk as the risk of any potential adverse outcome arising from the use of or reliance on IT (e.g., computer hardware, software, devices, systems, applications, and networks). IT risk includes, but is not limited to, information security, service availability, reliability and availability of IT operations, completion on specification of IT development projects, and regulatory compliance pursuant to the BSP's guidelines on Information Technology Risk Management. Our ORM Committee (ORMC) provides Senior Management oversight over the ORM Division, in accordance with regulatory requirements.

The Business Risk Officer (BRO) serves as the focal point in the deployment of the Bank's risk management program. We have BROs coordinating with and overseeing key functional areas and business units across the organization. Our BROs are responsible for promoting a sound risk management culture, implementing ERM best practices, and ensuring timely submission of operational and other risk reports in the first line of defense.

We have an established operational risk management framework that clearly defines responsibilities related to the performance of the risk management function, as well as the accountabilities, processes, and tools employed to identify and mitigate operational and IT risks in our operating units.

Subject to regular monitoring and reporting, tools include Key Risk Indicators (KRIs), loss events, incident management, Risk & Control Self-Assessment (RCSA), Risk Assessment for Business Activity (RABAct), and Outsourcing and Materiality Risk Assessment (OMRA). KRIs are used to monitor risk profiles, trigger early-warning alerts, and instigate mitigating actions. Operational loss events data collection and analysis provide meaningful information to assess the Bank's exposure to risks and the effectiveness of its controls. Operating units are required to conduct regular self-assessments to identify, assess, and mitigate risks in the processes that they perform, which include the assessment of inherent and residual risks, identification of controls, and the assessment of the design and performance effectiveness of these controls. RABAct and OMRA are conducted to provide information on the anticipated risks prior to implementation of new or changes to existing business activities (e.g., product development and service offerings, process changes/enhancements) and outsourcing engagements, respectively. These risk assessments and the design and testing activities are aimed at safeguarding both the Bank and our clients from the risks of economic loss, operational disruption, third-party failures and damages, or compromise of personal or financial data.

To help us in the aggregation and reporting process, we also have set up risk categories and instituted the use of our risk and control library that provides an aligned taxonomy of risks and controls. Training on the various ORM tools and processes is regularly conducted and bulletins/advisories is cascaded to the stakeholders to strengthen the Bank's risk awareness and appreciation programs.

With our drive for digitalization, we have implemented an ORM System (ORMS) that fully integrates these tools and processes. Integration of digitalization to the modules on Loss Events, Metrics/KRIs, Incident Management, Exception Approvals, and Findings has already been implemented, while integration to the modules on Risk and Control Self-Assessment (RCSA) and Risk Aggregation are still in progress.

Through the ORMS, manual processes are eliminated and correlation with all tools is made possible, thereby providing better visibility to Management, and enabling them to make data-driven decisions.

To support the Bank's Environmental, Social, and Governance (ESG) initiatives, we have integrated E&S risks in our tools. Our risk library was expanded to tag operational risk titles with potential E&S-related risks. Operational loss events monitoring captures actual occurrence of E&S risks that has resulted to, or has the potential to result to, a financial or regulatory impact. In coordination with our ESRM unit, efforts to establish key metrics to provide the RMCom and ORMC visibility over E&S risks are ongoing. Localized sustainability initiatives in the workplace (e.g., lights off on lunch break) were implemented. Continuous support in the Group-wide sustainability programs (e.g., recyclables drive) is also observed.

Our exposures to operational risks are identified, assessed, and monitored as an integral part of the risk assessment processes. We are currently using the Basel II regulatory Basic Indicator Approach to quantify operational risk-weighted assets, using the historical total annual gross income as the main measure of risk.

We regularly perform operational risk stress tests through scenario analysis to support the internal capital assessment for operational and IT Risks, as part of our initiatives to advance risk management methodologies. Through a series of stress scenarios, we can identify, analyze, and assess the impact of unexpected and extreme operational risk events. This exercise ensures that high impact events are captured during risk assessment, especially those not yet reflected in our existing historical loss data.

Our Board-level RMCom is regularly apprised of operational and IT risks through comprehensive reporting and discussions during monthly meetings. The RMCom is likewise regularly briefed on current cybercrime landscapes, emerging risks, and industry trends, as well as mitigating measures implemented by the Bank.

Business Continuity Risk. BPI maintains its business continuity capability and organizational resilience by means of an effective and global best practice Business Continuity Management (BCM) program. As self-assessed by the Bank, this program is aligned with ISO 22301, BSP Circular 951 (Business Continuity Management), and Good Practice Guidelines of Business Continuity Institute (BCI) UK. This program includes: (1) Business Impact Analysis (BIA) methodology, (2) prioritization of products and services, (3) recovery plans, and (4) response structures to provide adequate level of services until normal operations resume. The BIA methodology identifies products, services, processes, and resources that should be prioritized during a disruption. Risk Assessment for Business Continuity (RABCon) identifies the most probable threats to the Bank and assesses the likelihood of their occurrences and their impact to key areas. Business Recovery Plan (BRP) provides a suitable solution that focuses on the impact of events and the timely restoration of building, equipment and supplies, technology, vital documents, human resources, and third-party vendors.

Resilience structure is in place and business groups/subsidiaries have been identified to meet business continuity objectives and to support the agreed recovery solution. Each business group has a designated Group Business Continuity Coordinator who handles localized risk events impacting business units in the business areas, with the support and guidance of tactical teams such as the Incident Management Teams and the Corporate BCM Unit. For incidents that rise to the level of a true crisis, the Crisis Resiliency Committee (CRC), composed of senior management officers, is convened to establish command and control.

To further improve the Bank's resilience, we have set up alternate command centers in Metro Manila and in provincial areas, which also provides additional seats that can be used for business recovery. We have also designated various evacuation sites, equipped with food, blankets, and other supplies, to assist employees during natural calamities.

The Bank employs a hybrid remote working and equips its employees with necessary access and tools that allow a flexible work arrangement for a diversified BCP. With the Bank's digital transformation journey, we were also able to digitize BCM processes, campaigns, business recovery plans, and other BCM documentations through the Bank's workflow management tool. It also provides the Bank an online collaboration platform that allows our BCM/BCP Coordinators to work together and have BCM huddles/meetings. These reduce manual handling and physical presence, further ensuring business continuity when the availability of the human workforce is put at risk. Along with our foundational cap abilities, which include experiences, relationships, robust frameworks, and data, these allowed the Bank to be resilient in the face of the disruptions not only during natural disasters, but also during the pandemic.

Information and Physical Security Risks. As we carry on with efforts to transform customer experience, address demand for digital financial services, and provide opportunities for financial inclusion, it is crucial to protect the data of our customers and stakeholders to foster and maintain their trust and confidence in our services. Our information security management system of people, process, and technology seeks to ensure the confidentiality, integrity, and availability of information assets through continuous identification, assessment, treatment, and monitoring of information security risks. We are guided by information security and data privacy programs that are benchmarked against industry standards and best practices, and adhere to applicable laws and regulations such as the Data Privacy Act and relevant BSP Circulars on customer protection, information security, and risk management. Consistent with the Bank's sustainability objectives, these programs aim to utilize resources in a way that mitigates risk, minimizes cost, and maximizes effectiveness.

In view of increasing cyber risks, we continue to invest in the enhancement of our security infrastructure and technical controls to secure both our physical and computing environments. This includes a broad range of prevention, detection, and recovery mechanisms to mitigate and immediately respond to threats and incidents. We subject our controls to periodic assessments through in-house programs and independent third-party engagements to determine their continued relevance and effectiveness. We conduct a regular review and simulation testing of our incident response plans to ensure their workability and the organization's readiness in the event of any disruption of our services or hostile attack on our information assets.

We have an established third-party and vendor risk management program to address supply chain risk as we further expand our outsourced services to support business goals and operations. We apply a stringent vetting process to our service providers and IT suppliers, and regularly monitor their performance to determine compliance with data privacy and information security requirements. We continue to improve third-party risk management through automation and streamlining of processes.

We have intensified the Bank's information security awareness campaigns for customers to help them protect their personal information and combat online banking fraud which is likely to rise in frequency and sophistication due to the increased adoption of online services. These campaigns are conducted extensively via traditional and social media, the BPI websites, press releases, and email bulletins. Our internal awareness program and campaigns are persistent and substantive, seeking to change the behavior of employees toward cyber-risk by educating them on current and emerging cybercrimes, giving them the skills to identify potential threats, and most importantly, impressing upon them the important role they play in mitigating it.

We subject all our controls to periodic assessments through in-house programs and independent third-party engagements to determine their continued relevance and effectiveness and to identify areas for improvement.

BPI's Facilities Services and Management (FSM) Group takes a leading role in ensuring a secure, safe, and inspiring environment for both BPI clients and personnel. Tasked with building, maintaining, and ensuring the physical security and safety of all BPI branches and campuses, FSM employs a proactive and integrated approach encompassing people, infrastructure, and security. This strategy addresses the increasingly sophisticated needs of BPI sites. In harmony with our sustainability agenda, FSM is proactive in implementing initiatives to counter the impact of climate change. These measures include embracing initiatives focused on renewable energy such as electric vehicles and other projects. FSM also reduces its footprint where it can, as seen with its pursuit of Excellence in Design for Greater Efficiencies (EDGE) certifications. Finally, FSM is also supported by a well-established Physical Security Response Plan. With properly trained personnel and proper equipment, FSM is equipped to handle various emergencies and calamities such as typhoons, earthquakes, and other natural disasters.

Legal and Tax Risks. BPI has two specialized legal services divisions composed of highly-trained legal professionals with experience in banking, corporate law and litigation that serve as BPI Group's main legal resource. These two legal divisions play critical roles that enable us to carry out our operations while minimizing legal issues and risks.

Our Corporate Legal Affairs Division composed of the Documentation, Legal Risk and Advisory, Tax Compliance, Tax Advisory and Tax Risk Management units provide proactive guidance and support to effectively manage our legal and tax risks. The Documentation and Legal Advisory units ensure that our rights and obligations are protected in its contractual relations, and that we are abreast of legal developments and requirements, respectively. We also conduct a legal risk assessment of potential claims against us and recommend legal risk mitigation measures. We further empower our units by issuing legal and tax advisory bulletins, providing supporting training seminars that highlight legal and tax issues, new laws, and regulatory fiats that impact our products and services, and promote awareness initiatives of various regulatory agencies.

We provide legal direction and support, working closely with Management, Risk and Compliance Offices, and the various business segments in monitoring, interpreting, and implementing laws, government regulations, and pandemic-related issuances.

Our Dispute Resolution and Litigation unit plays a significant role in protecting our rights and interests and in avoiding losses when the Bank is involved in disputes or cases filed by the Bank against clients and third parties or filed by clients and third parties against the Bank, before regulatory entities, quasi-judicial bodies and judicial cases in all levels of the judicial proceedings as well as from trial courts to the Supreme Court. The Dispute Resolution Division handles cases that involve large enterprise loans, retail loans, and trade financing. We specialize in criminal cases, cybercrime cases, and administrative cases (including BSP and SEC cases) filed on behalf of or against the Bank. We likewise handle defensive cases filed by any party against the Bank for any reason, and play a significant role in the Bank's AMLA Compliance and the Labor Relations Compliance.

Part of the Bank's robust legal risk management is the Dispute Resolution Division's advisories on what areas of improvements should be made in various operations of the Bank based on the learnings from the cases that it handled.

The Corporate Legal Affairs and Dispute Resolution Divisions accomplished the following program highlights in 2023: lectured on several Teach-In Series on taxes such as LBT, GRT and EWT; held seminars on sexual harassment in the workplace (Anti-Bastos Law), Data Privacy, writs, warrants, subpoenas and court witnessing, garnishments for the Bank's business units; collaborated with the Department of Justice (DOJ) in lecturing in the National Prosecutors Training on Anti-Cybercrime and also conducted seminars on cybercrime-related laws and procedures to equip BPI branch personnel and other client-facing units the capability to respond to and assist on cybercrime complaints and incidents; pursued sustainability initiatives such as coordinating with HR and BPI Wealth in holding roundtable discussions on Personal Equity and Retirement Account (PERA) for the ensuing well-being of BPI employees; disseminated numerous videos-on-demand (VODs) and tax infographics to update and inform BPI employees of the latest banking and tax laws and trends; issued a digital brochure across all BPI branches on the rights of persons with disabilities (PWDs) and senior citizens related to branch servicing thereby boosting the Bank's Customer Obsession objectives.

Sustainability programs were successfully implemented in 2023 as part of the team's capacity building initiatives and programs to help raise awareness, knowledge, familiarity of the legal principles and to provide appropriate legal guidance to relevant business units of BPI and the BPI Group on the proper disposition and management of common and recurring legal documentation issues and concerns which have been observed to arise from time to time. Our capacity building initiative resulted in the successful conduct of back-to-back lecture sessions on Bank Exposures to DOSRI, Subsidiaries and Affiliates and Related Party Transactions, last Oct. 26-27, 2023, to participants of the Retail Banking Group numbering more than 400. We implemented legal training modules and courses unique to Legal's expertise and strengths for capacity building, development and continuing legal education of the BPI Group officers and staff. We provided strategic guidance and legal assistance in the digital transformation initiatives of Agency Banking Group, Cash Management Group, Digital Channels Group, BPI Global Markets, BPI Securities, BPI Marketing, BPI Cards, among other business units, which entailed the development, design and crafting of forms/relevant terms and conditions/program requirements and mechanics.

We continually pursue the digitalization imperatives of the Bank by enhancing the Centralized Legal Automated Request (CLeAR) system in SharePoint by implementing improvements based on feedback from our fellow Unibankers. CLeAR provides a much faster and better customer experience for our internal clients, and it also gives us the opportunity to gather and analyze data on the current concerns of the Bank and anticipate future trends where we can better allocate our legal resources. Through this, legal risks are properly grouped, defined, and identified and proposed solutions and opinions contribute to further ensure that the Bank has a robust legal risk management response.

The BPI Cybercrime Assistance Response (BPI CARes) Team continues to assist Bank clients who are victimized by third-party scammers and online fraudsters which has contributed to the deterrence and prevention of cybercrime attacks against BPI clients by obtaining conviction of, causing the arrest, and assisting in the investigation of cyber fraudsters.

Reputational Risk. BPI defines reputational risk as the risk of potential negative public perception or uncontrollable events and developments that would have an adverse impact on our Brand and reputation that can affect the Bank's ability to maintain existing business relationships or establish new business relationships and continued access to sources of funding.

We regard the Bank's reputation as a very valuable asset, since a negative reputation can harm client and investor trust, erode client base, and hinder sales. Poor reputation also correlates with increased costs for hiring and retention that can degrade operating margins and prevent higher returns. Furthermore, reputational damage increases liquidity risk which impacts stock price and ultimately causes market capitalization to decline. We have an established Reputational Risk Management framework that provides consistent standards for the identification, assessment, and management of reputational risk issues. While all our employees have a responsibility to protect our reputation, which forms part of our Code of Business Conduct and Ethics, the primary responsibility for managing and reporting reputational risk matters lies with our business and operating units in the first line of defense. The Public Affairs and Communications unit, on the other hand, is the risk control owner of reputational risk, promoting awareness and application of our policies and standards regarding reputational risk and encouraging business units to take account of our reputation in all decision-making activities, as well as dealings with clients, suppliers, co-employees, and all other stakeholders.

Our policies ensure that reputational risk matters are managed in a consistent manner and aligned with our strategic priorities. We have established risk indicators for reputational risks that are regularly monitored and reported. These include events and developments related to products and services, channels, financial performance, human resources, brand equity, customers' awareness and loyalty that are further amplified through traditional and social media coverage.

Model Risk. BPI maintains an active and robust model risk management system and well-articulated model review standards and methodologies. Our RMCom establishes and ensures a strong model risk management structure that fits into the broader risk management culture and processes of the BPI organization, while the CRO is delegated with the responsibility to review and endorse all model risk reports to the RMCom, and model owners are responsible in managing the model risk of their respective models from initiation to retirement.

RMO's Risk Models Validation (RMV) Department is the Bank's model risk manager, owner of the model governance framework and model inventory, and is responsible for conducting the independent model validation activities.

Our framework encompasses governance and control mechanisms such as Board and Senior Management oversight, policies and procedures, controls and compliance, and organizational structure; with controls carried out at the different stages of the model lifecycle. A semi-annual inventory of the Bank's models is conducted to ensure relevance, comprehensiveness, and usability across functional risk areas. These models are subject to independent validation generally prior to implementation, and re-validation as appropriate.

Given the increased regulatory expectations on model risk management, independent validation, and the Bank's focus on data-driven analytics and decision-making, RMV continuously tests the quality and robustness of our risk models, benchmarks our risk models to global best practices on model risk management, develops and employs automation tools on recurring models subjected to annual validation, considers the impact of stress and macroeconomic scenarios to latest modeling methodologies employed, and ensures that proper emphasis is placed on models supporting financial inclusion and sustainability initiatives.

Environmental and Social Risks. Despite contributing less than 1% to global CO_2 emissions[81], the Philippines faces high vulnerability to the impacts of climate change and natural disasters, emerging as one of the most-at-risk country in the world in 2023[82]. Situated in the Pacific Risk of Fire, the proactive management of challenges arising from climate change and evolving social landscapes is crucial for the Philippines as it pursues advanced economic development. The Bank is cognizant of these challenges and has been a sustainability advocate with our commitment to corporate social responsibility motivating us to integrate sustainability into our business and operational activities.

We recognize the presence of environmental and social (E&S) risks inherent in our core operations and daily activities. To safeguard the best interests of our stakeholders, we commit to a risk management strategy centered on creating long-term stakeholder value and promoting shared value for a sustainable future.

Under the Enterprise Risk Management (ERM) framework and guided by BSP Circulars 1085 and 1128, we established the Bank's general policy on environmental and social risk management system (ESRMS) which integrates environmental and social (E&S) risk management in our risk governance structure and promotes the updating and/or establishment of policies, processes, methods, and tools that integrate E&S risk management in our main business activities and decision-making processes. It is designed to support the two sustainability pillars of Responsible Banking and Responsible Operations and is critical in achieving our strategic sustainability objectives and targets.

We define E&S risks as potential negative financial, legal, and/or reputational effects from E&S issues affecting our key business activities[83].

- Environmental risks can be categorized as either physical or transition. Physical risk is the potential loss or damage to tangible assets arising from climate change, weather-related disturbances, and other environmental hazards. This can either be acute events which are event-driven risks that have an immediate adverse impact, or chronic events which are shifts in climate patterns that are long-term in nature[84]. Transition risk is the potential economic adjustment cost resulting from policy, legal, technology, and market changes to meet climate change mitigation and adaptation requirements.
- Social risks are potential negative social impacts including, amongst others, hazards to human health, safety and security, as well as threats to communities, biodiversity, and cultural heritage.

[81] CO_2 emissions www.ourworldindata.org/co2-emissions
[82] WorldRiskReport 2023 www.weltrisikobericht.de/wp-content/uploads/2023/10/WRR_2023_english_online161023.pdf

[83] E&S risks definitions based on BSP Circular 1085
[84] Recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD)

We recognize that E&S risks can influence and/or aggravate the Bank's existing traditional financial and non-financial risks such as credit, market, operational and reputational risks.

RISK CATEGORY	EXAMPLES OF ENVIRONMENTAL RISK DRIVERS	
	Physical Risk	Transition Risk
Credit	Reduced repayment capacity of borrowers due to reduced or limited operations, profitability or value of collateral, and returns on transactions caused by climatic shifts or extreme weather events	Failure to consider the shifting regulatory and policy landscape in credit quality assessment (e.g., carbon taxes on emissions, total outright ban in activities driving E&S risk events, shift in consumer preferences, etc.) resulting to a deterioration in loan portfolio and asset quality
Market	Reduced value and marketability of our assets due to physical impacts	Shift in demand and preferences of clients and other stakeholders for the Bank's products and services
Operational	Business interruptions due to extreme weather events and its resulting damage to physical assets	Increased operating costs and higher capital expenditures to ensure resilience and carbon reduction measures
Reputational	Negative public reaction due to perceived inadequate support for clients and communities affected by extreme weather (and other environmental) events Negative public reaction due to perceived increase in exposure to environmental hazards	Damage to our brand, reputation, and social capital due to potential perceptions of our institution's detraction from the transition to a low-carbon economy

Our approach to managing E&S risks will evolve as we progress in our integration efforts. We continuously strive to improve our E&S risk assessment methodologies and capabilities, strengthening both our qualitative and quantitative analyses. Implementation of new or enhanced policies and processes will support these activities, ensuring alignment with relevant laws and regulations such as BSP Circulars 1085, 1128, and 1149, and local and relevant global best practices. All these efforts are aimed at not only meeting regulatory expectations, but also adding value for our various stakeholders by positively impacting the environment and society.

RELATED PARTY TRANSACTIONS

In the normal course of business and under the overall purview of the Related Party Transactions Committee (RPTCom) of the Board, BPI transacts with related parties which include its directors, officers, stockholders and related interests, subsidiaries and affiliates (including those under the Ayala Group of Companies), as well as other related parties defined in the Bank's internal policy and aligned with regulatory standards and guidelines.

Controls are in place to ensure compliance with Related Party Transactions (RPT) processes, a basic element of which are RPT guidelines published in the Bank's policy databases as further communicated through briefing sessions and regular advisories. Another control mechanism requires the RPTCom Secretariat to verify if there is prior vetting of RPT proposals submitted for Board-level approval and/or prior to implementation of the transaction. Moreover, post-verification of vetted RPTs is conducted by both Internal Audit and Compliance Office, results of which are reported to the RPTCom. Review of RPTs is likewise part of the external audit assurance process.

RPTs are monitored through various reports such as the regulatory and internal limits monitoring for related party (RP) exposures, reports on RPTs reviewed by the vetting committees, as well as the regulatory reporting for material RPTs.

The Bank maintains a registry of RPs which is regularly updated based on the results of RP analyses, as part of the Know-Your-Customer process, conducted by the business units. Likewise, regular updating is done following the (a) annual preparation of the BPI and Ayala Group's conglomerate map and (b) any Board composition changes effected during the Annual Stockholders' Meeting and/or intra-year Board changes. Updates are also sourced from other information gathered from internal Bank units and reputable external sources. Updating of the RP database for the BPI officers' data is regularly conducted in coordination with the Bank's Human Resource Management Group for proper tagging in the system. The Bank's RP database is accessible to business units to serve as a tool in the RP identification process across the Group.

As in the past years, RPTs involve credit and non-credit transactions such as loan accommodations and guarantees, agreements for the periodic provision of leases or other services, asset purchases and sales, trust transactions, and investments, among others. Vetting is done either by the RPTCom or the Management Vetting Committee (MVCom) prior to implementation, depending on set materiality thresholds, to ensure that transactions with RPs are standard banking activities and are done at arm's length basis particularly on terms and conditions comparable to those offered to non-RPs or to similar transactions in the market. In line with this, the Bank continues to review and enhance its vetting process by defining standardized terms and/or parameters for select transactions applicable to both RPs and non-RPs alike, as approved by management and subjected to vetting by the RPTCom, thereby strengthening non-preferential treatment to its RPs. During the year, the RP identification process and RPT vetting requirement for certain transactions were reassessed, and corresponding proposals to streamline and simplify internal processes were recommended to and approved by the RPTCom, as aligned with existing internal RP policies and regulatory guidelines. Key BPI subsidiaries have likewise updated their respective RPT policies to align with the Parent's.

In 2023, supported by the continuing upgrades in the work arrangements and productivity tools as part of the Bank's overall business resilience initiatives, both the RPTCom and the MVCom had fully and consistently carried out the Committees' responsibilities in the evaluation of various RPT proposals and the monitoring and review of other RPT-related matters. Regular RPTCom meetings were held during the year, ensuring that business transactions with RPs are duly executed as needed with utmost independence, fairness, and integrity.

The RPTCom is composed of three independent and/or non-executive directors, majority of whom are independent including its Chairperson, and two resource persons from Management (i.e., the Chief Audit Executive and the Chief Compliance Officer). The RPTCom Secretariat, which is part of the Credit Policy and Risk Management (CPRM) Division of the Risk Management Office, assists the Committee in carrying out its role and responsibilities as defined in the RPTCom Charter, particularly on strengthening corporate governance and RPT practices. The MVCom, on the other hand, is composed of the Executive Vice Presidents, the Chief Finance Officer, and the Treasurer of the Bank.

The Bank is committed in ensuring strict compliance with laws, regulations, and reporting requirements relating to DOSRI and RPTs by instituting rigorous vetting processes and establishing adequate controls and oversight mechanisms. Improvements in the RPT framework are continuously pursued with the aim of enhancing corporate governance measures including greater information awareness initiatives.

Internal Audit. Our Internal Audit Division is an independent body that supports the Audit Committee in fulfilling its oversight responsibilities by providing an objective assessment on the adequacy and effectiveness of the Bank's risk management, internal controls, and governance processes through well-established risk-based audit plans. Internal Audit also ensures that the Bank's operating and business units adhere to internal processes and procedures, as well as regulatory and legal requirements. The assessment of controls, systems, and processes of the Bank is covered by the annual audit work plan, which is developed using the Audit Risk Assessment or scoring model, and reviewed and approved by the Board through the Audit Committee. The Committee of Sponsoring Organizations of the Treadway Commission (COSO)[85] internal control framework which includes Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, and the Control Objectives for Information and Related Technology (COBIT) are the frameworks used in assessing the effectiveness of the internal control system.

This division reports directly to the Board through its Audit Committee. It collaborates with other assurance providers such as the Risk Management Office, Compliance Office, external auditors, and other oversight units. Through this system for the comprehensive monitoring and review of risks and compliance in the institution, the Board ensures that the Bank and all business units proactively manage the risk and compliance exposures impacting the business.[86]

The Audit Committee also ensures that the Internal Audit Division undergoes an external quality assessment review (EQAR) to confirm that audit activities conform to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The program includes periodic internal and external quality assessments and continuous monitoring of internal audit activity performance. Periodic internal assessments are conducted annually, while external quality assessments are conducted at least once every five years by a qualified independent validator. This division maintains a rating of "generally conforms" on both internal and external assessments, indicating that its activities have continuously conformed to professional standards, code of ethics, and other internal standards.

Internal Audit Charter. Empowered by the Internal Audit Charter, the internal audit function is granted free access to all records, properties, and personnel. In this respect, the Audit Committee reviews the internal audit function, including its independence and the authority of its reporting relationships. The Internal Audit Division continuously improves the capabilities of its auditors through continuous education on specialized areas of knowledge, auditing techniques, regulations, and banking products and services. The Board, through the Audit Committee, periodically reviews and approves the Internal Audit Charter which is published on the company website at www.bpi.com.ph.[87]

Chief Audit Executive. The Internal Audit Division is headed by a Chief Audit Executive (CAE) who is appointed by the Board and reports functionally to the Board through the Audit Committee and administratively to the President and CEO. This ensures that the CAE is not dependent on any bank executive or operating officer for the security of his or her position. The CAE has unrestricted access to all functions, records, property, and personnel. Additionally, the Audit Committee ensures that the CAE has access to the Board, on a confidential basis, and that the Internal Audit Division is independent of bank management.,. The Board, through the Audit Committee, evaluates the performance of the CAE.[88] See page 318 for the full biography of the CAE.

Independent External Auditor. The Audit Committee recommends to the Board the appointment of a BSP-accredited external auditor. The appointment, reappointment, and removal of the Bank's external auditor is subject to the approval and endorsement of the Audit Committee, for subsequent confirmation and approval by the Board and stockholders and is also done pursuant to the General Requirements of Securities Regulation Code (SRC) Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors).[89]

The Audit Committee also:

- assesses the external auditor's effectiveness, independence, and objectivity, ensuring that key partners are rotated at appropriate intervals, or that the handling partner is changed at least once every five years or earlier;
- reviews the external auditor's annual plan and, scope of work, and, in consultation with management, approves the external auditor's term of engagement and all audit and non-audit services, including fees, to be provided by the external auditor to the Bank and its subsidiaries and recommends the same for approval by the Board;
- oversees resolution of disagreements between management and the external auditors in the event that these arise;

The Audit Committee also ensures:

- no external auditor can be engaged by the Bank if he/she has any direct or material indirect financial interest in the Bank, or if his/ her independence is considered impaired under circumstances specified in the Code of Professional Ethics for Certified Public Accountants. This limitation shall apply to the partners, associates, and the auditor-in-charge of the engagement;
- the external auditor and its audit team members shall not have outstanding loans or credit accommodations (except credit card obligations) with the Bank throughout the engagement;
- the external auditor and its audit team members adhere to the highest standards of professional conduct, integrity, and objectivity.

The external auditor reviews and discusses the financial statements and reports, including results of operations, with Management and the CAE, and endorses the same to the Board for approval. Audited Financial Statements are signed by the Chairman of the Board, the President and CEO, and the CFO. The Audit Committee also holds executive or private meetings with the external auditors without the presence of Management.

BPI has paid the following fees, inclusive of taxes, to its external auditor in the past two (2) years:

FISCAL YEAR	AUDIT FEES	AUDIT-RELATED FEES
2021 Paid in 2022 2021 Bond Offering paid in 2022	P21.010 M P3.662 M	P4.558 M P190.590 K
2022 Paid in 2023	P19.037 M	P3.674 M
2022 Paid in 2023 (not yet paid)	P21.584 M	

Audit and Audit-Related Fees. The audit and audit-related fees cover services by the external auditor that are reasonably related to the performance of the audit or review of the annual, half year or quarter end financial statements for BPI and its subsidiaries. These were no non-audit fees for other services not related to the audit/review of the financial statements.[90]

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. There were no disagreements with Isla Lipana & Co. on any accounting and/or financial disclosures.

[85] Joint initiative in the United States by five private sector organizations [the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and Financial Executives International (FEI)], dedicated to guide executive management and governance entities on relevant aspects of organizational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting.
[86] Recommendation 2.10 and 12.2 SEC CG Code for PLCs

[87] Recommendation 2.10, SEC CG Code for PLCs

[88] Recommendation 2.8, 9.1, 9.2, 12.3 SEC CG Code for PLCs
[89] Recommendation 2.8, 9.1, 9.2, SEC CG Code for PLCs

90 Recommendation 9.3 SEC CG Code for PLCs

CAPITAL ADEQUACY

The Bank's Corporate Strategy and Planning division oversees the management of the Bank's capital adequacy. Capital adequacy ratio, or CAR, is a measure of the Bank's total qualifying capital relative to its risk-weighted assets, and indicates the ability of its capital funds to cover various business risks.

This division also ensures compliance with regulatory capital adequacy requirements, as well as internal capital thresholds, referred to as the Bank's internal minimum Common Equity Tier 1 (CET1) ratio, or IMCET1, and the CET1 management action trigger, or CET1MAT, which incorporate the Bank's internal capital buffers and limit triggers, and capture risks beyond Pillar 1 (credit, market, and operational).

Furthermore, as the central planning unit of the Bank, this division is responsible for assessing and raising the strategic capital needs of the Bank, as well as initiating approvals for dividend payments to shareholders.

Sound Capital Management. Effective capital management supports the Bank's assets and absorbs losses that may arise from credit, market and liquidity, operational and IT, and other risk exposures. The Bank's capital management framework ensures that on stand-alone and group bases, there are sufficient capital buffers at all times to support the respective risk profiles of the various businesses of the Bank, as well as changes in the regulatory and accounting standards and other future events.

BPI submits a comprehensive internal capital adequacy assessment process, or ICAAP, document annually to the Bangko Sentral ng Pilipinas, in accordance with the Pillar 2 guidelines of the Basel framework.

As of Dec 31, 2023, BPI's solo (parent) and consolidated CAR stood at 15.5% and 16.1% respectively, higher than the minimum regulatory requirement of 10.0%. The Bank's solo and consolidated CET1 capital ratio at 14.6% and 15.3%, respectively, likewise compare favorably with regulatory and internal limits and buffers.

The table below shows the Bank's CAR components for December 2023 and 2022:

Risk	Regulatory Capital	
(Php Mn)	2023	2022
Credit Risk	187,640	168,255
Market Risk	3,957	1,967
Operational Risk	20,235	18,835
Total	**211,832**	**189,056**

Capital Adequacy (Php Mn)	2023	2022
CET1/Net Tier 1 [1/]	323,944	285,809
T2/Net Tier 2 [2/]	18,792	16,929
Total QC [3/]	**342,736**	**302,738**
Total CRWA [4/]	1,876,399	1,682,545
Total MRWA [5/]	39,572	19,665
Total ORWA [6/]	202,346	188,351
TRWA [7/]	**2,118,317**	**1,890,562**

Consolidated Ratios (%)	2023	2022
CAR	**16.18**	**16.01**
CET1	**15.29**	**15.12**
CCB [8/]	**9.29**	**9.12**

Solo (Parent) Ratios (%)	2023	2022
CAR	**15.48**	**15.23**
CET1	**14.59**	**14.33**
CCB [8/]	**8.59**	**8.33**

[1/] Common Equity Tier 1 Capital
[2/] Tier 2 Capital
[3/] Qualifying Capital
[4/] Credit Risk-Weighted Assets
[5/] Market Risk-Weighted Assets
[6/] Operational Risk-Weighted Assets
[7/] Total Risk-Weighted Assets
[8/] Capital Conservation Buffer

SUPPLEMENTARY SCHEDULES ON CAPITAL AND RISK MANAGEMENT DISCLOSURES PURSUANT TO THE BANGKO SENTRAL'S MEMORANDUM M-2014-007

Capital Structure

The Bank's qualifying capital for the years ended 2023 and 2022 were Php 342.7 billion and Php 302.7 billion, respectively. The Bank's total qualifying capital for 2023 and 2022 were largely composed of CET1 capital at 94.5% and 94.4%, respectively.

The table below shows the composition of the Bank's capital structure and total qualifying capital.

Capital Structure (Php Mn)	Dec. 31, 2023			Dec. 31, 2022		
	CET1/ Tier 1	Tier 2	TOTAL	CET1/ Tier 1	Tier 2	TOTAL
Core Capital	**355,303**	**18,792**	**373,811**	**349,160**	**16,929**	**366,089**
Paid-up common stock	49,307		49,307	49,193		49,193
Additional paid-in capital	113,414		113,414	104,123		104,123
Retained earnings	152,437		152,437	170,327		170,327
Undivided profits	51,572		51,572	39,556		39,556
Net unrealized gains or losses on AFS securities	-3681		-3681	-8,665		-8,665
Cumulative foreign currency translation	-146		-146	0		0
Remeasurement of net defined benefit liability (asset)	-7885		-7885	-5,373		-5,373
Minority interest [1/]	0		-	0		0
General loan loss provision [2/]	0	18,792	18,792	0	16,929	16,929
Others [9/]	283					
Deductions	**31,359**	**0**	**31,359**	**63,351**	**0**	**63,351**
Common Stock treasury shares [3/]	-			33,043		33,043
Total O/S unsecured credit accommodations [4/]	431			470		470
Total O/S unsecured loans [5/]	48			186		186
Deferred tax assets	18,012			16,526		16,526
Other intangible assets	854			2,316		2,316
Defined benefit pension fund assets	40			61		61
Investments in equity [6/]	3,321			3,172		3,172
Significant minority investments [7/]	6,359			5,291		5,291
Other equity investments [8/]	2,295			2,286		2,286
TOTAL QUALIFYING CAPITAL	**323,944**	**18,792**	**342,736**	**285,809**	**16,929**	**302,738**
% to Total	**94.5%**	**5.5%**	**100.0%**	**94.4%**	**5.6%**	**100.0%**

[1/] Minority interest in subsidiary banks, which are less than wholly-owned
[2/] General loan loss provision, limited to a maximum of 1% of credit risk-weighted assets, and any amount in excess thereof shall be deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio
[3/] Including shares that the Bank could be contractually obliged to purchase. Treasury shares are: (1) shares of the parent bank held by a subsidiary financial allied undertaking in a consolidated statement of condition, or (2) the reacquired shares of a subsidiary bank/quasi-bank that is required to compute its capital adequacy ratio in accordance with the risk-based capital adequacy framework.
[4/] Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)
[5/] Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates
[6/] Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable) and investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)
[7/] Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases) and significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases)
[8/] Other equity investments in non-financial allied undertakings and non-allied undertakings
[9/] Other Comprehensive Income For Domestic Banks and Subsidiaries of Foreign Banks

Credit risk-weighted assets. Using the Basel regulatory standardized approach, our total credit risk-weighted assets as of December 31, 2023 amounted to Php 1.9 trillion, and are composed of on-book credit exposures after risk mitigation of Php 1.8 trillion, off-balance sheet risk-weighted assets of Php 40.1 billion, counterparty risk-weighted assets in the banking book of Php 453 million, counterparty risk-weighted assets in the trading book of Php 6.1 billion, and risk-weighted securitization exposures of Php 1.3 billion.

The table below provides a summary of the Bank's credit risk-weighted assets for 2023 and 2022:

Credit RWAs (Php Mn)	Amount	
	2023	2022
Total RWA (On-balance sheet) 0/	1,831,249	1,644,597
Total RWA (Off-balance sheet) 0/	40,093	37,849
Total counterparty RWA (banking book) 1/	453	242
Total counterparty RWA (trading book) 1/	6,108	8,901
Total risk-weighted credit linked notes (banking book)	-	0
Total risk-weighted securitization exposures	1,292	1,280
Total Gross RWA	**1,879,195**	**1,692,869**
Deductions: General loan loss provision 2/	-2,795	-10,324
Total Credit RWAs	**1,876,399**	**1,682,545**

0/ Risk-weighted assets
1/ For derivatives and repo-style transactions
2/ In excess of the amount permitted to be included in upper Tier 2

The Bank's credit risk exposures on both on- and off-balance sheet assets after mitigation, broken down by risk buckets, for 2023 and 2022 are as follows:

Schedule A

December 31, 2023								
	Risk Weights							
(Php Mn)	Exposure after risk mitigation	0%	20%	50%	75%	100%	150%	Total CRWA 1/
Cash on hand	34,634	34,634	0	0	0	0	0	34,634
Checks and other cash items	208	0	208	0	0	0	0	208
Due from BSP	199,625	199,625	0	0	0	0	0	199,625
Due from other banks	35,346	0	1,838	33,357	0	150	0	35,346
Available-for-sale (AFS)	215,315	184,772	467	14,110	0	15,966	0	215,315
Held-to-maturity (HTM)	382,706	260,843	3,954	59,892	0	58,017	0	382,706
UDSCL 2/	0	0	0	0	0	0	0	0
Loans and receivables 3/	1,926,335	15,186	152,151	107,536	110,864	1,477,979	10,789	1,874,504
Sales contract receivables	0	0	0	0	0	0	0	0
ROPA 4/	3,886	0	0	0	0	0	3,886	3,886
Sub-total	**2,798,055**	**695,060**	**158,618**	**214,895**	**110,864**	**1,552,112**	**14,675**	**2,746,225**
Other assets	31,307	0	0	0	0	31,307	0	31,307
Total exposures, plus other assets	**2,829,362**	**695,060**	**158,618**	**214,895**	**110,864**	**1,583,419**	**14,675**	**2,777,532**
Total risk-weighted OBSA (no CRM) 0/ 5/		0	31,724	107,448	83,148	1,583,419	22,013	1,827,751
Total risk-weighted OBSA (with CRM) 5/		0	846	4	0	2,647	0	3,498
Total RWA (On-Balance Sheet)		**0**	**32,570**	**107,452**	**83,148**	**1,586,067**	**22,013**	**1,831,249**

December 31, 2022								
	Risk Weights							
(Php Mn)	Exposure after risk mitigation	0%	20%	50%	75%	100%	150%	Total CRWA 1/
Cash on hand	39,435	39,435						39,435
Checks and other cash items	177		177					177
Due from BSP	182,877	182,877						182,877
Due from other banks	47,768		1,514	46,082		171		47,768
Available-for-sale (AFS)	94,478	83,561		3,366		7,551		94,478
Held-to-maturity (HTM)	420,532	290,346	1,403	62,380		66,403		420,532
UDSCL 2/								0
Loans and receivables 3/	1,692,328	136	145,934	199,870		1,340,234	6,154	1,692,328
Sales contract receivables								0
ROPA 4/	2,976						2,976	2,976
Sub-total	**2,480,572**	**596,355**	**149,029**	**311,699**	**0**	**1,414,359**	**9,130**	**2,480,572**
Other assets	22,030					22,030		22,030
Total exposures, plus other assets	**2,502,601**	**596,355**	**149,029**	**311,699**	**0**	**1,436,389**	**9,130**	**2,502,601**
Total risk-weighted OBSA (no CRM) 0/ 5/		0	29,806	155,850	0	1,436,389	13,695	1,635,739
Total risk-weighted OBSA (with CRM) 5/		0	553	2	0	8,301	0	8,857
Total RWA (On-Balance Sheet)		**0**	**30,359**	**155,852**	**0**	**1,444,690**	**13,695**	**1,644,597**

Schedule B

December 31, 2023								
	Risk Weights							
RWA (Off-Balance Sheet) (Php Mn)	CEA 0/	0%	20%	50%	75%	100%	150%	Total CRWA 1/
Direct credit substitutes 2/	32,993	0	0	0	1,500	30,993	0	32,493
Transaction-related contingencies 3/	10,898	0	0	0	396	4,921	0	5,317
Trade-related contingencies 4/	11,807	0	0	0	234	2,049	0	2,283
Total RWA (Off-Balance Sheet)		**0**	**0**	**0**	**2,130**	**37,963**	**0**	**40,093**

December 31, 2022								
	Risk Weights							
RWA (Off-Balance Sheet) (Php Mn)	CEA 0/	0%	20%	50%	75%	100%	150%	Total CRWA 1/
Direct credit substitutes 2/	31,735				1,631	29,561		31,191
Transaction-related contingencies 3/	3,023		1		330	2,576		2,907
Trade-related contingencies 4/	3,852				306	3,444		3,750
Total RWA (Off-Balance Sheet)		**0**	**1**	**0**	**2,266**	**35,581**	**0**	**37,849**

0/ Credit equivalent amount
1/ Credit risk-weighted assets
2/ Such as general guarantees of indebtedness and acceptances
3/ Such as performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions
4/ Arising from movement of goods, such as documentary credits collateralized by the underlying shipments, and commitments with an original maturity of up to one year

Schedule C

December 31, 2023							
		Risk Weights					
Counterparty Assets Banking Book (Php Mn)	Net Amount 0/	0%	20%	50%	100%	150%	Total CRWA 1/
Derivative exposures:							
Interest rate							
Exchange rate							
Equity contracts							
Credit derivatives							
Counterparty Exposures arising from Financial Assets 2/							
Available-for-Sale							
Held-to-Maturity	500	0	0	47	407	0	453
Total RWA 3/ (Off-Balance Sheet)		**0**	**0**	**47**	**407**	**0**	**453**

December 31, 2022							
		Risk Weights					
Counterparty Assets Banking Book (Php Mn)	Net Amount 0/	0%	20%	50%	100%	150%	Total CRWA 1/
Derivative exposures:							
Interest rate							
Exchange rate							
Equity contracts							
Credit derivatives							
Counterparty Exposures arising from Financial Assets 2/							
Available-for-Sale							
Held-to-Maturity	**288**			**45**	**197**		**242**
Total RWA 3/ (Off-Balance Sheet)		**0**	**0**	**45**	**197**	**0**	**242**

0/ Net Exposures After CRM (Uncovered Portion)
1/ Credit risk-weighted assets
2/ Sold/Lent under Repurchase Agreements, Certificates of Assignment/Participation with Recourse, Securities Lending and Borrowing Agreement (Repo-style Transactions)
3/ Risk-weighted assets

Schedule D

December 31, 2023							
		Risk Weights					
Counterparty Assets Trading Book (Php Mn)	Net Amount 0/	0%	20%	50%	100%	150%	Total CRWA 1/
Derivative exposures:							
Interest rate	2,788	0	0	96	2,595	0	2,692
Exchange rate	3,992	0	1	572	2,843	0	3,416
Equity contracts	0	0	0	0	0	0	0
Credit derivatives					0		0
Total counterparty RWA 2/ of derivatives transactions		**0**	**1**	**669**	**5,438**	**0**	**6,108**

December 31, 2022							
		Risk Weights					
Counterparty Assets Trading Book (Php Mn)	Net Amount 0/	0%	20%	50%	100%	150%	Total CRWA 1/
Derivative exposures:							
Interest rate	3,755			160	3,435		3,595
Exchange rate	6,521		19	1,148	4,128		5,295
Equity contracts	11				11		11
Credit derivatives							0
Total counterparty RWA 2/ of derivatives transactions		**0**	**19**	**1,309**	**7,573**	**0**	**8,901**

0/ Credit equivalent amount
1/ Credit risk-weighted assets
2/ Risk-weighted assets

Market risk-weighted assets. In terms of capital usage following the Basel standardized approach, total market risk-weighted assets stood at Php 39.6 billion as of end-2023, of which foreign exchange exposures accounted for more than 80%, followed by interest rate exposures and equity exposures, respectively.

The table below presents the breakdown of the Bank's market risk-weighted assets for 2023 and 2022:

MARKET RWA (Php Mn)	AMOUNT	
	2023	2022
Using standardized approach:		
Interest rate exposures	7,408	3,850
Equity exposures	222	292
Foreign exchange exposures	31,942	15,519
Options	-	4
TOTAL MARKET RWA 0/	**39,572**	**19,665**

0/ Risk-weighted assets

Operational risk-weighted assets. BPI currently uses the Basel regulatory basic indicator approach to quantify operational risk-weighted assets, by using the historical total annual gross income as the main measure of risk. In 2023, the Bank's total operational risk-weighted assets stood at Php 202.3 billion.

The table below presents the Bank's operational risk-weighted assets for the years 2023 and 2022:

OPERATIONAL RWA (Php Mn)	AMOUNT	
	2023	2022
Gross income (a)	119,940	101,908
Capital requirement 1/	17,991	15,286
Average capital requirement (b) 2/	16,188	15,068
Adjusted capital charge (c) 3/	20,235	18,835
TOTAL OPERATIONAL RWA 4/	**202,346**	**188,351**

0/ Risk-weighted assets
1/ (a) multiplied by 15 percent
2/ Average of 15 percent of (a) for the past 3 years
3/ (b) multiplied by 125 percent
4/ (c) multiplied by factor 10

Schedule E

Reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements

	Group December 31							
	2023				2022			
	Qualifying Capital	Reconciling Items		Audited Financial Statements	Qualifying Capital	Reconciling Items		Audited Financial Statements
Common stock	₱49,307	-		₱49,307	₱49,193	-		₱49,193
Additional paid-in capital	113,414	-		113,414	104,123	-		104,123
Retained earnings	204,010	-1,600	*a*	205,610	209,883	-1,822	*a*	211,705
Other comprehensive income	-11,428	-301	*b*	-11,127	-14,038	218	*b*	-14,256
Non-controlling interest	-	-2,166	*c*	2,166	-	-2,082	*c*	2,082
Deductions	-31,359	-31,359	*d*	-	-63,351	-30,308	*d*	(33,043)
Tier I (CETI) capital/Total equity	323,944	-35,426		359,370	285,810	-33,994		319,804
Tier 2 capital	18,792	18,792	*e*	-	16,929	16,929	*e*	-
Total qualifying capital/Total equity	₱342,736	-16,634		₱359,370	₱302,739	-17,065		₱319,804

Reconciling Items

a. Reconciling items between FRP and AFS	(1,600)	(1,822)
b. Reconciling items between FRP and AFS	(301)	218
c. Insurance companies not consolidated in FRP	(2,166)	(2,082)
d. Regulatory adjustments to CET1 Capital per MORB Sec 125	(31,359)	(30,308)
e. General Loan Loss Provision, limited to a maximum 1% of CRWA	18,792	16,929
	(16,634)	(17,065)

Supplementary Schedules on Basel III Leverage Ratio Disclosure Requirements

I. The Basel III Leverage ratios of the BPI Group and the Parent Bank as reported to the BSP as of December 31, 2023 and 2022 are shown in the table below:

		Consolidated		Parent	
	In Php Mn	**2023**	**2022**	**2023**	**2022**
A. Capital Measure		323,944	285,809	300,215	262,936
B. Exposure Measure		2,957,335	2,669,592	2,892,222	2,607,989
B.1	**Total On-Balance Sheet Exposures**	2,865,211	2,581,935	2,803,331	2,535,520
B.1.1	On-balance sheet items [1/]	2,896,570	2,645,285	2,858,371	2,621,697
B.1.2	Regulatory Adjustments [2/]	31,359	63,351	55,040	86,177
B.2	**Total Derivative Exposures**	7,067	11,214	7,039	11,051
B.3	**Total Securities Financing Transaction Exposures**	18,608	3,223	15,413	3,087
B.4	**Off-balance Sheet Exposures**	66,449	73,220	66,440	58,330
C. BASEL III LEVERAGE RATIO (Ratio of A to B)		**10.95%**	**10.71%**	**10.38%**	**10.08%**

[1/] *Gross of General Loan Loss Provision (GLLP) and excluding derivatives and SFTs*
[2/] *Deductions from Basel III Tier 1 capital are excluded from the leverage ratio exposure measure*

II. Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure
As of December 31, 2023 and 2022
Amounts in Million Pesos

		Consolidated		Parent	
	Item	**2023**	**2022**	**2023**	**2022**
1	Total consolidated assets as per published financial statements [1/]	2,893,961.79	2,625,315.55	2,853,267.24	2,601,977.76
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation [2/]				
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure [2/]				
4	Adjustments for derivative financial instruments	3,265.36	4,067.41	3,242.39	4,016.61
5	Adjustments for securities financial transactions (i.e., repos and similar secured lending)	3,430.50	3,087.49	3,430.50	3,087.49
6	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	66,449.31	73,219.85	66,439.93	58,329.99
7	Other adjustments	-9,771.70	-36,098.41	-34,157.71	-59,423.32
8	**Leverage ratio exposure [3/]**	**2,957,335.26**	**2,669,591.89**	**2,892,222.35**	**2,607,988.53**

[1/] Refers to total on-balance sheet assets per quarterly published balance sheet
[2/] Not included under the framework
[3/] Sum of Items 1 to 7. Should be consistent with item 21 of the Basel III Leverage Ratio Common Disclosure Template

III. Basel III Leverage Ratio Common Disclosure Template
As of December 31, 2023 and 2022
Amounts in Million Pesos; Ratios in Percent

		Consolidated		Parent	
	Item	**2023**	**2022**	**2023**	**2022**
On-balance sheet exposures					
1	On-balance sheet items [1/]	2,896,570.00	2,645,285.40	2,858,371.17	2,621,697.01
2	(Asset amounts deducted in determining Basel III Tier 1 Capital)	-31,358.95	-63,350.82	-55,040.29	-86,177.12
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**2,865,211.05**	**2,581,934.58**	**2,803,330.88**	**2,535,519.89**
Derivative exposures					
4	Replacement Cost associated with all derivatives transactions	3,801.55	7,147.01	3,796.42	7,034.56
5	Add-on amounts for Potential Future Exposure associated with all derivative transactions	3,265.36	4,067.41	3,242.39	4,016.61
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework [2/]				
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions) [2/]				
8	(Exempted CCP leg of client-cleared trade exposures) [2/]				
9	Adjusted effective notional amount of written credit derivatives	0.00	0.00	0.00	0.00
10	(Adjusted effective offsets and add-on deductions for written credit derivatives)				
11	**Total derivative exposures (sum of lines 4 to 10)**	**7,066.91**	**11,214.41**	**7,038.81**	**11,051.16**
Securities financing transaction exposures					
12	Gross SFT assets (with no recognition of netting)	15,177.49	135.55	11,982.23	0.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)[2/]				
14	CCR exposures for SFT assets	3,430.50	3,087.49	3,430.50	3,087.49
15	Agent transaction exposures 3/				
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**18,607.99**	**3,223.04**	**15,412.73**	**3,087.49**
Other off-balance sheet exposures					
17	Off-balance sheet exposure at gross notional amount	312,158.32	403,143.17	312,064.59	254,244.53
18	(Adjustments for conversion to credit equivalent amounts)				
19	**Off-balance sheet items**	**66,449.31**	**73,219.85**	**66,439.93**	**58,329.99**
Capital and total exposures					
20	**Tier 1 capital**	**323,943.57**	**285,809.50**	**300,214.76**	**262,935.79**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**2,957,335.26**	**2,669,591.89**	**2,892,222.35**	**2,607,988.53**
Leverage ratio					
22	**Basel III leverage ratio**	**10.95%**	**10.71%**	**10.38%**	**10.08%**

[1/] Gross of General Loan Loss Provision (GLLP) and excluding derivatives and SFTs
[2/] Not included under the framework
[3/] When a bank/non-bank acting as an agent in an SFT provides an indemnity or guarantee to a customer or counterparty for any difference between the value of the security or cash the customer has lent and the value of the collateral the borrower has provided

There is no significant difference between the Bank's total balance sheet assets in its published financial statements and the on-balance sheet exposures in the Leverage Ratio Report.

External Audit and Assurance Statements

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SUMMARY OF FINANCIAL PERFORMANCE

BPI delivered its highest full year net income of Php 51.7 billion, up 30.5% from the previous year's Php 39.6 billion, driven by record revenues and lower provisions which offset the increase in operating expenses. The Bank's solid financial performance is a reflection of its strengthened customer franchise and deeper customer engagement which led to record volumes and market share gains in several businesses. For full year 2023, Return on Equity was 15.35% and Return on Assets was 1.93%.

Total revenues soared 16.7% to Php 138.3 billion year-on-year, attributable to the 22.7% increase in net interest income to Php 104.4 billion, as average asset base expanded 7.7% and net interest margin widened 50 basis points to 4.09%. Non-interest income grew 1.5% to Php 34.0 billion, on the back of record trading income gains of Php 5.2 billion, up 37.0% year-on-year, tempered by the 3.0% decline in fee income to Php 28.8 billion. Removing the impact of the 2022 one-off transaction, fee income would be higher by Php 4.1 billion or 16.6%, on higher fees from credit cards, various service charges, and bancassurance.

Operating expenses increased 19.2% to Php 69.1 billion, led by higher manpower, technology, and marketing costs, resulting in a Cost-to-Income ratio of 50.0%.

The Bank booked provisions of Php 4.0 billion, a 56.4% reduction from last year. Asset quality remains strong with NPL ratio at 1.84%, with sufficient NPL coverage at 156.1% as of the end of the year.

Total loans stood at Php 1.9 trillion, a 10.5% increase over the previous year, due to the strong growth across all portfolios. Total deposits stood at Php 2.3 trillion, up 9.5% year-on-year, mainly from the growth in time deposits which tempered the decline in CASA. The CASA Ratio stood at 67.0% and the Loan-to-Deposit Ratio at 82.0%.

Total assets reached Php 2.9 trillion, reflecting a 10.9% growth year-on-year. Total equity stood at Php 357.2 billion, with a Common Equity Tier 1 Ratio of 15.3% and a Capital Adequacy Ratio of 16.2%, both well above regulatory requirements.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Bank of the Philippine Islands (the "Bank") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 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 liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

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

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

Jaime Augusto Zobel de Ayala
Chairman of the Board

Jose Teodoro K. Limcaoco
President and Chief Executive Officer

Eric Roberto M. Luchangco
Senior Vice President
and Chief Finance Officer

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 12 2024, affiants exhibited to me their Passport with the following details:

Name	Passport No.	Date/Place of Issue	Valid Until
Jaime Augusto Zobel de Ayala	P9640299A	21 NOV 2018/ DFA MANILA	20 NOV 2028
Jose Teodoro K. Limcaoco	P6682433A	05 APR 2018/ DFA MANILA	04 APR 2028
Eric Roberto M. Luchangco	P7095342B	02 JUL 2021/ DFA MANILA	01 JUL 2031

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Page No. 64;
Book No. I;
Series of 2024.

ATTY JOY ANN V. MEDIJA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-426 UNTIL DEC. 31, 2024
ROLL OF ATTY. NO. 64221
MCLE COMPLIANCE NO. VII-0010710/02-18-2022
VALID UNTIL APRIL 14, 2025
IBP NO. 399196; MAKATI; 01.04.2024
PTR NO. 10081628; MAKATI CITY; 01.05.2024
28/F AYALA TRIANGLE GARDENS TOWER 2, MAKATI CITY

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

The role and responsibilities of the Audit Committee are defined in the Board-approved Audit Committee charter. In accordance with this charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

- *systems of internal controls, risk management, and governance process of the Bank*
- *integrity of the Bank's financial statements and its financial reporting process*
- *performance of the internal audit function and the external auditor*
- *compliance with bank policies, applicable laws, rules and regulatory requirements*

The Committee is composed of three (3) qualified non-executive directors, with two (2) independent directors including the Chairman. All members have the necessary background, knowledge, skills, and/or experience to carry out their functions.

For 2023, the Committee held 12 regular and four (4) special meetings including one (1) joint session with the Risk Management Committee. Highlights of its activities were as follows:

1. Financial Statements:

a) Reviewed and discussed with Management and the external auditor, Isla Lipana & Co/PwC, the audited consolidated financial statements of Bank of the Philippine Islands (BPI) and the related disclosures for the year ended December 31, 2023, including the assessment of the internal controls relevant to the financial reporting process. The review was performed in the following context:

- *that Management is responsible for the preparation and fair presentation of the financial statements in accordance with the prescribed financial reporting framework, and*
- *that Isla Lipana has audited the financial statements in accordance with the Philippine Standards on Auditing and is responsible for expressing an opinion on the fairness of the Bank's financial records, including the results of its independent review of the Bank's valuation models and methodology particularly on the loan loss provisioning in relation to requirements of PFRS 9 and related accounting treatment on significant bank transactions.*

After obtaining assurance on the external auditor's independent review of the financial statements, the Committee endorsed the 2023 audited financial statements for approval of the Board.

b) Discussed with Management and the internal auditors, the quarterly unaudited consolidated financial reports of BPI Group including the results of operations and endorsed the financial statements to the Board of Directors for approval.

2. External Audit:

a) Reviewed the 2023 audit plan and the scope of work of the external auditors, ensuring that areas of focus were appropriately covered and there were no significant gaps in the scope between external and internal audits to ensure effective use of resources.

The Committee also discussed the external auditor's report, focusing on the items with material financial impact and key control issues through its Management Letter of Comments. The Audit Committee also held an annual executive session with the external auditor to discuss any concern relative to its engagement and assessment on the key areas of focus and ensuring that risks identified in these areas are appropriately addressed.

b) Assessed the overall performance of the external auditor, Isla Lipana/PwC and its audit process. The Committee ensures that lead audit partner is rotated every five (5) years and that Isla Lipana & Co. had reaffirmed its independence from BPI and its subsidiaries and had complied with the ethical and professional standards.

c) In consultation with Management, the Audit Committee endorsed for approval by the Board of Directors and the stockholders, the re-engagement of Isla Lipana & Co. for BPI and its subsidiaries/ affiliates for year 2023 and the related audit fees. There were no non-audit services performed for 2023.

3. Internal Audit:

a) Reviewed and approved the annual work plan of Internal Audit including its charter, risk assessment model and rating framework. The Committee ensures that the internal audit function is independent, has adequate and competent resources, and has appropriate authority to be able to effectively discharge its duties.

b) Reviewed and discussed the reports from internal audit and other management assurance units ensuring that Management is taking the appropriate corrective actions on the issues on a timely manner and open/outstanding issues are tracked and monitored until full resolution.

(Internal Audit – cont'd)

c) Discussed periodic updates from Management on major IT activities, cyber security threats and/or other relevant information technology issues ensuring that risks had been adequately addressed or mitigated.

d) Reviewed the minutes of meetings of the different Audit Committees of the BPI subsidiaries and affiliates, and discussed the significant control, risk and compliance issues and ensuring that these are monitored and acted upon.

e) Evaluated the performance of the Chief Audit Executive. The Committee also ensures that Internal Audit activities continuously conform with the International Standards for the Professional Practice of Internal Auditing, and Code of Ethics through internal and external quality assessment reviews.

4. **Regulatory Compliance:**

a) Reviewed and approved the annual compliance and AML plan of the Group Compliance Office including amendments of its manuals. The Committee also discussed the quarterly compliance update reports and the 2022 BSP Report of Examination, including Management's responses and corrective action plans on the issues and recommendations.

b) Discussed the results of the post-implementation reviews of related party transactions (RPTs), conducted by Internal Audit and Compliance Office to ensure that any significant issues had been appropriately addressed.

In compliance with the SEC requirement and the BPI Corporate Governance Manual, the Audit Committee:

- *Attended the required annual SEC accredited workshop on corporate governance, risk management and sustainability, and training on Anti-Money Laundering and Terrorist Financing Prevention. The Committee also received updates on the new relevant law and regulations, accounting standards, and tax rules.*

- *Reviewed the Audit Committee Charter to ensure that it is updated and aligned with the regulatory requirements.*

- *Performed the annual self-assessment and reviewed its performance against its charter and other regulatory mandates. The result was validated by the Compliance Officer and discussed in the Corporate Governance Committee meeting. The process confirmed a satisfactory performance of the Audit Committee.*

Based on the results of the assurance activities performed by the Bank's Internal Audit, compliance reviews and the external auditor's unqualified opinion on the financial statements, the Committee assessed that the Bank's systems of internal controls, risk management, and governance processes continue to be adequate and generally effective. This overall assessment states, among others, that the audit scope and coverage are sufficient, comprehensive, and risk-based, that Management is aware of its responsibility for internal control, and that there is no interference with the accomplishment of audit activities and reporting of issues and other relevant information to Management, Audit Committee, and the Board of Directors.

Ma. Dolores B. Yuvienco

MA. DOLORES B. YUVIENCO
Chairman

OCTAVIO V. ESPIRITU
Member

CESAR V. PURISIMA
Member

Bank of the Philippine Islands

Financial Statements

As at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023

pwc

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Ayala Triangle Gardens Tower 2
Paseo De Roxas corner Makati Ave., Bel-Air
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of the Bank of the Philippine Islands and Subsidiaries (the "BPI Group") and the parent financial statements of the Bank of the Philippine Islands (the "Parent Bank") present fairly, in all material respects, the financial position of the BPI Group and of the Parent Bank as at December 31, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards ("PFRSs").

What we have audited

The financial statements comprise:

- the consolidated and parent statements of condition as at December 31, 2023 and 2022;
- the consolidated and parent statements of income for each of the three years in the period ended December 31, 2023;
- the consolidated and parent statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated and parent statements of changes in capital funds for each of the three years in the period ended December 31, 2023;
- the consolidated and parent statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated and parent financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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T: +63 (2) 8845 2728, www.pwc.com/ph

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Independence

We are independent of the BPI Group and the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated and parent financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and parent financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and parent financial statements as a whole, taking into account the structure of the BPI Group and the Parent Bank, the accounting processes and controls, and the industry in which the BPI Group and the Parent Bank operate.

Key audit matters

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

The key audit matter identified in our audit pertains to the impairment losses on loans and advances, which applies to both the BPI Group's and the Parent Bank's financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment losses on loans and advances We focused on this account because of the complexity involved in the estimation process, and the significant judgments that management makes in ascertaining the provision for loan impairment. The calculation of impairment losses is inherently judgmental for any bank. As at December 31, 2023, the total allowance for impairment for loans and advances amounted to PHP57,474 million for the BPI Group and PHP55,049 million for the Parent Bank while provision for loan losses recognized in profit or loss for the year then ended amounted to PHP3,940 million for the BPI Group and PHP2,164 million for the Parent Bank. Refer to Notes 10 and 26 of the financial statements for the details of the impairment losses on loans and advances. Provision for impairment losses on loans that are assessed to be individually credit impaired is determined in reference to the estimated future cash repayments and proceeds from the realization of collateral held by the BPI Group and the Parent Bank. For other loan accounts which are not individually credit impaired, these are included in a group of loans with similar risk characteristics and are collectively assessed on a portfolio basis using internal models developed by the BPI Group and the Parent Bank.	We assessed the design and tested the operating effectiveness of key controls over loan loss provisioning. These key controls included: • governance over the development, validation and approval of the BPI Group's ECL models to assess compliance with PFRS 9, including continuous re-assessment by the BPI Group that the impairment models are operating in a way which is appropriate for the credit risks in the BPI Group and the Parent Bank's loan portfolios; • review and approval of key judgments, assumptions and forward-looking information used in the ECL models; • review of data from source systems to the detailed ECL model analyses; • assessment of credit quality of loans and advances relative to the established internal credit risk rating system; • the review and approval process for the outputs of the impairment models; and • the review and approval process over the determination of credit risk rating, performance of credit reviews and calculation of required reserves for loans assessed as credit-impaired. Our work over the impairment of loans and advances included: • assessment of the methodology applied by the BPI Group and the Parent Bank in the development of the ECL models vis-a-vis the requirements of PFRS 9; • testing of key assumptions in the ECL models such as PD, LGD, EAD built from historical data. Our assessment included the involvement of our internal specialist.

Key Audit Matter	How our audit addressed the Key Audit Matter
(cont'd.) Key elements in the impairment of loans and advances include: • the identification of credit-impaired loans, and estimation of cash flows (including the expected realizable value of any collateral held) supporting the calculation of individually assessed provisions; and • the application of appropriate impairment models for the collectively assessed accounts. This includes the use of key assumptions in the impairment models (i.e., staging of accounts, significant increase in credit risk, forward-looking information), the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD). The impairment losses include both quantitative and qualitative components. In calculating the loan loss provisioning, the BPI Group and the Parent Bank applied the expected credit loss (ECL) calculation and post-model adjustments as allowed by Philippine Financial Reporting Standard (PFRS) 9, *Financial instruments*, which is a complex process that takes into account forward-looking information reflecting the BPI Group and the Parent Bank's view on potential future economic events.	• assessment of the appropriateness of the BPI Group's and the Parent Bank's definition of significant increase in credit risk and staging of accounts through analysis of historical trends and past credit behavior of loan portfolios; • independent comparison of economic information used within, and weightings applied to, forward-looking scenarios in the ECL calculation which includes assumptions used in the post-model adjustments, against available macro-economic data; • testing of the accuracy and completeness of data inputs in the ECL models and in the ECL calculation by comparing them with the information obtained from source systems; • testing the accuracy and reasonableness of the outputs of the ECL models through independent recalculation; • for a sample of individually assessed loans identified as credit-impaired, examined relevant supporting documents such as the latest financial information of the borrower or valuation of collateral used as a basis in estimating the recoverable amount and measuring the loan loss allowance; and • recalculation of the loan loss allowance for selected accounts and portfolios at reporting date using the ECL methodology adopted by the BPI Group and the Parent Bank.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated and parent financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent financial statements, our responsibility is to read the other information identified above when these become available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated and parent financial statements, management is responsible for assessing the ability of each entity within the BPI Group and of the Parent Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entities within the BPI Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the BPI Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the BPI Group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report
To the Board of Directors and Shareholders of
Bank of the Philippine Islands
Page 7

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

Report on Other Legal and Regulatory Requirements

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 Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 in Note 32 and Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010 in Note 33 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of the BPI Group and the Parent Bank. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is John-John Patrick V. Lim.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706; issued on January 12, 2024, Makati City
T.I.N. 112-071-386
BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 21, 2024

BANK OF THE PHILIPPINE ISLANDS

Statements of Condition

December 31, 2023 and 2022
(In Millions of Pesos)

	Notes	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
ASSETS					
CASH AND OTHER CASH ITEMS	4	**34,843**	39,613	**34,444**	39,359
DUE FROM BANGKO SENTRAL NG PILIPINAS (BSP)	4	**199,619**	182,869	**192,246**	178,534
DUE FROM OTHER BANKS	4	**36,292**	45,190	**33,081**	43,096
INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL, net	4,5	**20,643**	12,382	**17,342**	11,631
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,7	**23,654**	22,133	**17,456**	16,941
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8	**218,654**	95,267	**214,183**	92,153
INVESTMENT SECURITIES AT AMORTIZED COST, net	9	**382,711**	420,533	**377,120**	415,035
LOANS AND ADVANCES, net	10	**1,882,007**	1,702,990	**1,849,840**	1,680,684
ASSETS HELD FOR SALE, net		**4,743**	3,760	**4,646**	3,650
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net	11	**19,751**	19,355	**18,401**	18,721
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net	12	**8,287**	7,227	**15,526**	15,406
ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**19,067**	19,060	**-**	-
DEFERRED INCOME TAX ASSETS, net	13	**18,185**	16,752	**17,536**	16,356
OTHER ASSETS, net	14	**19,916**	16,830	**20,001**	16,103
Total assets		**2,888,372**	2,603,961	**2,811,822**	2,547,669

(forward)

BANK OF THE PHILIPPINE ISLANDS

Statements of Condition

December 31, 2023 and 2022
(In Millions of Pesos)

	Notes	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
LIABILITIES AND CAPITAL FUNDS					
DEPOSIT LIABILITIES	15	**2,295,106**	2,096,001	**2,264,133**	2,082,584
DUE TO BSP AND OTHER BANKS		**1,881**	2,887	**1,881**	2,811
DERIVATIVE FINANCIAL LIABILITIES	7	**2,821**	4,297	**2,774**	4,253
BILLS PAYABLE AND OTHER BORROWED FUNDS	16	**137,104**	97,503	**133,726**	93,002
MANAGER'S CHECKS AND DEMAND DRAFTS OUTSTANDING		**8,463**	6,755	**8,431**	6,751
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**14,973**	10,587	**13,543**	9,794
LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS	2	**15,202**	14,919	**-**	-
DEFERRED CREDITS AND OTHER LIABILITIES	17	**53,452**	51,208	**51,031**	49,445
Total liabilities		**2,529,002**	2,284,157	**2,475,519**	2,248,640
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI	18				
Share capital		**49,307**	49,193	**49,307**	49,193
Share premium		**113,414**	104,123	**113,383**	104,123
Treasury shares		**-**	(33,043)	**-**	(33,043)
Reserves		**643**	644	**32,975**	33,055
Accumulated other comprehensive loss		**(11,127)**	(14,256)	**(9,076)**	(11,843)
Surplus		**204,967**	211,061	**149,714**	157,544
		357,204	317,722	**336,303**	299,029
NON-CONTROLLING INTERESTS		**2,166**	2,082	**-**	-
Total capital funds		**359,370**	319,804	**336,303**	299,029
Total liabilities and capital funds		**2,888,372**	2,603,961	**2,811,822**	2,547,669

(The notes on pages 1 to 116 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Income

For each of the three years in the period ended December 31, 2023
(In Millions of Pesos)

	Notes	Consolidated 2023	Consolidated 2022	Consolidated 2021	Parent 2023	Parent 2022	Parent 2021
INTEREST INCOME							
On loans and advances		**120,900**	84,909	72,225	**114,050**	80,724	53,426
On investment securities		**21,737**	16,863	10,436	**21,466**	16,683	9,949
On deposits with BSP and other banks		**2,935**	1,496	1,956	**2,460**	1,385	1,271
		145,572	103,268	84,617	**137,976**	98,792	64,646
INTEREST EXPENSE							
On deposits	15	**36,027**	14,821	10,168	**34,934**	14,711	5,587
On bills payable and other borrowed funds	16	**5,195**	3,381	4,866	**4,956**	3,273	4,396
		41,222	18,202	15,034	**39,890**	17,984	9,983
NET INTEREST INCOME		**104,350**	85,066	69,583	**98,086**	80,808	54,663
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	26	**4,000**	9,167	13,135	**2,202**	8,437	10,591
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES		**100,350**	75,899	56,448	**95,884**	72,371	44,072
OTHER INCOME							
Fees and commissions	19	**12,717**	11,339	11,204	**11,166**	9,516	9,051
Income from foreign exchange trading		**3,223**	2,617	2,384	**3,205**	2,511	2,206
Securities trading gain		**1,919**	857	97	**1,827**	831	4
Income attributable to insurance operations	2	**1,843**	1,379	1,854	**-**	-	-
Net gains on disposals of investment securities at amortized cost	9	**2**	214	1,513	**2**	214	1,166
Other operating income	19	**14,267**	17,053	10,770	**12,741**	14,565	13,026
		33,971	33,459	27,822	**28,941**	27,637	25,453
OTHER EXPENSES							
Compensation and fringe benefits	21	**23,221**	19,528	18,528	**20,310**	17,407	14,094
Occupancy and equipment-related expenses	11,20	**22,012**	18,761	16,010	**20,139**	17,124	13,352
Other operating expenses	21	**23,877**	19,701	16,195	**22,142**	18,195	12,220
		69,110	57,990	50,733	**62,591**	52,726	39,666
PROFIT BEFORE INCOME TAX		**65,211**	51,368	33,537	**62,234**	47,282	29,859
INCOME TAX EXPENSE	22						
Current		**13,934**	12,438	8,328	**12,600**	11,226	6,701
Deferred	13	**(635)**	(906)	1,099	**(419)**	(943)	375
		13,299	11,532	9,427	**12,181**	10,283	7,076
NET INCOME AFTER TAX		**51,912**	39,836	24,110	**50,053**	36,999	22,783
Attributable to:							
Equity holders of BPI		**51,687**	39,605	23,880	**50,053**	36,999	22,783
Non-controlling interests		**225**	231	230	**-**	-	-
		51,912	39,836	24,110	**50,053**	36,999	22,783
Basic and diluted earnings per share attributable to the equity holders of BPI during the year	18	**10.90**	8.78	5.29	**10.56**	8.20	5.05

(The notes on pages 1 to 116 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Comprehensive Income

For each of the three years in the period ended December 31, 2023
(In Millions of Pesos, Except Per Share Amounts)

	Note	Consolidated			Parent		
		2023	2022	2021	**2023**	2022	2021
NET INCOME FOR THE YEAR		**51,912**	39,836	24,110	**50,053**	36,999	22,783
OTHER COMPREHENSIVE INCOME (LOSS)	18						
Items that may be subsequently reclassified to profit or loss							
Share in other comprehensive income (loss) of associates		**405**	(1,015)	(728)	**-**	-	-
Net change in fair value reserve on investments in debt instruments measured at FVOCI, net of tax effect		**556**	(1,525)	(548)	**546**	(1,480)	(506)
Fair value reserve on investments of insurance subsidiaries, net of tax effect		**90**	(225)	(209)	**-**	-	-
Currency translation differences and others		**(54)**	(65)	627	**-**	-	291
Items that will not be reclassified to profit or loss							
Remeasurements of defined benefit obligation		**(2,476)**	(8)	608	**(2,395)**	120	431
Share in other comprehensive income of associates		**49**	687	448	**-**	-	-
Net change in fair value reserve on investments in equity instruments measured at FVOCI, net of tax effect		**4,609**	(3,503)	(3,041)	**4,616**	(3,658)	(2,753)
Total other comprehensive income (loss), net of tax effect		**3,179**	(5,654)	(2,843)	**2,767**	(5,018)	(2,537)
Total comprehensive income for the year		**55,091**	34,182	21,267	**52,820**	31,981	20,246
Attributable to:							
Equity holders of BPI		**54,816**	34,019	21,109	**52,820**	31,981	20,246
Non-controlling interests		**275**	163	158	**-**	-	-
		55,091	34,182	21,267	**52,820**	31,981	20,246

(The notes on pages 1 to 116 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Changes in Capital Funds

For each of the three years in the period ended December 31, 2023
(In Millions of Pesos)

	Attributable to equity holders of BPI (Note 18)								
Consolidated	Share capital	Share premium	Treasury shares	Reserves	Accumulated other comprehensive loss	Surplus	Total	Non-controlling interests	Total capital funds
Balance, January 1, 2021	45,045	74,764	-	416	(5,899)	165,509	279,835	2,122	281,957
Comprehensive income									
Net income for the year	-	-	-	-	-	23,880	23,880	230	24,110
Other comprehensive loss for the year	-	-	-	-	(2,771)	-	(2,771)	(72)	(2,843)
Total comprehensive income (loss) for the year	-	-	-	-	(2,771)	23,880	21,109	158	21,267
Transactions with owners									
Exercise of stock option plans	86	170	-	(41)	-	-	215	-	215
Cash dividends	-	-	-	-	-	(8,124)	(8,124)	(184)	(8,308)
Total transactions with owners	86	170	-	(41)	-	(8,124)	(7,909)	(184)	(8,093)
Other movements									
Transfer from surplus to reserves	-	-	-	189	-	(189)	-	-	-
Others	-	-	-	-	-	25	25	-	25
Total other movements	-	-	-	189	-	(164)	25	-	25
Balance, December 31, 2021	45,131	74,934	-	564	(8,670)	181,101	293,060	2,096	295,156
Comprehensive income									
Net income for the year	-	-	-	-	-	39,605	39,605	231	39,836
Other comprehensive loss for the year	-	-	-	-	(5,586)	-	(5,586)	(68)	(5,654)
Total comprehensive income (loss) for the year	-	-	-	-	(5,586)	39,605	34,019	163	34,182
Transactions with owners									
Issuance of shares as a consideration of the merger	4,062	28,981	(33,043)	-	-	-	-	-	-
Executive stock plan amortization	-	208	-	(8)	-	-	200	-	200
Cash dividends	-	-	-	-	-	(9,568)	(9,568)	(177)	(9,745)
Total transaction with owners	4,062	29,189	(33,043)	(8)	-	(9,568)	(9,368)	(177)	(9,545)
Other movements									
Transfer from surplus to reserves	-	-	-	73	-	(73)	-	-	-
Transfer from reserves to surplus	-	-	-	(2)	-	2	-	-	-
Others	-	-	-	17	-	(6)	11	-	11
Total other movements	-	-	-	88	-	(77)	11	-	11
Balance, December 31, 2022	49,193	104,123	(33,043)	644	(14,256)	211,061	317,722	2,082	319,804
Comprehensive income									
Net income for the year	-	-	-	-	-	51,687	51,687	225	51,912
Other comprehensive income for the year	-	-	-	-	3,129	-	3,129	50	3,179
Total comprehensive income for the year	-	-	-	-	3,129	51,687	54,816	275	55,091
Transactions with owners									
Executive stock plan exercise and amortization	114	342	-	(84)	-	-	372	-	372
Cash dividends	-	-	-	-	-	(15,934)	(15,934)	(191)	(16,125)
Dividends - treasury shares	-	8,949	33,043	-	-	(42,364)	(372)	-	(372)
Total transaction with owners	114	9,291	33,043	(84)	-	(58,298)	(15,934)	(191)	(16,125)
Other movements									
Transfer from surplus to reserves	-	-	-	13	-	(13)	-	-	-
Others	-	-	-	70	-	530	600	-	600
Total other movements	-	-	-	83	-	517	600	-	600
Balance, December 31, 2023	**49,307**	**113,414**	**-**	**643**	**(11,127)**	**204,967**	**357,204**	**2,166**	**359,370**

(The notes on pages 1 to 116 are an integral part of the financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Changes in Capital Funds

For each of the three years in the period ended December 31, 2023
(In Millions of Pesos)

Parent (Note 18)	Share capital	Share premium	Treasury shares	Reserves	Accumulated other comprehensive loss	Surplus	Total capital funds
Balance, January 1, 2021	45,045	74,764	-	196	(4,288)	115,453	231,170
Comprehensive income							
Net income for the year	-	-	-	-	-	22,783	22,783
Other comprehensive loss for the year	-	-	-	-	(2,537)	-	(2,537)
Total comprehensive income (loss) for the year	-	-	-	-	(2,537)	22,783	20,246
Transactions with owners							
Exercise of stock option plans	86	170	-	(36)	-	-	220
Cash dividends	-	-	-	-	-	(8,124)	(8,124)
Total transactions with owners	86	170	-	(36)	-	(8,124)	(7,904)
Other movements	-	-	-	-	-	(12)	(12)
	86	170		(36)	-	(8,136)	(7,916)
Balance, December 31, 2021	45,131	74,934	-	160	(6,825)	130,100	243,500
Comprehensive income							
Net income for the year	-	-	-	-	-	36,999	36,999
Other comprehensive loss for the year	-	-		-	(5,018)	-	(5,018)
Total comprehensive income (loss) for the year	-	-	-	-	(5,018)	36,999	31,981
Transactions with owners							
Issuance of shares	4,062	28,981	(33,043)	-	-	-	-
Executive stock plan amortization	-	208	-	(10)	-	-	198
Cash dividends	-	-	-	-	-	(9,568)	(9,568)
Total transactions with owners	4,062	29,189	(33,043)	(10)	-	(9,568)	(9,370)
Other movements	-	-	-	32,905	-	13	32,918
	4,062	29,189	(33,043)	32,895	-	(9,555)	23,548
Balance, December 31, 2022	49,193	104,123	(33,043)	33,055	(11,843)	157,544	299,029
Comprehensive income							
Net income for the year	-	-	-	-	-	50,053	50,053
Other comprehensive income for the year	-	-	-	-	2,767	-	2,767
Total comprehensive income for the year	-	-	-	-	2,767	50,053	52,820
Transactions with owners							
Executive stock plan exercise and amortization	114	342	-	(80)	-	-	376
Cash dividends	-	-	-	-	-	(15,934)	(15,934)
Dividends - treasury shares	-	8,918	33,043	-	-	(42,364)	(403)
Total transactions with owners	114	9,260	33,043	(80)	-	(58,298)	(15,961)
Other movements	-	-	-	-	-	415	415
	114	9,260	33,043	(80)	-	(57,883)	(15,546)
Balance, December 31, 2023	**49,307**	**113,383**	**-**	**32,975**	**(9,076)**	**149,714**	**336,303**

(The notes on pages 1 to 116 are an integral part of these financial statements.)

BANK OF THE PHILIPPINE ISLANDS

Statements of Cash Flows

For each of the three years in the period ended December 31, 2023
(In Millions of Pesos)

	Notes	Consolidated 2023	Consolidated 2022	Consolidated 2021	Parent 2023	Parent 2022	Parent 2021
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before income tax		**65,211**	51,368	33,537	**62,234**	47,282	29,859
Adjustments for:							
Impairment losses	26	**4,000**	9,167	13,135	**2,202**	8,437	10,591
Depreciation and amortization	11,14	**6,615**	5,445	6,249	**6,195**	4,871	5,213
Share in net income of associates	12	**(1,372)**	(1,055)	(1,086)	**-**	-	-
Dividend and other income	19	**(100)**	(60)	(30)	**(3,066)**	(1,810)	(6,939)
Share-based compensation	18	**(84)**	(8)	(41)	**(80)**	(11)	(36)
Profit from asset sold		**(139)**	(5,392)	-	**(126)**	(5,392)	-
Realized gain - investment securities		**(949)**	(189)	-	**(949)**	(189)	-
Interest income		**(145,572)**	(103,268)	(84,617)	**(137,976)**	(98,792)	(64,646)
Interest received		**142,013**	98,874	85,450	**134,880**	92,487	64,866
Interest expense		**41,543**	18,503	15,345	**40,171**	18,265	10,229
Interest paid		**(38,683)**	(17,238)	(15,352)	**(37,801)**	(17,061)	(10,214)
Decrease (increase) in:							
Interbank loans receivable and securities purchased under agreements to resell		**4,117**	(2,612)	(2,167)	**4,058**	(2,699)	(2,117)
Financial assets at fair value through profit or loss		**(1,455)**	(801)	16,134	**(450)**	(1,267)	18,548
Loans and advances, net		**(181,412)**	(231,573)	(82,837)	**(170,155)**	(221,575)	(68,754)
Assets held for sale		**(761)**	(914)	(355)	**(773)**	(927)	(168)
Assets attributable to insurance operations		**254**	(2,316)	450	**-**	-	-
Other assets		**(5,753)**	540	(4,046)	**(6,564)**	4,870	(4,556)
Increase (decrease) in:							
Deposit liabilities		**199,096**	140,855	238,976	**181,540**	132,034	205,581
Due to BSP and other banks		**(1,151)**	1,680	(232)	**(1,075)**	1,744	(371)
Manager's checks and demand drafts outstanding		**1,708**	(176)	(177)	**1,680**	(169)	(204)
Accrued taxes, interest and other expenses		**798**	1,382	(707)	**730**	1,133	(582)
Liabilities attributable to insurance operations		**306**	1,693	(1,290)	**-**	-	-
Derivative financial liabilities		**(1,476)**	665	(2,025)	**(1,479)**	708	(2,112)
Deferred credits and other liabilities		**213**	4,950	(337)	**353**	2,064	(1,735)
Net cash from (absorbed by) operations		**86,967**	(30,480)	213,977	**73,549**	(35,997)	182,453
Income taxes paid		**(14,004)**	(12,938)	(7,497)	**(12,712)**	(11,605)	(6,008)
Net cash from (used in) operating activities		**72,963**	(43,418)	206,480	**60,837**	(47,602)	176,445

(forward)

Statements of Cash Flows

For each of the three years in the period ended December 31, 2022
(In Millions of Pesos)

	Notes	Consolidated 2023	Consolidated 2022	Consolidated 2021	Parent 2023	Parent 2022	Parent 2021
(forwarded)							
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of bank premises, furniture, fixtures and equipment		**(4,778)**	(1,657)	(5,595)	**(4,578)**	(1,580)	(5,108)
Disposal of bank premises, furniture, fixtures and equipment		**2,144**	1,200	789	**2,127**	1,191	777
Placements in investment securities		**(248,565)**	(95,218)	(278,718)	**(247,299)**	(94,789)	(272,363)
Proceeds from:							
Maturities/sales of investment securities		**171,331**	49,008	176,833	**171,332**	49,008	158,047
Net gains on sale of investment properties		**-**	4,721	(12)	**-**	4,721	(14)
Decrease (increase) in:							
Investment in subsidiaries and associates, net		**769**	694	1,432	**(120)**	-	(4,516)
Assets attributable to insurance operations		**(270)**	474	804	**-**	-	-
Impact of merger	30.1	**-**	-	-	**-**	78,200	-
Dividends received		**100**	60	30	**3,066**	880	3,400
Net cash (used in) from investing activities		**(79,269)**	(40,718)	(104,437)	**(75,472)**	37,631	(119,777)
CASH FLOWS FROM FINANCING ACTIVITIES							
Cash dividends paid	17,18	**(16,125)**	(9,745)	(8,124)	**(15,934)**	(9,568)	(8,124)
Issuance cost of treasury shares as dividends	18	**(372)**	-	-	**(403)**	-	-
Proceeds from share issuance	18	**456**	208	256	**456**	208	256
Increase (decrease) in bills payable and other borrowed funds	16	**39,601**	2,464	(56,908)	**40,724**	868	(57,798)
Payments for principal portion of lease liabilities		**(1,892)**	(1,624)	(1,900)	**(1,652)**	(1,417)	(1,478)
Net cash from (used in) financing activities		**21,668**	(8,697)	(66,676)	**23,191**	(9,909)	(67,144)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**15,362**	(92,833)	35,367	**8,556**	(19,880)	(10,476)
CASH AND CASH EQUIVALENTS							
January 1	4,5	273,120	365,953	330,586	265,449	285,329	295,805
December 31		**288,482**	273,120	365,953	**274,005**	265,449	285,329
Non-cash financing and investing activities	11,16,18						

(The notes on pages 1 to 116 are an integral part of these financial statements.)

Notes to Financial Statements

As at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022

1 General information

Bank of the Philippine Islands ("BPI" or the "Parent Bank") is a domestic commercial bank with an expanded banking license and was registered with the Securities and Exchange Commission (SEC) on January 4, 1943. The Parent Bank's license was extended for another 50 years on January 4, 1993.

The Parent Bank's office address, which also serves as its principal place of business, is located at Ayala Triangle Gardens Tower 2, Paseo De Roxas corner Makati Ave., Bel-Air, Makati City.

BPI and its subsidiaries (collectively referred to as the "BPI Group") offer a whole breadth of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution and insurance services. At December 31, 2023, the BPI Group has 18,982 employees (2022 - 17,573 employees) and operates 1,187 branches (2022 - 1,189 branches) and 1,530 automated teller machines (ATMs) and cash accept machines (CAMs) (2022 - 2,080) to support its delivery of services. The BPI Group also serves its customers through alternative electronic banking channels such as telephone, mobile phone and the internet.

The Parent Bank is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On September 30, 2022, the Board of Directors (BOD) of BPI approved the execution of an agreement between the Parent Bank and Robinsons Bank Corporation ("RBC") and Robinsons Retail Holdings, Inc. and JG Summit Capital Services Corporation, as RBC shareholders, for the merger of BPI and RBC, with BPI as the surviving entity. As at December 31, 2023, all corporate and regulatory approvals have been obtained, and the Parent Bank and RBC merged, effective January 1, 2024 (Note 30.3).

The merger between BPI and BPI Family Savings Bank, Inc. ("BFB"), a wholly-owned subsidiary, became effective on January 1, 2022 with the Parent Bank as the surviving entity (Note 30.1). The comparative figures presented in the financial statements and notes to financial statements pertaining to the Parent Bank for the year ended December 31, 2021 are exclusive of BFB balances.

Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the BOD on February 21, 2024.

The consolidated financial statements comprise the financial statements of the Parent Bank and the following subsidiaries:

Subsidiaries	Country of incorporation	Principal activities	% of ownership 2023	2022
BPI Capital Corporation	Philippines	Investment house	100	100
BPI Direct BanKo, Inc., A Savings Bank (BanKo)	Philippines	Banking	100	100
BPI Asset Management and Trust Corporation operating under the trade name, BPI Wealth	Philippines	Asset management	100	100
BPI International Finance Limited	Hong Kong	Financing	100	100
BPI Europe Plc.	England and Wales	Banking (deposit)	100	100
BPI Securities Corp.	Philippines	Securities dealer	100	100
BPI Payments Holdings Inc. (BPHI)	Philippines	Financing	100	100
Filinvest Algo Financial Corp.	Philippines	Financing	100	100
BPI Investment Management, Inc.	Philippines	Investment management	100	100
Santiago Land Development Corporation	Philippines	Land holding	100	100
BPI Computer Systems Corp.	Philippines	Business systems service	100	100
BPI Forex Corp.	Philippines	Foreign exchange	100	100
BPI Remittance Centre (HK) Ltd.	Hong Kong	Remittance	100	100
BPI Wealth Singapore Pte Ltd	Singapore	Asset management	100	-
First Far East Development Corporation	Philippines	Real estate	100	100
FEB Stock Brokers, Inc.	Philippines	Securities dealer	100	100
FEB Speed International	Philippines	Remittance	100	100
Ayala Plans, Inc.	Philippines	Pre-need	98.93	98.93
FGU Insurance Corporation	Philippines	Non-life insurance	94.62	94.62
BPI/MS Insurance Corporation	Philippines	Non-life insurance	50.85	50.85

2 Assets and liabilities attributable to insurance operations

Details of assets and liabilities attributable to insurance operations at December 31 are as follows:

	Note	2023	2022
		(In Millions of Pesos)	
Assets			
Cash and cash equivalents	4	**193**	292
Insurance balances receivable, net		**6,111**	6,449
Investment securities			
Financial assets at fair value through profit or loss		**1,814**	1,771
Financial assets at fair value through other comprehensive income		**6,905**	6,618
Financial assets at amortized cost		**353**	267
Investment in associates		**167**	167
Accounts receivable and other assets, net		**3,378**	3,294
Land, building and equipment		**146**	202
		19,067	19,060

	2023	2022
	(In Millions of Pesos)	
Liabilities		
Reserves and other balances	**13,240**	13,094
Accounts payable, accrued expenses and other payables	**1,962**	1,825
	15,202	14,919

Details of income attributable to insurance operations before income tax and minority interest for the years ended December 31 are as follows:

	2023	2022	2021
	(In Millions of Pesos)		
Premiums earned and related income	**3,312**	3,016	3,071
Investment and other income	**1,675**	1,070	1,504
	4,987	4,086	4,575
Benefits, claims and maturities	**1,573**	1,280	1,502
Decrease in actuarial reserve liabilities	**(288)**	(336)	(486)
Commissions	**954**	924	856
Management and general expenses	**876**	811	817
Other expenses	**29**	28	32
	3,144	2,707	2,721
Income before income tax and minority interest	**1,843**	1,379	1,854

3 Business segments

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (CEO), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the BPI Group individually meet the definition of a reportable segment under Philippine Financial Reporting Standards (PFRS) 8, *Operating Segments*.

The BPI Group has determined the operating segments based on the nature of the services provided and the different clients/markets served representing a strategic business unit.

The BPI Group's main operating business segments follow:

- Consumer banking - this segment serves the individual and retail markets. Services cover deposit taking and servicing, consumer lending such as home mortgages, auto loans and credit card finance as well as the remittance business. The segment also includes the entire transaction processing and service delivery infrastructure consisting of network of branches and ATMs as well as phone and internet-based banking platforms for individual customers.

- Corporate banking - this segment caters both high-end corporations and middle market clients. Services offered include deposit taking and servicing, loan facilities, trade, cash management and internet-based banking platforms for corporate and institutional customers.

- Investment banking - this segment includes the various business groups operating in the investment markets and dealing in activities other than lending and deposit taking. These services cover corporate finance, securities distribution, asset management, trust and fiduciary services as well as proprietary trading and investment activities.

The performance of the Parent Bank is assessed as a single unit using financial information presented in the separate or Parent only financial statements. Likewise, the CEO assesses the performance of the insurance business as a standalone business segment separate from the banking and allied financial undertakings. Information on the assets, liabilities and results of operations of the insurance business is fully disclosed in Note 2.

The BPI Group and the Parent Bank mainly derive revenue within the Philippines; accordingly, no geographical segment is presented.

The segment report forms part of management's assessment of the performance of the segment, among other performance indicators.

There were no changes in the reportable segments during the year. Transactions between the business segments are carried out at arm's length. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. Inter-segment revenues, however, are deemed insignificant for financial reporting purposes, thus, not reported in segment analysis below.

The BPI Group's management reporting is based on a measure of operating profit comprising net interest income, impairment charge, fees and commission income, other income and operating expenses.

Segment assets and liabilities comprise majority of operating assets and liabilities, measured in a manner consistent with that shown in the statement of condition, but exclude items such as taxation.

The segment assets and liabilities as at December 31 and the results of the operations of the reportable segments of the BPI Group's for the years ended December 31 follow:

	2023			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
		(In Millions of Pesos)		
Net interest income	65,271	28,108	15,117	108,496
Provision for (reversal of) credit and impairment losses	7,711	(3,837)	140	4,014
Net interest income after provision for credit and impairment losses	57,560	31,945	14,977	104,482
Fees, commissions and other income, net	20,328	2,932	8,749	32,009
Total income	77,888	34,877	23,726	136,491
Compensation and fringe benefits	19,375	3,314	1,786	24,475
Occupancy and equipment-related expenses	10,144	1,089	865	12,098
Other operating expenses	26,485	4,082	3,221	33,788
Total other expenses	56,004	8,485	5,872	70,361
Operating profit	21,884	26,392	17,854	66,130
Income tax expense				13,299
Net income				51,912
Share in net income of associates				1,372
Total assets	644,092	1,505,254	717,734	2,867,080
Total liabilities	1,670,879	687,265	163,858	2,522,002

	2022			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
		(In Millions of Pesos)		
Net interest income	49,614	26,746	12,281	88,641
Provision for credit and impairment losses	2,808	6,326	25	9,159
Net interest income after provision for credit and impairment losses	46,806	20,420	12,256	79,482
Fees, commissions and other income, net	17,017	2,847	7,064	26,928
Total income	63,823	23,267	19,320	106,410
Compensation and fringe benefits	14,698	2,459	1,162	18,319
Occupancy and equipment-related expenses	5,471	115	646	6,232
Other operating expenses	25,215	3,211	1,484	29,910
Total other expenses	45,384	5,785	3,292	54,461
Operating profit	18,439	17,482	16,028	51,949
Income tax expense				11,532
Net income				39,836
Share in net income of associates				1,056
Total assets	579,926	1,390,803	658,828	2,629,557
Total liabilities	1,534,471	618,008	142,236	2,294,715

	2021			
	Consumer banking	Corporate banking	Investment banking	Total per management reporting
	(In Millions of Pesos)			
Net interest income	36,478	27,934	8,988	73,400
Provision for (reversal of) credit and impairment losses	3,157	10,118	(172)	13,103
Net interest income after provision for credit and impairment losses	33,321	17,816	9,160	60,297
Fees, commissions and other income, net	15,846	2,703	7,333	25,882
Total income	49,167	20,519	16,493	86,179
Compensation and fringe benefits	13,911	2,280	1,053	17,244
Occupancy and equipment-related expenses	5,988	112	472	6,572
Other operating expenses	20,075	3,295	1,566	24,936
Total other expenses	39,974	5,687	3,091	48,752
Operating profit	9,193	14,832	13,402	37,427
Income tax expense				9,427
Net income				24,110
Share in net income of associates				1,086
Total assets	495,878	1,205,841	679,536	2,381,255
Total liabilities	1,334,077	667,821	101,686	2,103,584

Reconciliation of segment results to consolidated results of operations:

	2023		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	108,496	(4,146)	104,350
Provision for credit and impairment losses	4,014	(14)	4,000
Net interest income after provision for credit and impairment losses	104,482	(4,132)	100,350
Fees, commissions and other income, net	32,009	1,962	33,971
Total income	136,491	(2,170)	134,321
Compensation and fringe benefits	24,475	(1,254)	23,221
Occupancy and equipment-related expenses	12,098	9,914	22,012
Other operating expenses	33,788	(9,911)	23,877
Total other expenses	70,361	(1,251)	69,110
Operating profit	66,130	(919)	65,211
Income tax expense	13,299		13,299
Net income	51,912		51,912
Share in net income of associates	1,372		1,372
Total assets	**2,867,080**	**21,292**	**2,888,372**
Total liabilities	**2,522,002**	**7,000**	**2,529,002**

	2022		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	88,641	(3,575)	85,066
Provision for credit and impairment losses	9,159	8	9,167
Net interest income after provision for credit and impairment losses	79,482	(3,583)	75,899
Fees, commissions and other income, net	26,928	6,531	33,459
Total income	106,410	2,948	109,358
Compensation and fringe benefits	18,319	1,209	19,528
Occupancy and equipment-related expenses	6,232	12,529	18,761
Other operating expenses	29,910	(10,209)	19,701
Total other expenses	54,461	3,529	57,990
Operating profit	51,949	(581)	51,368
Income tax expense	11,532		11,532
Net income	39,836		39,836
Share in net income of associates	1,056		1,056
Total assets	2,629,557	(25,596)	2,603,961
Total liabilities	2,294,715	(10,558)	2,284,157

	2021		
	Total per management reporting	Consolidation adjustments/ Others	Total per consolidated financial statements
	(In Millions of Pesos)		
Net interest income	73,400	(3,817)	69,583
Provision for credit and impairment losses	13,103	32	13,135
Net interest income after provision for credit and impairment losses	60,297	(3,849)	56,448
Fees, commissions and other income, net	25,882	1,940	27,822
Total income	86,179	(1,909)	84,270
Compensation and fringe benefits	17,244	1,284	18,528
Occupancy and equipment-related expenses	6,572	9,438	16,010
Other operating expenses	24,936	(8,741)	16,195
Total other expenses	48,752	1,981	50,733
Operating profit	37,427	(3,890)	33,537
Income tax expense	9,427		9,427
Net income	24,110		24,110
Share in net income of associates	1,086		1,086
Total assets	2,381,255	40,660	2,421,915
Total liabilities	2,103,584	23,175	2,126,759

"Consolidation adjustments/Others" pertain to amounts of insurance operations and support units and inter-segment elimination in accordance with the BPI Group's internal reporting.

4 Cash and cash equivalents

The account at December 31 consists of:

	Notes	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
		(In Millions of Pesos)			
Cash and other cash items		**34,843**	39,613	**34,444**	39,359
Due from BSP		**199,619**	182,869	**192,246**	178,534
Due from other banks		**36,292**	45,190	**33,081**	43,096
Interbank loans receivable and securities purchased under agreements to resell (SPAR)	5	**17,535**	5,156	**14,234**	4,460
Cash and cash equivalents attributable to insurance operations	2	**193**	292	**-**	-
		288,482	273,120	**274,005**	265,449

5 Interbank loans receivable and SPAR, net

The account at December 31 consists of transactions with:

	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
	(In Millions of Pesos)			
BSP	**15,177**	136	**11,982**	-
Other banks	**5,483**	12,259	**5,379**	11,645
	20,660	12,395	**17,361**	11,645
Accrued interest receivable	**26**	27	**24**	26
	20,686	12,422	**17,385**	11,671
Allowance for impairment	**(43)**	(40)	**(43)**	(40)
	20,643	12,382	**17,342**	11,631

As at December 31, 2023, interbank loans receivable and SPAR maturing within 90 days from the date of acquisition amounting to P17,535 million (2022 - P5,156 million) for the BPI Group and P14,234 million (2022 - P4,460 million) for the Parent Bank are classified as cash equivalents in the statements of cash flows (Note 4).

Government bonds are pledged by the BSP as collateral under reverse repurchase agreements. The aggregate face value of securities pledged approximates the total balance of outstanding placements as at reporting date.

The range of average interest rates (%) of interbank loans receivable and SPAR for the years ended December 31 are as follows:

	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
Peso-denominated	**4.75 - 8.50**	4.50 - 8.28	**4.75 - 8.50**	4.50 - 8.28
US dollar-denominated	**4.85 - 5.25**	3.13 - 4.29	**4.85 - 5.15**	4.05 - 4.18

6 Financial assets at fair value through profit or loss (FVTPL)

The account at December 31 consists of:

	Note	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
		(In Millions of Pesos)			
Debt securities					
Government securities		**15,928**	10,974	**13,654**	9,876
Commercial papers of private companies		**3,813**	3,820	**6**	30
Listed equity securities		**111**	192	**-**	-
Derivative financial assets	7	**3,802**	7,147	**3,796**	7,035
		23,654	22,133	**17,456**	16,941

All financial assets at FVTPL held by the BPI Group and the Parent Bank are classified as current.

7 Derivative financial instruments

Derivatives held by the BPI Group consist mainly of the following:

- Foreign exchange forwards represent commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. Settlement can be made via full delivery of forward proceeds or via payment of the difference (non-deliverable forward) between the contracted forward rate and the prevailing market rate at maturity.
- Foreign exchange swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future.
- Interest rate swaps refer to agreement to exchange fixed rate versus floating interest payments (or vice versa) on a reference notional amount over an agreed period.
- Cross currency swaps refer to an exchange of notional amounts on two currencies at a given exchange rate where the parties on the transaction agree to pay a stated interest rate on the received notional amount and accept a stated interest rate on the delivered notional amount, payable and receivable or net settled (non-deliverable swaps) periodically over the term of the transaction.

The BPI Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the BPI Group assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative financial instruments as at December 31 are set out below:

Consolidated

	Assets 2023	Assets 2022	Liabilities 2023	Liabilities 2022
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**174**	411	**53**	52
Currency forwards	**1,309**	3,557	**1,262**	2,184
Options	**-**	3	**-**	-
Interest rate swaps	**2,317**	3,164	**1,506**	2,061
Warrants	**2**	2	**-**	-
Equity options	**-**	10	**-**	-
	3,802	7,147	**2,821**	4,297

Parent

	Assets		Liabilities	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Held for trading				
Foreign exchange derivatives				
Currency swaps	**173**	411	**53**	52
Currency forwards	**1,304**	3,455	**1,215**	2,140
Options	**-**	3	**-**	-
Interest rate swaps	**2,317**	3,164	**1,506**	2,061
Warrants	**2**	2	**-**	-
	3,796	7,035	**2,774**	4,253

In 2022, the Parent Bank began trading foreign exchange options as part of the BPI Group's strategy subsequent to the granting of Type 1 derivative license by the BSP in 2021. During the years ended December 31, 2023 and 2022, the BPI Group did not enter into any transactions under hedge accounting.

As at December 31, 2023, the Parent Bank has no derivative financial assets referenced to London Interbank Offered Rate (LIBOR) (2022 - P104,915 million). The Parent Bank has fully transitioned to LIBOR-fallback in accordance with the fallback protocol that the Parent Bank adhered to with International Swaps and Derivatives Association (ISDA).

Critical accounting estimate - Determination of fair value of derivatives and other financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The BPI Group considers that it is impracticable, however, to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active markets.

8 Financial assets at fair value through other comprehensive income (FVOCI)

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Debt securities				
Government securities	**191,506**	85,143	**188,459**	83,588
Commercial papers of private companies	**21,732**	6,701	**21,452**	6,294
	213,238	91,844	**209,911**	89,882
Accrued interest receivable	**2,542**	603	**2,531**	595
	215,780	92,447	**212,442**	90,477
Equity securities				
Listed	**1,266**	1,709	**1,043**	1,331
Unlisted	**1,608**	1,111	**698**	345
	2,874	2,820	**1,741**	1,676
	218,654	95,267	**214,183**	92,153

The BPI Group has designated a small portfolio of equity securities from listed and unlisted private corporations as financial assets at FVOCI. The BPI Group adopted this presentation as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Debt securities classified as financial assets at FVOCI are classified as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Current (within 12 months)	**40,551**	7,959	**38,990**	6,788
Non-current (over 12 months)	**175,229**	84,488	**173,452**	83,689
	215,780	92,447	**212,442**	90,477

The range of average effective interest rates (%) of financial assets at FVOCI for the years ended December 31 follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Peso-denominated	**2.20 - 8.57**	2.20 - 8.57	**2.20 - 8.57**	2.20 - 8.57
Foreign currency-denominated	**0.24 - 7.00**	0.15 - 6.10	**0.24 - 7.00**	0.15 - 6.10

Interest income from debt instruments recognized in the statement of income for the year ended December 31, 2023 amounts to P6,176 million (2022 - P1,987 million; 2021 - P2,473 million) and P6,060 million (2022 - P1,945 million; 2021 - P2,306 million) for the BPI Group and Parent Bank, respectively.

Dividend income from equity instruments recognized in the statement of income under other operating income for the year ended December 31, 2023 amounts to P100 million (2022 - P60 million; 2021 - P30 million) and P66 million (2022 - P36 million; 2021 - P16 million) for the BPI Group and Parent Bank, respectively (Note 19).

9 Investment securities at amortized cost, net

Details of the account at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Government securities	**320,808**	338,323	**320,161**	337,661
Commercial papers of private companies	**58,326**	78,345	**53,448**	73,568
	379,134	416,668	**373,609**	411,229
Accrued interest receivable	**3,608**	3,876	**3,542**	3,817
	382,742	420,544	**377,151**	415,046
Allowance for impairment	**(31)**	(11)	**(31)**	(11)
	382,711	420,533	**377,120**	415,035

The range of average effective interest rates (%) for the years ended December 31 follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Peso-denominated	**2.09 - 8.13**	2.00 - 8.13	**2.09 - 8.13**	2.00 - 8.13
Foreign currency-denominated	**0.13 - 7.32**	0.13 - 7.13	**0.80 - 6.07**	0.13 - 7.13

In 2023, the BPI Group and the Parent Bank sold close-to-maturity debt securities which resulted in a net gain of P2 million. In 2022, the BPI Group and the Parent Bank recognized a net gain on disposal of P214 million resulting from sale of an insignificant amount of debt securities. In 2021, the BPI Group and the Parent Bank recognized a net gain on derecognition of P1,513 million and P1,166 million, respectively, due mainly to its disposal of a portfolio of debt securities in response to an impending change in tax regulations and as part of disposal of the entire portfolio of investments securities at amortized cost of a significant subsidiary. Consistent with the allowed sales of investments under the hold-to-collect business model following the requirements of PFRS 9, Financial Instruments, and BSP Circular 708, the circumstances resulting in the disposals are deemed isolated and non-recurring events that are beyond the BPI Group's control and could not have been reasonably anticipated at the time that the business model has been established.

As at December 31, 2023, government securities aggregating P3.43 billion (2022 - P19.11 billion) are used as security for bills payable of the Parent Bank (Note 16).

Interest income from these investment securities recognized in the statement of income for the year ended December 31, 2023 amounts to P14,678 million (2022 - P14,514 million; 2021 - P7,657 million) and P14,549 million (2022 - P14,388 million; 2021 - P7,347 million) for the BPI Group and the Parent Bank, respectively.

Investment securities at amortized cost are expected to be realized as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Current (within 12 months)	**64,063**	41,813	**63,742**	41,918
Non-current (over 12 months)	**318,648**	378,720	**313,378**	373,117
	382,711	420,533	**377,120**	415,035

As at December 31, 2023, the Parent Bank has P6,459 million (2022 - P6,401 million) outstanding securities overlying securitization structures measured at amortized cost. The securities are held for collection of contractual cash flows until maturity and those cash flows represent solely payments of principal and interest.

Critical accounting judgment - Classification of investment securities at amortized cost

The BPI Group classifies its financial assets at initial recognition as to whether it will be subsequently measured at FVOCI, at amortized cost, or at FVTPL. The BPI Group determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The BPI Group determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at FVTPL.

10 Loans and advances, net

Details of this account at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Corporate loans				
Large corporate customers	**1,446,426**	1,348,210	**1,442,251**	1,342,447
Small and medium enterprise	**79,097**	76,046	**79,093**	76,039
Retail loans				
Credit cards	**137,889**	99,680	**137,889**	99,680
Real estate mortgages	**171,495**	158,137	**170,321**	156,862
Auto loans	**71,896**	58,009	**71,895**	58,009
Others	**28,536**	16,675	**229**	225
	1,935,339	1,756,757	**1,901,678**	1,733,262
Accrued interest receivable	**12,943**	11,189	**12,006**	10,632
Unearned discount/income	**(8,801)**	(7,189)	**(8,795)**	(7,179)
	1,939,481	1,760,757	**1,904,889**	1,736,715
Allowance for impairment	**(57,474)**	(57,767)	**(55,049)**	(56,031)
	1,882,007	1,702,990	**1,849,840**	1,680,684

As at December 31, 2023 and 2022, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 16).

As at December 31, 2023, the Parent Bank has no LIBOR referenced loans (2022 - P63,263 million). In 2023, the Parent Bank has fully transitioned these LIBOR referenced loans to the alternative reference rate adopted by the Parent Bank.

Loans and advances include amounts due from related parties (Note 25).

Loans and advances are expected to be realized as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Current (within 12 months)	**776,788**	678,738	**766,284**	669,478
Non-current (over 12 months)	**1,162,693**	1,082,019	**1,138,605**	1,067,237
	1,939,481	1,760,757	**1,904,889**	1,736,715

The range of average interest rates (%) of loans and advances for the years ended December 31 follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Commercial loans				
Peso-denominated loans	**5.44 - 6.13**	4.15 - 5.24	**5.44 - 6.13**	4.16 - 5.24
Foreign currency-denominated loans	**5.80 - 6.63**	2.73 - 5.85	**5.80 - 6.63**	2.73 - 5.85
Real estate mortgages	**6.63 - 7.32**	6.11 - 7.03	**6.72 - 7.31**	6.09 - 7.02
Auto loans	**9.76 - 10.32**	9.54 - 10.01	**9.76 - 10.32**	9.54 - 10.01

Interest income from loans and advances for the year ended December 31, 2023 for the BPI Group and the Parent Bank amounts to P120,900 million (2022 - P84,909 million; 2021 - P72,225 million) and P114,050 million (2022 - P80,724 million; 2021 - P53,426 million), respectively.

Details of the loans and advances portfolio at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**304,090**	281,974	**302,870**	280,633
Project assets	**138,915**	143,541	**138,915**	143,541
Chattel mortgage	**75,028**	60,287	**75,028**	60,287
Others	**25,912**	39,698	**25,757**	38,944
	543,945	525,500	**542,570**	523,405
Unsecured loans	**1,382,593**	1,224,068	**1,350,313**	1,202,678
	1,926,538	1,749,568	**1,892,883**	1,726,083

Others represent loans secured mainly by hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

11 Bank premises, furniture, fixtures and equipment, net

The details of and movements in the account are summarized below:

Consolidated

	2023			
	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
	(In Millions of Pesos)			
Cost				
January 1, 2023	3,015	31,087	16,400	**50,502**
Additions	-	3,523	2,954	**6,477**
Disposals	(30)	(330)	(2,946)	**(3,306)**
Transfers	-	(30)	(19)	**(49)**
Other changes	(2)	43	-	**41**
December 31, 2023	**2,983**	**34,293**	**16,389**	**53,665**
Accumulated depreciation				
January 1, 2023	-	16,622	14,525	**31,147**
Depreciation and amortization	-	2,922	989	**3,911**
Disposals	-	(244)	(980)	**(1,224)**
Transfers	-	4	(8)	**(4)**
Other changes	-	84	-	**84**
December 31, 2023	**-**	**19,388**	**14,526**	**33,914**
Net book value, December 31, 2023	**2,983**	**14,905**	**1,863**	**19,751**

	2022			
	Land	Buildings and leasehold improvements	Furniture and equipment	Total
	(In Millions of Pesos)			
Cost				
January 1, 2022	3,048	26,192	16,941	46,181
Additions	5	5,196	951	6,152
Disposals	(38)	(552)	(1,492)	(2,082)
Transfers	-	(6)	(2)	(8)
Other changes	-	257	2	259
December 31, 2022	3,015	31,087	16,400	50,502
Accumulated depreciation				
January 1, 2022	-	13,827	14,829	28,656
Depreciation and amortization	-	3,054	938	3,992
Disposals	-	(391)	(1,243)	(1,634)
Transfers	-	(4)	(1)	(5)
Other changes	-	136	2	138
December 31, 2022	-	16,622	14,525	31,147
Net book value, December 31, 2022	3,015	14,465	1,875	19,355

Parent

	2023			
	Land	Buildings and leasehold improvements	Furniture and equipment	**Total**
	(In Millions of Pesos)			
Cost				
January 1, 2023	3,015	28,880	15,693	**47,588**
Additions	-	3,167	2,870	**6,037**
Disposals	(30)	(294)	(2,936)	**(3,260)**
Transfers	-	(30)	-	**(30)**
Other changes	(3)	(749)	-	**(752)**
December 31, 2023	**2,982**	**30,974**	**15,627**	**49,583**
Accumulated depreciation				
January 1, 2023	-	14,934	13,933	**28,867**
Depreciation and amortization	-	2,567	928	**3,495**
Disposals	-	(209)	(974)	**(1,183)**
Transfers	-	3	-	**3**
Other changes	-	-	-	**-**
December 31, 2023	**-**	**17,295**	**13,887**	**31,182**
Net book value, December 31, 2023	**2,982**	**13,679**	**1,740**	**18,401**

	Note	Land	Buildings and leasehold improvements	Furniture and equipment	Total
		2022			
			(In Millions of Pesos)		
Cost					
December 31, 2021		2,703	22,461	14,914	40,078
Impact of merger	30.1	346	1,964	1,354	3,664
January 1, 2022		3,049	24,425	16,268	43,742
Additions		4	4,892	903	5,799
Disposals		(38)	(429)	(1,478)	(1,945)
Transfers		-	(6)	-	(6)
Other changes		-	(2)	-	(2)
December 31, 2022		3,015	28,880	15,693	47,588
Accumulated depreciation					
December 31, 2021		-	11,708	13,127	24,835
Impact of merger	30.1	-	760	1,190	1,950
January 1, 2022		-	12,468	14,317	26,785
Depreciation and amortization		-	2,743	850	3,593
Disposals		-	(272)	(1,234)	(1,506)
Transfers		-	(4)	-	(4)
Other changes		-	(1)	-	(1)
December 31, 2022		-	14,934	13,933	28,867
Net book value, December 31, 2022		3,015	13,946	1,760	18,721

As at December 31, 2023, the BPI Group has recognized construction-in-progress amounting to P1.45 billion (2022 - P914 million) in relation to the redevelopment of its main office.

In 2022, the Parent Bank entered into a contract of lease with Ayala Land, Inc., a related party, for the lease of an office unit at Ayala Triangle Gardens Tower 2. In 2023, the Parent Bank assigned a portion of its office unit to BPI Securities Corporation, BPI Capital Corporation and BPI Wealth, effective July 1, 2023.

Other changes pertain to additions and remeasurement of right-of-use assets due to lease modification, renewal of lease agreements, extension of lease terms and deferral of escalation clause on existing lease contracts.

Depreciation and amortization charges are included in “Occupancy and equipment-related expenses” category in the statements of income.

In 2023, the Parent Bank realized a gain of P420 million (2022 - P5,295 million) (Note 19) from the disposal of certain bank premises, furniture, fixtures and equipment.

In 2022, the Parent Bank sold two properties located at Pasong Tamo, Makati City with a net book value of P126 million for a purchase price of P5.49 billion resulting in a gain on sale of P4.99 billion, net of gross receipts tax, which forms part of the realized gain recorded within Other operating income (Note 19). Out of the total gain of P4.99 billion, P4.31 billion pertains to the portion of the property classified as investment property under Other assets (Note 14).

Critical accounting estimate - Useful lives of bank premises, furniture, fixtures and equipment

The BPI Group determines the estimated useful lives of its bank premises, furniture, fixtures and equipment based on the period over which the assets are expected to be available for use. The BPI Group annually reviews the estimated useful lives of bank premises, furniture, fixtures and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of bank premises, furniture, fixtures and equipment.

12 Investments in subsidiaries and associates, net

This account at December 31 consists of investments in shares of stock as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Carrying value (net of impairment)				
Investments at equity method	**8,287**	7,227	**-**	-
Investments at cost method	**-**	-	**15,526**	15,406
	8,287	7,227	**15,526**	15,406

Investments in associates accounted for using the equity method in the consolidated statement of condition are as follows:

Name of entity	Place of business/ country of incorporation	Percentage of ownership interest		Acquisition cost	
		2023	2022	**2023**	2022
		(in %)		(In Millions of Pesos)	
Global Payments Asia-Pacific Philippines, Incorporated	Philippines	**49.00**	49.00	**1,342**	1,342
AF Payments, Inc. (AFPI)	Philippines	**20.00**	20.00	**1,060**	940
BPI AIA Life Assurance Corporation (formerly BPI-Philamlife Assurance Corporation)	Philippines	**47.96**	47.96	**389**	389
BPI Century Tokyo Lease and Finance Corporation	Philippines	**49.00**	49.00	**316**	316
Beacon Property Ventures, Inc.	Philippines	**20.00**	20.00	**72**	72
CityTrust Realty Corporation	Philippines	**40.00**	40.00	**2**	2
				3,181	3,061

The movements in investments in associates accounted for using the equity method in the consolidated financial statements are summarized as follows:

	2023	2022
	(In Millions of Pesos)	
Acquisition cost		
At January 1	**3,061**	3,061
Additions during the year	**120**	-
At December 31	**3,181**	3,061
Accumulated equity in net income		
At January 1	**4,437**	4,076
Share in net income for the year	**1,372**	1,055
Dividends received	**(889)**	(694)
At December 31	**4,920**	4,437
Accumulated share in other comprehensive income (loss)		
At January 1	**(131)**	168
Share in other comprehensive income (loss) for the year	**457**	(299)
At December 31	**326**	(131)
Allowance for impairment	**(140)**	(140)
	8,287	7,227

No associate is deemed individually significant for financial reporting purposes. Accordingly, the relevant unaudited financial information of associates as at and for the years ended December 31 are aggregated as follows:

	2023	2022
	(In Millions of Pesos)	
Total assets	**129,429**	127,610
Total liabilities	**111,601**	112,119
Total revenues	**24,198**	13,771
Total net income	**2,924**	1,925

The details of equity investments accounted for using the cost method in the separate financial statements of the Parent Bank follow:

	Acquisition cost		Allowance for impairment		Carrying value	
	2023	2022	**2023**	2022	**2023**	2022
	(In Millions of Pesos)					
Subsidiaries						
BPI Europe Plc.	**7,180**	7,180	**-**	-	**7,180**	7,180
BPI Direct BanKo, Inc., A Savings Bank	**2,009**	2,009	**-**	-	**2,009**	2,009
BPI Wealth	**1,502**	1,502	**-**	-	**1,502**	1,502
Ayala Plans, Inc.	**864**	864	**-**	-	**864**	864
BPI Payments Holdings Inc.	**813**	693	**(672)**	(672)	**141**	21
BPI Capital Corporation	**623**	623	**-**	-	**623**	623
FGU Insurance Corporation	**303**	303	**-**	-	**303**	303
BPI Forex Corp.	**195**	195	**-**	-	**195**	195
BPI International Finance Limited	**143**	143	**-**	-	**143**	143
Santiago Land Development Corporation	**140**	140	**-**	-	**140**	140
BPI Remittance Centre (HK) Ltd.	**132**	132	**-**	-	**132**	132
First Far East Development Corporation	**91**	91	**-**	-	**91**	91
FEB Stock Brokers, Inc.	**25**	25	**-**	-	**25**	25
BPI Computer Systems Corp.	**23**	23	**-**	-	**23**	23
Others	**35**	35	**-**	-	**35**	35
Associates	**2,120**	2,120	**-**	-	**2,120**	2,120
	16,198	16,078	**(672)**	(672)	**15,526**	15,406

In 2023, the Parent Bank made additional capital infusions to BPHI amounting to P120 million.

In June 2023, BPI Wealth Singapore Pte. Ltd. was incorporated with the Accounting and Corporate Regulatory Authority of Singapore with BPI Parent as the sole owner of its share amounting to 1 SGD. As at December 31, 2023, the entity is non-operational and awaiting approval of its Capital Market Services license by the Monetary Authority of Singapore.

In 2021, the Parent Bank recognized an impairment loss of P60 million on its investment in BPHI due to financial losses incurred by BPHI's associate, AFPI. In computing for its recoverable amount, the Parent Bank used a discount rate of 13.08% in assessing its value in use, which amounts to P21 million. There are no changes in the allowance for impairment for the year ended December 31, 2023.

No non-controlling interest arising from investments in subsidiaries is deemed material to the BPI Group.

Critical accounting judgment and estimate - Impairment of investments in subsidiaries and associates

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

- significant decline in market value;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The BPI Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Management has not identified any indicators of impairment as at December 31, 2023 and 2022 in its subsidiaries apart from BPHI.

For the 2023 and 2022 reporting periods, the recoverable amount of the subsidiary was determined based on the higher between fair value less cost to sell and value-in-use (VIU) calculations which require the use of assumptions. The VIU calculations use cash flow projections based on financial budgets approved by management.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the recoverable amount of the subsidiary.

13 Deferred income taxes

Details of deferred income tax assets and liabilities at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Deferred income tax assets				
Allowance for credit and impairment losses	**15,277**	15,380	**14,607**	14,889
Pension liability	**2,499**	1,736	**2,419**	1,736
Provisions	**644**	480	**595**	434
Others	**(62)**	(63)	**24**	19
Total deferred income tax assets	**18,358**	17,533	**17,645**	17,078
Deferred income tax liabilities				
Unrealized gain on property appraisal	**(39)**	(394)	**(39)**	(394)
Others	**(134)**	(387)	**(70)**	(328)
Total deferred income tax liabilities	**(173)**	(781)	**(109)**	(722)
Deferred income tax assets, net	**18,185**	16,752	**17,536**	16,356

Movements in net deferred income tax assets are summarized as follows:

		Consolidated		Parent	
	Note	**2023**	2022	**2023**	2022
		(In Millions of Pesos)			
Beginning of the year		**16,752**	15,819	**16,356**	11,953
Impact of merger	30.1	**-**	-	**-**	3,449
Amounts recognized in statement of income		**635**	906	**419**	943
Amounts recognized in other comprehensive income		**798**	27	**761**	11
End of the year		**18,185**	16,752	**17,536**	16,356

Details of deferred income tax items recognized in the statement of income are as follows:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Allowance for impairment	**99**	(1,164)	(1,816)	**280**	(1,152)	(1,541)
Pension	**(629)**	33	(131)	**(606)**	46	(121)
Net operating loss carryover (NOLCO)	**-**	-	(6)	**-**	-	-
Others	**(105)**	225	3,052	**(93)**	163	2,037
	(635)	(906)	1,099	**(419)**	(943)	375

Critical accounting judgment - Realization of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

14 Other assets, net

The account at December 31 consists of the following:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Sundry debits	**10,025**	2,839	**9,988**	2,723
Accounts receivable	**2,780**	6,327	**4,118**	6,728
Prepaid expenses	**1,991**	1,608	**1,924**	1,546
Intangible assets	**854**	2,316	**831**	2,277
Rental deposits	**828**	825	**782**	782
Accrued trust and other fees	**673**	645	**138**	139
Creditable withholding tax	**428**	328	**286**	189
Investment properties	**69**	73	**58**	62
Miscellaneous assets	**3,376**	3,058	**2,895**	2,792
	21,024	18,019	**21,020**	17,238
Allowance for impairment	**(1,108)**	(1,189)	**(1,019)**	(1,135)
	19,916	16,830	**20,001**	16,103

Sundry debits are float items caused by timing differences in recording of transactions. These float items are normally cleared within one day.

Accounts receivable includes non-loan related receivables from merchants and service providers, litigation related receivables and receivables from employees.

Prepaid expenses include Philippine Deposit Insurance Corporation (PDIC) assessment dues, prepayments for rent, allowances and taxes.

Intangible assets comprise computer software costs, contractual customer relationships and management contracts.

Miscellaneous assets include postage stamps, stationery and supplies.

The allowance for impairment pertains mainly to accounts receivable. The reconciliation of the allowance for impairment at December 31 is summarized as follows:

	Note	Consolidated		Parent	
		2023	2022	**2023**	2022
		(In Millions of Pesos)			
Beginning of the year		**1,189**	1,099	**1,135**	908
Impact of merger	30.1	**-**	-	**-**	136
Provision for impairment losses		**61**	255	**40**	243
Transfer/reallocation		**(6)**	(33)	**(20)**	(20)
Write-off		**(136)**	(132)	**(136)**	(132)
End of the year		**1,108**	1,189	**1,019**	1,135

Other assets are expected to be realized as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Current (within 12 months)	**20,040**	15,554	**20,117**	14,883
Non-current (over 12 months)	**984**	2,465	**903**	2,355
	21,024	18,019	**21,020**	17,238

15 Deposit liabilities

The account at December 31 consists of:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Demand	**379,076**	376,337	**382,443**	379,169
Savings	**1,158,548**	1,182,071	**1,148,770**	1,172,009
Time	**757,482**	537,593	**732,920**	531,406
	2,295,106	2,096,001	**2,264,133**	2,082,584

Deposit liabilities include amounts due to related parties (Note 25).

Deposit liabilities are expected to be settled as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Current (within 12 months)	**1,392,507**	1,272,994	**1,368,484**	1,265,986
Non-current (over 12 months)	**902,599**	823,007	**895,649**	816,598
	2,295,106	2,096,001	**2,264,133**	2,082,584

In 2019, the Parent Bank issued the first tranche of long-term negotiable certificates of deposit (LTNCD) amounting to P3 billion out of the established P50-billion LTNCD program approved by the BSP. The LTNCDs pay interest on a quarterly basis at a rate 4% per annum and carry a tenor of 5.5 years maturing on April 25, 2025. The proceeds from the LTNCD issuance are included in “Time deposits” category.

Related interest expense on deposit liabilities is presented below:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Demand	**248**	287	377	**248**	286	359
Savings	**2,115**	2,420	3,419	**2,065**	2,375	2,841
Time	**33,664**	12,114	6,372	**32,621**	12,050	2,387
	36,027	14,821	10,168	**34,934**	14,711	5,587

BSP reserve requirement

The Parent Bank and its bank subsidiaries should comply with a minimum reserve requirement on deposit and deposit substitute liabilities in local currency.

In 2023, the BSP approved the reduction in reserves which brought the requirement down to 9.5% for universal and commercial banks effective June 30,2023 by virtue of BSP Circular No.1175. For thrift banks, the BSP approved reduction in reserves which brought the requirement from 3% down to 2% effective June 30, 2023 by virtue of BSP Circular No.1175. These rates continue to be consistent throughout 2023.

Reserves must be set aside in deposits with the BSP. As at December 31, 2023, the reserves (included in Due from BSP) amounted to P186,356 million (2022 - P212,276 million) for the BPI Group and P185,703 million (2022 - P211,789 million) for the Parent Bank. The BPI Group is in full compliance with the reserve requirement as at December 31, 2023 and 2022.

16 Bills payable and other borrowed funds

The account at December 31 consists of:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Bills payable				
Local banks	**720**	3,471	**-**	3,471
Foreign banks	**22,359**	17,056	**19,701**	12,555
Other borrowed funds	**114,025**	76,976	**114,025**	76,976
	137,104	97,503	**133,726**	93,002

Bills payable

Bills payable include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group in accordance with the agreed financing programs. Investment securities at amortized cost serve as collateral for the Parent Bank's bills payable (Note 9). The average payment terms of these bills payable is one year (2022 - 1.11 years).

On August 24, 2023, the Parent Bank signed a facility agreement for an unsecured syndicated term loan amounting to US Dollar (USD) 300 million. The three-year loan which was drawn down on August 24, 2023 bears a floating interest payable on a quarterly basis commencing in November 2023. The loan matures on August 24, 2026 and has a carrying amount of P16,494 million as at December 31, 2023. The Parent Bank incurred origination costs amounting to USD 2.35 million.

The range of average interest rates (%) of bills payable for the years ended December 31 follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Private firms and local banks - Peso - denominated	**5.75 - 7.00**	3.75 - 6.40	**5.75 - 7.00**	3.75 - 6.40
Foreign banks - Foreign currency-denominated	**2.70 - 7.23**	0.13 - 5.96	**5.00 - 6.33**	2.95 - 4.27

Other borrowed funds

This represents funds raised via the BPI Group's debt issuance programs as follows:

(a) Peso Bond and Commercial Paper Program

In 2018, the Parent Bank established a Peso Bond and Commercial Paper Program in the aggregate amount of up to P50,000 million, out of which a total of P25,000 million notes were issued with a coupon of 6.797% per annum, payable quarterly which matured on March 6, 2020. On November 20, 2019, BPI's Board of Directors approved the issuance of Peso-denominated bonds and commercial papers of up to P100 billion, of which P97 billion has been drawdown in multiple tranches, under an updated Bank Bond Issuance Program with outstanding drawdown as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount	
					2023	2022
				(In Millions of Pesos)		
Fixed rate bond, unconditional, unsecured and unsubordinated bonds	January 31, 2022	2.81%	January 31, 2024	27,000	**27,000**	26,874

Bonds with a total face amount of P36,828 million which were issued in two tranches under this Program matured in 2022.

(b) Peso-denominated Bonds under the P100 billion Bond Program

On May 18, 2022, the BOD of the Parent Bank approved a new P100 billion Bond Program. On January 30, 2023, BPI issued the first tranche called BPI Reinforcing Inclusive Support for Micro, Small and Medium Enterprises (MSMEs) Bonds ("BPI RISE Bonds"). The net proceeds amounting to P26,763 million will be used to finance or refinance the business requirements of eligible MSMEs, consistent with BPI's Sustainable Funding Framework. On November 13, 2023, BPI issued the second tranche of this Bond Program. As at December 31, 2023, both drawdowns are outstanding with the following details:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount	
					2023	2022
				(In Millions of Pesos)		
Fixed rate bond, unconditional, unsecured and unsubordinated bonds	January 30, 2023	5.75%	July 30, 2024	20,300	**20,236**	-
Fixed rate bond, unconditional, unsecured and unsubordinated bonds	November 13, 2023	6.43%	May 13, 2025	36,661	**36,371**	-

(c) Medium-Term Note (MTN) Program

On June 21, 2018, the BOD of the Parent Bank approved the establishment of the MTN Program in the aggregate amount of up to USD 2,000 million. On December 13, 2023, the BOD approved the increase in size of this program to USD 3,000 million. As at December 31, 2023 and 2022, the outstanding drawdowns under the MTN program are as follows:

Description of instrument	Date of drawdown	Interest rate	Maturity	Face amount	Carrying amount 2023	Carrying amount 2022
				(In Millions of Pesos)		
US$ 600 million, 5-year senior unsecured Bonds	September 4, 2018	4.25%	September 4, 2023	32,000	**-**	33,417
US$ 300 million, 5-year senior unsecured Green Bonds	September 10, 2019	2.50%	September 10, 2024	15,572	**16,594**	16,685

(d) Private Placement

On August 25, 2023, the Parent Bank issued a green bond amounting to USD 250 million with the International Finance Corporation as the sole subscriber. The bond carries floating interest payable on a semiannual basis. The bond is unconditional, unsecured and unsubordinated and is expected to mature on August 25, 2026. As at December 31, 2023, the carrying amount of the bond amounts to P13,824 million.

Following the BPI-BFB merger (Note 30.1), BPI assumed a P9,600 million bond with a coupon of 4.30% per annum, payable quarterly. At the acquisition date, the carrying amount of the bond amounted to P9,584 million. The bond matured on June 16, 2022.

Interest expense for the years ended December 31 is summarized as follows:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
			(In Millions of Pesos)			
Bills payable	**1,050**	143	77	**811**	35	59
Other borrowed funds	**4,145**	3,238	4,789	**4,145**	3,238	4,337
	5,195	3,381	4,866	**4,956**	3,273	4,396

The movements in bills payable and other borrowed funds are summarized as follows:

	Note	Consolidated		Parent	
		2023	2022	**2023**	2022
			(In Millions of Pesos)		
At January 1		**97,503**	95,039	**93,002**	82,550
Impact of merger	30.1	**-**	-	**-**	9,584
Additions		**138,190**	61,113	**122,029**	42,788
Maturities		**(98,232)**	(63,434)	**(80,976)**	(46,428)
Amortization of discount		**342**	241	**342**	241
Exchange differences		**(699)**	4,544	**(671)**	4,267
At December 31		**137,104**	97,503	**133,726**	93,002

Bills payable and other borrowed funds are expected to be settled as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
		(In Millions of Pesos)		
Current (within 12 months)	**69,861**	51,715	**67,038**	49,443
Non-current (over 12 months)	**67,243**	45,788	**66,688**	43,559
	137,104	97,503	**133,726**	93,002

17 Deferred credits and other liabilities

The account at December 31 consists of the following:

	Note	Consolidated		Parent	
		2023	2022	**2023**	2022
			(In Millions of Pesos)		
Bills purchased - contra		**10,674**	12,270	**10,674**	12,270
Lease liabilities	20	**9,756**	10,095	**8,678**	9,726
Outstanding acceptances		**7,862**	9,100	**7,862**	9,100
Accounts payable		**7,603**	4,011	**7,082**	3,465
Other deferred credits		**3,063**	3,342	**3,063**	3,342
Due to the Treasurer of the Philippines		**1,568**	1,174	**1,557**	1,164
Withholding tax payable		**1,503**	880	**1,441**	841
Miscellaneous liabilities		**11,423**	10,336	**10,674**	9,537
		53,452	51,208	**51,031**	49,445

Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the BPI Group to its clients.

Outstanding acceptances represent liabilities arising from the bank drafts and bills of exchange the Parent Bank has accepted from its clients.

Accounts payable consists of unpaid balances arising from transfer tax payments, settlement fees and operating expenses.

Other deferred credits mainly pertain to unexpired portion of membership fee paid by the credit card holders and discount on purchased contract-to-sell receivables from developers.

Miscellaneous liabilities include pension liability, allowance for credit losses for undrawn committed credit facilities and other employee-related payables.

The account is expected to be settled as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
		(In Millions of Pesos)		
Current (within 12 months)	**41,642**	41,678	**40,268**	40,116
Non-current (over 12 months)	**11,810**	9,530	**10,763**	9,329
	53,452	51,208	**51,031**	49,445

18 Capital funds

(a) Share capital

Details of authorized share capital of the Parent Bank follow:

	2023	2022	2021
	(In Millions of Pesos, except par value per share)		
Authorized capital (at P10 par value per share)			
Common shares	**54,000**	50,000	50,000
Preferred A shares	**600**	600	600
	54,600	50,600	50,600

Details of the Parent Bank's subscribed common shares are as follows:

	2023	2022	2021
	(In absolute number of shares)		
Common shares			
At January 1	**4,919,307,531**	4,513,128,255	4,513,101,605
Subscription of shares during the year	**25,889,760**	406,179,276	26,650
At December 31	**4,945,197,291**	4,919,307,531	4,513,128,255
	(In absolute amounts)		
Subscription receivable	**144,726,145**	-	-

The BPI common shares are listed and traded in the PSE since October 12, 1971.

As at December 31, 2023, the Parent Bank has a subscription receivable representing the amortization of Executive Stock Purchase Plan (ESPP) shares in excess of par value and booked against share premium amounting to P342 million (2022 - P208 million; 2021 - P416 million).

On February 10, 2014, additional 370,370,370 common shares were listed as a result of the stock rights offer. Likewise, on April 25, 2018, BPI completed its P50 billion stock rights offer, which paved the way for the issuance of 558,659,210 new common shares at P89.50 per share. The new shares were issued to shareholders as of record date of April 6, 2018, at a ratio of 1:7.0594, or 1 new common share for every 7 shares held, or 14.2% of BPI's outstanding common shares. These new shares were listed on the Philippine Stock Exchange (PSE) on May 4, 2018.

As at December 31, 2023, 2022 and 2021, the Parent Bank has 11,760, 11,864 and 12,084 common shareholders, respectively. There are no preferred shares issued and outstanding at December 31, 2023, 2022 and 2021.

Preferred A shares shall have pre-emptive rights with respect to additional issues of Preferred A shares of the Parent Bank.

On June 8, 2021, the BSP approved the amendment to the Parent Bank's Articles of Incorporation reflecting the increase in its authorized share capital from 4.9 billion shares to 5 billion shares. The SEC approved the amendment on December 21, 2021.

On September 30, 2022, the BOD of the Parent Bank approved the increase in authorized share capital in the amount of P4,000 million divided into 400 million common shares with a par value of P10 per share. On December 21, 2023, the BSP approved the amendment of Article Seventh of the Amended Articles of Incorporation of the Parent Bank. On December 29, 2023, the SEC issued a Certificate of Approval and Increase of Capital Stock from P50.60 billion to P54.60 billion.

BPI and BFB merger (Note 30.1)

The Parent Bank issued 406,179,276 treasury shares on January 1, 2022 at a price of P81.35 per share as a consideration for the merger amounting to P33,042 billion (Note 30.1). The number of treasury shares issued was computed based on the net assets of BFB as at December 31, 2020 over the share price of the Parent Bank as at December 29, 2020. Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Bank's equity holders until the shares are cancelled, reissued or disposed of.

Pursuant to the issuance of shares due to the merger as at January 1, 2022, the Parent Bank's share capital and share premium increased by P4,062 million and P28,981 million, respectively, as at January 1, 2022.

On March 15, 2023, the treasury shares were declared as property dividends by the BOD amounting to P42,364 billion consisting of 406.18 million common shares at an entitlement ratio of 0.0896395563 for every 1 common share held by an eligible stockholder of BPI as of record date of March 29, 2023. Amount in excess of the cost of the treasury shares amounting to P8,949 million is presented as addition to share premium in the statement of changes in capital funds. Transaction costs incurred by the BPI Group and Parent Bank amounted to P372 million and P403 million, respectively.

(b) Reserves

The account consists of:

	Consolidated			Parent		
	2023	2022	2021	2023	2022	2021
	(In Millions of Pesos)					
Reserve for trust business	**400**	387	389	**-**	-	-
Executive stock option plan amortization	**49**	132	141	**37**	116	126
Reserve for trading participants	**73**	73	-	**-**	-	-
Reserve for self-insurance	**34**	34	34	**34**	34	34
Merger reserves	**-**	-	-	**32,905**	32,905	-
Others	**87**	18	-	**-**	-	-
	643	644	564	**32,976**	33,055	160

General loan loss provision (GLLP)

In 2018, the BSP issued Circular 1011 which mandates among others, banks to set up GLLP equal to 1% of all outstanding "Stage 1" on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. Under the said Circular, if the PFRS 9 "Stage 1" loan loss provision is lower than the required GLLP, the deficiency shall be recognized as an appropriation of retained earnings or surplus. Until December 31, 2019, the BPI Group has appropriated P4,739 million (2018 - P3,867 million) representing the excess of GLLP over PFRS 9 loan loss provision out of surplus to meet the requirements of the BSP. As at December 31, 2023 and December 31, 2022, the GLLP appropriation is nil as the loan loss provision for both years are higher than the required GLLP.

Reserve for trust business

In compliance with existing BSP regulations, 10% of BPI Wealth's, a wholly-owned subsidiary of the Parent Bank, income from trust business should be appropriated to surplus reserve. This appropriation is required until the surplus reserve for trust business reaches 20% of BPI Wealth's regulatory net worth.

Reserve for self-insurance

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of personnel and third parties.

Reserve for trading participants

Reserve for trading participants represents the required annual minimum appropriation of net income of the BPI Group's broker/dealer activities through BPI Securities Corporation, a wholly-owned subsidiary of the Parent Bank, to a reserve fund in compliance with SEC Memorandum Circular No. 16-2004.

Merger reserves

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the value of the shares acquired in respect of the acquisition of BFB accounted for under the pooling-of-interest method. It also include the results of operations of BFB during the year ended December 31, 2021, net of dividends declared on December 29, 2021.

Share-based compensation plan

The BOD of the Parent Bank approved to grant the Executive Stock Option Plan (ESOP) and ESPP to qualified beneficiaries/participants up to the following number of shares for future distribution:

Date	Approved ESOP shares	Approved ESPP shares
July 1, 2021	-	34,000,000
December 11, 2019	4,035,000	9,100,000
December 12, 2018	4,168,000	11,500,000
December 6, 2017	3,560,000	7,500,000
January 25, 2017	3,560,000	4,500,000

The ESOP has a three-year vesting period from grant date while the ESPP has a five-year payment period.

The exercise price for ESOP is equal to the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The weighted average fair value of options granted determined using the Black-Scholes valuation model was P19.04 and P6.50 for the options granted in December 2019 and 2018, respectively.

Movements in the number of share options under the ESOP are summarized as follows:

	2023	2022	2021
At January 1	**9,866,999**	12,905,000	15,921,667
Granted	**-**	-	-
Exercised	**(3,900,440)**	(2,353,001)	(1,650,000)
Cancelled	**-**	(685,000)	(1,366,667)
At December 31	**5,966,559**	9,866,999	12,905,000
Exercisable	**5,966,559**	8,708,666	9,095,002

The impact of ESOP is not considered material to the financial statements; thus, the disclosures were limited only to the information mentioned above.

The subscription price for ESPP is equivalent to 10% below the volume weighted average of BPI share price. The subscribed shares will vest over a period of three 3 years from grant date. The grant dates for the last three-year ESPP were on April 26, 2023, December 13, 2022 and February 4, 2020. The initial subscriptions for the ESPP granted on April 26, 2023 and December 13, 2022 were received on April 26, 2023 and March 10, 2023, respectively.

(c) Accumulated other comprehensive loss

Details of and movements in the account are as follows:

	Consolidated			**Parent**		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Fair value reserve on financial assets at FVOCI						
At January 1	**(8,058)**	(3,030)	559	**(7,465)**	(2,327)	932
Unrealized fair value gain (loss) before tax	**6,996**	(4,337)	(2,864)	**7,005**	(4,393)	(2,779)
Amount recycled to profit or loss	**(947)**	(28)	47	**(947)**	(28)	148
Deferred income tax effect	**(884)**	(663)	(772)	**(896)**	(717)	(628)
At December 31	**(2,893)**	(8,058)	(3,030)	**(2,303)**	(7,465)	(2,327)
Share in other comprehensive (loss) income of insurance subsidiaries						
At January 1	**(80)**	71	219	**-**	-	-
Share in other comprehensive income (loss) for the year, before tax	**63**	(187)	(184)	**-**	-	-
Deferred income tax effect	**(13)**	36	36	**-**	-	-
At December 31	**(30)**	(80)	71	**-**	-	-
Share in other comprehensive income (loss) of associates						
At January 1	**(162)**	166	446	**-**	-	-
Share in other comprehensive income (loss) for the year	**454**	(328)	(280)	**-**	-	-
At December 31	**292**	(162)	166	**-**	-	-
Translation adjustment on foreign operations						
At January 1	**(582)**	(517)	(1,144)	**-**	-	(291)
Translation differences and others	**(54)**	(65)	627	**-**	-	291
At December 31	**(636)**	(582)	(517)	**-**	-	-
Remeasurements of defined benefit obligation, net						
At January 1	**(5,374)**	(5,360)	(5,979)	**(4,378)**	(4,498)	(4,929)
Actuarial (losses) gains for the year	**(3,434)**	191	1,372	**(3,342)**	104	1,039
Deferred income tax effect	**948**	(205)	(753)	**947**	16	(608)
At December 31	**(7,860)**	(5,374)	(5,360)	**(6,773)**	(4,378)	(4,498)
	(11,127)	(14,256)	(8,670)	**(9,076)**	(11,843)	(6,825)

(d) Dividend declarations

Cash dividends

Dividends declared by the BOD of the Parent Bank are as follows:

Date declared	Amount of dividends Per share	Total
		(In Millions of Pesos)
For the year ended December 31, 2023		
May 17, 2023	1.68	7,626
November 15, 2023	1.68	8,308
		15,934
For the year ended December 31, 2022		
May 18, 2022	1.06	4,784
November 16, 2022	1.06	4,784
		9,568
For the year ended December 31, 2021		
May 19, 2021	0.90	4,062
November 17, 2021	0.90	4,062
		8,124

Property dividends

On March 15, 2023, the BOD declared the treasury shares as property dividends (Note 18a).

(e) Earnings per share (EPS)

EPS is calculated as follows:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos, except earnings per share amounts)					
a) Net income attributable to equity holders of the Parent Bank	**51,687**	39,605	23,880	**50,053**	36,999	22,783
b) Weighted average number of common shares outstanding during the year	**4,741**	4,513	4,513	**4,741**	4,513	4,513
c) Basic EPS (a/b) based on net income	**10.90**	8.78	5.29	**10.56**	8.20	5.05

The basic and diluted EPS are the same for the years presented as the impact of stock options outstanding is not significant to the calculation of weighted average number of common shares.

19 Other income

(a) Fees and commission

Details of fees and commission are as follows:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Service charges	**9,673**	8,382	8,206	**9,000**	7,745	7,511
Bank commissions	**2,168**	1,787	1,796	**2,166**	1,771	1,540
Underwriting fees	**693**	936	858	**-**	-	-
Stock brokerage fees	**183**	234	344	**-**	-	-
	12,717	11,339	11,204	**11,166**	9,516	9,051

Service charges represents service fees and processing fees collected from customers.

Bank commissions include foreign and domestic commissions collected for services rendered.

(b) Other operating income

Details of other operating income are as follows:

	Notes	Consolidated			Parent		
		2023	2022	2021	**2023**	2022	2021
		(In Millions of Pesos)					
Credit card income		**6,207**	4,594	3,542	**6,209**	4,594	3,449
Trust and asset management fees		**4,211**	3,802	3,913	**2**	4	6
Gain on sale of assets	11	**407**	5,303	477	**420**	5,295	129
Rental income		**135**	195	236	**167**	225	285
Dividend income	8	**100**	60	30	**3,066**	1,810	6,939
Miscellaneous income		**3,207**	3,099	2,572	**2,877**	2,637	2,218
		14,267	17,053	10,770	**12,741**	14,565	13,026

Dividend income recognized by the Parent Bank substantially pertains to dividend distributions of subsidiaries.

Miscellaneous income includes recoveries on charged-off assets, fees arising from service arrangements with customers and related parties and share in net income (loss) of associates.

20 Leases

The BPI Group (as lessee) has various lease agreements which mainly pertain to branch premises and equipment. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes. The balances arising from the lease contracts are presented below:

Right-of-use assets and lease liabilities (PFRS 16)

Details of right-of-use assets and lease liabilities as at December 31 are as follows:

		Consolidated		Parent	
	Notes	**2023**	2022	**2023**	2022
		(In Millions of Pesos)			
Right-of-use assets					
Buildings and leasehold improvements	11	**8,404**	9,011	**7,365**	8,666
Lease liabilities (included in "Deferred credits and other liabilities")	17				
Current		**2,577**	3,417	**2,337**	3,225
Non-current		**7,179**	6,678	**6,341**	6,501
		9,756	10,095	**8,678**	9,726

Additions to the right-of-use assets (Note 11) in 2023 aggregated P1,701 million (2022 - P4,495 million) and P1,459 million (2022 - P4,220 million) for BPI Group and Parent bank, respectively. Total cash outflow for leases in 2023 amounted to P2,214 million (2022 - P1,925 million) and P1,933 million (2022 - P1,698 million) for BPI Group and Parent bank, respectively.

Amounts recognized in the statement of income relating to leases:

		Consolidated		Parent	
	Note	**2023**	2022	**2023**	2022
		(In Millions of Pesos)			
Depreciation expense					
Buildings and leasehold improvements	11	**2,186**	2,088	**1,936**	1,632
Interest expense (included in "Occupancy and equipment-related expenses")		**321**	301	**281**	281
Expense relating to short-term leases (included in "Occupancy and equipment-related expenses")		**101**	124	**101**	124
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "Occupancy and equipment-related expenses")		**397**	235	**354**	213
		3,005	2,748	**2,672**	2,250

The BPI Group has received COVID-19 related rent discount and deferral of the escalation of lease payments and has applied the practical expedients allowed under PFRS 16, *Leases*, introduced in May 2020 in accounting for the rent concessions. Consequently, the BPI Group recognized the following amounts for the years ended December 31:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Rent concession (included in "Other operating income")	**1**	1	**1**	1

Critical accounting judgment - Determining the lease term

In determining the lease term, the BPI Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Critical accounting judgment - Determining the incremental borrowing rate

To determine the incremental borrowing rate, each entity within the BPI Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which do not have recent third-party financing; and
- makes adjustments specific to the lease (e.g. term, currency and security).

The BPI Group's weighted average incremental borrowing rates applied to the lease liabilities ranged from 2.00% to 7.40% (2022 - 4.10% to 6.83%). The rates were determined in reference to the borrowing rates arising from the most recent debt issuances of the Parent Bank.

21 Operating expenses

(a) Compensation and fringe benefits

Details of the account for the years ended December 31:

		Consolidated			Parent		
		2023	2022	2021	**2023**	2022	2021
		(In Millions of Pesos)					
Salaries and wages		**18,600**	16,024	15,050	**16,320**	14,236	11,461
Retirement expense	23	**1,232**	1,438	1,443	**1,148**	1,379	1,135
Other employee benefit expenses		**3,389**	2,066	2,035	**2,842**	1,792	1,498
		23,221	19,528	18,528	**20,310**	17,407	14,094

Other employee benefit expenses pertain to employee incentives like HMO coverage and SSS premiums.

(b) Other operating expenses

Details of the account for the years ended December 31:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Insurance	**5,204**	4,768	4,188	**5,140**	4,711	3,090
Advertising	**4,124**	2,393	970	**4,020**	2,259	920
Travel and communication	**1,575**	1,194	1,123	**1,414**	1,069	950
Supervision and examination fees	**963**	873	843	**783**	695	593
Management and other professional fees	**730**	651	337	**673**	572	254
Litigation expenses	**477**	349	373	**468**	345	101
Office supplies	**428**	358	343	**363**	305	254
Taxes and licenses	**224**	1,214	1,285	**165**	1,147	996
Amortization expense	**18**	172	135	**1**	3	-
Shared expenses	**-**	-	-	**-**	-	53
Others	**10,134**	7,729	6,598	**9,115**	7,089	5,009
	23,877	19,701	16,195	**22,142**	18,195	12,220

Insurance expense comprise mainly of premium payments made to PDIC and other product-related insurance costs.

Other expenses mainly include fees and incentives paid to agents, outsourcing fees, freight charges and other business expense such as those incurred in staff meetings, donations, periodicals and magazines.

22 Income taxes

The reconciliation between the income tax expense at the statutory tax rate and the effective income tax for the years ended December 31 is shown below:

	Consolidated					
	2023		2022		2021	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
	(In Millions of Pesos)					
Statutory income tax	**16,303**	**25.00**	12,842	25.00	8,384	25.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**(392)**	**(0.60)**	(723)	(1.41)	39	0.12
Tax-exempt income	**(1,134)**	**(1.74)**	(1,318)	(2.56)	(1,780)	(5.31)
Others, net	**(1,478)**	**(2.27)**	731	1.42	2,784	8.30
Effective income tax	**13,299**	**20.39**	11,532	22.45	9,427	28.11

	Parent					
	2023		2022		2021	
	Amount	**Rate (%)**	Amount	Rate (%)	Amount	Rate (%)
	(In Millions of Pesos)					
Statutory income tax	**15,559**	**25.00**	11,821	25.00	7,465	25.00
Effect of items not subject to statutory tax rate:						
Income subjected to lower tax rates	**(446)**	**(0.72)**	(77)	(0.17)	91	0.30
Tax-exempt income	**(1,872)**	**(3.01)**	(1,506)	(3.18)	(933)	(3.12)
Others, net	**(1,060)**	**(1.70)**	45	0.10	453	1.52
Effective income tax	**12,181**	**19.57**	10,283	21.75	7,076	23.70

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill which provides for lower corporate income tax rates and rationalizes fiscal incentives had been signed into law by the President of the Philippines in 2021 but with an effective date of July 1, 2020. As a result of the CREATE law, the BPI Group recognized an adjustment in 2021 pertaining to the December 31, 2020 balances which resulted in a decrease of P819 million in current income tax expense and an increase of P2,718 million in deferred income tax expense using the weighted average effective annual income tax rate of 27.5%. The Parent Bank likewise recognized a decrease of P724 million in current income tax expense and an increase of P1,976 million in deferred income tax expense, respectively.

23 Retirement plans

The BPI Group maintains both defined benefit and defined contribution retirement plans. Assets of both retirement plans are held in trust and governed by local regulations and practices in the Philippines. The key terms of these pension plans are discussed below.

a) Defined benefit retirement plan

BPI Group (excluding insurance operations)

BPI has a unified plan which covers all subsidiaries except insurance entities. Under this plan, the normal retirement age is 60 years. Those who elect to retire prior to the normal retirement age will require company approval, subject to meeting the eligibility conditions on age and years of credited services. Normal retirement benefit consists of a lump sum benefit equivalent to 200% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered at least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service and cash equivalent of the accrued and unused vacation and sick leave, if any subject to the BPI Group's implementing guidelines and policies. For voluntary retirement, the benefit is equivalent to 112.50% of the employee's basic monthly salary for a minimum of 10 years of service with the rate factor progressing to a maximum of 200% of basic monthly salary for service years of 25 or more. Death or disability benefit, on the other hand, shall be the highest amount among the (1) same basis as in voluntary retirement; (2) 100% of basic monthly salary of the employee at the time of his retirement for each year of service; and (3) minimum amount required by Labor Code.

The net defined benefit cost and contributions to be paid by the entities within the BPI Group are determined by an independent actuary.

Non-life insurance subsidiary

BPI/MS Insurance Corporation has a separate trusteed defined benefit plan. Under the plan, the normal retirement age is 60 years. Normal retirement benefit consists of a lump sum benefit equivalent to 175% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered as least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service. Death or disability benefit for all employees of the non-life insurance subsidiary shall be determined on the same basis as in normal or voluntary retirement as the case may be.

Following are the amounts recognized based on recent actuarial valuation exercise:

(a) Pension liability as at December 31 recognized in the statement of condition:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Present value of defined benefit obligation	**18,632**	15,600	**18,098**	15,296
Fair value of plan assets	**(14,103)**	(12,876)	**(13,722)**	(12,515)
Pension liability recognized in the statement of condition	**4,529**	2,724	**4,376**	2,781
Effect of asset ceiling	**12**	24	**-**	-
	4,541	2,748	**4,376**	2,781

Pension liability is shown as part of "Miscellaneous liabilities" within Deferred credits and other liabilities (Note 17).

The movements in plan assets are summarized as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
At January 1	**12,876**	9,999	**12,515**	8,504
Contributions	**2,251**	4,182	**2,229**	3,733
Interest income	**886**	473	**860**	401
Benefit payments	**(1,032)**	(834)	**(1,030)**	(776)
Remeasurement - return on plan assets	**(878)**	(944)	**(852)**	(804)
Transfer to the plan	**-**	-	**-**	1,457
At December 31	**14,103**	12,876	**13,722**	12,515

The carrying values of the plan assets represent their fair value as at December 31, 2023 and 2022.

The merger between the Parent Bank and BFB became effective on January 1, 2022 (Note 30.1), accordingly, the plan assets of BFB were transferred to the Parent Bank.

The plan assets are comprised of the following:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Debt securities	**8,517**	6,759	**8,287**	6,569
Equity securities	**4,307**	4,852	**4,191**	4,716
Others	**1,279**	1,265	**1,244**	1,230
	14,103	12,876	**13,722**	12,515

The plan assets of the unified retirement plan include investment in BPI's common shares with aggregate fair value of P2,413 million at December 31, 2023 (2022 - P489 million). An officer of the Parent Bank exercises the voting rights over the plan's investment in BPI's common shares.

Others include cash and cash equivalents and other receivables.

The movements in the present value of defined benefit obligation are summarized as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
At January 1	**15,600**	15,580	**15,296**	13,361
Interest cost	**1,115**	768	**1,088**	659
Current service cost	**757**	782	**730**	656
Remeasurement - changes in financial assumptions	**1,013**	(1,428)	**980**	(1,223)
Remeasurement - experience adjustment	**1,512**	543	**1,416**	919
Remeasurement - changes in demographic assumption	**(332)**	-	**(306)**	-
Benefit payments	**(1,033)**	(834)	**(1,030)**	(776)
Past service cost - plan amendment	**-**	189	**-**	163
Transfer to the plan	**-**	-	**(76)**	1,537
At December 31	**18,632**	15,600	**18,098**	15,296

The BPI Group has no other transactions with the plan other than the regular funding contributions presented above for the years ended December 31, 2023 and 2022.

(b) Expense recognized in the statement of income for the years ended December 31 are as follows:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
	(In Millions of Pesos)					
Current service cost	**757**	782	853	**730**	656	703
Net interest cost	**229**	295	298	**228**	258	256
	986	1,077	1,151	**958**	914	959

The principal assumptions used for the actuarial valuations of the unified plan are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Discount rate	**6.03%**	7.15%	**6.03%**	7.15%
Future salary increases	**6.00%**	6.00%	**6.00%**	6.00%

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The defined benefit plan typically exposes the BPI Group to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the defined benefit obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the BPI Group. However, the BPI Group believes that due to the long-term nature of the pension liability and the strength of the BPI Group itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the BPI Group's long-term strategy to manage the plan efficiently.

The BPI Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The BPI Group's main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The BPI Group contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary engaged by management. The expected contributions for the year ending December 31, 2024 for the BPI Group and the Parent Bank amount to P1,273 billion and P1,217 billion, respectively (2022 - P987 million and P964 million, respectively). The weighted average duration of the defined benefit obligation under the BPI unified retirement plan as at December 31, 2023 is 5.09 years (2022 - 7.32 years).

The projected maturity analysis of retirement benefit payments as at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Up to one year	**3,347**	1,661	**3,260**	1,647
More than 1 year to 5 years	**3,095**	3,327	**2,980**	3,272
More than 5 years to 10 years	**2,649**	9,955	**2,566**	9,729
More than 10 years to 15 years	**2,783**	10,850	**2,627**	10,644
More than 15 years to 20 years	**2,661**	6,550	**2,573**	6,321
Over 20 years	**23,833**	21,648	**22,364**	20,612

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2023

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 4.90%	Increase by 5.30%
Salary growth rate	1.00%	Increase by 5.20%	Decrease by 4.90%

2022

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 6.80%	Increase by 7.80%
Salary growth rate	1.00%	Increase by 7.80%	Decrease by 7.00%

Parent

2023

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 4.90%	Increase by 5.30%
Salary growth rate	1.00%	Increase by 5.20%	Decrease by 4.90%

2022

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 6.80%	Increase by 7.70%
Salary growth rate	1.00%	Increase by 7.70%	Decrease by 6.90%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statement of condition.

b) Defined contribution retirement plan subject to the requirements of Republic Act (RA) No. 7641

All non-unionized employees hired on or after the January 1, 2016 are automatically under the new defined contribution plan. Employees hired prior to the effective date shall have the option to elect to become members of the new defined contribution plan.

Upon normal or late retirement, employees are entitled to a lump sum benefit equal to the total of the following amounts:

- The greater of the (a) updated member account balance where the company periodically contributes 8% of the basic monthly salary and (b) the minimum legal retirement benefit under the Labor Code; and
- The updated member account balance funded by (a) voluntary employee contribution and (b) employer matching contribution; and
- Cash equivalent of the accrued and unused vacation and sick leave, if any.

The defined contribution retirement plan has a defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, the liability for the defined benefit minimum guarantee is actuarially calculated similar to the defined benefit plan.

The funding status of the defined contribution plan as at December 31 is shown below:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Fair value of plan assets	**2,261**	1,961	**1,898**	1,684
Present value of defined benefit obligation	**(595)**	(889)	**(531)**	(767)
	1,666	1,072	**1,367**	917
Effect of asset ceiling	**1,666**	1,072	**1,367**	917
	-	-	**-**	-

The movements in the present value of the defined benefit obligation follow:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
At January 1	**889**	760	**767**	563
Interest cost	**66**	37	**56**	28
Current service cost	**120**	122	**95**	84
Benefit payments	**(184)**	(147)	**(156)**	(128)
Remeasurement - changes in financial assumptions	**54**	(212)	**45**	(161)
Remeasurement - experience adjustment	**369**	282	**336**	284
Remeasurement - changes in demographic assumptions	**(719)**	-	**(601)**	-
Past service cost - plan amendment	**-**	47	**-**	36
Transfer to the plan	**-**	-	**(11)**	61
At December 31	**595**	889	**531**	767

The movements in the fair value of plan assets follow:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
At January 1	**1,961**	1,981	**1,684**	1,474
Contribution paid by employer	**332**	176	**270**	121
Interest income	**145**	100	**124**	74
Benefit payments	**(184)**	(147)	**(156)**	(128)
Remeasurement - return on plan assets	**7**	(149)	**(24)**	108
Transfer to the plan	**-**	-	**-**	35
At December 31	**2,261**	1,961	**1,898**	1,684

Total retirement expense for the year ended December 31, 2023 under the defined contribution plan for the BPI Group and Parent Bank amounts to P119 million (2022 - P210 million) and P94 million (2022 - P170 million), respectively.

The components of plan assets of the defined contribution as at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Debt securities	**619**	554	**520**	476
Equity securities	**1,495**	1,302	**1,255**	1,118
Others	**147**	105	**123**	90
	2,261	1,961	**1,898**	1,684

The weighted average duration of the defined contribution retirement plan for the BPI Group and Parent Bank is 8.17 years (2022 - 15.46 years).

Critical accounting estimate - Calculation of defined benefit obligation

The BPI Group estimates its pension benefit obligation and expense for defined benefit pension plans based on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and future salary increases. The BPI Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. The present value of the defined benefit obligations of the BPI Group at December 31, 2023 and 2022 are determined using the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested in either equity securities, debt securities or other forms of investments. Equity markets may experience volatility, which could affect the value of pension plan assets. This volatility may make it difficult to estimate the long-term rate of return on plan assets. Actual results that differ from the BPI Group's assumptions are reflected as remeasurements in other comprehensive income. The BPI Group's assumptions are based on actual historical experience and external data regarding compensation and discount rate trends.

24 Asset management business

At December 31, 2023, the total trust and fund assets under management of the BPI Group through BPI Wealth amounts to P1,223 billion (2022 - P875 billion).

As required by the General Banking Act, BPI Wealth has deposited government securities with the BSP valued at P990 million (2022 - P673 million).

25 Related party transactions

In the normal course of business, the Parent Bank transacts with related parties consisting of its DOSRI (Directors, Officers, Stockholders, and Related Interests), Subsidiaries and Affiliates including Other Related Parties. Likewise, the BPI Group has transactions with Ayala Corporation (AC) and its subsidiaries (Ayala Group), on an arm's length basis. AC is a significant stockholder of BPI as at reporting date.

The Parent Bank has a Board-level Related Party Transactions Committee (RPTC) that vets and endorses all significant related party transactions which exceed the Parent Bank's set materiality threshold, including those involving DOSRI, for which the latter shall require final BOD approval. The RPTC consists of three directors, majority of whom are independent directors including the Chairman, and two resource persons from management's control groups, namely, the Chief Audit Executive and the Chief Compliance Officer. Those related party transactions involving amounts below the materiality threshold, the Management Vetting Committee (MVC), which is composed of the Parent Bank's Executive Vice Presidents, the Bank's Chief Finance Officer, and the Bank's Treasurer, shall have the authority to vet these transactions. In case any of the vetting committees has conflict of interest, be it actual or perceived, in a particular related party transaction, he or she is required to inhibit from the vetting and endorsement of the particular RPT.

Transactions with related parties have terms and conditions that are generally comparable to those offered to non-related parties and/or to similar transactions in the market. Any deviation or amendment from previously vetted terms and conditions shall require appropriate RPT vetting and approval.

To ensure that related party transactions are within prudent levels, the Parent Bank's BOD shall prescribe, from time to time, internal limits or sub-limits for individual and aggregate credit exposures to related parties that are consistent with the Parent Bank's risk appetite and regulatory guidelines. The limits shall be computed and based on the Parent Bank's prescribed capital metrics.

The RPTC shall report to the BOD, on a regular basis, the status and aggregate credit exposures of the Parent Bank to each related party as well as the total amount of credit exposure to all related parties.

A summary of significant related party transactions and outstanding balances as at and for the years ended December 31 is shown below (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Consolidated

	2023		
	Transactions for the year	Outstanding balances	Terms and conditions
		(In Millions of Pesos)	
Loans and advances from:			
Associates	**71**	**113**	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 6.45% to 7.58% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 1 day to 12 years. Additional information on DOSRI loans are discussed below.
Ayala Group	**(3,087)**	**61,567**	
Other related parties	**-**	**-**	
	(3,016)	**61,680**	
Deposits from:			
Associates	**912**	**1,949**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.05% to 0.70% Savings - 0.08% to 0.10% Time - 4.35% to 5.38% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Ayala Group	**(2,239)**	**687**	
Key management personnel	**958**	**1,215**	
	(369)	**3,851**	

2022			
	Transactions for the year	Outstanding balances	Terms and conditions
		(In Millions of Pesos)	
Loans and advances from:			
Associates	(18)	42	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 4.95% to 6.09% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Ayala Group	(541)	64,654	
Other related parties	(546)	-	
	(1,105)	64,696	
Deposits from:			
Associates	(236)	1,037	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.06% to 0.80% Savings - 0.09% to 0.10% Time - 1.71% to 4.17% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Ayala Group	(8,475)	2,926	
Key management personnel	(727)	257	
	(9,438)	4,220	

2021			
	Transactions for the year	Outstanding balances	Terms and conditions
		(In Millions of Pesos)	
Loans and advances from:			
Associates	(449)	60	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 9.63% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Ayala Group	(35,474)	65,195	
Other related parties	546	546	
	(35,377)	65,801	
Deposits from:			
Associates	(4)	1,273	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.24% Time - 1.73% to 2.00% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Ayala Group	(7,349)	11,401	
Key management personnel	200	984	
	(7,153)	13,658	

Parent

2023			
	Transactions for the year	Outstanding balances	Terms and conditions
		(In Millions of Pesos)	
Loans and advances from:			
Subsidiaries	**53**	**87**	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 6.22% to 7.23% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 1 day to 12 years. Additional information on DOSRI loans are discussed below.
Associates	**71**	**113**	
Ayala Group	**(3,087)**	**61,567**	
Other related parties	**-**	**-**	
	(2,963)	**61,767**	
Deposits from:			
Subsidiaries	**442**	**6,365**	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.05% to 0.80% Savings - 0.09% to 0.09% Time - 4.35% to 5.35% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	**912**	**1,949**	
Ayala Group	**(2,239)**	**687**	
Key management personnel	**936**	**1,191**	
	51	**10,192**	

2022			
	Transactions for the year	Outstanding balances	Terms and conditions
		(In Millions of Pesos)	
Loans and advances from:			
Subsidiaries	34	34	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 4.95% to 6.09% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(18)	42	
Ayala Group	(541)	64,654	
Other related parties	(546)	-	
	(1,071)	64,730	
Deposits from:			
Subsidiaries	(5,408)	5,923	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.06% to 0.80% Savings - 0.09% to 0.10% Time - 1.71% to 4.17% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	(234)	1,037	
Ayala Group	(7,203)	2,926	
Key management personnel	(692)	255	
	(13,537)	10,141	

	2021		
	Transactions for the year	Outstanding balances	Terms and conditions
	(In Millions of Pesos)		
Loans and advances from:			
Subsidiaries	-	-	These are loans and advances granted to related parties that are generally secured with interest rates ranging from 2.50% to 4.56% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 5 days to 15 years. Additional information on DOSRI loans are discussed below.
Associates	(449)	60	
Ayala Group	(13,474)	65,195	
Other related parties	546	546	
	(13,377)	65,801	
Deposits from:			
Subsidiaries	3,399	11,331	These are demand, savings and time deposits bearing the following average interest rates: Demand - 0.07% to 0.14% Savings - 0.10% to 0.22% Time - 0.79% to 1.04% Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity.
Associates	17	1,271	
Ayala Group	(6,721)	10,129	
Key management personnel	219	947	
	(3,086)	23,678	

The aggregate amounts included in the determination of income before income tax (after elimination) that resulted from transactions with each class of related parties are as follows:

Consolidated	**2023**	2022	2021
		(In Millions of Pesos)	
Interest income			
Associates	**8**	-	11
Ayala Group	**2,297**	1,724	2,782
Other related parties	**-**	-	21
	2,305	1,724	2,814
Other income			
Associates	**327**	1,771	312
Ayala Group	**935**	833	2,470
	1,262	2,604	2,782
Interest expense			
Associates	**18**	1	1
Ayala Group	**4**	29	18
Key management personnel	**14**	1	2
	36	31	21
Other expenses			
Associates	**191**	389	-
Ayala Group	**799**	1,769	1,112
	990	2,158	1,112
Retirement benefits			
Key management personnel	**50**	52	46
Salaries, allowances and other short-term benefits			
Key management personnel	**1,477**	831	829
Directors' remuneration	**113**	157	119

Parent	**2023**	2022	2021
		(In Millions of Pesos)	
Interest income			
Subsidiaries	**19**	5	5
Associates	**8**	-	11
Ayala Group	**2,297**	1,724	2,782
Other related parties	**-**	-	21
	2,324	1,729	2,819
Other income			
Subsidiaries	**209**	733	1,630
Associates	**139**	1,771	312
Ayala Group	**935**	648	1,645
	1,283	3,152	3,587
Interest expense			
Subsidiaries	**19**	5	5
Associates	**18**	1	1
Ayala Group	**4**	29	13
Key management personnel	**14**	1	1
	55	36	20
Other expenses			
Subsidiaries	**127**	817	10
Associates	**-**	282	-
Ayala Group	**799**	1,744	867
	926	2,843	877
Retirement benefits			
Key management personnel	**48**	51	41
Salaries, allowances and other short-term benefits			
Key management personnel	**1,433**	796	746
Directors' remuneration	**88**	131	86

Other income mainly consists of revenue from service arrangements with related parties in which the related outstanding balance is included under accounts receivable. Other expenses pertain to shared costs with related parties and the related outstanding balance is recognized as accounts payable.

Details of DOSRI loans are as follows:

	Consolidated		**Parent**	
	2023	2022	**2023**	2022
		(In Millions of Pesos)		
Outstanding DOSRI loans	**18,701**	19,571	**18,701**	19,571

As at December 31, 2023, allowance for credit losses amounting to P247 million (2022 - P589 million) have been recognized against receivables from related parties.

26 Financial risk management

The BOD carries out its risk management function through the Risk Management Committee (RMC). The RMC is tasked with nurturing a culture of risk management across the BPI Group. The RMC sets the risk appetite; proposes and approves risk management policies, frameworks, and guidelines; and regularly reviews risk management structures, metrics, limits, and issues across the BPI Group, in order to meet and comply with regulatory and international standards on risk measurement and management.

At the management level, the Risk Management Office (RMO) is headed by the Chief Risk Officer (CRO). The CRO is ultimately responsible in leading the formulation of risk management policies and methodologies in alignment with the overall business strategy of BPI, ensuring that risks are prudently and rationally undertaken and within its risk appetite, as well as commensurate and disciplined to maximize returns on shareholders' capital. Risk management is carried out by a dedicated team of skilled risk managers and senior officers who have extensive prior operational experience. BPI's risk managers regularly monitor key risk indicators and report exposures against carefully established financial and business risk metrics and limits approved by the RMC.

Finally, independent reviews are regularly conducted by the Internal Audit group, external auditors, and regulatory examiners to ensure that risk controls and mitigants are in place and functioning effectively as intended.

The possibility of incurring losses is, however, compensated by the possibility of earning more than expected income. Risk-taking is, therefore, not entirely negative to be avoided. Risk-taking actions present opportunities if risks are fully identified and accounted, deliberately taken, and are kept within prudent and rationalized limits.

Credit risk, liquidity risk and market risk, as well as operational and cyber security risks are some of the top risks that the BPI Group manages.

26.1 Credit risk

The BPI Group takes on exposure to credit risk, which is the risk that may arise if a borrower or counterparty fails to meet its obligations in accordance with agreed repayment terms. Credit risk is the single largest risk for the BPI Group's business; management therefore carefully manages its exposure to credit risk as governed by prudent credit policies, standards and methodologies, relevant regulatory requirements, and international benchmarks.

Loans and advances are the most evident source of credit risks; however, other sources of credit risk exist throughout the activities of the BPI Group, including in credit-related activities recorded in the banking books, investment securities in the trading books and off-balance sheet transactions.

26.1.1 Credit risk management

The Credit Policy and Risk Management (CPRM) division is responsible for the overall management of the BPI Group's credit risks. CPRM supports the Senior Management in coordination with various business lending and operations units in identifying, measuring, reporting, and managing credit risk.

The BPI Group employs a range of policies and practices to mitigate credit risks. The BPI Group monitors its loan and investment portfolios based on different segmentations to reflect the acceptable level of diversification and concentration. Concentration risk in credit portfolios is inherent in banking and cannot be eliminated. However, said risk may be reduced by adopting proper risk controls, mitigation, and diversification strategies to prevent undue credit risk concentrations from excessive exposures to counterparties, borrower-groups, industries, countries or regions.

The BPI Group structures the levels of credit risks it undertakes by placing limits or monitoring thresholds on the amount of risks accepted in relation to one borrower, or group of borrowers, industry segments, and countries or regions. Such risks are monitored on a regular basis and subjected to annual or more frequent review, when deemed necessary. Limits on large exposures and credit concentration are approved by the BOD through the RMC.

The exposure to any borrower may also be further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against risk limits are monitored regularly. Methodologies for measuring credit risk vary depending on several factors, including type of asset, borrower or counterparties' risk profiles, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the probability of default (PD) of an obligor or counterparty, the loss severity given a default (LGD) event and the exposure at default (EAD).

A rigorous control framework is applied in the determination of expected credit loss (ECL) models. The BPI Group has policies and procedures that govern the calculation of ECL, which is performed by the Credit Risk Modeling, Analytics and MIS (CRMA-MIS) division. All ECL models are regularly reviewed by the Risk Management Office to ensure that necessary controls are in place and the models are applied accordingly.

The review and validation of ECL models are performed by groups that are independent of CRMA-MIS, e.g., Risk Models Validation Division, Internal Auditors, and/or external assurance partners. Expert judgments on measurement methodologies and assumptions are reviewed by a group of internal experts from various functions across the Parent Bank.

Credit loss estimates are based on estimates of the PD and loss severity given a default. The PD is the likelihood that a borrower will default on its obligation; the LGD is the estimated loss that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by RMO and revised as needed to reflect the borrower's current financial position, risk profile, related collateral or credit enhancements, and other credit risk mitigants. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly.

The BPI Group's forward-looking, point-in-time PD models are driven by internal forecasts of macroeconomic variables (MEVs) over the next five years. These models were previously recalibrated annually, but in view of the COVID-19 pandemic, more frequent review and update of these models were conducted starting April 2020 as MEV forecasts were revised quarterly in response to changing macroeconomic conditions. Furthermore, the pandemic was expected to significantly increase foreclosures and dampen demand for auto and real estate collaterals and thus decrease market prices, so appropriate haircuts were applied on estimated recoveries from collaterals.

The BPI Group also manages counterparty credit risk arising from both pre-settlement and settlement risks. Pre-settlement risk is the risk that a counterparty will default prior to the final settlement/maturity of a transaction, while settlement risk pertains to the risk that a counterparty fails to deliver on settlement/maturity date when the Bank has already delivered on its contractual obligations. In managing counterparty risks, pre-settlement and settlement risk limits are established and exposures are monitored daily for each counterparty to cover the aggregate of pre-settlement and settlement risks arising from transactions with the BPI Group. The BPI Group also employs various tools and methods including use of delivery versus payment settlement, payment versus payment settlement, use of collateral agreements, and other acceptable credit risk mitigation techniques to further manage counterparty credit risk.

The BPI Group employs specific control and risk mitigation measures, some of which are outlined below:

(a) Collateral or guarantees

One of the most traditional and common practice in mitigating credit risks is requiring collaterals and/or securities particularly for loans and advances. The BPI Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The BPI Group assesses the valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The common collateral types for loans and advances are:

- Mortgages over physical properties (e.g., real estate and personal);
- Mortgages over financial assets [e.g., guarantees, investments (bonds or equities)]; and
- Margin agreement for derivatives, for which the BPI Group has also entered into master netting agreements.

In order to minimize credit loss, the BPI Group seeks additional collateral and/or securities from the counterparty when impairment indicators are observed for the relevant individual loans and advances.

The BPI Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collaterals held by the BPI Group since the prior period.

(b) Market Limits

The BPI Group maintains market limits on net open derivative positions (i.e., the difference between purchase and sale contracts). Credit risk is limited to the net current fair value of instruments, which in relation to derivatives is only a portion of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments (except where the BPI Group requires margin deposits from counterparties).

(c) Master netting arrangements

The BPI Group further restricts its exposure to credit losses by entering master netting arrangements with certain counterparties with which it undertakes significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The BPI Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(d) Credit-related commitments

Documentary and commercial letters of credit - which are written undertakings by the BPI Group on behalf of a customer authorizing a third party to draw drafts on the BPI Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods and therefore carry less risk than a direct loan.

26.1.2 Credit risk rating

The BPI Group uses internal credit risk gradings that reflect its assessment of the PD of individual counterparties. The BPI Group uses its internal credit risk rating system, credit models (e.g. credit risk scorecards) or external ratings from reputable credit rating agencies. Specific data about the borrower and loan are collected at the time of application and credit evaluation (such as financial and business information, source of incomes/revenues, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) and are used in the internal credit scoring models. In addition, the internal models allow expert judgment from the Credit Risk Rating Committee and consideration of other data inputs not captured into the model in the determination of the final internal credit score for each borrower.

The BPI Group has adopted an internal credit classification system that is aligned with regulatory guidelines and aims to identify deteriorating credit exposures on a timely basis. Exposures are classified into each of the following categories:

- *Standard monitoring* - This category includes accounts which do not have a greater-than-normal risk and do not possess the characteristics of special monitoring and defaulted loans. The borrower or counterparty has the ability to satisfy the obligation in full and therefore minimal loss, if any, is anticipated.

- *Special monitoring* - This category includes accounts which need closer and frequent monitoring to prevent any further credit deterioration. The counterparty is assessed to be vulnerable to highly vulnerable and its capacity to meet its financial obligations is dependent upon favorable business, financial, and economic conditions.

- *Default* - This category includes accounts which exhibit probable to severe weaknesses wherein probability of non-repayment of loan obligation is ranging from high to extremely high.

i. Corporate (including cross-border loans, contracts-to-sell/group plans with recourse, floorstock lines) and Small and Medium-sized Enterprise (SME) loans

The BPI Group's internal credit risk rating system comprises a 22-scale rating with eighteen (18) 'pass' rating levels for large corporate accounts, a 14-scale rating system with ten (10) 'pass' rating grades for SME accounts, and a 23-scale rating with nineteen (19) 'pass' rating levels for cross-border accounts. For cross-border accounts, the BPI Group also uses available external/benchmark credit ratings issued by reputable rating agencies if there is no internal rating. The level of risk and associated PD are determined using either the internal credit risk ratings or external/benchmark credit ratings, as applicable, for corporate loans.

The BPI Group uses the following set of classifications:

Classifications	Large corporate	SME	Cross-Border
Standard monitoring	AAA to B-, unrated, and ≤ 30 days past due (dpd)	AAA to B-, unrated, and ≤ 30 dpd	AAA to B- with no significant increase in credit risk (SICR), and ≤ 30 dpd
Special monitoring	CCC to C or based on prescribed dpd threshold	CCC to C or based on prescribed dpd threshold	Downgraded to lower than BB+ with SICR but not impaired, or based on prescribed dpd threshold
Default	Adversely classified accounts (ACA) or >90 dpd or Items in Litigation (IL)	ACA or >90 dpd or IL	Default/ACA with objective evidence of impairment, or > 90 dpd

ii. Retail loans

The BPI Group uses automated credit scoring models to assess the level of risk for retail accounts. Behavioral indicators are considered in conjunction with other forward-looking information (e.g., industry forecast) to assess the level of risk of a loan. After the date of initial recognition, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score which is mapped to a PD.

In 2023, the BPI Group updated the default definition for SEME loan portfolio from 7 days to 10 days in line with the amended cure period from 7 days to 10 days in 2022 as a result of the Cure Period Analysis study conducted by the BPI Group's Enterprise Risk Stress Testing Department of the RMO, taking into account the changes in the BPI Group's collection activities and impact of the Coronavirus pandemic to the borrowers.

Classifications	Credit cards	Personal, auto and housing	SEME*
Standard monitoring	≤ 29 dpd	≤ 30 dpd	≤ 10 dpd
Special monitoring	30 to 89 dpd	31 to 90 dpd or based on prescribed dpd threshold	Not applicable
Default	>89 dpd or IL	>90 dpd or IL	>10 dpd

**Self-employed micro-entrepreneurs*

iii. Treasury and other investment debt securities

Investments in high grade securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements. The level of credit risk for treasury and other investment debt securities and their associated PD are determined using either internal ratings or reputable external ratings and/or available and reliable qualitative and quantitative information. In the absence of both internal and external credit ratings, a comparable issuer or guarantor rating is used. Should there be a change in the credit rating of the chosen comparable, evaluation is made to ascertain whether the rating change is applicable to the security being assessed for impairment.

Classifications	Applicable ratings
Standard monitoring	AAA to B- with no SICR
Special monitoring	Downgraded to lower than BB+ with SICR but not impaired
Default	Default, with objective evidence of impairment

iv. Other financial assets at amortized cost

For other financial assets (non-credit receivables), the BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss methodology. These financial assets are grouped based on shared risk characteristics and aging profile. For some of these, impairment is assessed individually at a counterparty level.

26.1.3 Maximum exposure to credit risk

26.1.3.1 Loans and advances, net

Credit risk exposures relating to on-balance sheet loans and advances are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Corporate and SME loans, net	**1,482,335**	1,372,660	**1,478,037**	1,366,793
Retail loans, net	**399,672**	330,330	**371,803**	313,891
	1,882,007	1,702,990	**1,849,840**	1,680,684

The carrying amount of loans and advances above also represents the BPI Group's maximum exposure to credit risk. The following tables contain an analysis of the credit risk exposure of each financial instrument for which an ECL allowance is recognized.

Credit quality of loans and advances, net

Consolidated

Corporate and SME loans

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	1,152,071	1,865	-	**1,153,936**	1,171,215	52,183	-	1,223,398
Special monitoring	129,537	199,296	-	**328,833**	78,737	79,040	-	157,777
Default	-	-	38,812	**38,812**	-	-	35,167	35,167
Gross amount	1,281,608	201,161	38,812	**1,521,581**	1,249,952	131,223	35,167	1,416,342
Loss allowance	(10,596)	(3,483)	(25,167)	**(39,246)**	(9,855)	(1,444)	(32,383)	(43,682)
Carrying amount	1,271,012	197,678	13,645	**1,482,335**	1,240,097	129,779	2,784	1,372,660

Retail loans

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	373,296	16,217	3	**389,516**	308,616	13,005	-	321,621
Special monitoring	525	8,705	-	**9,230**	401	6,333	-	6,734
Default	-	-	19,154	**19,154**	-	-	16,060	16,060
Gross amount	373,821	24,922	19,157	**417,900**	309,017	19,338	16,060	344,415
Loss allowance	(4,890)	(3,242)	(10,096)	**(18,228)**	(4,045)	(2,195)	(7,845)	(14,085)
Carrying amount	368,931	21,680	9,061	**399,672**	304,972	17,143	8,215	330,330

Parent

Corporate and SME loans

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	1,147,940	1,865	-	**1,149,805**	1,165,519	52,183	-	1,217,702
Special monitoring	129,537	199,296	-	**328,833**	78,737	79,040	-	157,777
Default	-	-	38,813	**38,813**	-	-	35,117	35,117
Gross amount	1,277,477	201,161	38,813	**1,517,451**	1,244,256	131,223	35,117	1,410,596
Loss allowance	(10,767)	(3,483)	(25,164)	**(39,414)**	(10,026)	(1,444)	(32,333)	(43,803)
Carrying amount	1,266,710	197,678	13,649	**1,478,037**	1,234,230	129,779	2,784	1,366,793

Retail loans

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	345,864	16,160	3	**362,027**	292,362	12,940	-	305,302
Special monitoring	524	8,286	-	**8,810**	401	6,162	-	6,563
Default	-	-	16,601	**16,601**	-	-	14,254	14,254
Gross amount	346,388	24,446	16,604	**387,438**	292,763	19,102	14,254	326,119
Loss allowance	(4,135)	(3,229)	(8,271)	**(15,635)**	(3,509)	(2,188)	(6,531)	(12,228)
Carrying amount	342,253	21,217	8,333	**371,803**	289,254	16,914	7,723	313,891

The tables below present the gross amount of "Stage 2" loans and advances by age category.

Consolidated

	2023			2022		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	200,390	12,072	**212,462**	130,601	9,721	140,322
Past due up to 30 days	389	4,544	**4,933**	520	3,618	4,138
Past due 31 - 90 days	382	8,306	**8,688**	102	5,999	6,101
Past due 91 - 180 days	-	-	**-**	-	-	-
Over 180 days	-	-	**-**	-	-	-
	201,161	24,922	**226,083**	131,223	19,338	150,561

Parent

	2023			2022		
	Corporate and SME loans	Retail loans	**Total**	Corporate and SME loans	Retail loans	Total
	(In Millions of Pesos)					
Current	200,390	12,033	**212,423**	130,601	9,671	140,272
Past due up to 30 days	389	4,522	**4,911**	520	3,596	4,116
Past due 31 - 90 days	382	7,891	**8,273**	102	5,835	5,937
Past due 91 - 180 days	-	-	**-**	-	-	-
Over 180 days	-	-	**-**	-	-	-
	201,161	24,446	**225,607**	131,223	19,102	150,325

26.1.3.2 Treasury and other investment securities, net

Credit risk exposures arising from treasury and other investment securities are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Due from BSP	**199,619**	182,869	**192,246**	178,534
Due from other banks	**36,292**	45,190	**33,081**	43,096
Interbank loans receivable and SPAR, net	**20,643**	12,382	**17,342**	11,631
Financial assets at FVTPL	**23,543**	21,941	**17,456**	16,941
Financial assets at FVOCI	**215,780**	92,447	**212,442**	90,477
Investment securities at amortized cost, net	**382,711**	420,533	**377,120**	415,035
	878,588	775,362	**849,687**	755,714

Credit quality of treasury and other investment securities, net

Consolidated

	2023				2022			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring								
Due from BSP	199,619	-	-	**199,619**	182,869	-	-	182,869
Due from other banks	36,292	-	-	**36,292**	45,190	-	-	45,190
Interbank loans receivable and SPAR	20,645	-	-	**20,645**	12,382	-	-	12,382
Financial assets at FVTPL	23,543	-	-	**23,543**	21,941	-	-	21,941
Financial assets at FVOCI	215,438	342	-	**215,780**	92,040	407	-	92,447
Investment securities at amortized cost	381,811	931	-	**382,742**	419,614	930	-	420,544
Default								
Interbank loans receivable and SPAR	-	-	41	**41**	-	-	40	40
Gross carrying amount	**877,348**	**1,273**	**41**	**878,662**	774,036	1,337	40	775,413
Loss allowance	(33)	-	(41)	**(74)**	(1)	(10)	(40)	(51)
Carrying amount	**877,315**	**1,273**	**-**	**878,588**	774,035	1,327	-	775,362

Parent

	2023				2022			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring								
Due from BSP	192,246	-	-	**192,246**	178,534	-	-	178,534
Due from other banks	33,081	-	-	**33,081**	43,096	-	-	43,096
Interbank loans receivable and SPAR	17,344	-	-	**17,344**	11,631	-	-	11,631
Financial assets at FVTPL	17,456	-	-	**17,456**	16,941	-	-	16,941
Financial assets at FVOCI	212,100	342	-	**212,442**	90,070	407	-	90,477
Investment securities at amortized cost	376,220	931	-	**377,151**	414,116	930	-	415,046
Default								
Interbank loans receivable and SPAR	-	-	41	**41**	-	-	40	40
Gross carrying amount	**848,447**	**1,273**	**41**	**849,761**	754,388	1,337	40	755,765
Loss allowance	(33)	-	(41)	**(74)**	(1)	(10)	(40)	(51)
Carrying amount	**848,414**	**1,273**	**-**	**849,687**	754,387	1,327	-	755,714

26.1.3.3 Other financial assets at amortized cost

Other financial assets at amortized cost that are exposed to credit risk are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Accounts receivable, net	**1,242**	1,346	**2,758**	1,791
Rental deposits	**828**	825	**781**	782
Other accrued interest and fees receivable	**76**	64	**9**	10
Others	**377**	216	**358**	212
	2,523	2,451	**3,906**	2,795

The carrying amounts of the above financial assets represent the BPI Group's maximum exposure to credit risk.

The BPI Group's other financial assets at amortized cost (shown under Other assets, net) generally arise from transactions with various unrated counterparties with good credit standing. The BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss methodology for other financial assets.

26.1.3.4 Loan commitments

Credit risk exposures arising from undrawn loan commitments are as follows:

Consolidated

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	542,193	1,749	-	**543,942**	1,087,193	1,280	-	1,088,473
Special monitoring	16,241	-	-	**16,241**	111,801	-	-	111,801
Default	-	-	543	**543**	-	-	579	579
Gross amount	558,434	1,749	543	**560,726**	1,198,994	1,280	579	1,200,853
Loss allowance*	(1,067)	(94)	(71)	**(1,232)**	(924)	(56)	(54)	(1,034)
Carrying amount	557,367	1,655	472	**559,494**	1,198,070	1,224	525	1,199,819

**Included in "Miscellaneous liabilities" in Note 17*

Parent

	2023				2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(In Millions of Pesos)							
Credit grade								
Standard monitoring	542,193	1,749	-	**543,942**	1,087,193	1,280	-	1,088,473
Special monitoring	16,241	-	-	**16,241**	111,801	-	-	111,801
Default	-	-	543	**543**	-	-	579	579
Gross amount	558,434	1,749	543	**560,726**	1,198,994	1,280	579	1,200,853
Loss allowance*	(1,067)	(94)	(71)	**(1,232)**	(924)	(56)	(54)	(1,034)
Carrying amount	557,367	1,655	472	**559,494**	1,198,070	1,224	525	1,199,819

**Included in "Miscellaneous liabilities" in Note 17*

26.1.4 Credit impaired loans and advances

The BPI Group closely monitors collaterals held for financial assets considered to be credit-impaired (Stage 3), as it becomes more likely that the BPI Group will take possession of collateral to mitigate potential credit losses. Loans and advances that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Consolidated

	2023			2022		
	Gross exposure	Impairment allowance	Net carrying amount	Gross exposure	Impairment allowance	Net carrying amount
	(In Millions of Pesos)					
Credit-impaired assets						
Corporate and SME loans	38,812	25,167	13,645	35,167	32,383	2,784
Retail loans	19,157	10,096	9,061	16,060	7,845	8,215
Total credit-impaired assets	**57,969**	**35,263**	**22,706**	51,227	40,228	10,999
Fair value of collateral	**21,713**			35,970		

Parent

	2023			2022		
	Gross exposure	Impairment allowance	Net carrying amount	Gross exposure	Impairment allowance	Net carrying amount
	(In Millions of Pesos)					
Credit-impaired assets						
Corporate and SME loans	38,813	25,164	13,649	35,117	32,333	2,784
Retail loans	16,604	8,271	8,333	14,254	6,531	7,723
Total credit-impaired assets	**55,417**	**33,435**	**21,982**	49,371	38,864	10,507
Fair value of collateral	**27,654**			35,856		

The BPI Group acquires assets by taking possession of collaterals held as security for loans and advances.

As at December 31, 2023, the BPI Group's foreclosed collaterals have carrying amount of P4,743 million (2022 - P3,760 million). The related foreclosed collaterals have aggregate fair value of P14,424 million (2022 - P12,607 million). Foreclosed collaterals include real estate (land, building, and improvements), auto and chattel. Repossessed properties are sold as soon as practicable and are classified as Assets held for sale in the statement of condition. In 2023, the Parent Bank realized a gain of P83 million (2022 - P81 million loss) from disposals of foreclosed collaterals with book value of P2,149 million (2022 - P1,731 million).

26.1.5 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent transfer between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The following tables summarize the changes in the loss allowance for loans and advances between the beginning and the end of the annual period. No movement analysis of allowance for impairment is presented for treasury and other investment debt securities and other financial assets subject to impairment as the related loss allowance is deemed insignificant for financial reporting purposes.

Consolidated

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**
		(In Millions of Pesos)		
Loss allowance, at January 1, 2023	9,855	1,444	32,383	**43,682**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(2,237)	2,435	2,597	**2,795**
Transfer from Stage 2	26	(211)	143	**(42)**
Transfer from Stage 3	-	-	(106)	**(106)**
New financial assets originated	3,727	-	-	**3,727**
Financial assets derecognized during the year	(872)	(426)	(1,596)	**(2,894)**
Changes in assumptions and other movements in provision	102	243	(7,564)	**(7,219)**
	746	2,041	(6,526)	**(3,739)**
Write-offs and other movements	(5)	(2)	(690)	**(697)**
Loss allowance, at December 31, 2023	**10,596**	**3,483**	**25,167**	**39,246**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**
		(In Millions of Pesos)		
Loss allowance, at January 1, 2023	4,045	2,195	7,845	**14,085**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,839)	2,348	4,569	**5,078**
Transfer from Stage 2	116	(1,198)	1,573	**491**
Transfer from Stage 3	6	40	(266)	**(220)**
New financial assets originated	2,744	-	-	**2,744**
Financial assets derecognized during the year	(395)	(107)	(502)	**(1,004)**
Changes in assumptions and other movements in provision	222	(32)	400	**590**
	854	1,051	5,774	**7,679**
Write-offs and other movements	(9)	(4)	(3,523)	**(3,536)**
Loss allowance, at December 31, 2023	**4,890**	**3,242**	**10,096**	**18,228**

Parent

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**
		(In Millions of Pesos)		
Loss allowance, at January 1, 2023	10,026	1,444	32,333	**43,803**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(2,237)	2,435	2,597	**2,795**
Transfer from Stage 2	26	(211)	143	**(42)**
Transfer from Stage 3	-	-	(106)	**(106)**
New financial assets originated	3,727	-	-	**3,727**
Financial assets derecognized during the year	(872)	(426)	(1,596)	**(2,894)**
Changes in assumptions and other movements in provision	102	243	(7,567)	**(7,222)**
	746	2,041	(6,529)	**(3,742)**
Write-offs and other movements	(5)	(2)	(640)	**(647)**
Loss allowance, at December 31, 2023	**10,767**	**3,483**	**25,164**	**39,414**

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	**Total**
		(In Millions of Pesos)		
Loss allowance, at January 1, 2023	3,509	2,188	6,531	**12,228**
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,049)	2,337	3,315	**4,603**
Transfer from Stage 2	116	(1,152)	1,489	**453**
Transfer from Stage 3	6	40	(252)	**(206)**
New financial assets originated	1,525	-	-	**1,525**
Financial assets derecognized during the year	(112)	(106)	(415)	**(633)**
Changes in assumptions and other movements in provision	142	(74)	96	**164**
	628	1,045	4,233	**5,906**
Write-offs and other movements	(2)	(4)	(2,493)	**(2,499)**
Loss allowance, at December 31, 2023	**4,135**	**3,229**	**8,271**	**15,635**

Consolidated

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2022	11,318	2,728	23,865	37,911
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,555)	723	1,256	424
Transfer from Stage 2	21	(817)	165	(631)
Transfer from Stage 3	1	5	(49)	(43)
New financial assets originated	2,640	-	-	2,640
Financial assets derecognized during the year	(1,353)	(843)	(2,708)	(4,904)
Changes in assumptions and other movements in provision	(1,105)	(356)	10,153	8,692
	(1,351)	(1,288)	8,817	6,178
Write-offs and other movements	(112)	4	(299)	(407)
Loss allowance, at December 31, 2022	9,855	1,444	32,383	43,682

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2022	4,967	1,970	8,916	15,853
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,233)	1,381	2,565	2,713
Transfer from Stage 2	113	(1,324)	1,338	127
Transfer from Stage 3	13	66	(440)	(361)
New financial assets originated	1,669	-	-	1,669
Financial assets derecognized during the year	(519)	(124)	(729)	(1,372)
Changes in assumptions and other movements in provision	(960)	228	(7)	(739)
	(917)	227	2,727	2,037
Write-offs and other movements	(5)	(2)	(3,798)	(3,805)
Loss allowance, at December 31, 2022	4,045	2,195	7,845	14,085

Parent

Corporate and SME loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2022	10,689	2,709	21,866	35,264
Impact of merger	806	19	1,941	2,766
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(1,555)	723	1,256	424
Transfer from Stage 2	21	(817)	165	(631)
Transfer from Stage 3	1	5	(49)	(43)
New financial assets originated	2,640	-	-	2,640
Financial assets derecognized during the year	(1,353)	(843)	(2,708)	(4,904)
Changes in assumptions and other movements in provision	(1,110)	(356)	10,152	8,686
	(1,356)	(1,288)	8,816	6,172
Write-offs and other movements	(113)	4	(290)	(399)
Loss allowance, at December 31, 2022	10,026	1,444	32,333	43,803

Retail loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
		(In Millions of Pesos)		
Loss allowance, at January 1, 2022	1,057	920	3,623	5,600
Impact of merger	3,500	1,040	3,869	8,409
Provision for credit losses for the year				
Transfers:				
Transfer from Stage 1	(838)	1,376	1,905	2,443
Transfer from Stage 2	112	(1,291)	1,292	113
Transfer from Stage 3	11	66	(423)	(346)
New financial assets originated	955	-	-	955
Financial assets derecognized during the year	(280)	(123)	(625)	(1,028)
Changes in assumptions and other movements in provision	(1,007)	202	8	(797)
	(1,047)	230	2,157	1,340
Write-offs and other movements	(1)	(2)	(3,118)	(3,121)
Loss allowance, at December 31, 2022	3,509	2,188	6,531	12,228

Critical accounting estimate and judgment - Measurement of expected credit loss for loans and advances

The measurement of the expected credit loss (ECL) for loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 31.3.2.2.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for SICR;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Forward-looking information incorporated in the ECL models

Three distinct macroeconomic scenarios (baseline, upside and downside) are considered in the BPI Group's estimation of expected credit losses in Stage 1 and Stage 2. These scenarios are based on assumptions supported by economic theories and historical experience. The downside scenario reflects a negative macroeconomic event occurring within the first 12 months, with conditions deteriorating for up to two years, followed by a recovery for the remainder of the period. This scenario is grounded in historical experience and assumes a monetary policy response that returns the economy to a long-run, sustainable growth rate within the forecast period. The probability of each scenario is determined using expert judgment and recession probability tools provided by reputable external service providers. The baseline case incorporates the BPI Group's outlook both for the domestic and global economy. The upside and downside scenarios take into account certain adjustments that will lead to a more positive or negative economic outcome, respectively.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any climate, regulatory, legislative or political changes is likewise considered as post-model adjustments, if material.

The BPI Group has performed historical analyses and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The most significant period-end assumptions used for the ECL estimate are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

At December 31, 2023

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	6.2	6.3	7.3	7.9	1.9	1.0
Inflation rate (%)	3.7	2.8	3.4	2.1	6.5	9.2
BVAL 5Y (%)	6.1	5.3	4.9	3.4	7.8	10.1
US Treasury 5Y (%)	4.6	4.0	3.5	2.1	6.4	8.8
Exchange rate	54.325	57.325	53.459	55.648	55.648	67.662

At December 31, 2022

	Base Scenario		Upside Scenario		Downside Scenario	
	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)	Next 12 Months	2 to 5 years (Average)
Real GDP growth (%)	5.5	5.1	6.7	6.8	4.3	3.4
Inflation rate (%)	3.9	2.8	2.9	1.5	5.0	4.0
BVAL 5Y (%)	7.3	5.8	5.1	3.2	9.4	8.4
US Treasury 5Y (%)	5.5	4.2	3.4	1.5	7.6	6.8
Exchange rate	56.725	56.552	56.379	53.158	57.071	60.148

Sensitivity analysis

The loan portfolios have different sensitivities to movements in MEVs, so the above three scenarios have varying impact on the expected credit losses of the BPI Group's portfolios. The allowance for impairment is calculated as the weighted average of expected credit losses under the baseline, upside and downside scenarios. The impact of weighting these multiple scenarios was an increase in the allowance for impairment by P247 million as at December 31, 2023 from the baseline scenario (2022 - P15 million).

Transfers between stages

Transfers from Stage 1 and Stage 2 are based on the assessment of SICR from initial recognition. The impact of moving from 12 month expected credit losses to lifetime expected credit losses, or vice versa, varies by product and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in expected credit losses. Assuming all Stage 2 accounts are considered as Stage 1, allowance for impairment would have decreased by P2,626 million as at December 31, 2023 (2022 - P1,059 million).

26.1.6 Concentrations of risks of financial assets with credit risk exposure

The BPI Group's main credit exposure at their carrying amounts, as categorized by industry sectors follow:

Consolidated (December 31, 2023)

	Due from BSP	Due from other banks	Interbank loans receivable and SPAR, net	Financial assets at FVTPL	Financial assets at FVOCI	Investment securities at amortized cost, net	Loans and advances, net	Other financial assets, net	**Total**
					(In Millions of Pesos)				
Financial and insurance activities	199,619	36,292	20,686	7,415	26,354	15,988	188,185	-	**494,539**
Real estate activities	-	-	-	-	438	3,061	448,479	-	**451,978**
Manufacturing	-	-	-	261	4,260	5,204	300,056	-	**309,781**
Consumer	-	-	-	-	-	-	221,824	-	**221,824**
Transportation, storage and communications	-	-	-	-	1,915	12,453	219,845	-	**234,213**
Wholesale and retail trade, repair of motor vehicle, motorcycle	-	-	-	-	1,455	6,433	217,264	-	**225,152**
Electricity, gas, steam and air-conditioning supply	-	-	-	18	537	30,803	177,949	-	**209,307**
Others	-	-	-	15,849	180,821	308,800	165,879	3,438	**674,787**
Allowance	-	-	(43)	-	-	(31)	(57,474)	(915)	**(58,463)**
At December 31, 2023	**199,619**	**36,292**	**20,643**	**23,543**	**215,780**	**382,711**	**1,882,007**	**2,523**	**2,763,118**

Consolidated (December 31, 2022)

	Due from BSP	Due from other banks	Interbank loans receivable and SPAR, net	Financial assets at FVTPL	Financial assets at FVOCI	Investment securities at amortized cost, net	Loans and advances, net	Other financial assets, net	Total
					(In Millions of Pesos)				
Financial and insurance activities	182,869	45,190	12,422	11,145	1,822	18,090	163,038	-	434,576
Real estate activities	-	-	-	2	407	3,955	404,678	-	409,042
Manufacturing	-	-	-	221	2,331	4,525	288,524	-	295,601
Consumer	-	-	-	-	-	-	162,155	-	162,155
Transportation, storage and communications	-	-	-	-	829	11,210	193,222	-	205,261
Wholesale and retail trade, repair of motor vehicle, motorcycle	-	-	-	8	699	5,637	191,816	-	198,160
Electricity, gas, steam and air-conditioning supply	-	-	-	17	32	32,263	208,671	-	240,983
Others	-	-	-	10,548	86,327	344,864	148,653	3,402	593,794
Allowance	-	-	(40)	-	-	(11)	(57,767)	(951)	(58,769)
At December 31, 2022	182,869	45,190	12,382	21,941	92,447	420,533	1,702,990	2,451	2,480,803

Parent Bank (December 31, 2023)

	Due from BSP	Due from other banks	Interbank loans receivable and SPAR, net	Financial assets at FVTPL	Financial assets at FVOCI	Investment securities at amortized cost, net	Loans and advances, net	Other financial assets, net	**Total**
					(In Millions of Pesos)				
Financial and insurance activities	192,246	33,081	17,385	3,335	26,073	15,264	187,619	-	**475,531**
Real estate activities	-	-	-	31	438	3,061	447,244	-	**450,743**
Manufacturing	-	-	-	85	4,260	4,452	299,068	-	**307,780**
Consumer	-	-	-	-	-	-	202,241	-	**202,241**
Transportation, storage and communications	-	-	-	64	1,915	11,073	218,718	-	**231,706**
Wholesale and retail trade, repair of motor vehicle, motorcycle	-	-	-	1	1,455	5,489	209,654	-	**216,598**
Electricity, gas, steam and air-conditioning supply	-	-	-	135	537	29,677	177,890	-	**208,121**
Others	-	-	-	13,805	177,764	308,135	162,455	4,742	**666,672**
Allowance	-	-	(43)	-	-	(31)	(55,049)	(836)	**(55,959)**
At December 31, 2023	**192,246**	**33,081**	**17,342**	**17,456**	**212,442**	**377,120**	**1,849,840**	**3,906**	**2,703,433**

Parent Bank (December 31, 2022)

	Due from BSP	Due from other banks	Interbank loans receivable and SPAR, net	Financial assets at FVTPL	Financial assets at FVOCI	Investment securities at amortized cost, net	Loans and advances, net	Other financial assets, net	Total
					(In Millions of Pesos)				
Financial and insurance activities	178,534	43,096	11,671	7,570	1,822	18,090	162,971	-	423,754
Real estate activities	-	-	-	2	407	3,955	403,380	-	407,744
Manufacturing	-	-	-	221	2,202	4,525	286,928	-	293,876
Consumer	-	-	-	-	-	-	151,910	-	151,910
Transportation, storage and communications	-	-	-	-	829	11,210	191,819	-	203,858
Wholesale and retail trade, repair of motor vehicle, motorcycle	-	-	-	8	699	5,637	186,567	-	192,911
Electricity, gas, steam and air-conditioning supply	-	-	-	17	32	32,263	208,636	-	240,948
Others	-	-	-	9,123	84,486	339,366	144,504	3,703	581,182
Allowance	-	-	(40)	-	-	(11)	(56,031)	(908)	(56,990)
At December 31, 2022	178,534	43,096	11,631	16,941	90,477	415,035	1,680,684	2,795	2,439,193

26.1.7 Provision for (reversal of) credit and impairment losses

The BPI Group's provision for (reversal of) credit and impairment losses are attributable to the following accounts:

	Notes	Consolidated			Parent		
		2023	2022	2021	**2023**	2022	2021
				(In Millions of Pesos)			
Loans and advances	10	**3,940**	8,215	12,765	**2,164**	7,512	10,226
Assets held for sale		**(222)**	411	44	**(223)**	396	20
Interbank loans receivable and SPAR	5	**3**	(6)	5	**3**	(6)	5
Investment securities at amortized cost	9	**20**	5	(7)	**20**	5	(7)
Undrawn loan commitments	32	**198**	287	(212)	**198**	287	(199)
Impairment on equity investment	12	**-**	-	-	**-**	-	60
Accounts receivable	14	**34**	172	83	**12**	160	215
Other assets		**27**	83	457	**28**	83	271
		4,000	9,167	13,135	**2,202**	8,437	10,591

26.2 Market risk

The BPI Group is exposed to market risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk management in BPI covers managing exposures to trading risk, foreign exchange risk, and interest rate risk in the banking book.

Market risk management is incumbent on the BOD through the RMC. At the management level, the BPI Group's market risk exposures are managed by the RMO, headed by the Parent Bank's CRO who reports directly to the RMC. In order to effectively manage market risk, the Bank has well established policies and procedures approved by the RMC and confirmed by the Executive Committee/BOD. In addition, the Internal Audit is responsible for the independent review of risk assessment measures and procedures and the control environment.

The BPI Group reviews and controls market risk exposures of both its trading and non-trading portfolios. Trading portfolios include those positions arising from BPI's market-making and risk-taking activities. The BPI Group also has derivatives exposures in interest rate swaps, currency swaps and structured notes as part of its trading and position taking activities. Non-trading portfolios include positions arising from core banking activities, which includes the BPI Group's retail and commercial banking assets and liabilities.

Value-at-Risk (VaR) measurement is an integral part of the BPI Group's market risk control system. This metric estimates, at 99% confidence level, the maximum loss that a trading portfolio may incur over a trading day. This metric indicates as well that there is 1% statistical probability that the trading portfolios' actual loss would be greater than the computed VaR. To ensure model soundness, the VaR is periodically subject to model validation and back testing. VaR is supplemented by other risk metrics and measurements that would provide preliminary signals to Treasury and to Management to assess the vulnerability of BPI Group's positions. To control the risk, the RMC sets risk limits for trading portfolios which are consistent with the BPI Group's goals, objectives, risk appetite, and strategies.

Stress tests indicate the potential losses that could arise in extreme conditions that would have detrimental effect to the BPI Group's positions. The BPI Group periodically performs price stress testing to assess the BPI Group's condition on assumed stress scenarios. Contingency plans are frequently reviewed to ensure the BPI Group's preparedness in the event of real stress. Results of stress tests are reviewed by Senior Management and by the RMC.

The average daily VaR for the trading portfolios are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
		(In Millions of Pesos)		
Local fixed-income	**50**	28	**47**	27
Foreign fixed-income	**184**	89	**173**	81
Foreign exchange	**214**	131	**118**	48
Derivatives	**158**	180	**158**	115
Equity securities	**14**	24	**-**	-
Mutual fund	**18**	31	**-**	-
	638	483	**496**	271

26.2.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency which they are measured.

The BPI Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its foreign currency financial position and cash flows. The table below summarizes the BPI Group's exposure to more material foreign currency exchange rate risk primarily in USD, shown in their Peso equivalent at December 31:

Consolidated

	2023			2022		
	USD	Others*	**Total**	USD	Others*	Total
			(In Millions of Pesos)			
Financial assets						
Cash and other cash items	3,196	344	**3,540**	2,886	385	3,271
Due from other banks	16,038	12,530	**28,568**	27,638	16,993	44,631
Interbank loans receivable and SPAR	2,287	32	**2,319**	4,553	524	5,077
Financial assets at FVTPL	12,745	455	**13,200**	6,537	1,111	7,648
Financial assets at FVOCI - debt securities	51,353	1,143	**52,496**	23,336	1,083	24,419
Investment securities at amortized cost	138,928	1,768	**140,696**	141,692	2,597	144,289
Loans and advances, net	115,324	5,284	**120,608**	139,617	6,171	145,788
Others financial assets	22,429	1	**22,430**	35,983	1	35,984
Total financial assets	362,300	21,557	**383,857**	382,242	28,865	411,107
Financial liabilities						
Deposit liabilities	271,646	17,685	**289,331**	269,677	37,096	306,773
Due to BSP and other banks	1,149	-	**1,149**	2,284	-	2,284
Derivative financial liabilities	1,568	449	**2,017**	2,109	928	3,037
Bills payable	53,497	-	**53,497**	67,158	-	67,158
Manager's checks and demand drafts outstanding	209	1	**210**	210	8	218
Accounts payable	475	3	**478**	346	2	348
Other financial liabilities	712	1	**713**	121	2	123
Total financial liabilities	329,256	18,139	**347,395**	341,905	38,036	379,941
Net on-balance sheet position	33,044	3,418	**36,462**	40,337	(9,171)	31,166

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Parent Bank

	2023			2022		
	USD	Others*	**Total**	USD	Others*	Total
			(In Millions of Pesos)			
Financial assets						
Cash and other cash items	3,195	344	**3,539**	2,886	385	3,271
Due from other banks	15,701	12,510	**28,211**	27,330	16,975	44,305
Interbank loans receivable and SPAR	2,214	-	**2,214**	4,460	-	4,460
Financial assets at FVTPL	11,661	385	**12,046**	6,107	910	7,017
Financial assets at FVOCI - debt securities	50,898	1,143	**52,041**	22,792	1,066	23,858
Investment securities at amortized cost	134,797	303	**135,100**	137,606	1,180	138,786
Loans and advances, net	111,902	659	**112,561**	134,884	5,212	140,096
Others financial assets	22,429	-	**22,429**	35,982	-	35,982
Total financial assets	352,797	15,344	**368,141**	372,047	25,728	397,775
Financial liabilities						
Deposit liabilities	270,759	17,566	**288,325**	268,592	36,978	305,570
Due to BSP and other banks	1,149	-	**1,149**	2,209	-	2,209
Derivative financial liabilities	1,520	449	**1,969**	2,090	928	3,018
Bills payable	50,119	-	**50,119**	62,656	-	62,656
Manager's checks and demand drafts outstanding	209	1	**210**	210	8	218
Accounts payable	208	3	**211**	346	2	348
Other financial liabilities	712	-	**712**	121	2	123
Total financial liabilities	324,676	18,019	**342,695**	336,224	37,918	374,142
Net on-balance sheet position	28,121	(2,675)	**25,446**	35,823	(12,190)	23,633

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Presented below is a sensitivity analysis demonstrating the impact on pre-tax income of reasonably possible change in the exchange rate between US Dollar and Philippine Peso. The fluctuation rate is based on the historical movement of US Dollar against the Philippine Peso year on year.

		Effect on pre-tax income	
Year	Change in currency	**Consolidated**	**Parent**
		(In millions of Pesos)	
2023	**+/-1.42%**	**+/- 469**	**+/- 399**
2022	+/-4.82%	+/- 1,948	+/- 1,727

26.2.2 Interest rate risk

Interest rate risk is the risk that cash flows or fair value of a financial instrument will fluctuate due to movements in market interest rates.

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB is the current and prospective risk to the BPI Group's capital and earnings arising from the adverse movements in interest rates that affect its banking book positions (core banking activities). The BPI Group is exposed to interest rate risk arising from financial assets and liabilities that have different maturities and repricing schedules and are re-priced taking into account the prevailing market interest rates. Excessive levels of interest rate risks in the banking book can pose a significant threat to the BPI Group's earnings and capital base.

The BPI Group employs two methods to measure the potential impact of interest rate risk in the banking book: (i) one that focuses on the impact on economic value of the future cash flows in the banking book due to changes in interest rates - Balance Sheet VaR (BSVaR), and (ii) one that focuses on the potential deterioration in net interest earnings - Earnings-at-Risk (EaR). The RMC sets limits on the two interest rate risk metrics which are monitored daily by the Market and Liquidity Risk Management Division of the RMO. The EaR and BSVaR are built on the interest rate/repricing gap profile of the bank.

The interest rate gap is the difference between the amount of interest rate sensitive assets and liabilities and off-balance sheet items. It distributes the balance sheet accounts according to their contractual maturity if fixed, or repricing date if floating. For accounts that do not have defined maturity or repricing schedules (i.e., non-maturity deposits), and accounts with embedded optionality (i.e., time deposit pretermination, fixed-rate loan prepayment), historical patterns/behaviors are utilized and assessed to determine their expected repricing schedules. These behavioral assumptions are derived from historical customer behavior and are regularly back tested to ensure accuracy and propriety of these assumptions. Interest rate derivatives are used to hedge banking book interest rate exposures, and these are also included in the repricing gap analysis. There were no outstanding interest rate hedges as at December 31, 2023 and 2022.

Earnings-at-Risk (EaR)

The EaR is built on the repricing profile of the BPI Group and considers principal payments only. The BPI Group projects interest inflows from its financial assets and interest outflows from its financial liabilities in the next 12 to 36 months as earnings are affected when interest rates move against the BPI Group's position. In determining the appropriate rate shocks in calculating EaR, the daily year-on-year change in rates is determined using the parametric approach at 99% confidence level. The Parent Bank uses more than ten years' worth of data in deriving the rate shocks. As at December 31, 2023, the net interest income impact of movement in interest rates resulted in an increase of P275 million (2022 - P1,199 million decrease) for the whole BPI Group and an increase of P329 million (2022 - P1,195 million decrease) for the Parent Bank over a short-term (12-month) horizon. Likewise, the net interest income impact of movement in interest rates over the medium-term (36-month) horizon resulted in an increase of P7,019 million (2022 - P371 million decrease) for the whole BPI Group and an increase of P7,005 million (2022 - P501 million decrease) for the Parent Bank.

Balance Sheet Value at Risk (BSVaR)

The BSVaR model is also built on repricing gap or the difference between the amount of rate-sensitive financial assets and liabilities which considers both principal and interest payments. It measures the deterioration in the economic/present value of the BPI Group's expected net cash flows due to adverse interest rate movements. In determining the appropriate rate shocks in calculating BSVaR, the adverse daily year-on-year change in rates is determined using the historical approach for the past one year at 99% confidence level. As at December 31, 2023, the average monthly BSVaR for the banking book stood at P16,842 million (2022 - P16,861 million) for the whole BPI Group and P15,883 million (2022 - P16,277 million) for the Parent Bank.

The IRRBB levels are closely monitored against RMC-approved limits and results are reported and discussed regularly at the Management level through the Asset and Liability Committee (ALCO) and at the Board level through the RMC. The BPI Group manages interest rate exposures related to its assets and liabilities through a transfer-pricing system administered by Treasury. Investment securities and interest rate derivatives are also used to hedge interest rate risk and manage repricing gaps in the balance sheet.

The BPI Group also conducts price stress tests in the banking book and EaR stress tests utilizing a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on the BPI Group's economic value and earnings. The design of the price and EaR stress tests include the following:

- Internal rate shocks scenarios including extreme yet plausible historical stressed events, curve shifting (parallel up/down) and twisting (steepening and flattening yield curves), and forward-looking scenarios; and
- Other rate shocks as prescribed by Basel.

The interest rate shocks applied are calibrated for all major currencies in which the BPI Group has significant positions. The BPI Group also conducts Uniform Stress Testing in accordance with the prescribed scenarios of the BSP.

The results of the stress test are reported to the RMC and Senior Management and are integrated into the overall risk management framework of the BPI Group.

The BPI Group has established comprehensive risk management framework (e.g., policies, procedures, risk limits structures) supported by a robust risk management system. Furthermore, the risk management process, including its various components, is subject to periodic independent review (i.e. internal audit and model validation) and consistently calibrated to ensure accuracy, relevance, propriety and timeliness of data and assumptions employed. The assumptions and parameters used in building these metrics are properly documented. Any changes in the methodology and assumptions used are duly approved by the Chief Risk Officer and noted by the RMC.

The table below summarizes the BPI Group's exposure to interest rate risk, categorized by the earlier of contractual repricing or maturity dates.

Consolidated (December 31, 2023)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	**Total**
	(In Millions of Pesos)				
As at December 31, 2023					
Financial Assets					
Cash and other cash items	-	-	-	34,843	**34,843**
Due from BSP	-	-	-	199,619	**199,619**
Due from other banks	-	-	-	36,292	**36,292**
Interbank loans receivable and SPAR	-	-	-	20,643	**20,643**
Financial assets at FVTPL	150	1,144	1,023	21,226	**23,543**
Financial assets at FVOCI	-	-	-	215,780	**215,780**
Investment securities at amortized cost	-	-	-	382,711	**382,711**
Loans and advances, net	1,096,399	327,690	257,835	200,083	**1,882,007**
Other financial assets	-	-	-	2,523	**2,523**
Total financial assets	1,096,549	328,834	258,858	1,113,720	**2,797,961**
Financial Liabilities					
Deposit liabilities	1,392,507	349,672	552,927	-	**2,295,106**
Due to BSP and other banks	-	-	-	1,881	**1,881**
Derivative financial liabilities	12	822	672	1,315	**2,821**
Bills payable and other borrowed funds	1,661	-	-	135,443	**137,104**
Manager's checks and demand drafts outstanding	-	-	-	8,463	**8,463**
Other financial liabilities	-	-	-	11,316	**11,316**
Total financial liabilities	1,394,180	350,494	553,599	158,418	**2,456,691**
Total interest gap	(297,631)	(21,660)	(294,741)	955,302	**341,270**

Consolidated (December 31, 2022)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
	(In Millions of Pesos)				
As at December 31, 2022					
Financial Assets					
Cash and other cash items	-	-	-	39,613	39,613
Due from BSP	-	-	-	182,869	182,869
Due from other banks	-	-	-	45,190	45,190
Interbank loans receivable and SPAR	-	-	-	12,382	12,382
Financial assets at FVTPL	48	957	2,159	18,777	21,941
Financial assets at FVOCI	-	-	-	92,447	92,447
Investment securities at amortized cost	-	-	-	420,533	420,533
Loans and advances, net	983,901	291,744	292,685	134,660	1,702,990
Other financial assets	-	-	-	2,451	2,451
Total financial assets	983,949	292,701	294,844	948,922	2,520,416
Financial Liabilities					
Deposit liabilities	1,272,993	337,648	485,360	-	2,096,001
Due to BSP and other banks	-	-	-	2,887	2,887
Derivative financial liabilities	28	879	1,154	2,236	4,297
Bills payable and other borrowed funds	2,176	-	-	95,327	97,503
Manager's checks and demand drafts outstanding	-	-	-	6,755	6,755
Other financial liabilities	-	-	-	6,138	6,138
Total financial liabilities	1,275,197	338,527	486,514	113,343	2,213,581
Total interest gap	(291,248)	(45,826)	(191,670)	835,579	306,835

Parent Bank (December 31, 2023)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	**Total**
			(In Millions of Pesos)		
As at December 31, 2023					
Financial Assets					
Cash and other cash items	-	-	-	34,444	**34,444**
Due from BSP	-	-	-	192,246	**192,246**
Due from other banks	-	-	-	33,081	**33,081**
Interbank loans receivable and SPAR	-	-	-	17,342	**17,342**
Financial assets at FVTPL	150	1,144	1,023	15,139	**17,456**
Financial assets at FVOCI	-	-	-	212,442	**212,442**
Investment securities at amortized cost	-	-	-	377,120	**377,120**
Loans and advances, net	1,091,862	327,352	257,263	173,363	**1,849,840**
Other financial assets	-	-	-	3,906	**3,906**
Total financial assets	1,092,012	328,496	258,286	1,059,083	**2,737,877**
Financial Liabilities					
Deposit liabilities	1,368,484	346,892	548,757	-	**2,264,133**
Due to BSP and other banks	-	-	-	1,881	**1,881**
Derivative financial liabilities	12	822	673	1,267	**2,774**
Bills payable and other borrowed funds	-	-	-	133,726	**133,726**
Manager's checks and demand drafts outstanding	-	-	-	8,431	**8,431**
Other financial liabilities	-	-	-	10,721	**10,721**
Total financial liabilities	1,368,496	347,714	549,429	156,026	**2,421,666**
Total interest gap	(276,484)	(19,218)	(291,143)	903,057	**316,211**

Parent Bank (December 31, 2022)

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Non-repricing	Total
			(In Millions of Pesos)		
As at December 31, 2022					
Financial Assets					
Cash and other cash items	-	-	-	39,359	39,359
Due from BSP	-	-	-	178,534	178,534
Due from other banks	-	-	-	43,096	43,096
Interbank loans receivable and SPAR	-	-	-	11,631	11,631
Financial assets at FVTPL	48	957	2,159	13,777	16,941
Financial assets at FVOCI	-	-	-	90,477	90,477
Investment securities at amortized cost	-	-	-	415,035	415,035
Loans and advances, net	976,541	291,337	292,618	120,188	1,680,684
Other financial assets	-	-	-	2,794	2,794
Total financial assets	976,589	292,294	294,777	914,891	2,478,551
Financial Liabilities					
Deposit liabilities	1,265,986	335,084	481,514	-	2,082,584
Due to BSP and other banks	-	-	-	2,811	2,811
Derivative financial liabilities	28	879	1,154	2,192	4,253
Bills payable and other borrowed funds	-	-	-	93,002	93,002
Manager's checks and demand drafts outstanding	-	-	-	6,751	6,751
Other financial liabilities	-	-	-	5,542	5,542
Total financial liabilities	1,266,014	335,963	482,668	110,298	2,194,943
Total interest gap	(289,425)	(43,669)	(187,891)	804,593	283,608

26.3 Liquidity risk

Liquidity risk is the risk that the BPI Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The BPI Group's liquidity profile is observed and monitored through its metric, the Minimum Cumulative Liquidity Gap (MCLG). The MCLG is the smallest net cumulative cash inflow (if positive) or the largest net cumulative cash outflow (if negative) over the next three (3) months. The MCLG indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the BPI Group. A red flag is immediately raised and reported to management and the RMC when the MCLG level projected over the next 3 months is about to breach the RMC-prescribed MCLG limit.

26.3.1 Liquidity risk management process

The BPI Group's liquidity management process, as carried out within the BPI Group and monitored by the RMC includes:

- day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as borrowed by customers;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring liquidity gaps and ratios against internal and regulatory requirements;
- managing the concentration and profile of debt maturities; and
- performing periodic liquidity stress testing on the BPI Group's liquidity position by assuming a faster rate of withdrawals in its deposit base.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities (Note 26.3.2) and the expected collection date of the financial assets. Sources of liquidity are regularly reviewed by the BPI Group to maintain a wide diversification by currency, geography, counterparty, product and term.

The BPI Group also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit.

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016, the Parent Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the BPI Group's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Parent Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid securities. This serves as defense against potential stress events.

The main drivers of the Parent Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits, unsecured borrowings, committed and/or uncommitted facilities, derivatives cash flows and cash inflows from maturing corporate, business and retail loans, among others. Significant portion of funding comes from retail and wholesale deposits, and unsecured wholesale funding. The Parent Bank has derivatives exposures in foreign exchange derivatives and interest rate swaps. Cash outflows from the derivatives contracts are effectively offset by the derivatives cash inflows. These two are accorded 100% outflow and inflow factors, respectively. The exposures coming from derivatives and potential counterparty collateral calls are not significant to impact the LCR, with Parent Bank's Peso and USD LCR both well above the minimum regulatory limit of 100%. There is also no significant currency mismatch noted in the LCR.

The Parent Bank manages its liquidity position through line of business and asset-liability management activities. A centralized approach to funding and liquidity management enhances the Parent Bank's ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

Net Stable Funding Ratio (NSFR)

On January 1, 2019, the Parent Bank adopted BSP Circular No. 1007 issued in 2018 regarding the NSFR requirement. The NSFR is aimed at strengthening the Parent Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the BPI Group. The NSFR is expressed as the ratio of Available Stable Funding (ASF) and the Required Stable Funding and complements the LCR as it takes a longer view of the BPI Group's liquidity risk profile. The BPI Group's capital, retail deposits and long-term debt are considered as stable funding sources whereas the BPI Group's assets including, but not limited to, performing and non-performing loans and receivables, HQLA and non-HQLA securities as well as off-balance items form part of the required stable funding. The Parent Bank's solo and consolidated NSFRs are well-above the regulatory minimum of 100%.

The Parent Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby avoiding undue concentrations by counterparty, maturity, and currency. The Parent Bank manages its liquidity position through asset-liability management activities supported by a well-developed funds management practice as well as a sound risk management system. As part of risk oversight, the Parent Bank monitors its liquidity risk on a daily basis, in terms of single currency and significant currencies, to ensure it is operating within the risk appetite set by the BOD and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the Parent Bank has a set of policies and escalation procedures in place that govern its day-to-day risk monitoring and reporting processes.

The table below shows the actual liquidity metrics of the BPI Group and the Parent Bank:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Liquidity coverage ratio	**206.67%**	194.52%	**207.35%**	194.37%
Net stable funding ratio	**153.55%**	148.81%	**152.54%**	148.02%
Leverage ratio	**10.95%**	10.71%	**10.38%**	10.08%
Total exposure measure	**2,957,335**	2,669,592	**2,892,222**	2,607,989

The increase in the Parent Bank's LCR was driven by higher HQLA coming from reserves and government securities. Cash, reserves and due from BSP make up 31% (2022 - 33%) of the total stock of HQLA for the year ended December 31, 2023. Likewise, the Parent Bank's NSFR increased driven by higher ASF from deposits and borrowings.

26.3.2 Maturity profile - Non-derivative financial instruments

The tables below present the maturity profile of non-derivative financial instruments based on undiscounted cash flows including future interest which the BPI Group uses to manage the inherent liquidity risk. The maturity analysis is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the financial asset will be realized, or the financial liability will be settled.

Consolidated (December 31, 2023)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	**Total**
		(In Millions of Pesos)		
As at December 31, 2023				
Financial Assets				
Cash and other cash items	34,843	-	-	**34,843**
Due from BSP	199,631	-	-	**199,631**
Due from other banks	36,292	-	-	**36,292**
Interbank loans receivable and SPAR	19,336	1,571	-	**20,907**
Financial assets at FVTPL	6,969	2,334	10,797	**20,100**
Financial assets at FVOCI	51,952	70,326	153,682	**275,960**
Investment securities at amortized cost	82,480	116,931	241,188	**440,599**
Loans and advances	909,354	343,250	740,942	**1,993,546**
Other financial assets	2,523	-	-	**2,523**
Total financial assets	1,343,380	534,412	1,146,609	**3,024,401**
Financial Liabilities				
Deposit liabilities	1,385,666	348,469	543,061	**2,277,196**
Due to BSP and other banks	1,882	-	-	**1,882**
Bills payable and other borrowed funds	69,861	67,243	-	**137,104**
Manager's checks and demand drafts outstanding	8,463	-	-	**8,463**
Lease liabilities	2,144	4,686	3,230	**10,060**
Other financial liabilities	11,316	-	-	**11,316**
Total financial liabilities	1,479,332	420,398	546,291	**2,446,021**
Total maturity gap	(135,952)	114,014	600,318	**578,380**

Consolidated (December 31, 2022)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2022				
Financial Assets				
Cash and other cash items	39,613	-	-	39,613
Due from BSP	182,879	-	-	182,879
Due from other banks	45,190	-	-	45,190
Interbank loans receivable and SPAR	12,353	51	2	12,406
Financial assets at FVTPL	6,145	1,964	6,500	14,609
Financial assets at FVOCI	12,973	57,426	41,665	112,064
Investment securities at amortized cost	62,896	110,946	314,923	488,765
Loans and advances	888,065	435,069	752,413	2,075,547
Other financial assets	2,451	-	-	2,451
Total financial assets	1,252,565	605,456	1,115,503	2,973,524
Financial Liabilities				
Deposit liabilities	1,268,490	332,382	472,451	2,073,323
Due to BSP and other banks	2,887	-	-	2,887
Bills payable and other borrowed funds	52,227	46,191	-	98,418
Manager's checks and demand drafts outstanding	6,755	-	-	6,755
Lease liabilities	1,896	3,852	4,013	9,761
Other financial liabilities	6,138	-	-	6,138
Total financial liabilities	1,338,393	382,425	476,464	2,197,282
Total maturity gap	(85,828)	223,031	639,039	776,242

Parent Bank (December 31, 2023)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	**Total**
		(In Millions of Pesos)		
As at December 31, 2023				
Financial Assets				
Cash and other cash items	34,444	-	-	**34,444**
Due from BSP	192,246	-	-	**192,246**
Due from other banks	33,081	-	-	**33,081**
Interbank loans receivable and SPAR	16,036	1,571	-	**17,607**
Financial assets at FVTPL	4,544	2,116	10,498	**17,158**
Financial assets at FVOCI	50,373	69,399	152,626	**272,398**
Investment securities at amortized cost	81,802	114,845	237,741	**434,388**
Loans and advances	895,784	321,011	736,857	**1,953,652**
Other financial assets	3,906	-	-	**3,906**
Total financial assets	1,312,216	508,942	1,137,722	**2,958,880**
Financial Liabilities				
Deposit liabilities	1,362,155	345,688	538,892	**2,246,735**
Due to BSP and other banks	1,882	-	-	**1,882**
Bills payable and other borrowed funds	67,038	66,688	-	**133,726**
Manager's checks and demand drafts outstanding	8,431	-	-	**8,431**
Lease liabilities	1,977	4,385	3,200	**9,562**
Other financial liabilities	10,721	-	-	**10,721**
Total financial liabilities	1,452,204	416,761	542,092	**2,411,057**
Total maturity gap	(139,988)	92,181	595,630	**547,823**

Parent Bank (December 31, 2022)

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
		(In Millions of Pesos)		
As at December 31, 2022				
Financial Assets				
Cash and other cash items	39,359	-	-	39,359
Due from BSP	178,538	-	-	178,538
Due from other banks	43,096	-	-	43,096
Interbank loans receivable and SPAR	11,602	51	2	11,655
Financial assets at FVTPL	4,595	1,852	6,500	12,947
Financial assets at FVOCI	11,117	57,220	40,939	109,276
Investment securities at amortized cost	62,648	108,971	310,935	482,554
Loans and advances	871,926	421,804	747,813	2,041,543
Other financial assets	2,794	-	-	2,794
Total financial assets	1,225,675	589,898	1,106,189	2,921,762
Financial Liabilities				
Deposit liabilities	1,144,684	290,277	409,293	1,844,254
Due to BSP and other banks	2,811	-	-	2,811
Bills payable and other borrowed funds	49,937	43,830	-	93,767
Manager's checks and demand drafts outstanding	6,751	-	-	6,751
Lease liabilities	1,722	3,639	3,991	9,352
Other financial liabilities	5,542	-	-	5,542
Total financial liabilities	1,211,447	337,746	413,284	1,962,477
Total maturity gap	14,228	252,152	692,905	959,285

26.3.3 Maturity profile - Derivative instruments

- *Derivatives settled on a net basis*

The BPI Group's derivatives that are settled on a net basis consist of interest rate swaps, non-deliverable forwards and non-deliverable swaps. The table below presents the contractual undiscounted cash flows of interest rate swaps based on the remaining period from December 31 to the contractual maturity dates that are subject to offsetting, enforceable master netting arrangements and similar agreements.

Consolidated and Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2023		(In Millions of Pesos)		
Interest rate swap contracts - held for trading				
- Inflow	**150**	**1,144**	**1,023**	**2,317**
- Outflow	**(12)**	**(822)**	**(672)**	**(1,506)**
- Net inflow	**138**	**322**	**351**	**811**
Non-deliverable forwards and swaps - held for trading				
- Inflow	**34**	**-**	**-**	**34**
- Outflow	**(172)**	**-**	**-**	**(172)**
- Net outflow	**(138)**	**-**	**-**	**(138)**

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2022		(In Millions of Pesos)		
Interest rate swap contracts - held for trading				
- Inflow	48	957	2,159	3,164
- Outflow	(28)	(879)	(1,154)	(2,061)
- Net inflow	20	78	1,005	1,103
Non-deliverable forwards and swaps - held for trading				
- Inflow	123	356	-	479
- Outflow	(147)	-	-	(147)
- Net outflow	(24)	356	-	332

- *Derivatives settled on a gross basis*

The BPI Group's derivatives that are settled on a gross basis include foreign exchange derivatives mainly currency forwards and currency swaps and warrants. The table below presents the contractual undiscounted cash flows of foreign exchange derivatives based on the remaining period from reporting date to the contractual maturity dates.

Consolidated

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2023		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	**1,273**	**124**	**49**	**1,446**
- Outflow	**(1,097)**	**(36)**	**(9)**	**(1,142)**
- Net inflow	**176**	**88**	**40**	**304**
Warrants				
- Inflow	**-**	**-**	**2**	**2**
- Outflow	**-**	**-**	**-**	**-**
- Net inflow	**-**	**-**	**2**	**2**

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2022		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	3,385	52	55	3,492
- Outflow	(2,025)	(54)	(9)	(2,088)
- Net inflow	1,360	(2)	46	1,404
Warrants				
- Inflow	-	-	2	2
- Outflow	-	-	-	-
- Net inflow	-	-	2	2

Parent Bank

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2023		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	**1,272**	**124**	**49**	**1,445**
- Outflow	**(1,050)**	**(36)**	**(9)**	**(1,096)**
- Net inflow	**222**	**88**	**40**	**349**
Warrants				
- Inflow	**-**	**-**	**2**	**2**
- Outflow	**-**	**-**	**-**	**-**
- Net inflow	**-**	**-**	**2**	**2**

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2022		(In Millions of Pesos)		
Foreign exchange derivatives - held for trading				
- Inflow	3,282	52	55	3,389
- Outflow	(1,980)	(54)	(9)	(2,043)
- Net inflow	1,302	(2)	46	1,346
Warrants				
- Inflow	-	-	2	2
- Outflow	-	-	-	-
- Net inflow	-	-	2	2

26.4 Fair value measurement

The following tables present the carrying value of assets and liabilities and the level of fair value hierarchy within which the fair value measurements are categorized:

26.4.1 Assets and liabilities measured at fair value on a recurring or non-recurring basis

Consolidated (December 31, 2023)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	**Total**
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	3,802	-	3,802	-	**3,802**
Trading assets					
- Debt securities	19,741	19,741	-	-	**19,741**
- Equity securities	111	111	-	-	**111**
Financial assets at FVOCI					
- Debt securities	215,780	215,780	-	-	**215,780**
- Equity securities	2,874	1,266	699	909	**2,874**
	242,308	236,898	4,501	909	**242,308**
Financial liabilities					
Derivative financial liabilities	2,821	-	2,821	-	**2,821**
Non-recurring measurements					
Assets held for sale, net	4,743	-	14,424	-	**14,424**

Consolidated (December 31, 2022)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	7,147	-	7,147	-	7,147
Trading assets					
- Debt securities	14,794	14,794	-	-	14,794
- Equity securities	192	191	1	-	192
Financial assets at FVOCI					
- Debt securities	92,447	92,317	130	-	92,447
- Equity securities	2,820	1,709	346	765	2,820
	117,400	109,011	7,624	765	117,400
Financial liabilities					
Derivative financial liabilities	4,297	-	4,297	-	4,297
Non-recurring measurements					
Assets held for sale, net	3,760	-	12,607	-	12,607

Parent Bank (December 31, 2023)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	**Total**
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	3,796	-	3,796	-	**3,796**
Trading assets					
- Debt securities	13,660	13,660	-	-	**13,660**
- Equity securities	-	-	-	-	**-**
Financial assets at FVOCI					
- Debt securities	212,442	212,442	-	-	**212,442**
- Equity securities	1,741	1,043	698	-	**1,741**
	231,639	227,145	4,494	-	**231,639**
Financial liabilities					
Derivative financial liabilities	2,774	-	2,774	-	**2,774**
Non-recurring measurements					
Assets held for sale, net	4,646	-	14,092	-	**14,092**

Parent Bank (December 31, 2022)

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Recurring measurements:			(In Millions of Pesos)		
Financial assets					
Financial assets at FVTPL					
Derivative financial assets	7,035	-	7,035	-	7,035
Trading assets					
- Debt securities	9,906	9,906	-	-	9,906
- Equity securities	-	-	-	-	-
Financial assets at FVOCI					
- Debt securities	90,477	90,477	-	-	90,477
- Equity securities	1,676	1,331	345	-	1,676
	109,094	101,714	7,380	-	109,094
Financial liabilities					
Derivative financial liabilities	4,253	-	4,253	-	4,253
Non-recurring measurements					
Assets held for sale, net	3,650	-	12,183	-	12,183

The table below shows the valuation techniques and applicable unobservable inputs used to measure the BPI Group's Level 3 financial instruments (equities classified at FVOCI) as at December 31:

			Amount	
Description	Valuation technique	Unobservable inputs	2023	2022
Unlisted equity securities	Net asset value; investment multiple	Net asset value; investment multiple	909	765

The investment valuation sensitivity of the underlying portfolio investee company is mainly impacted by the movement in net asset value and investment multiple. At December 31, 2023, if the net asset value and investment had increased/ decreased by 1% with all other variables held constant, net income and equity as at and for the year ended December 31, 2023 would have been P6.82 million (2022 - P5.74 million) higher/lower.

There were no transfers between the fair value hierarchy levels during the years ended December 31, 2023 and 2022.

26.4.2 Fair value disclosures of assets and liabilities not measured at fair value

Consolidated (December 31, 2023)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	34,843	-	34,843	**34,843**
Due from BSP	199,619	-	199,619	**199,619**
Due from other banks	36,292	-	36,292	**36,292**
Interbank loans receivable and SPAR, net	20,643	-	20,643	**20,643**
Investment securities at amortized cost, net	382,711	364,286	-	**364,286**
Loans and advances, net	1,882,007	-	2,154,136	**2,154,136**
Other financial assets	2,523	-	2,523	**2,523**
Financial liabilities				
Deposit liabilities	2,295,106	-	2,277,196	**2,277,196**
Due to BSP and other banks	1,881	-	1,881	**1,881**
Bills payable and other borrowed funds	137,104	133,726	3,378	**137,104**
Manager's checks and demand drafts outstanding	8,463	-	8,463	**8,463**
Other financial liabilities	11,316	-	11,316	**11,316**
Non-financial assets				
Investment properties	69	-	463	**463**

Consolidated (December 31, 2022)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	39,613	-	39,613	39,613
Due from BSP	182,869	-	182,869	182,869
Due from other banks	45,190	-	45,190	45,190
Interbank loans receivable and SPAR, net	12,382	-	12,382	12,382
Investment securities at amortized cost, net	420,533	391,540	-	391,540
Loans and advances, net	1,702,990	-	2,060,167	2,060,167
Other financial assets	2,451	-	2,451	2,451
Financial liabilities				
Deposit liabilities	2,096,001	-	2,073,323	2,073,323
Due to BSP and other banks	2,887	-	2,887	2,887
Bills payable and other borrowed funds	97,503	93,001	4,651	97,652
Manager's checks and demand drafts outstanding	6,755	-	6,755	6,755
Other financial liabilities	6,138	-	6,138	6,138
Non-financial assets				
Investment properties	74	-	248	248

Parent Bank (December 31, 2023)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	34,444	-	34,444	**34,444**
Due from BSP	192,246	-	192,246	**192,246**
Due from other banks	33,081	-	33,081	**33,081**
Interbank loans receivable and SPAR, net	17,342	-	17,342	**17,342**
Investment securities at amortized cost, net	377,120	359,164	-	**359,164**
Loans and advances, net	1,849,840	-	1,923,161	**1,923,161**
Other financial assets	3,906	-	3,906	**3,906**
Financial liabilities				
Deposit liabilities	2,264,133	-	2,246,735	**2,246,735**
Due to BSP and other banks	1,881	-	1,881	**1,881**
Bills payable and other borrowed funds	133,726	133,726	-	**133,726**
Manager's checks and demand drafts outstanding	8,431	-	8,431	**8,431**
Other financial liabilities	10,721	-	10,721	**10,721**
Non-financial assets				
Investment properties	58	-	463	**463**

Parent Bank (December 31, 2022)

	Carrying amount	Fair value Level 1	Fair value Level 2	Total
		(In Millions of Pesos)		
Financial assets				
Cash and other cash items	39,359	-	39,359	39,359
Due from BSP	178,534	-	178,534	178,534
Due from other banks	43,096	-	43,096	43,096
Interbank loans receivable and SPAR, net	11,631	-	11,631	11,631
Investment securities at amortized cost, net	415,035	386,717	-	386,717
Loans and advances, net	1,680,684	-	1,656,995	1,656,995
Other financial assets	2,794	-	2,794	2,794
Financial liabilities				
Deposit liabilities	2,082,584	-	1,844,254	1,844,254
Due to BSP and other banks	2,811	-	2,811	2,811
Bills payable and other borrowed funds	93,002	93,002	-	93,002
Manager's checks and demand drafts outstanding	6,751	-	6,751	6,751
Other financial liabilities	5,542	-	5,542	5,542
Non-financial assets				
Investment properties	64	-	227	227

26.5 Insurance risk management

The non-life insurance entities decide on the retention, or the absolute amount that they are ready to assume insurance risk from one event. The retention amount is a function of capital, experience, actuarial study and risk appetite or aversion.

In excess of the retention, these entities arrange reinsurances either thru treaties or facultative placements. They also accredit reinsurers based on certain criteria and set limits as to what can be reinsured. The reinsurance treaties and the accreditation of reinsurers require BOD's approval.

27 Capital management

Capital management is understood to be a facet of risk management. The primary objective of the BPI Group is the generation of recurring acceptable returns to shareholders' capital. To this end, the BPI Group's policies, business strategies and activities are directed towards the generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

Cognizant of its exposure to risks, the BPI Group maintains sufficient capital to absorb unexpected losses, stay in business for the long haul, and satisfy regulatory requirements. The BPI Group further understands that its performance, as well as the performance of its various units, should be measured in terms of returns generated vis-à-vis allocated capital and the amount of risk borne in the conduct of business.

Effective January 1, 2014, the BSP, through its Circular No. 781, requires each bank and its financial affiliated subsidiaries to adopt new capital requirements in accordance with the provisions of Basel III. The new guidelines are meant to strengthen the composition of the bank's capital by increasing the level of core capital and regulatory capital. The Circular sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

Information on the regulatory capital is summarized below:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Tier 1 capital	**355,303**	349,160	**355,255**	349,113
Tier 2 capital	**18,792**	16,929	**18,414**	16,634
Gross qualifying capital	**374,095**	366,089	**373,669**	365,747
Less: Regulatory adjustments/required deductions	**31,359**	63,351	**55,040**	86,177
Total qualifying capital	**342,736**	302,738	**318,629**	279,570
Risk weighted assets	**2,118,317**	1,890,562	**2,058,301**	1,835,412
CAR (%)	**16.18**	16.01	**15.48**	15.23
CET1 (%)	**15.29**	15.12	**14.59**	14.33

The BPI Group has fully complied with the CAR requirement of the BSP.

Likewise, regulatory capital structures of certain subsidiaries on a standalone basis are managed to meet the requirements of the relevant regulatory bodies (i.e. Insurance Commission (IC), SEC, PSE etc.). These subsidiaries have fully complied with the applicable regulatory capital requirements.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Bank is likewise fully compliant with this requirement.

28 Commitments and contingencies

At present, there are lawsuits, claims and tax assessments pending against the BPI Group. In the opinion of management, after reviewing all actions and proceedings and court decisions with legal counsels, the aggregate liability or loss, if any, arising therefrom will not have a material effect on the BPI Group's financial position or financial performance.

BPI and some of its subsidiaries are defendants in legal actions arising from normal business activities. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the financial statements.

In the normal course of business, the BPI Group makes various commitments that are not presented in the financial statements. The BPI Group does not anticipate any material losses from these commitments.

29 Subsequent event

BPI and RBC Merger

As the merger between the Parent Bank and RBC was agreed to be effective on the first day of the calendar quarter following the completion of the regulatory approval, the merger is effective January 1, 2024 (Note 30.3).

In line with this, the Parent Bank issued 314 million common shares on January 1, 2024 bringing the total issued and outstanding shares to 5.36 billion shares.

30 Other disclosures

30.1 BPI and BFB merger

On January 1, 2022, the merger of BPI and BFB, its wholly owned thrift bank subsidiary, officially took effect, with BPI as the surviving entity. The Parent Bank has secured all necessary approvals for the transaction from its regulatory agencies and shareholders.

The integration of both entities will provide considerable advantages to the customers and employees of BPI and BFB, and present potential synergies that will benefit shareholders. The accelerated shift to digital, the focus on operational efficiency and the expected reduction in the gap in regulatory reserve requirements between commercial banks and thrift banks were factors in the timing of the transaction.

Purchase consideration

On January 1, 2022, the Parent Bank issued common shares to BFB amounting to the net assets of the latter as reflected in the standalone financial statements as at December 31, 2020.

The Parent Bank, owning 100% of the shares of BFB, issued treasury shares as a consideration of the merger. The number of treasury shares issued was computed based on the net assets of BFB as of December 31, 2020 over the share price of the Parent Bank as of December 29, 2020. The details are as follows:

	Amount
	(In Thousands of Pesos, except share price and number of treasury shares)
Net assets of BFB as of December 31, 2020	
Total assets	287,090,333
Total liabilities	254,047,648
	33,042,685
Share price of BPI as of December 29, 2020	P81.35
Number of treasury shares issued	406,179,276

These treasury shares are expected to be sold or disposed of by the Parent Bank within six (6) months following the effective date of the merger in accordance with Chapter 3, Section 10 of the General Banking Law of 2000 (Republic Act 8791).

Net assets acquired

Details of BFB assets and liabilities as at acquisition date (January 1, 2022) and December 31, 2020 are as follows:

	January 1, 2022	December 31, 2020
	(In Thousands of Pesos)	
Assets acquired		
Cash and other cash items	982,150	1,004,339
Due from BSP	67,065,132	17,846,031
Due from other banks	10,152,692	4,935,660
Interbank loans receivable and securities purchased under agreements to resell	-	3,631,258
Financial assets at fair value through profit or loss	101,960	-
Financial assets at fair value through other comprehensive income	16,220,549	6,802,621
Investment securities at amortized cost, net	-	24,233,039
Loans and advances, net	228,649,520	219,636,857
Assets held for sale, net	2,639,361	2,452,159
Bank premises, furniture, fixtures and equipment, net	1,713,807	1,791,553
Deferred income tax assets	3,448,694	3,885,474
Other assets, net	686,981	871,342
	331,660,846	287,090,333
Liabilities assumed		
Deposit liabilities	274,766,919	234,582,648
Other borrowed funds	9,583,528	9,544,988
Manager's checks and demand drafts outstanding	1,676,663	1,644,409
Accrued taxes, interest and other expenses	1,698,772	1,734,264
Deferred credits and other liabilities	11,018,995	6,541,339
	298,744,877	254,047,648
Net assets	32,915,969	33,042,685

The above assets and liabilities were acquired through a tax-free exchange as evidenced by the Plan of Merger.

Goodwill; Other reserves

As the transaction is outside the scope of PFRS 3, *Business Combinations*, the merger was accounted for using the pooling of interests method following the guidance under the PIC Q&A No. 2018-06. In applying the pooling of interests method, all assets and liabilities of BFB are taken into the merged business at their carrying values with no restatement of comparative 2020 figures. Likewise, no goodwill was recognized as a result of a business combination.

The difference between the carrying amount of the net assets acquired and the purchase consideration shall be an addition/deduction to the other reserves balance as follows:

	Amount
	(In Thousands of Pesos)
Purchase price	33,042,685
Carrying amount of net assets acquired	32,915,969
Other reserves (addition to capital funds)	126,716

i. Contingencies and commitments acquired

As a result of the merger, the Parent Bank acquired certain off-balance sheet items pertaining to undrawn loan commitments within the scope of PFRS 9. Details of such liabilities are as follows:

	Amount
	(In Thousands of Pesos)
Undrawn loan commitments	6,422,982
Loss allowance	(18,984)
Carrying amount	6,403,998

ii. Acquired receivables

The details of the loans and advances, net, acquired as a result of the business combination and its related fair value is as follows:

	Amount
	(In Thousands of Pesos)
Corporate loans	
Large corporate customers	15,135,453
Small and medium enterprises	17,916,051
Retail loans	
Real estate mortgages	151,807,726
Auto loans	51,177,718
Credit cards	1,922,634
Others	174
	237,959,756
Accrued interest receivable	1,972,675
Unearned discount/income	(107,809)
	239,824,622
Allowance for impairment	(11,175,102)
Net carrying amount	228,649,520
Fair value	292,693,036

The details of the other receivables, net, which form part of Other assets, net, acquired as a result of the business combination and its related fair value are as follows:

	Amount
	In Thousands of Pesos
Gross carrying amount	256,831
Allowance for impairment	(136,311)
Net carrying amount	120,520
Fair value	120,520

iii. Revenue and profit contribution

In accordance with the Plan of Merger between the Parent Bank and BFB, any net income earned by the latter from January 1, 2021 until the effective date shall be declared and paid as dividends to the Parent Bank. On December 29, 2021, the BOD of BFB declared cash dividends amounting to P3,532 million (P353 per share) out of its unrestricted surplus payable to the Parent Bank as at December 29, 2021. The remaining net income after dividend declaration amounting to P18 million formed part of Other reserves (Note 18) upon effectivity of the merger.

iv. Cash flows as a result of the merger

Cash and cash equivalents acquired as a result of the business combination shall form part of the net cash inflows from investing activities in the statement of cash flows for the period beginning January 1, 2022. The breakdown of cash and cash equivalents acquired are as follows:

	Amount
	(In Thousands of Pesos)
Cash and other cash items	982,150
Due from BSP	67,065,132
Due from other banks	10,152,692
	78,199,974

v. Acquisition-related costs

Acquisition-related costs of P121 million that were not directly attributable to the issue of shares are included in other operating expenses in the statement of income and in operating cash flows in the statement of cash flows for the period beginning January 1, 2021 until effectivity of the merger.

30.2 Regulatory treatment of restructured loans for purposes of measuring expected credit losses

On October 14, 2021, the Monetary Board approved the guidelines on restructured loans under BSP Memorandum No. M-2021-056 which shall be effective until December 31, 2022.

Key points of the issuance include:

- Establishment of prudent criteria in the assessment and modification of terms and conditions of loans.
- Classification under Stage 1, 2, or 3 shall be based on the assessment of the borrowers' financial difficulty and ability to pay based on revised terms.
- Restructured loans should not automatically be considered as credit-impaired warranting classification as non-performing. It will only be classified as such when it falls under Stage 3.
- Monitoring of list of restructured loans including risk classification, staging, and provisioning.

The Bank adopted the BSP guidelines also for prudential reporting purposes of its corporate and business banking loan portfolio beginning January 1, 2022. Following the reprieve requirements, the Bank implemented a process to identify and evaluate accounts that were qualified under the regulations and applied the necessary internal risk controls for qualified exposures from credit evaluation to credit monitoring and risk reporting. As at December 31, 2022, Modified Loans consist 0.01% of total corporate loan portfolio, while Restructured-Modified Loans consist 0.12% of the total corporate loan portfolio. As at December 31, 2022, there are no past due or non-performing loans which availed the reprieve under BSP M-2021-056.

30.3 BPI and RBC merger

On September 30, 2022, the BOD of BPI approved the merger of BPI and RBC, subject to shareholders and regulatory approvals. In exchange, BPI shall issue to the RBC shareholders such number of BPI common shares as would result to the RBC shareholders collectively holding approximately 6% of the resulting outstanding common stock of BPI as of the closing date but in no case more than 314,003,992 shares.

Subsequently, the BOD of BPI in its meeting on December 14, 2022 amended the previous resolution dated September 30, 2022 to increase the number of BPI common shares that may be issued to the RBC shareholders pursuant to the proposed merger from "in no case more than 314,003,992 primary common shares" to "in no case more than 318,912,309 primary common shares."

On January 17, 2023, the shareholders of BPI approved the merger with BPI as the surviving bank. The Philippine Competition Commission approved the merger on March 9, 2023 as contained in the decision released by the Commission on September 13, 2023. On December 14, 2023, the BSP, through Monetary Board Resolution No. 1633 approved the merger. The SEC issued the Certificate of Filing of the Articles and Plan of Merger on December 29, 2023.

The merger will be effective on the first day of the calendar quarter following the completion of the regulatory approvals which is on January 1, 2024 and therefore, the December 31, 2023 and 2022 financial statements of the BPI Group do not include the financial information of RBC.

The merger with RBC will unlock various synergies across several products and service platforms and expand the customer and deposit base of both banks through the merged entity, and, at the same time, by capitalizing on BPI's expertise and network, enhance the overall banking experience of RBC customers. BPI will be able to expand its client base, accelerate growth, and ultimately increase shareholder value through partnerships with the Gokongwei Group.

Purchase consideration

On merger date, the Parent Bank issued common shares to RBC shareholders as consideration of the merger. The fair value of the 314,003,992 shares to be issued is based on the share price on December 31, 2023 of P103.80 per share.

Net assets acquired

Details of RBC assets and liabilities as at acquisition date (January 1, 2024) based on provisional amounts determined by management are as follows:

	Amount
	(In Thousands of Pesos)
Assets acquired	
Cash and other cash items	6,456,997
Due from BSP	12,406,617
Due from other banks	1,707,648
Interbank loans receivable and SPAR	5,491,857
Financial assets at FVTPL	24,191
Financial assets at FVOCI	7,098,491
Investment securities at amortized cost, net	26,391,007
Loans and advances, net	111,444,574
Investments in subsidiary and associates, net	903,663
Bank premises, furniture, fixtures and equipment, net	953,683
Investment properties	2,583,060
Branch licenses	380,510
Deferred tax asset, net	919,713
Other assets, net	2,685,605
Core deposits	6,935,408
Customer relationship	423,690
Trust business	9,684
Deferred tax asset - fair value (FV) adjustments	1,893,968
	188,710,366
Liabilities assumed	
Deposit liabilities	
Demand	27,640,996
Savings	91,837,208
Time	21,156,959
Long-term negotiable certificate of deposits	1,781,750
Derivative financial liabilities	24
Bills payable	14,951,631
Manager's checks	1,103,883
Accrued taxes, interest and other expenses	1,388,443
Other liabilities	4,137,608
Deferred tax liability - FV adjustments	627,291
	164,625,793
Net assets	24,084,573

The above assets and liabilities were acquired through a tax-free exchange as evidenced by the Plan of Merger.

Goodwill

The difference between the fair value of the net assets acquired, including intangible assets, and the purchase consideration shall be recognized as goodwill as follows:

	Amount
	(In Thousands of Pesos)
Purchase price	32,593,614
Fair value of net assets acquired	24,084,573
Goodwill	8,509,041

The goodwill is attributable to the workforce and the expected synergies from combining the operations of RBC with BPI. The amount of goodwill will not be deductible for tax purposes.

i. Contingencies and commitments acquired

As a result of the merger, the Parent Bank acquired certain off-balance sheet items as follows:

	Amount
	(In Thousands of Pesos)
Trust accounts*	37,630,184
Derivatives	10,606,025
Commitments	8,143,887
Spot foreign exchange contracts	3,884,410
Performance standby letters of credit	568,597
Financial standby letters of credit	77,065
Guarantees issued	42,424
Commercial letters of credit	36,612
Others	1,805,396
Carrying amount	62,794,600

**The trust accounts will be transferred to BPI Wealth effective January 1, 2024 in accordance with the Assignment Agreement between the Parent Bank and BPI Wealth.*

ii. Acquired receivables

The details of the loans and advances, net, acquired as a result of the business combination and its related fair value are as follows:

	Amount
	(In Thousands of Pesos)
Receivables from customers	
Commercial	62,743,614
Real estate	36,235,122
Consumption	11,145,903
Credit cards	1,809,555
Domestic bills purchased	573,816
Other receivables	
Accrued interest receivable	1,433,010
Accounts receivable	1,670,012
Sales contract receivable	321,023
	115,932,055
Unearned interest and discounts	(70,408)
	115,861,647
Allowance for credit losses	(2,993,718)
Net carrying amount	112,867,929
Fair value	111,444,574

iii. Revenue and profit contribution

There is no revenue and profit contribution for the year ended December 31, 2023 as the merger will be effective on January 1, 2024.

iv. Cash flows as a result of the merger

Cash and cash equivalents acquired as a result of the business combination shall form part of the net cash inflows from investing activities in the statement of cash flows for the period beginning January 1, 2024. The breakdown of cash and cash equivalents acquired are as follows:

	Amount
	(In Thousands of Pesos)
Cash and other cash items	6,456,997
Due from BSP	12,406,617
Due from other banks	1,707,648
	20,571,262

v. Acquisition-related costs

Acquisition-related costs of P179 million that were not directly attributable to the issue of shares are included in other operating expenses in the statement of income and in operating cash flows in the statement of cash flows for the period beginning January 1, 2023 until effectivity of the merger.

31 Summary of material accounting policies

The material information of the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

31.1 Basis of preparation

The financial statements of the BPI Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial and Sustainability Reporting Standards Council (formerly known as Financial Reporting Standards Council) and adopted by the SEC.

As allowed by the SEC, the pre-need subsidiary of the Parent Bank continues to follow the provisions of the Pre-Need Uniform Chart of Accounts (PNUCA) prescribed by the SEC and adopted by the IC.

The financial statements comprise the statements of condition, statements of income and statements of total comprehensive income shown as two statements, statements of changes in capital funds, statements of cash flows and the notes.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, financial assets at FVOCI, and plan assets of the BPI Group's defined benefit plans.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the BPI Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore fairly present the financial position and results of the BPI Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

Critical accounting estimates

- Fair value of derivatives and other financial instruments (Note 7)
- Useful lives of bank premises, furniture, fixtures and equipment (Note 11)
- Impairment of investments subsidiaries and associates (Note 12)
- Calculation of defined benefit obligation (Note 23)
- Measurement of expected credit losses for loans and advances (Note 26.1.4)

Critical accounting judgments

- Classification of investment securities at amortized cost (Note 9)
- Realization of deferred income tax assets (Note 13)
- Determining the lease term (Note 20)
- Determining the incremental borrowing rate (Note 20)

31.2 Changes in accounting policy and disclosures

(a) Amendments to existing standards adopted by the BPI Group

The BPI Group has adopted the following amendments to existing standards effective January 1, 2023:

- Amendments to PAS1, *'Presentation of Financial Statements'*, and PFRS Practice Statement 2

  The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

  To support these amendments, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The adoption of these amendments resulted to changes in the accounting policies disclosure in Note 31 series.

(b) New standard not yet adopted by the BPI Group

The following new accounting standard is not mandatory for December 31, 2023 reporting period and has not been early adopted by the BPI Group:

- *PFRS 17, 'Insurance Contracts'*

  PFRS 17 was issued in May 2017 as replacement for PFRS 4, Insurance Contracts. PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period. The standard allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

  The IC, in coordination with Philippine Insurers and Reinsurers Association, is currently reviewing the impact of PFRS 17 across the entire industry and has established a project team to manage the implementation approach. The IC, considering the extension of IFRS 17 and the challenges of the COVID-19 pandemic to the insurance industry, has deferred the implementation of PFRS 17 to January 1, 2025, granting an additional two-year period from the date of effectivity proposed by the IASB. The BPI Group is assessing the quantitative impact of PFRS 17 as at reporting date.

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2023 that are considered relevant or expected to have a material effect on the financial statement of the BPI Group.

31.3 Financial instruments

31.3.1 Measurement methods

Amortized cost and effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired (see definition on Note 31.3.2.2) at initial recognition - the BPI Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. When the BPI Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the BPI Group commits to purchase or sell the asset.

At initial recognition, the BPI Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, as described in Note 31.3.2.1 below, which results in the loss provision being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the BPI Group recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

31.3.2 Financial assets

31.3.2.1 Classification and subsequent measurement

The BPI Group classifies its financial assets in the following measurement categories: at FVTPL, FVOCI, and at amortized cost. The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on the BPI Group's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the BPI Group classifies its debt instruments into one of the following three measurement categories:

- *Amortized cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The BPI Group's amortized cost financial assets include cash and other cash items, due from BSP, due from other banks, interbank loans receivables and SPAR, loans and advances, and other financial assets.

- *FVOCI*

  Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *FVTPL*

  Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within "Securities trading gain" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.

Business model

The business model reflects how the BPI Group manages the assets in order to generate cash flows. That is, whether the BPI Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified and measured at FVTPL. Factors considered by the BPI Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payment of Principal and Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the BPI Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the BPI Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The BPI Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

The BPI Group subsequently measures all equity investments at FVTPL, except where the BPI Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The BPI Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as 'Other operating income' when the BPI Group's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the "Securities trading gain" in the statements of income.

31.3.2.2 Impairment of amortized cost and FVOCI financial assets

The BPI Group assesses impairment as follows:

- individually for loans that exceed specified thresholds. Where there is objective evidence of impairment, individually assessed provisions will be recognized; and
- collectively for loans below the specified thresholds noted above or if there is no objective evidence of impairment. These loans are included in a group of loans with similar risk characteristics and collectively assessed for impairment. If there is objective evidence that the group of loans is collectively impaired, collectively assessed provisions will be recognized.

Expected credit losses

The BPI Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The BPI Group recognizes a loss allowance for such losses including post-model adjustments, as applicable, at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

PFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the BPI Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The BPI Group determines SICR based on prescribed benchmarks approved by the Board of the Directors.
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with PFRS 9 is that it should consider forward-looking information both in the ECL models and post-model adjustments, as applicable.
- POCI financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3). The BPI Group has no POCI as at December 31, 2023 and December 31, 2022.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Determination of SICR

The BPI Group compares the probabilities of default occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition to determine SICR. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category;
- adverse changes in business, financial and/or economic conditions of the borrower;
- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition;
- the account has become past due beyond 30 days where an account is classified under special monitoring category (refer to Note 26.1.2 for the description of special monitoring); and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the BPI Group.

Measuring ECL - Inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

(a) The PD represents the likelihood that the borrower will default (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.

(b) EAD is based on the amounts the BPI Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD). For example, for a revolving commitment, the BPI Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For committed credit lines, the EAD is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

(c) LGD represents the BPI Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The LGDs are determined based on the factors which impact the recoveries made post-default.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies and historical recoveries.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change - are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on January 1, 2018 to the reporting date.

Forward-looking information incorporated in the ECL models

The BPI Group incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and expected credit losses for each portfolio. MEVs that affect a specific portfolio's non-performing loan rate(s) are determined through statistical modelling and the application of expert judgment. The BPI Group's economics team establishes possible global and domestic economic scenarios. With the use of economic theories and conventions, expert judgment and external forecasts, the economics team develops assumptions to be used in forecasting variables in the next five (5) years, subsequently reverting to long run-averages. The probability-weighted ECL is calculated by running each scenario through the relevant ECL models and multiplying it by the appropriate scenario weighting.

The estimation and application of forward-looking information requires significant judgment. As with any economic forecasts, the projections and likelihood of occurrences are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The scenarios and their attributes are reassessed at each reporting date. Information regarding the forward-looking economic variables and the relevant sensitivity analysis is disclosed in Note 26.

Financial assets with low credit risk

Loss allowance for financial assets at amortized cost and FVOCI that have low credit risk is limited to 12-month expected credit losses. Management considers "low credit risk" for listed government bonds to be an investment grade credit rating with at least one major rating agency. Other debt instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default and credit-impaired assets

The BPI Group considers a financial instrument in default or credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments (with the exception of credit cards and micro-finance loans where a borrower is required to be 90 days past due and over 7 days past due, respectively, to be considered in default).

Qualitative criteria

The counterparty is experiencing significant financial difficulty which may lead to non-payment of loan as may be indicated by any or combination of the following events:

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- The counterparty is in breach of major financial covenant(s) which lead(s) to event of default;
- An active market for the security has disappeared;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the BPI Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD, and LGD throughout the BPI Group's expected credit loss calculations.

The BPI Group's definition of default is substantially consistent with non-performing loan definition of the BSP. For cross-border, treasury and debt securities, these are classified as defaulted based on combination of BSP and external credit rating agency definitions.

31.3.3 Modification of loans

The BPI Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the BPI Group assesses whether or not the new terms are substantially different to the original terms. The BPI Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BPI Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BPI Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in the statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the BPI Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of income. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

31.3.4 Derecognition of financial assets other than modification

The BPI Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the BPI Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.5 Write-off of financial assets

The BPI Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the BPI Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The BPI Group may write-off financial assets that are still subject to enforcement activity. The write-off of loans is approved by the BOD in compliance with the BSP requirements. Loans written-off are fully covered with allowance.

Recoveries on charged-off assets

Collections on accounts or recoveries from impaired financial assets previously written off are recognized in profit or loss under Miscellaneous income in the period where the recovery transaction occurs.

31.3.6 Financial liabilities

31.3.6.1 Classification of financial liabilities

The BPI Group classifies its financial liabilities in the following categories: financial liabilities at FVTPL and financial liabilities at amortized cost.

(a) Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the BPI Group as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the statements of income and are reported as "Securities trading gain". The BPI Group has no financial liabilities that are designated at fair value through profit loss.

(b) Other liabilities measured at amortized cost

Financial liabilities that are not classified as at FVTPL fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost include deposits from customers and banks, bills payable, amounts due to BSP and other banks, manager's checks and demand drafts outstanding, subordinated notes and other financial liabilities under deferred credits and other liabilities.

31.3.6.2 Subsequent measurement and derecognition

Financial liabilities at FVTPL are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or has expired). Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

31.3.7 Loan commitments

Loan commitments are not issued at below-market interest rates and are not settled net in cash or by delivering or issuing another financial instrument.

31.3.8 Derivative financial instruments

A derivative instrument is initially recognized at fair value on the date a derivative contract is entered into, and is subsequently remeasured to its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument or is held for trading.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting (and therefore, held for trading) are recognized immediately in profit or loss and are included in "Securities trading gain".

31.3.8.1 Embedded derivatives

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the BPI Group assesses the entire contract for classification and measurement in accordance with the policy outlined in Note 31.3.2 above. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statements of income unless the BPI Group chooses to designate the hybrid contracts at FVTPL.

31.3.9 Fair value measurement

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

A subsidiary of the Parent Bank has investments in non-marketable equity securities classified under Level 3 as at December 31, 2023 and 2022 (Note 26.4.1).

31.3.10 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized using the effective interest method.

When calculating the effective interest rate, the BPI Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

31.3.11 Cash and cash equivalents

Interbank loans receivable and securities purchased under agreements to resell (SPAR) are presented as cash equivalents if they have a maturity of three months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value.

31.3.12 Repurchase and reverse repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks and customers and included in the statement of condition under "Interbank loans receivable and securities purchased under agreements to resell". Securities lent to counterparties are also retained in the financial statements.

31.4 Consolidation

The subsidiaries' financial statements are prepared for the same reporting year as the consolidated financial statements. Refer to Note 1 for the list of the Parent Bank's subsidiaries.

(a) Subsidiaries

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the BPI Group, except for the pre-need subsidiary which follows the provisions of the PNUCA as allowed by the SEC.

(b) Associates

Associates are all entities over which the BPI Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting.

The BPI Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the BPI Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit (loss) of an associate' in profit or loss.

Unrealized gains on transactions between the BPI Group and its associates are eliminated to the extent of the BPI Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the BPI Group.

(c) Business combination between entities under common control

Business combinations under common control are accounted for using the pooling of interest method following the guidance under the PIC Q&A No. 2018-06. Under this method, the Parent Bank does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

(d) Business combination under PFRS 3

The BPI Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BPI Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any, and fair value of any pre-existing equity interest in the acquiree, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BPI Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the BPI Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the BPI Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Measurement period

The quantitative information disclosed in Note 30.3 are provisional amounts as at audit report date. PFRS 3 allows a one year measurement period for the acquirer to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable.

31.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Parent Bank's separate financial statements are accounted for using the cost method in accordance with PAS 27. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Parent Bank recognizes a dividend from a subsidiary or associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

The Parent Bank determines at each reporting date whether there is any indicator of impairment that the investment in the subsidiary or associate is impaired. If this is the case, the Parent Bank calculates the amount of impairment as the difference between the recoverable amount and carrying value and the difference is recognized in profit or loss.

Investments in subsidiaries and associates are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries and associates at which time the cost and the related accumulated impairment loss are removed in the statements of condition. Any gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

31.6 Segment reporting

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with PFRS 8, the BPI Group has the following main banking business segments: consumer banking, corporate banking and investment banking. Its insurance business is assessed separately from these banking business segments (Note 3).

31.7 Bank premises, furniture, fixtures and equipment

Land and buildings comprise mainly of branches and offices. All bank premises, furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BPI Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Construction-in-progress is initially recognized at cost and will be depreciated once completed and available for use. The cost of construction-in-progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items on the site on which it is located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of the cost of those assets during the construction period. The construction-in-progress is internally funded by the Parent Bank hence, no borrowing costs were capitalized. The construction-in-progress is recorded as part of Buildings and leasehold improvements.

Land is carried at historical cost and is not depreciated. Depreciation for buildings and furniture and equipment is calculated using the straight-line method to allocate cost or residual values over the estimated useful lives of the assets, as follows:

Building	25-50 years
Furniture and equipment	3-5 years
Equipment for lease	2-8 years

Leasehold improvements are depreciated over the shorter of the lease term (ranges from 5 to 10 years) and the useful life of the related improvement (ranges from 5 to 10 years). Major renovations are depreciated over the remaining useful life of the related asset.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. There are no bank premises, furniture, fixtures and equipment that are fully impaired as at December 31, 2023 and 2022.

31.8 Investment properties

Properties that are held either to earn rental income or for capital appreciation or both, and that are not significantly occupied by the BPI Group are classified as investment properties. Transfers to, and from, investment property are made when, and only when, there is a change in use, evidenced by:

(a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) Commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
(c) End of owner occupation, for a transfer from owner-occupied property to investment property; or
(d) Commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to and from investment property do not result in gain or loss.

Investment properties comprise land and building. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on investment property is determined using the same policy as applied to Bank premises, furniture, fixtures, and equipment. Impairment test is conducted when there is an indication that the carrying amount of the asset may not be recovered. An impairment loss is recognized for the amount by which the property's carrying amount exceeds its recoverable amount, which is the higher of the property's fair value less costs to sell and value in use.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

31.9 Foreclosed assets

Assets foreclosed shown as Assets held for sale in the statements of condition are accounted for at the lower of cost and fair value less cost to sell similar to the principles of PFRS 5. The cost of assets foreclosed includes the carrying amount of the related loan. Impairment loss is recognized for any subsequent write-down of the asset to fair value less cost to sell.

Foreclosed assets not classified as Assets held for sale are accounted for in any of the following classification using the measurement basis appropriate to the asset as follows:

(a) Investment property is accounted for using the cost model under PAS 40;
(b) Bank-occupied property is accounted for using the cost model under PAS 16; and
(c) Financial assets are accounted for under PFRS 9.

When foreclosed assets are recovered through a sale transaction, the gain or loss recognized from the difference between the carrying amount of the foreclosed asset disposed and the net disposal proceeds is recognized in profit or loss.

31.10 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the BPI Group's share in the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under Other assets, net in the statements of condition. Goodwill on acquisitions of associates is included in Investments in subsidiaries and associates. Separately recognized goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary/associate include carrying amount of goodwill relating to the subsidiary/associate sold.

Goodwill is an indefinite-lived intangible asset and hence not subject to amortization.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by each primary reporting segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have finite useful lives of ten years and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship. Contractual customer relationships are included under Other assets, net in the statements of condition.

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the expected useful lives (three to five years). Computer software is included under Other assets, net in the statements of condition.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the BPI Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other assets to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Management contracts

Management contracts are recognized at fair value at the acquisition date. They have a finite useful life of five years and are subsequently carried at cost less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method over the estimated useful life of the contract. Management contracts are included under Other assets in the statement of condition.

31.11 Impairment of non-financial assets

Assets that have indefinite useful lives - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment and more frequently if there are indicators of impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

31.12 Borrowings and borrowing costs

The BPI Group's borrowings consist mainly of bills payable and other borrowed funds. Borrowings are recognized initially at fair value, which is the issue proceeds, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. The BPI Group has no qualifying asset as at December 31, 2023 and 2022. Borrowings derecognized when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statements of Income as other income.

31.13 Fees and commission income

The BPI Group has applied PFRS 15 where revenue is recognized when (or as) The BPI Group satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the BPI Group satisfies the performance obligation and recognizes revenue over time. Otherwise, revenue is recognized at the point in time at the point of transfer control of the good or service to the customer.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the BPI Group expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Where there is a single performance obligation, the transaction price is allocated in its entirety to that performance obligation. Where there are multiple performance obligations, the transaction price is allocated to the performance obligation to which it relates based on stand-alone selling prices.

The BPI Group recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The BPI Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the BPI Group does not adjust any of the transaction prices for the time value of money.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party (i.e. the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses) are recognized on completion of underlying transactions. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided.

31.14 Credit card income

Credit card arrangements involve numerous contracts between various parties. The BPI Group has determined that the more significant contracts within the scope of PFRS 15 are (1) the contract between the BPI Group and the credit card holder ('Cardholder Agreement') under which the BPI Group earn miscellaneous fees (e.g., annual membership fees, late payment fees, foreign exchange fees, etc.) and (2) an implied contract between the BPI Group and merchants who accept the credit cards in connection with the purchase of their goods and/or services ('Merchant Agreement') under which the BPI Group earn interchange fees.

The Cardholder Agreement obligates the BPI Group, as the card issuer, to perform activities such as process redemption of loyalty points by providing goods, services, or other benefits to the cardholder; provide ancillary services such as concierge services, travel insurance, airport lounge access and the like; process late payments; provide foreign exchange services and others. The amount of fees stated in the contract represents the transaction price for that performance obligation.

The implied contract between the BPI Group and the merchant results in the BPI Group receiving an interchange fee from the merchant. The interchange fee represents the transaction price associated with the implied contract between the BPI Group and the merchant because it represents the amount of consideration to which the BPI Group expects to be entitled in exchange for transferring the promised service (i.e., purchase approval and payment remittance) to the merchant. The performance obligation associated with the implied contract between the BPI Group and the merchant is satisfied upon performance and simultaneous consumption by the customer of the underlying service. Therefore, a portion of the interchange fee is allocated to the performance obligations based on stand-alone transaction price and revenue is recognized when these performance obligations are satisfied.

31.15 Foreign currency translation

(a) Functional and presentation currency

Items in the financial statements of each entity in the BPI Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Parent Bank's functional and presentation currency.

(b) *Foreign subsidiaries*

The results and financial position of BPI's foreign subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component (Currency translation differences) of Accumulated other comprehensive income (loss) in the capital funds. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

(c) *Income from foreign exchange trading*

Foreign exchange gains and losses arising from trading of foreign currencies are recorded under "Income from foreign exchange trading" in the statement of income. Gains or losses are calculated as the difference between the carrying amount of the asset sold and the net disposal proceeds at the date of sale.

31.16 Provisions for legal or contractual obligations

Provisions are recognized when all of the following conditions are met: (i) the BPI Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item is included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

31.17 Income taxes

(a) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction.

The BPI Group has substantial income from its investment in government securities subject to final withholding tax. Such income is presented at its gross amount and the final tax paid or withheld is included in Income tax expense - Current.

(b) Deferred income tax

The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

The BPI Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

31.18 Employee benefits

(a) Short-term benefits

The BPI Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Defined benefit retirement plan

The BPI Group has a defined benefit plan that shares risks among entities within the group. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of condition in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Defined benefit costs comprise of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when the plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest income or expense in the statement of income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For individual financial reporting purposes, the unified plan assets are allocated among the BPI Group entities based on the level of the defined benefit obligation attributable to each entity to arrive at the net liability or asset that should be recognized in the individual financial statements.

(c) Defined contribution retirement plan

The BPI Group also maintains a defined contribution plan that covers certain full-time employees. Under its defined contribution plan, the BPI Group pays fixed contributions based on the employees' monthly salaries. The BPI Group, however, is covered under RA No. 7641, otherwise known as The Philippine Retirement Pay Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. Accordingly, the BPI Group accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The BPI Group and Parent Bank determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) then, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plan are recognized in the statement of income.

The defined contribution liability is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Actuarial gains and losses arising from the remeasurements of the net defined contribution liability are recognized immediately in the other comprehensive income.

(d) Share-based compensation

The BPI Group engages in equity-settled share-based payment transactions in respect of services received from certain employees.

The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of employee services received in respect of the shares or share options granted is recognized in profit or loss (with a corresponding increase in reserve in capital funds) over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models which take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

When the stock options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (par value) and share premium for the excess of exercise price over par value.

(e) Bonus plans

The BPI Group recognizes a liability and an expense for bonuses and recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

31.19 Capital funds

Treasury shares

Except for dividends to be settled through BPI's own shares which are recognized in equity, dividends on common shares are recognized as a liability in the BPI Group's financial statements in the period in which the dividends are approved by the BOD.

Cash dividends are measured based on the amount declared by the BPI Group. Treasury shares declared as dividends are measured at its fair value at the time of declaration. Any costs attributable to the distribution of treasury shares are deducted from fair value and recognized within equity.

Merger reserves

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the value of the shares acquired in respect of the acquisition of BFB accounted for under the pooling-of-interest method and the difference between the results of operations of BFB during the year ended December 31, 2021 and the dividends declared on December 29, 2021.

31.20 Fiduciary activities

The BPI Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the BPI Group (Note 24).

31.21 Leases

31.21.1 BPI Group is the lessee

Measurement of lease liabilities

Lease payments to be made under reasonably certain extension options are included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the BPI Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the BPI Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Measurement of right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the BPI Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the BPI Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Lease modification

Lease modifications are accounted either as a separate lease or not a separate lease. The BPI Group accounts for the lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right of use to one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For lease modification that is not accounted for a separate lease, at the effective date of lease modification, the BPI Group:

- allocates the consideration in the modified contract on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the BPI Group accounts for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease; and
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The BPI Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

31.21.2 BPI Group is the lessor

BPI Group (as a lessor) continues to classify its leases as operating leases.

31.22 Insurance and pre-need operations

(a) Non-life insurance

The more significant accounting policies observed by the non-life insurance subsidiaries follow: (a) gross premiums written from short-term insurance contracts are recognized at the inception date of the risks underwritten and are earned over the period of cover in accordance with the incidence of risk using the 24th method; (b) acquisition costs are deferred and charged to expense in proportion to the premium revenue recognized; reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs; (c) a liability adequacy test is performed which compares the subsidiaries' reported insurance contract liabilities against current best estimates of all contractual future cash flows and claims handling, and policy administration expenses as well as investment income backing up such liabilities, with any deficiency immediately charged to profit or loss; and (d) financial assets and liabilities are measured following the classification and valuation provisions of PFRS 9.

(b) Pre-need

The material provisions of the PNUCA as applied by the pre-need subsidiary follow: (a) costs of contracts issued and other direct costs and expenses are recognized as expense when incurred; (b) pre-need reserves which represent the accrued net liabilities of the subsidiary to its plan holders are actuarially computed based on standards and guidelines set forth by the Insurance Commission; the increase or decrease in the account is charged or credited to other costs of contracts issued in profit or loss; and (c) insurance premium reserves which represent the amount that must be set aside by the subsidiary to pay for premiums for insurance coverage of fully paid plan holders, are actuarially computed based on standards and guidelines set forth by the Insurance Commission.

32 Supplementary information required under BSP Circular No. 1074

Presented below are the additional information required by BSP Circular No. 1074 issued on January 8, 2020. This information is presented for BSP reporting purposes and is not required in the basic financial statements.

(i) Basic Quantitative Indicators of Financial Performance

The key financial performance indicators follow (in %):

	Consolidated		Parent	
	2023	2022	**2023**	2022
Return on average equity				
- Daily average[1]	**15.35**	13.14	**15.71**	13.02
- Simple average[2]	**15.22**	12.88	**15.76**	13.64
Return on average assets				
- Daily average[3]	**1.93**	1.59	**1.91**	1.52
- Simple average[4]	**1.88**	1.58	**1.87**	1.61
Net interest margin				
- Daily average[5]	**4.09**	3.59	**3.93**	3.47
- Simple average[6]	**3.98**	3.55	**3.82**	3.68

[1]Net income divided by average total equity for the period indicated. Average equity is based on the daily average balance of equity for the years ended December 31, 2023 and 2022.
[2]Net income divided by average total equity for the period indicated. Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2023 and 2022.
[3]Net income divided by average total assets as at period indicated. Average total assets are based on the daily average balance of total assets as at December 31, 2023 and 2022.
[4]Net income divided by average total assets as at period indicated. Average total assets are based on the year-on-year balance of total assets as at December 31, 2023 and 2022.
[5]Net interest income divided by average interest-earning assets. Average interest earning assets is based on the daily average balance of interest earning assets as at December 31, 2023 and 2022.
[6]Net interest income divided by average interest-earning assets. Average interest earning assets is based on the year-on-year balance of interest earning assets as at December 31, 2023 and 2022.

(ii) Description of Capital Instrument Issued

BPI considers its common shares as capital instrument for purposes of calculating its capital adequacy ratio as at December 31, 2023 and 2022.

Significant credit exposures

Details of the loans and advances portfolio as to concentration per industry/economic sector over total loan portfolio (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Real estate, renting and other related activities	**23.12**	22.98	**23.48**	15.88
Manufacturing	**15.47**	16.39	**15.70**	19.21
Consumer	**11.44**	9.21	**10.62**	6.21
Transportation, storage and communications	**11.33**	10.74	**11.48**	11.04
Wholesale and retail trade	**11.20**	10.42	**11.01**	11.98
Financial institutions	**9.70**	9.26	**9.85**	10.88
Electricity, gas, steam and air-conditioning supply	**9.18**	11.85	**9.34**	12.01
Agriculture and forestry	**1.73**	1.91	**1.75**	2.23
Others	**6.83**	7.24	**6.77**	10.56
	100.00	100.00	**100.00**	100.00

Details of the loans and advances portfolio as to concentration per industry/economic sector over Tier 1 Capital (in %) as at December 31 are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
Real estate, renting and other related activities	**138.44**	115.90	**148.97**	67.71
Manufacturing	**92.63**	82.63	**99.62**	81.88
Consumer	**68.48**	46.44	**67.37**	26.48
Transportation, storage and communications	**67.87**	55.34	**72.85**	54.94
Wholesale and retail trade	**67.07**	52.56	**69.83**	51.07
Financial institutions	**58.09**	46.69	**62.49**	46.40
Electricity, gas, steam and air-conditioning supply	**54.93**	59.76	**59.25**	59.76
Agriculture and forestry	**10.36**	9.63	**11.11**	9.51
Others	**40.84**	35.32	**43.00**	31.85

Breakdown of total loans

Details of the loans and advances portfolio as at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Secured loans				
Real estate mortgage	**304,090**	281,974	**302,870**	280,633
Project assets	**138,915**	143,541	**138,915**	143,541
Chattel mortgage	**75,028**	60,287	**75,028**	60,287
Others	**25,912**	39,698	**25,757**	38,944
	543,945	525,500	**542,570**	523,405
Unsecured loans	**1,382,593**	1,224,068	**1,350,313**	1,202,678
	1,926,538	1,749,568	**1,892,883**	1,726,083

Others represent loans secured mainly by hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, and deposit substitutes.

Breakdown of performing and non-performing loans net of allowance for credit losses, as reported to the BSP, are as follows:

Consolidated

	2023			2022		
	Performing	Non-performing	Total	Performing	Non-performing	Total
	(In Millions of Pesos)					
Corporate loans	**1,483,876**	**16,662**	**1,500,538**	1,385,660	14,502	1,400,162
Credit cards	**124,606**	**5,107**	**129,713**	90,515	2,970	93,485
Other retail loans	**282,627**	**13,666**	**296,293**	242,496	13,407	255,903
	1,891,109	**35,435**	**1,926,544**	1,718,671	30,879	1,749,550
Allowance for probable losses	**(11,154)**	**(22,726)**	**(33,880)**	(6,934)	(21,415)	(28,349)
Net carrying amount	**1,879,955**	**12,709**	**1,892,664**	1,711,737	9,464	1,721,201

**Amounts exclude accrued interest receivables and GLLP*

Parent

	2023			2022		
	Performing	Non-performing	Total	Performing	Non-performing	Total
	(In Millions of Pesos)					
Corporate loans	**1,483,636**	**16,635**	**1,500,271**	1,385,211	14,428	1,399,639
Credit cards	**124,606**	**5,107**	**129,713**	90,515	2,970	93,485
Other retail loans	**251,171**	**11,735**	**262,906**	220,904	12,038	232,942
	1,859,413	**33,477**	**1,892,890**	1,696,630	29,436	1,726,066
Allowance for probable losses	**(11,336)**	**(21,280)**	**(32,616)**	(7,116)	(20,359)	(27,475)
Net carrying amount	**1,848,077**	**12,197**	**1,860,274**	1,689,514	9,077	1,698,591

**Amounts exclude accrued interest receivables and GLLP*

BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans,* states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

(iii) Information on Related Party Loans

Details of related party loans are as follows (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Loans and advances from:				
Subsidiaries	**-**	-	**87**	34
Associates	**113**	42	**113**	42
Ayala Group	**61,567**	64,654	**61,567**	64,654
Other related parties	**-**	-	**-**	-

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos, except percentages)			
Total outstanding loans and advances	**61,680**	64,696	**61,767**	64,730
% to total outstanding related party loans				
Subsidiaries	**-**	-	**0.14**	0.05
Associates	**0.18**	0.06	**0.18**	0.06
Ayala Group	**99.82**	99.94	**99.68**	99.89
Other related parties	**-**	-	**-**	-

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos, except percentages)			
Total outstanding loans and advances	**61,680**	64,696	**61,767**	64,730
% to total outstanding related party loans				
Unsecured related party loans	**8.82**	63.77	**8.81**	63.74
Past due related party loans	**-**	-	**-**	-
Non-performing related party loans	**-**	-	**-**	-

Details of DOSRI loans are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Outstanding DOSRI loans	**18,701**	19,571	**18,701**	19,571

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In percentages)			
% to total outstanding loans and advances	**0.97**	1.12	**0.99**	1.13
% to total outstanding DOSRI loans				
Unsecured DOSRI loans	**2.30**	2.40	**2.30**	2.40
Past due DOSRI loans	**0.04**	0.02	**0.04**	0.02
Non-performing DOSRI loans	**0.02**	0.03	**0.02**	0.03

The BPI Group is in full compliance with the General Banking Act and the BSP regulations on DOSRI loans as at December 31, 2023 and 2022.

(iv) Secured Liabilities and Assets Pledged as Security

The BPI Group's Bills payable (Note 16) include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As at December 31, 2023 and 2022, part of the bills payable of the Parent Bank is secured by government securities classified as investment securities at amortized cost (Note 9).

Contingencies and commitments arising from off-balance sheet items

The following is a summary of BPI's contingencies and commitments at their equivalent peso amounts as reported to the BSP:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Trust accounts	**1,223,096**	875,063	**-**	-
Derivatives	**319,337**	422,807	**314,881**	413,679
Commitments	**186,611**	148,935	**186,611**	148,935
Financial standby letters of credit - foreign	**30,472**	28,960	**30,472**	28,960
Bills for collection	**22,923**	23,470	**22,923**	23,470
Commercial letters of credit	**11,322**	14,142	**11,322**	14,142
Performance standby letters of credit - foreign	**10,898**	6,045	**10,898**	6,045
Spot foreign exchange contracts	**7,310**	13,264	**7,310**	13,264
Guarantees issued	**2,521**	2,774	**2,521**	2,774
Trade related guarantees	**1,208**	5,203	**1,208**	5,203
Other contingent accounts	**39,712**	160,435	**39,618**	11,536
	1,855,410	1,701,098	**627,764**	668,008

Other contingent accounts pertain to late deposits or payments received, deficiency claims receivable, items held for safekeeping, and items held as collateral.

Significant credit risk exposures arising from off-balance sheet items are as follows:

	Consolidated		Parent	
	2023	2022	**2023**	2022
	(In Millions of Pesos)			
Undrawn loan commitments	**504,918**	1,143,705	**504,918**	1,143,705
Unused letters of credit	**55,808**	57,148	**55,808**	57,148
Gross carrying amount	**560,726**	1,200,853	**560,726**	1,200,853
Loss allowance	**(1,232)**	(1,034)	**(1,232)**	(1,034)
Carrying amount	**559,494**	1,199,819	**559,494**	1,199,819

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the BPI Group is required to provide a loan with pre-specified terms to the customer. These off-balance sheet items are within the scope of PFRS 9 where the BPI Group estimates that the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to the off-balance sheet items is recognized in "Miscellaneous liabilities" (Note 17).

The BPI Group has no other off-balance sheet items other than the items listed above.

33 Supplementary information required by the Bureau of Internal Revenue

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRSs.

Below is the additional information required by RR No. 15-2010 that is relevant to the Parent Bank. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

(i) Documentary stamp tax

Documentary stamp taxes paid through the Electronic Documentary Stamp Tax System for the year ended December 31, 2023 consist of:

	Amount (In Millions of Pesos)
Deposit and loan documents	**10,685**
Trade finance documents	**846**
Mortgage documents	**500**
Shares of stocks	**3**
Others	**4**
	12,038

(ii) Withholding taxes

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2023 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Income taxes withheld on compensation	2,829	338	3,167
Withholding tax on withdrawal from decedent's account	19	1	20
Final income taxes withheld on interest on deposits and yield on deposit substitutes	5,013	589	5,602
Final income taxes withheld on income payment	2,610	399	3,009
Creditable income taxes withheld (expanded)	727	103	830
Fringe benefit tax	87	31	118
Withholding value-added tax	56	10	66
	11,341	**1,471**	**12,812**

(iii) All other local and national taxes

All other local and national taxes paid/accrued for the year ended December 31, 2023 consist of:

	Amount		
	Paid	Accrued	Total
	(In Millions of Pesos)		
Gross receipts tax	6,661	750	7,411
Real property tax	153	-	153
Municipal taxes	338	-	338
Others	100	-	100
	7,252	**750**	**8,002**

Local and national taxes imposed by the government which are incurred under the normal courses of business are part of "Taxes and Licenses" within Other Operating Expense (Note 21).

(iv) Tax cases and assessments

As at reporting date, the Parent Bank has various claims of tax refund pending with tax authorities. There are no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

Statement of Management's Responsibility for Non-Financial Statements

The Management of the Bank of the Philippine Islands (BPI) is responsible for the preparation of BPI's 2023 Integrated Report ("Report"), in accordance with the following standards:

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

The report also generally adheres to disclosure requirements under BSP Circular 1085 Sustainable Finance Framework.

The Management supervised the preparation, review, and publication of the Report to ensure its integrity.

The Report contains certain forward-looking statements that may involve risks or uncertainties as they relate to future events and circumstances that may be beyond BPI's control.

In addition, regulations of the Philippines Stock Exchange (PSE) prohibit making price-sensitive forecasts without considerable independent review. The Management therefore advises readers to use caution when interpreting any forward-looking statements in the Report.

JOSE TEODORO K. LIMCAOCO
President and Chief Executive Officer

ERIC ROBERTO M. LUCHANGCO
Senior Vice President, Chief Finance Officer, and Chief Sustainability Officer

SGV
Building a better working world

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Independent Limited Assurance Report

The Stockholders and Board of Directors
Bank of the Philippine Islands
Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City, Philippines

Scope
We have been engaged by the Bank of the Philippine Islands (BPI) to perform a 'limited assurance engagement', as defined by the Philippines Standards on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, here after referred to as the engagement, to report on selected sustainability information as detailed below (the "Subject Matter") contained in the BPI's 2023 Integrated Report ("The Report").

Subject matter
The Subject Matter includes the following selected economic, environmental, social and governance (EESG) indicators/metrics and report contents which are covered in our limited assurance engagement:

A. EESG indicators/metrics with reference to the Global Reporting Initiative (GRI) Sustainability Standards (GRI Standards)

1. Economic

a. Economic Performance 2016
i. 201-1 Direct economic value generated and distributed

2. Environmental

a. Emissions 2016
i. 305-1 Direct (Scope 1) GHG emissions
ii. 305-2 Energy Indirect (Scope 2) GHG emissions
iii. 305-3 Other Indirect (Scope 3) GHG emissions (Category 8)
iv. 305-4 GHG emissions intensity

b. Energy 2016
i. 302-1 Energy consumption within the organization
ii. 302-3 Energy intensity
iii. 302-4 Reduction of energy consumption

c. Water and Effluents 2018
i. 303-5 Water consumption

3. Social

a. General Disclosures 2021
i. 2-7 Employees
ii. 2-30 Collective bargaining agreements

b. Employment 2016
i. 401-1 New employee hires and employee turnover

c. Occupational Health and Safety 2018
i. 403-9 Work-related injuries

d. Training and Education 2016
i. 404-1 Average hours of training per employee

e. Diversity and Equal Opportunity 2016
i. 405-1 Diversity of governance bodies and employees

4. Governance

a. Anti-corruption 2016
i. 205-3 Confirmed incidents of corruption and actions taken

B. Metric for Commercial Banks (2018) based on Sustainability Accounting Standards Board (SASB) Standards

1. FN-CB-510a.1, Total amount of monetary losses as a result of legal proceedings associated with corruption

C. Report contents based on International Integrated Reporting <IR> Framework (IR Framework)

1. Organizational overview and external environment
2. Governance
3. Business model
4. Risks and opportunities
5. Strategy and resource allocation
6. Performance
7. Outlook
8. Basis of presentation

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by BPI
In preparing the Subject Matter, BPI applied the following criteria ("the Criteria")

- With reference to the GRI Standards
- SASB Standards
- IR Framework

BPI's responsibilities
The Management of BPI is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with PSAE 3000 (Revised), and the terms of reference for this engagement as agreed with BPI on December 29, 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Interviewed the management and relevant process owners to:

   a. Understand the principal business operations.

   b. Appreciate the key sustainability issues and developments related to the Subject Matter.

   c. Understand the processes for the collection, processing and accurate reporting of EESG information.

   d. Identify the data providers with their responsibilities, and

   e. Recognize the likelihood of possible manipulation of sustainability data.

2. Checked the accuracy of calculations performed.

3. Performed analytical tests and obtained documentation/reports on a sampling basis to test assumptions, estimations and computations made by management in relation to the Subject Matter in the Report.

4. Tested that the data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report.

5. Reviewed the disclosure contents of the Report to check compliance in accordance with the Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended December 31, 2023, in order for it to be in accordance with the Criteria.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño
Partner
CPA Certificate No. 114462
PTR No. 9369771, January 3, 2023, Makati City

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Material Topics

MATERIAL TOPIC	IMPACTED STAKEHOLDER	CORRESPONDING DISCLOSURES		
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MATERIAL TOPIC	IMPACTED STAKEHOLDER	CORRESPONDING DISCLOSURES		
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Occupational Health and Safety	Employees Suppliers & Contractors Government & Regulators	76 to 78	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9	
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Systemic Risk Management	Clients Investors Employees Suppliers & Contractors Government & Regulators Local Communities	154 to 159		FN-CB-550a.2
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GRI Content Index

The Bank of the Philippine Islands has reported the information cited in this GRI Content Index for the period of January 1, 2023 to December 31, 2023 with reference to the GRI Standards.

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE REFERENCE PAGE
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	201-3	Defined benefit plan obligations and other retirement plans	287 to 288
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GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	7, 43
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	7, 43
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	122 to 123
	205-2	Communication and training about anti-corruption policies and procedures	76, 82, 92, 120 to 126
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	302-2	Energy consumption outside of the organization	76
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GRI 303: Water and Effluents 2018	303-5	Water consumption	76
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	90
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	73 to 74
	305-2	Energy indirect (Scope 2) GHG emissions	73 to 74
	305-3	Other indirect (Scope 3) GHG emissions	73 to 74
	305-4	GHG emissions intensity	73 to 74
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GRI 306: Waste 2020	306-4	Waste diverted from disposal	76
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GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	87
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	83 to 85
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GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	71, 76 to 78
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	404-3	Percentage of employees receiving regular performance and career development reviews	78 to 83
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	98 to 119
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SASB Content Index

Based on the Sustainability Accounting Standard for Commercial Banks as of 2023

TOPIC	CODE	METRIC	DISCLOSURE REFERENCE PAGE
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	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	92 to 93, 125, 139
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	7, 38 to 41, 45, 54, 57 to 58, 63 to 64, 66, 230 to 234
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	40 to 41, 54, 57 to 58, 63 to 64, 66
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	88 to 91
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	120 to 123
	FN-CB-510a.2	Description of whistleblower policies and procedures	123
Systemic Risk Management	FN-CB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	154 to 159
Activity Metrics			
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	183 to 187, 193 to 194

TCFD Content Index

PILLAR	RECOMMENDATION	DISCLOSURE REFERENCE PAGE
Governance	Describe the board's oversight of climate-related risks and opportunities.	44, 90 to 92
	Describe management's role in assessing and managing climate-related risks and opportunities.	44, 88 to 92
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	66 to 70, 73 to 76
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	66 to 70, 73 to 76
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	88 to 92
	Describe the organization's processes for managing climate-related risks.	88 to 92
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	88 to 92
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	73 to 76, 88 to 92
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	73 to 76
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	66 to 67, 75 to 76

Leaders' Biographies

JAIME AUGUSTO ZOBEL DE AYALA
Chairman

Filipino, 65 years old, has been a member of the board of directors of BPI since March 1990 and chairman since March 2004. He is currently the chairman of the Bank's Executive Committee, Personnel and Compensation Committee and a member of the Nomination Committee. Mr. Zobel served as vice chairman from 1995 to March 2004.

Mr. Zobel serves as a director of Ayala Corporation since May 1987 and its chairman since April 2006. He holds the following positions in other publicly listed companies: Chairman of Globe Telecom, Inc., Ayala Land, Inc. He is the Chairman of AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) and Asiacom Philippines, Inc. Mr. Zobel is also a Director of AC Ventures Holding Corp.

Outside the Ayala group, he is a director of Temasek Holdings (Private) Limited and a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council, Asia Center Advisory Committee and HBS Asia Advisory Committee. He sits as Chairman of the Board of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Funds Philippines National Advisory Council. He is the Co-Vice chairman of the Makati Business Club, the Chairman of Endeavor Philippines, and a Trustee Emeritus of Eisenhower Fellowships.

He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

Mr. Zobel graduated with B.A. in Economics (Cum Laude) from Harvard University in 1981 and obtained an MBA from the Harvard Graduate School of Business Administration in 1987.

CEZAR P. CONSING
Vice Chairman

Filipino, 64 years old, was elected as regular director of the Bank in April 2021. He has served as a board director from 1995–2000, 2004–2007, 2010–present. He served as President and Chief Executive Officer of BPI from 2013 to 2021. He is currently the vice chairman of BPI's Board and Executive Committee and member of Nomination Committee. Mr. Consing has also served on the board of directors of various BPI Subsidiaries namely, BPI Asset Management and Trust Corporation (also known as BPI Wealth), BPI Capital Corporation, and BPI Direct BanKo, Inc., A Savings Bank.

Mr. Consing is currently the President & CEO of Ayala Corporation and Vice Chairman of Ayala Land, Globe Telecom and AC Energy. He is Chairman of the Philippine Dealing System and College of St. Benilde. Mr. Consing is a member of the Trilateral Commission. He is a member of the boards of trustees of the Philippine-American Educational (Fulbright) Foundation and the Manila Golf Club Foundation.

Mr. Consing was a Partner & Co-Head for Asia of the Rohatyn Group from 2004–2013. He was an investment banker with J.P. Morgan & Co. from 1985–2014. For 7 years, Mr. Consing was the Head or Co-Head of Investment Banking of Asia Pacific and President of J.P. Morgan Securities Asia. Mr. Consing has previously served as Chairman and President of the Bankers Association of the Philippines, President of Bancnet, and Chairman of the National Reinsurance Corporation.

Mr. Consing has previously served as an independent director of Jollibee Foods Corporation, CIMB Group Holdings Berhad and First Gen Corporation. He has also served as a board director of SQREEM Technologies and FILGIFTS.com. Mr. Consing has previously served as a board director of the Asian Youth Orchestra, the US-Philippines Society, La Salle Greenhills, Endeavor Philippines, and International Care Ministries.

Mr. Consing received an A.B. Economics degree (Accelerated Program), Magna Cum Laude, and the gold medal for Economics, from De La Salle University, Manila, in 1979. He obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

JOSE TEODORO K. LIMCAOCO
President and Chief Executive Officer

Filipino, 62 years old, was appointed as President and Chief Executive Officer of BPI in April 2021.

He serves as chairman of BPI Wealth–A Trust Corporation, Bank of the Philippine Islands (Europe) Plc., BPI Capital Corporation, BPI/MS Insurance Corporation, and BPI AIA Life Assurance Corporation. He is Vice Chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation. He is also President and Vice Chairman of BPI Foundation, Inc. Outside of BPI, he is President of the Bankers Association of the Philippines, Chairman of Philippine Payments Management Inc., a Trustee of the Asian Institute of Management, and a Director of AC Mobility Holdings, Inc. He is also a current member of the Management Association of the Philippines, the Financial Executives Institute of the Philippines (FINEX), and the Rotary Club of Makati West (where he is a Past President). He is also a Director of Just for Kids, Inc., a homegrown business of his family.

From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer and Finance Group Head of Ayala Corporation. He was also a Director of the Board of several Ayala companies, including publicly-listed companies, namely: Globe Telecom, Inc., Integrated Micro-Electronics, Inc., and SSI Group, Inc. He also served as a director of a number of Ayala group companies including those involved in healthcare, infrastructure, education, energy, and industrial technologies.

Previously, he served as President of BPI Family Savings Bank from 2010–2015 and President of BPI Capital Corporation from 2007–2010. He was also Officer-in-Charge of Ayala Life Assurance, Inc. in 2009, director/chairman of Ayala Plans, Inc. in 2010–2015, and director of Globe Fintech Innovations, Inc. in 2017–202 and AC Energy International Inc. in 2019–2022. He also worked at BPI from 1989 to 1992 and at BPI Capital from 1995 to 1997.

Mr. Limcaoco joined Ayala Corporation as a Managing Director in 1998. His responsibilities prior to his secondment to BPI in 2007 included Assistant Treasurer of Ayala Corporation, Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. from 2001–2006. He also served as the President of the Chamber of Thrift Banks from 2013–2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. and with BZW Asia.

He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) degree in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

JANET GUAT HAR ANG
Independent Director

Singaporean, 64 years old, was elected as an independent director of BPI in May 2021. She is a member of the Bank's Risk Management Committee.

Ms. Ang is currently the Chairperson of SISTIC.com Pte Ltd, NUS–ISS, Singapore Polytechnic and the Public Transport Council. Ms. Ang is also the Chairperson of the Singapore Business Federation Foundation as well as Member of the Board of The Esplanade Company Ltd and the Home Team Science & Technology Agency.

Ms. Ang serves on the Council of Board Diversity and the Singapore Business Federation, and is a Senior Advisor of the RGE Group and independent director of Tanoto Foundation, the Philanthropy Asia Alliance and the Swire Shipping Group Pte Ltd. She is a Fellow of the Singapore Computer Society, a Fellow of Singapore Institute of Directors and a member and past president of the International Women's Forum (Singapore). She is Singapore's Non-Resident Ambassador to the Holy See and a former Nominated Member of the Parliament of Singapore (2021–2023)

Ms. Ang had a thirty-seven-year career in the information technology industry and had lived and worked in Japan and China over a span of eleven years. She was a managing director of IBM Singapore from 2001 to 2003 and again from 2011–2015. Her last executive role was as IBM Vice President, Head of Industry Solutions of IBM Asia Pacific. She was also an Independent Director of SPH Ltd from 2014–2022 and Chairperson of the Board of Trustees of Caritas Singapore Agape Fund from 2019–2022.

Ms. Ang was awarded The Public Service Medal in 2019. She was also awarded NUS Outstanding Service Award in 2021, the Singapore Computer Society IT Leaders Award–Hall of Fame in 2018, the NUS Distinguished Alumni Service Award in 2015 and the NUS Business School Eminent Alumni Award in 2014.

Ms. Ang graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore.

RENÉ G. BAÑEZ
Director

Filipino, 68 years old, was elected as director of BPI in August 2021. He is a member of the Bank's Executive, Related Party Transaction, and Retirement/Pension Committees. Mr. Bañez also serves as a board director of BPI Asset Management and Trust Corporation (also known as BPI Wealth, A Trust Corporation) and BPI Capital Corporation.

Mr. Bañez served as the Commissioner of the Bureau of Internal Revenue (BIR) from February 2001 to August 2002 and as Deputy Commissioner from June 1993 to November 1995.

In the private sector, he held several senior-level positions in PLDT until his retirement in 2016. He was senior vice president and head of the Supply Chain, Asset Protection and Management Group, from 2008 to 2016; senior vice president and chief governance officer from 2004 to 2007; corporate governance advisor from 2003 to 2004; senior vice president, Support Services and Tax Management from 2000 to 2001; and first vice president, Support Services and Tax Management from 1998 to 2000. Prior to joining PLDT, he was Group Tax Director of Metro Pacific Investment Corporation until 1998.

Before his appointment to the BIR in 1993, he spent more than 11 years at accounting firm Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), starting as a tax consultant in 1982 until he became tax principal (Partner) from 1990 to 1993.

He is affiliated with the Equestrian Order of the Holy Sepulchre, and is a member of the Finance Board of the Archdiocese of Manila and Diocese of Pasig, Commission on the Social Apostolate of the Philippine Province Society of Jesus, Blessed Peter Faber Spirituality Center Inc., a board member/trustee of Catholic Travel Inc., Mirador Jesuit Villa & Retreat House Corporation, Loyola School of Theology Corporation, Solidaritas Fund and Unitas Asia Corp. (a subsidiary of Radio Veritas Asia), board advisor of LH Paragon, Inc. and Chair, Multinational Foundation, Inc.

Mr. Bañez earned his Bachelor of Laws degree in 1981 and his Bachelor of Arts degree in 1976 both from Ateneo de Manila University.

IGNACIO R. BUNYE
Independent Director

Filipino, 79 years old, was elected as an independent director of BPI in April 2016. He is the chairman of the Bank's Related Party Transaction Committee. He was appointed as lead independent director from April 2021 until April 2023. Mr. Bunye also serves as an independent director of BPI Asset Management and Trust Corporation (doing business under the trade name and style of BPI Wealth - A Trust Corporation), BPI Direct BanKo, Inc., A Savings Bank and BPI Capital Corporation.

Mr. Bunye was a member of the Monetary Board of the Bangko Sentral ng Pilipinas from 2008 to 2014. He previously held the positions of Presidential Political Adviser in 2008, Presidential Spokesperson in 2003, and Press Secretary in 2002. He also worked in BPI's Treasury and Corporate Finance departments from 1983 to 1986 before he began his government service in the City of Muntinlupa (then a municipality) as officer-in-charge and later as Mayor between 1986 and 1998.

During his twelve-year stewardship in Muntinlupa, Mr. Bunye founded the Muntinlupa Polytechnic College (now Pamantasan ng Lungsod ng Muntinlupa) and laid the foundation for the establishment of the Ospital ng Muntinlupa. In a concurrent capacity, he also served as Chairman of the Metropolitan Manila Authority (now Metropolitan Manila Development Authority) between 1991 and 1992, and was a member of the House of Representatives representing Muntinlupa between 1998 and 2001. A former print and broadcast journalist, he now writes a regular weekly column for Manila Bulletin, Tempo, People's Tonight, Sun Star, BusinessWeek Mindanao, Panay News and Filipino Reporter (in New York).

Significant awards and recognition received by Mr. Bunye include the Asian Institute of Management Honor and Prestige Award, the Bangko Sentral Service Excellence Medal, the Gran Oden de Isabela Catolica, and the Order of Lakandula (rank of Bayani).

Mr. Bunye is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Arts degree and Bachelor of Laws degree from the Ateneo de Manila University in 1964 and 1969, respectively. He passed the Philippine Bar Examination in 1969. He also attained his degree in Masters in Management from the Asian Institute of Management in 1976.

KARL KENDRICK T. CHUA
Director

Filipino, 45 years old, was elected as director of BPI in April 2023. He is a member of the Bank's Retirement/Pension Committee.
Mr. Chua also serves as a board director of BPI Direct BanKo, Inc., A Savings Bank.

Mr. Chua is currently the Managing Director for Data Science and Artificial Intelligence in Ayala Corporation.
He is also a Director of AC Ventures and an Independent Director of D&L Industries, Inc, and Golden ABC, Inc.
Mr. Chua also serves as a Board Adviser in LH Paragon, Inc.

Mr. Chua is a former Secretary of the National Economic and Development Authority and Undersecretary for Strategy, Economics, and Results at the Department of Finance. He has extensive experience in the areas of economic and fiscal policy, statistical development, national identification, labor and social protection policy, poverty analysis, and digital transformation, among others.

He is currently an adviser for the World Bank's World Development Report and a member of the Selection Committee of the Asian Development Bank and International Economic Association Innovative Policy Research Award.

Mr. Chua was a senior official in the Government of the Philippines for six years. As Secretary of Socioeconomic Planning and Chief Economist of the country, he provided strategic leadership on economic policy during the Covid-19 pandemic and the further liberalization of key sectors of the economy. He also oversaw the implementation of the national ID program.

As Undersecretary in the Department of Finance, he led the technical team in the passage of the Comprehensive Tax Reform Program and the Rice Tariffication Law. Prior to joining the government, he was with the World Bank for 12 years and was the senior economist for the Philippines.

Mr. Chua graduated from the Ateneo De Manila University in 2000 with a degree in B.S. Management Engineering. He earned his M.A. Economics (2003) and PhD Economics (2011) from the University of the Philippines, and recently studied data science at the Asian Institute of Management. In 2018, he was awarded as one of the Ten Outstanding Young Men of the Philippines (TOYM) for economic development.

EMMANUEL S. DE DIOS
Independent Director

Filipino, 69 years old, was elected as independent director of Bank of the Philippine Islands (BPI) in April 2022 and is the chairman of the Corporate Governance Committee.

Mr. de Dios was professor at the University of the Philippines School of Economics from 1980 until his retirement in 2019. He is currently trustee/chairman of Pulse Asia Research, Inc. and is independent director of Rockwell Land Corporation and ABS-CBN Holdings Corporation. He is also a Trustee of Assisi Development Foundation, Inc., the Peace and Equity Foundation, Inc., and the FEU Public Policy Center.

He was the Dean of the University of the Philippines School of Economics from 2007 to 2010.

He received his AB Economics degree from the Ateneo de Manila University (cum laude) in 1978 and his PhD in Economics from the University of the Philippines in 1987. He pursued post-doctoral studies at the Universität Konstanz in Germany from 1987 to 1988 and is the author or editor of various books, monographs, articles and reviews in economics.

OCTAVIO VICTOR R. ESPIRITU
Director

Filipino, 80 years old, has been a member of the board of directors of BPI since April 2000 and an independent director since April 2003 until May 2021. He is currently a member of the Risk Management Committee and Audit Committee.

Mr. Espiritu is an independent director of Bloomberry Resorts Corporation and Manila Water Company Inc. He is a member of the board of directors of PDS Group Holdings and Subsidiaries, Philippine Stratbase Consultancy, Inc., Pueblo de Oro Golf & Country Club, and The Country Club, Inc. He is the chairman of GANESP Ventures, Inc. and MAROV Holding Company, Inc. He is also a trustee and board member of the Carlos P. Romulo Foundation.

Mr. Espiritu was the president and Chief Executive Officer of Far East Bank & Trust Company (which merged with the Bank of the Philippine Islands in the year 2000) from 1987 until April 2000.

He graduated with an A.B. Economics degree from the Ateneo de Manila University in 1963 and obtained his M.A. Economics degree from Georgetown University, U.S.A in 1966.

RIZALINA G. MANTARING
Lead Independent Director

Filipino, 64 years old, was elected as director of BPI in April 2023. She is a member of the Bank's Corporate Governance and Retirement/Pension Committees; and Chairman of the Risk Management Committee. She was also appointed as Lead Independent Director. Ms. Mantaring is a member of the IT Steering Committee. She also serves as a board director of BPI Asset Management and Trust Corporation (also known as BPI Wealth, A Trust Corporation).

Ms. Mantaring is an independent director of Ayala Corporation, First Philippine Holdings Corporation, Universal Robina Corporation, PHINMA Corporation, Maxicare Healthcare Corporation, GoTYME Bank and East Asia Computer Center Inc. She is also a director of Sun Life Grepa Financial Inc.

She was CEO & Country Head of Sun Life Financial Philippines from 2009–2018, Chief Operations Officer of Sun Life Financial Asia, responsible for IT & Operations across the region, from 2008-2009, President of the Management Association of the Philippines in 2019, and President of the Philippine Life Insurance Association in 2015. She is a Trustee of the Makati Business Club and Philippine Business for Education. She is also a Fellow of the Foundation for Economic Freedom.

Ms. Mantaring was recognized by prestigious award-giving bodies, among which were the Asia Talent Management award at CNBC's 2017 Asia Business Leader Awards, the 2018 Executive Champion of the Year from the Asia Insurance Review and the Asia Pacific Entrepreneurship Award (Financial Services, Philippines) in 2016. In 2010, on the occasion of the 100th anniversary of the UP College of Engineering, she was named one of the college's 100 Most Outstanding Alumni of the Past Century. In 2019 she received the PAX award, the highest award conferred by St. Scholastica's College on an outstanding alumna.

A graduate of the University of the Philippines with a B.S. Electrical Engineering degree (cum laude), Ms. Mantaring has an M.S. Computer Science from The State University of New York at Albany and is a Fellow of the Life Management Institute (with distinction).

AURELIO R. MONTINOLA III
Director

Filipino, 72 years old, has been a member of the board of directors of BPI since 2004. Mr. Montinola served as President and Chief Executive Officer of BPI for eight years from 2005 to 2013, and BPI Family Savings Bank, Inc. for twelve years from 1992 to 2004. He also served as chairman of BPI/MS Insurance Corporation from 2005-2015 and remained as a director until June 2022. He is the chairman of the Bank's Retirement/Pension Committee and member of the Bank's Executive, and Personnel & Compensation Committees. Among the several BPI subsidiaries and affiliates, Mr. Montinola also served as member of the board of directors of the following: BPI Capital Corporation, BPI Direct BanKo, Inc., A Savings Bank, and The Bank of the Philippine Islands Foundation, Inc. until 2023.

Mr. Montinola is the chairman of Far Eastern University, Inc. and an independent director of Roxas and Company, Inc., both PSE-listed companies. Among others, he is also the chairman of Amon Trading Corporation, Roosevelt College, Inc. and East Asia Computer Center, Inc. He is a member of the board of trustees of the Philippine Business for Education Inc. where he sits as vice chairman and is an independent director of AIA Philippines Life and General Insurance Company, Inc.

Significant awards received by Mr. Montinola include Management Man of the Year 2012 (Management Association of the Philippines), Asian Banker Leadership Award (twice), and Legion d'Honneur (Chevalier) from the French Government.

He obtained his Bachelor of Science in Management Engineering degree at the Ateneo de Manila University in 1973 and his MBA from the Harvard Business School in 1977.

CESAR V. PURISIMA
Independent Director

Filipino, 64 years old, was elected as independent director of BPI in January 2021. He is the chairman of BPI's Nomination Committee, and member of the Executive, Risk Management and Audit Committees. He also serves as a member of the board of directors of BPI Capital Corporation.

Mr. Purisima also currently serves as an independent director of Ayala Corporation, Ayala Land, Inc., Universal Robina Corporation, and Jollibee Foods Corporation. He is also a founding partner of Ikhlas Capital Singapore Pte. Ltd., a pan-ASEAN private equity platform. He is a member of the board of AIA Group Limited, a member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation, a member of Singapore Management University's International Advisory Council in the Philippines and member of the Board of Advisors of ABS-CBN. He is also a member of the board of trustees of the the International School of Manila. He is an Asia Fellow at the Milken Institute, a global, non-profit, non-partisan think tank. He is a member of the Bloomberg Task Force on Fiscal Policy for Health since 2024.

Mr. Purisima served in the government of the Philippines as Secretary of Finance and chair of Economic Development Cluster of the President's Cabinet from July 2010 to June 2016 and as secretary of Trade and Industry from January 2004 to February 2005. He also previously served on the boards of a number of government institutions, including as a member of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP), Governor of the Asian Development Bank and World Bank for the Philippines, Alternate Governor of the International Monetary Fund for the Philippines, and chairman of the Land Bank of the Philippines. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to serving the government, Mr. Purisima was the chairman & country managing partner of the Philippines' largest professional services firm SGV & Co.

He was a recipient of Centenary Award of Excellence by the Professional Regulatory Board of Accountancy on the occasion of the 100th year of the Philippine accounting profession in 2023. He was conferred the Chevalier dans l'Ordre national de la Legion d'Honneur (Knight of the National Order of the Legion of Honour) by the president of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the president of the Philippines in 2016, and the Chevalier de l'Ordre national du Merite (Knight of the National Order of Merit) by the president of the French Republic in 2001.

Mr. Purisima is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. Mr. Purisima obtained his Bachelor of Science in Commerce (Majors in Accounting & Management of Financial Institutions) degree from De La Salle University (Manila) in 1979, Master of Management degree from J.L. Kellogg Graduate School of Management, Northwestern University in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation (Philippines) in 2012. Mr. Purisima completed the Harvard Business School's CEO Harvard Presidents' Seminars in 2023 and 2024.

JAIME Z. URQUIJO
Director

Filipino, 35 years old, was elected as director of BPI in September 2022. Mr. Urquijo serves as a director of AC Industrial Technology Holdings, Inc., Merlin Solar Technologies, Inc., Merlin Solar Technologies, Inc. (Philippines), AC Ventures Holdings Corp., BPI/MS Insurance Corporation, Integrated Micro-Electronics, Inc., and as Chairman of Klima 1.5 Corp. He is also Vice-Chairman of the Board of Trustees and Chairman of the Executive Committee of Ayala Foundation.

He is currently the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. He was previously Vice President for Business Development at Ayala Corporation's listed energy platform, ACEN. During his tenure at ACEN, Mr. Urquijo led initiatives to expand the group's portfolio of assets in the Philippines, Vietnam, Myanmar, and Indonesia. Most recently as country manager for Indonesia, he established ACEN's office in Jakarta. These initiatives resulted in 500MW of operating wind and solar assets in Vietnam and over 2GW of pipeline projects for ACEN across the region.

Mr. Urquijo served as director of BPI AIA Life Assurance Corporation (formerly BPI-Philam Life Assurance Corporation) from 2021 to 2022. He held a key manager position in the Corporate Strategy and Business Development Group of Ayala Corporation from 2016 to 2020. He was a founding member and Head of Business Development of AF Payments, Inc. from 2014 to 2016, a joint venture between Ayala Corporation and the Metro Pacific group which won a Public Private Partnership (PPP) concession to replace the ticketing system of the LRT and MRT of Metro Manila with a unified contactless ticketing system, called the Beep Card. The Beep Card was the first interoperable transport card in the Philippines. He started his career at J.P. Morgan in New York in 2010 and was an analyst and associate until 2013.

Mr. Urquijo is the president of the University of Notre Dame Alumni Association of the Philippines, an executive committee member of the INSEAD Alumni Association of the Philippines, an advisor to the board of the Philippine Rugby Football Union and a member of the National Advisory Council of WWF Philippines.

Mr. Urquijo graduated with a B.A. in Political Science from the University of Notre Dame in 2010 and received his M.B.A. from INSEAD in 2018.

MARIA DOLORES B. YUVIENCO
Independent Director

Filipino, 76 years old, was elected as director of BPI in April 2014 and as independent director in April 2016. Mrs. Yuvienco currently serves as the chairman of the Audit Committee, a member of the Related Party Transactions Committee and the Personnel and Compensation Committee. In July 2019, Mrs. Yuvienco was elected as independent director of BPI Asset Management and Trust Corporation (doing business under the trade name and style of BPI Wealth - A Trust Corporation), and designated chairman of the AMTC Corporate Governance Committee and a member of the AMTC Risk Management Committee.

Ms. Yuvienco also serves as an Independent Director of Legazpi Savings Bank (LSB), a newly acquired subsidiary under the BPI Group following the merger with Robinsons Bank Corporation. She acts as the Chairperson of LSB's Risk Management Committee and a member of the Audit Committee.

Ms. Yuvienco worked for 41 years with the Bangko Sentral ng Pilipinas (formerly known as Central Bank of the Philippines) under various capacities until her compulsory retirement in March 2013. She held the post of Assistant Governor in the Supervision and Examination Sector when she retired. Her exposure at the BSP was largely in bank supervision where her responsibilities ranged from the crafting of policies/regulations on banking supervision to supervising on-site examination and off-site monitoring of BSP-supervised entities. As a ranking official in the BSP, she had opportunities to meet and share ideas with her counterparts in other central banks in the region. Owing to her experience, she was tapped as a resource speaker in various training programs of the Southeast Asian Center for Banking in Kuala Lumpur.

Ms. Yuvienco attended the 2023 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit held by Institute of Corporate Directors (ICD) on 03 October 2023 and the Anti-Money Laundering (AML) and Financial Crime Compliance by SGV on 26 September 2023 to comply with the requirement of Bangko Sentral ng Pilipinas (BSP).

Ms. Yuvienco graduated from St. Theresa's College, Quezon City in 1967, with a degree of Bachelor of Science in Commerce, major in Accounting. She took up post graduate studies at the University of the Philippines Diliman. She is a Certified Public Accountant and a Career Executive Service Professional.

FERNANDO ZOBEL DE AYALA
Director

Filipino, 64 years old, has been a member of the board of directors (non-executive director) of BPI since September 2023. He also serves as member of the Bank's Personnel and Compensation Committee and Executive Committee.

Mr. Zobel is a Director of Ayala Corporation, a Special Advisor of the Board of Ayala Land, Inc. and serves as an independent director of Shell Pilipinas Corporation (formerly Pilipinas Shell Petroleum Corporation).

He is a Director of AC International Finance Ltd., Chairman of the Board of Alabang Commercial Corporation, Accendo Commercial Corp., Hero Foundation, Inc., Ayala Foundation, Inc., and AC Health Holdings, Inc. He is the vice chairman of Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc. He is a director of AG Holdings Ltd. and The Manila Peninsula.

He is a director of Georgetown University; member of the Hispanic Society Museum & Library International Advisory Council; a member of the Chief Executives Organization and Young Presidents Organization; member of Habitat for Humanity International's Asia Pacific Development Council; member of the Tate Museum Asia-Pacific Acquisitions Committee, Asia Philanthropy Circle and The Metropolitan Museum International Council; member of the board of trustees of Caritas Manila, Pilipinas Shell Foundation and Asia Society.

He holds a liberal arts degree from Harvard College and a CIM from INSEAD, France.

MARIA CRISTINA L. GO
Executive Vice President
Head of Consumer Banking

Filipino, 54 years old, Ms. Go heads the Consumer Banking Segment that primarily serves over 10 million clients and oversees the 710 branches nationwide, retail digital platforms, core retail products specifically deposits, auto loans, housing loans and life and non-life bancassurance and the support services. Since the consolidation of these businesses into OneConsumer bank, Ms. Go has steadfastly focused on driving strategy focused on transforming the customer experience towards becoming what BPI refers to as "phygital", leveraging on the Bank's vast physical presence to offer trusted advice through its 9,300-strong cadre of expert bank personnel complimented by best-in-class digital capabilities that make banking easier and more convenient, anytime, anywhere. In the past year, the Consumer Bank has been able to aggressively expand the retail customer base and drive increases in market shares through more targeted segmentation and product offerings, upgraded digital platforms, and enhanced customer engagements and business partnerships combined with innovative risk management and robust use of data analytics for insighting and portfolio management. Ms. Go inspires a high performing, agile and collaborative culture to be able to serve the ever-changing needs of customers.

Under her leadership, the Consumer Bank converted 19 branches to the phygital formats in 2023, redefining the customer experience at the branch and integrating digital education. Following the upskilling and reskilling of bank personnel started in 2022, the physical and experiential journey to transform branches from transactional to advisory centers began last year. Her experience in transformational work covering manpower, processes, products, systems, and culture enabled market-creating business growth and a high quality customer portfolio.

The client-first transformation journey is anchored on making customers happy and measured in terms of Net Promoter Score (NPS). Ms. Go rallied the team towards achieving #1 in NPS by the end of 2023 through relentless pursuit of segmented, omni-channel, delightful customer experience. She is a member of the bank's Sustainability Council . Now, BPI has 11 Edge-certified branches and introduced products such as Green Saver, MyBahay and MyKotse to support sustainability. Before assuming leadership of the Consumer Bank, she served as the President of BPI Family Savings Bank (BFSB) and was responsible for the smooth merger integration and consolidation with BPI, unlocking the value of the combined entities. She also served as Group Head of BFSB Retail Loans in 2015 after heading BPI's Payments and Unsecured Lending Group for 11 years where she led initiatives and innovations that differentiated BPI in the industry, such as the launches of the first EMV-compliant credit cards and Real Thrills, the first instant rewards program.

Before joining BPI, Ms. Go was Vice President at Citibank Philippines managing the bank's Retail Bank Marketing then at Citibank Credit Cards Cross Sell Division in New York. She also worked in Ayala Land to establish and head its Market Planning and Development Division where she became part of the team responsible for the company's foray into the middle-market. She started her career in Procter & Gamble as Brand Assistant then was promoted to Assistant Brand Manager, managing brands such as Mr. Clean, Perla, Star and Dari Crème. She earned a Master's degree from the Harvard Business School with honors in 1996. She graduated magna cum laude with a degree in BS Business Administration and Accountancy from the University of the Philippines Diliman, was awarded one of the Ten Outstanding Students of the Philippines, placed first in the CPA licensure exam in 1991, and was recognized as one of the UP College of Business Administration's Distinguished Alumni in 2012. She was also recognized by the Filipina Women's Network as One of the 100 Most Influential Filipina Women the World in 2016.

Ms. Go currently serves Chairman of the Personnel Committee and Director of BPI MS Insurance Corporation, Chairman of BPI Payments Holdings, Inc., and a Director of the Board of TransUnion Philippines. She is part of the Ayala Group's Innovation Advisory Council since its inception in 2013. She serves as a mentor for high-impact entrepreneurs in Endeavor Philippines and is a contributor to the Philippine Star's Property Report section. She is a member of the Management Association of the Philippines, Harvard Global Club of the Philippines, Harvard Business School Club of the Philippines, Filipina Women's Network, Filipina CEO Circle and NextGen Organization of Women Corporate Directors. Ms. Go actively mentors current and future young leaders in BPI and in the various organizations she is involved in.

MARIA THERESA D. MARCIAL
President & CEO of BPI Wealth

Filipino, 53 years old, Ms. Marcial is the President & CEO of BPI Wealth - A Trust Corporation, the asset and wealth management arm of the Bank of the Philippine Islands. She is a seasoned banker with diverse experience spanning 28 years across various disciplines such as investment management, trust, private banking, corporate banking, debt & equity capital markets, finance, corporate strategy and sustainability.

She is the chairman of BPI International Finance Ltd Hong Kong, board director of BPI AIA Life Assurance Corporation and BPI Europe Plc, independent director of Alternergy Holdings Corporation, a fellow of Foundation for Economic Freedom, a member of FINEX, MAP, NextGen Organization of Women Corporate Directors, and Filipina CEO Circle. She held key roles in BPI including a 5-year stint as Chief Finance Officer, chairman of BPI Finance Committee and BPI Sustainability Council, member of BPI Asset and Liability Committee and BPI Credit Committee, treasurer of BPI Foundation, board director and treasurer of BPI MS Insurance Corporation, board director of AF Payments, BPI Global Payments Asia Pacific Philippines, BPI Investment Management, and ALFM Mutual Funds. She previously served as president of the Fund Managers Association of the Philippines, president of the Trust Officers Association of the Philippines, vice-chairman of Capital Markets Development Committee of FINEX, and alternate governor of the Market Governance Board of Philippine Dealing and Exchange Corporation. Prior to her banking career, she worked for the Philippine government - the Agricultural Policy Credit Council and the National Economic and Development Authority. Ms. Marcial is an advocate of marine conservation and renewable energy. She is a trustee and treasurer of WWF Philippines, member of WWF Asia Pacific Council, board trustee of Philippines Inter-Island Sailing Federation, and the Ocean Racing Club of the Philippines. She previously served as member of the National Advisory Council of WWF Philippines. She is an outdoor enthusiast, with interests in open water scuba diving, wreck diving, underwater photography, offshore sailing and yacht racing. She obtained the Royal Yachting Association Skipper Certification in Sydney, Australia. She participated in the 2018 Rolex Middle Sea Race, a 606-nautical mile category 2 offshore yacht race around Sicily organized by the Royal Malta Yacht Club, and the 2023 Rolex China Sea Race, a 565-nautical mile category 1 offshore yacht race from Hong Kong to Subic organized by the Royal Hong Kong Yacht Club. She has logged over 8,000 nautical miles sailing in offshore and coastal waters of the Philippines, New South Wales Australia, South China Sea, and Mediterranean Sea.

She has a Master's Degree in Economics from the University of the Philippines Diliman and Bachelor's Degree in Economics (cum laude) from the University of the Philippines Los Baños. She completed the Advanced Management Program (2010) and the CFA Institute Investment Management Workshop (2006) at Harvard Business School. She was recognized as Outstanding Alumnus of the College of Economics and Management at UP Los Baños in 2006, one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor in 2014, CEM Centennial Outstanding Alumnus at UP Los Baños in 2019, Most Outstanding Alumnus of the University of the Philippines Los Baños in 2022, and Best CFO by Institutional Investor in 2023.

EUGENIO P. MERCADO
Executive Vice President
Head of Enterprise Operations

Filipino, 61 years old, Mr. Mercado heads BPI's Enterprise Operations Segment which serves as the backbone of the organization that includes Centralized Operations, Vendor Management, Enterprise Fraud, Contact Center and Facilities Services. He also oversees the performance of major outsourcing companies related to Operations such as Brinks, ATPI, Unisys, Gemalto, Euronet and various security and courier agencies.

Mr. Mercado began his career as an Economics Research Assistant with the then Commercial Bank of Manila in 1984, and subsequently transferred to Credit as a Credit Analyst/Investigator. In 1988, he joined San Miguel Corporation and worked under the Finance Group of the Beer Division as a Credit Analyst. He continued to pursue his banking career with Citibank as Consumer Credit Analyst and Collections Head from 1992-1998. In 1998, he took on a new assignment as Assistant Vice-President, Head of Credit and Collections of Far East Bank-Credit Cards Group.

In 2000, BPI acquired FEBTC through a merger, with BPI as the surviving entity. He was assigned as Project Manager of the migration of FEBTC Credit Cards to the BPI System and eventually took on the role of BPI Cards Operations Head where he was promoted to Vice-President in 2002. In 2011, he was promoted to Senior Vice-President and was assigned to Head the Electronic Channels Group - Channel Services and Management Division. In 2013, he was transferred to the Accounts Management and Trust Group as Operations and Systems Head. The following year, he was assigned as Head of Centralized Operations Group which supports all the operational requirements of various Business Segments that includes Consumer Banking, Corporate Banking, Global Banking and Agency Banking. In 2023, his role was expanded to include Vendor Management, Enterprise Fraud, Contact Center and Facilities Services where he was eventually promoted to Executive Vice-President.

He has served on several external boards, including the Philippine Clearing House Corporation (PCHC) and Ayala Plans, Inc. He is currently the Treasurer of PCHC. Mr. Mercado is a graduate of the University of the Philippines with a Bachelor's degree in Business Economics in 1984.

MARIE JOSEPHINE M. OCAMPO
Executive Vice President
Head of Mass Retail Products

Filipino, 61 years old, Ms. Ocampo is the Head of Mass Retail Products of the Bank, where she oversees BPI's credit, debit, and prepaid card businesses as well as personal and microfinance loans.

Ms. Ocampo is currently the Chairman of the Board of BPI Direct BanKo, the bank's microfinance subsidiary. She is a member of the Board of BPI Payments Holdings Inc., Global Payments Asia-Pacific Philippines, Inc., AF Payments Inc., and CARD MRI Rizal Bank Inc.

Ms. Ocampo started her career in BPI as Vice President for Marketing and Sales of BPI Credit Cards in 1996. She soon became the President of BPI Card Corporation, the Bank's credit card subsidiary which won the prestigious Agora Award-2000 Marketing Company of the Year.

In 2005, Ms. Ocampo was assigned to BPI's Consumer Banking Group as Head of Kiosk Banking and Head of Personal Banking. She also became the Chief Marketing Officer of BPI from 2008 until 2014 where she was responsible for the Bank's data warehouse, customer analytic capabilities and CRM, advertising, and digital initiatives across the breadth of products, channels, and services.

In 2015, she became the Payments and Remittance Group Head.

Prior to joining BPI, Ms. Ocampo gained over ten years of marketing experience in Procter & Gamble and Johnson & Johnson Australia and the Philippines, where she led the expansion of J&J's Health Care, Baby Care and Sanitary Protection business.

She holds a Bachelor's degree in Business Management (Honors Program) and graduated *magna cum laude* from the Ateneo de Manila University. She also completed the Advanced Management Program at the Harvard Business School.

JUAN CARLOS L. SYQUIA
Executive Vice President
Head of Institutional Banking

Filipino, 57 years old, Mr. Syquia is the Head of Institutional Banking. Mr. Syquia's responsibilities include managing the Corporate Banking Relationship Management, Commercial Banking Relationship Management, Corporate & Commercial Credit Products, Transaction Banking (Cash Management and Trade), Remittance & Fund Transfer, and Investment Banking (which includes Equity Brokerage) units of the Bank. He is also Chairman of the Board of Directors of BPI's merchant acquiring joint venture company, Global Payments Asia-Pacific Philippines Incorporated and member of the Board of Directors of BPI's investment banking subsidiary, BPI Capital Corporation.

Mr. Syquia has over 30 years of work experience in the financial services industry. Before taking on his current role, he was the President of BPI Capital Corporation and Co-Head for Investment Banking for the Bank. He re-joined the Bank via BPI Capital Corporation in June 2016. Prior to this, Mr. Syquia was Managing Director and Country Head of Corporate Clients for Standard Chartered Bank in the Philippines serving in that role from late 2011. In that role, he was principally responsible for wholesale banking strategy of the bank in the Philippines.

Mr. Syquia spent 17 years with the ING Group where he started with Baring Brothers & Co. in 1994. Within the banking group of ING, he took on various roles in relationship management, corporate finance origination, and investment banking execution. His last role in ING Bank was as Managing Director, Head of Corporate Finance at ING Bank Manila. In 2007, he moved to a regional role based in Hong Kong as Head of Strategy and Business Development at ING Asia Pacific Ltd., the regional hub of ING Group's life insurance and asset management practice. He held Board of Director positions at ING Insurance Bhd. (Malaysia), Pacific Antai Life Insurance Co. (Shanghai, China), ING Vysya Life Insurance (India).

Mr. Syquia is a product of the BPI's Officer Training Program which he completed in 1990 during his first stint at the Bank. In 1991, he was assigned to the Cebu region where he formed part of a two-man team that established the Corporate Banking Division desk in Cebu. He carries an MBA Degree (Honors) with a concentration in Finance and International Business from Fordham University, NY as well as an AB degree in Management Economics from the Ateneo de Manila University.

JOSEPH ANTHONY M. ALONSO
Senior Vice President
Chief Credit Officer

Filipino, 58 years old, Mr. Alonso is the Bank's Chief Credit Officer responsible for managing the aggregate risk in the BPI Group's loan portfolio - ensuring that portfolio quality and profitability are maintained across the lending units within the BPI Group through the establishment of procedures and guidelines that facilitate effective decision-making based on overall risk appetite and compliance with internal policies and regulatory requirements. He also serves as Vice Chairman of the Bank's Credit Committee and a member of the Fraud and Irregularities Committee. He was a Board member of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation until July 2019.

Mr. Alonso was involved with Corporate Relationship Management for most of his twenty-six-year career in BPI, having started as a Market Head in the Asian Division and eventually becoming Division Head of the Asian Corporates/ PEZA Division. The Division also included the Special Projects Team under the Financial Institutions Group, BPI Leasing Corporation, and BPI Rental Corporation prior to its merger with Tokyo Century Corporation of Japan. Mr. Alonso started his banking career with The Mitsubishi Bank, Ltd. in Tokyo in 1990 as a management trainee, holding positions in branch, treasury and international operations, and SME and multinational relationship management. Prior to joining BPI in January 1997, Mr. Alonso headed the Japan Desk in the World Corporation Group of Citibank, N.A. Manila Branch from 1994.

He holds a Bachelor's degree in Business Administration at the Faculty of Economics of Oita University in Japan under a scholarship grant from the Japan Ministry of Education. He was also a scholar of the National Science and Technology Authority while attending the College of Engineering at the University of the Philippines Diliman.

MA. CRISTINA F. ASIS
Senior Vice President
Chief Risk Officer

Filipino, 53 years old, Ms. Asis is the Chief Risk Officer (CRO) of the BPI Group of Companies and Head of its Risk Management Office since July 2023. As the CRO, her primary role involves overseeing the management of our enterprise risks–ensuring that all relevant financial and non-financial risks are appropriately identified, measured, controlled, and monitored within our approved risk appetite and commensurate to returns on capital. She provides executive and strategic risk support to the Board of Directors, through the Risk Management Committee (RMCom), in fulfilling its risk management function and ensuring that the Bank has a robust Enterprise Risk Management (ERM) framework. She works closely with the Chief Audit Executive and Chief Compliance Officer and actively contributes to effective risk management governance, compliance, and control processes across the Bank.

Presently, she serves as a Chairperson of Fraud and Irregularities Committee, Co-Chairperson of Data Governance Steering Committee, Deputy Commander of Crisis Resiliency Committee, Member of IT Project Steering Committee and Operational Risk Management Committee, Regular Non-voting Member of the Sustainability Council, Non-regular Member of IT Infrastructure Governance Committee, Advisor of Finance Committee and Information Technology Steering Committee, and Resource Person of Credit Committee and Money Laundering Evaluation Committee.

She has a distinguished 28-year career with BPI and has held key roles in Institutional/Corporate Banking before joining the Risk Management Office in 2017 as Head of Credit Policy and Risk Management (CPRM) that oversees risks for both the corporate and retail lending activities of the Bank.

Ms. Asis holds a Bachelor's degree in Business Economics and a Master's Degree in Economics from the University of the Philippines Diliman. Currently, she is a member of the Bankers Association of the Philippines (BAP) and the Bankers Institute of the Philippines (BAIPHIL).

DINO R. GASMEN
Senior Vice President, Treasurer
Head of Global Markets

Filipino, 57 years old, Mr. Gasmen is the Treasurer and Head of Global Markets. He is responsible for optimizing the Bank's resources through management of interest rate and liquidity gaps, as well as its fixed income and currency market-making, trading, and distribution capabilities. He is the Chairman of the Bank's Asset & Liability Committee.

Mr. Gasmen also serves as Member of the Finance Committee of the Ayala Multi-Purpose Cooperative. He is also the Head of the Interest-Rate Sub Committee of the Bankers Association of the Philippines Open Market Committee.

Prior to joining BPI in 2014, Mr. Gasmen spent seventeen years at HSBC Global Markets covering various roles, such as head of the Rates Trading Business in the Philippines, Indonesia, Vietnam, and Sri Lanka, as well as Balance Sheet Management for HSBC Philippines. He also worked in HSBC Bank PLC in the United Kingdom as Asian Product Manager where he helped local sales teams in the distribution of Asian markets products.

In BPI, Mr. Gasmen has been at the helm of various divisions in Global Markets. He was the Head of Asset & Liability Management (ALM) in 2014. In this role, he was responsible for ensuring multi-currency liquidity and optimizing portfolio investments. Mr. Gasmen also served as the Head of the Treasury Trading Division from 2015 until 2018, leading the Foreign Exchange (FX) Trading, Foreign and Local Fixed Income Trading, and Derivatives Trading Desks. In 2018, he reassumed the role of Head of ALM until his assignment as the Bank's Treasurer in 2020.

Mr. Gasmen served as the President of the Money Market Association of the Philippines (MART) in 2006, and ACI Financial Markets Association Philippines in 2018.

He holds a Bachelor's degree in Electrical Engineering and a Master's Degree in Business Administration from the University of the Philippines Diliman.

JOSE RAUL E. JEREZA IV
Senior Vice President
Head of Agency Banking

Filipino, 52 years old, Mr. Jereza heads BPI Agency Banking. He is responsible for building the Agency Banking model of expanding the Bank's network of customer touchpoints by establishing partnerships with retail brands, both physical and digital, to reach, acquire, and serve more Filipinos.

Mr. Jereza has been with the Bank for more than sixteen years, joining BPI in January 2007. He was tasked to form the Overseas Filipino (OF) Segment, understanding the market opportunities abroad. He concurrently led the Self-Service Channels, now called Digital Channels, offering Express Phone and Express Online at that time. In 2011, Mr. Jereza developed the first agency channel model under then BPI Globe BanKo. Eventually he was transferred to Retail Banking as Head of VisMin branches (2015-2018) and then as Head of Northern Metro Manila branches before he assumed the Agency Banking post

He holds a Bachelor's degree in Business Administration from the Philippine School of Business Administration. He also completed the AIM Management Development Program.

ERIC ROBERTO M. LUCHANGCO
Senior Vice President, Chief Finance Officer, Chief Sustainability Officer, and Head of Strategy and Finance

Filipino, 53 years old, Mr. Luchangco is the Chief Finance Officer, Chief Sustainability Officer, and Head of Strategy and Finance. In this role, he oversees the Bank's strategic planning and budgeting, capital structure, and sustainability agenda. Before taking on his current role, Mr. Luchangco was Head of Business Banking from June 2019 until May 2022, where he managed BPI's presence within the space.

Mr. Luchangco initially joined the BPI Group in 2013 as Head of Debt Capital Markets of BPI Capital, the Bank's investment banking unit. His responsibilities were later expanded to concurrently become Head of Execution and Treasurer of BPI Capital. In June 2017, he moved into BPI to become the Head of Corporate Credit Products.

Prior to joining BPI Group, Mr. Luchangco worked at Daiwa Capital Markets, spending time in their Manila, Hong Kong, and Singapore offices, originating and executing a wide variety of investment banking transactions.

He holds a Bachelor's degree in Management Economics from the Ateneo de Manila University and a Master's Degree from the Ross School of Business at the University of Michigan.

DOMINIQUE R. OCLIASA
Senior Vice President
Head of Business Banking

Filipino, 56 years old, Mr. Ocliasa is the Head of Business Banking since June 2022. He oversees the expansion of BPI's presence within the SME space, which has been identified as a growth area for the Bank. Business Banking envisions to be the partner of choice for SMEs in the Philippines by providing simple, convenient, and relevant product offerings and services to address the needs of the customers.

Mr. Ocliasa started his banking career in 1987 as Analyst at the Credit Division of Far East Bank and Trust Company (FEBTC) where he was later appointed as Deputy Administrative Officer. In 1990, he moved to Corporate Banking as Account Officer covering top corporates, a role he retained upon the merger with BPI in 2000. He was promoted to Assistant Vice President in 2008 and became Team Head of Asian Corporates & PEZA in 2011. In 2015, he was assigned to Corporate Credit Products Group where he concurrently headed the Credit Division for Metro Manila Lending, Asian Corporates & PEZA, and Leasing Express Lane up to early 2019. He briefly joined the Office of the Chief Credit as member of the BPI Sub-Credit Committee before moving to BPI Family Savings Bank as Co-Chairman of the Credit Committee in late 2019. In April 2020, he became the Credit Division Head and Chairman of the Credit Committee.

He holds a Bachelor's degree in Economics and graduated *cum laude* from the University of the Philippines Diliman.

MARY CATHERINE ELIZABETH P. SANTAMARIA
Senior Vice President
Chief Customer and Marketing Officer

Filipino, 57 years old, Ms. Santamaria is the Chief Customer and Marketing Officer (CCMO) of the Bank since August 2021. Her role was expanded to lead a strategic imperative as Chief Customer Officer concurrent with her position as Chief Marketing Officer. She is tasked to understand our customers experience and their behaviors to guide the way we serve them as we add value in the customer journey of our solutions, define the manner by which way we narrate and communicate our brand purpose and promise. In BPI, she leads the branding reinvention and takes on the transformation for customer delight experiences.

Ms. Santamaria joined BPI in 2011, starting with Customer Relationship Marketing (CRM). She had various roles in the Bank, subsequently becoming its Chief Marketing Officer in November 2018.

With over 30 years of marketing experience, Ms. Santamaria began her career in the advertising industry with Adformatix. She worked with leading companies such as Philippine Airlines, Monterey, and Wyeth-Suaco.

Most notable was her stint at Kraft Foods where she held various marketing positions in the Philippines and was appointed to Kraft Foods International headquarters (Rye Brook, New York) as Director, Business Development where she identified business opportunities for specific market categories across Central and Eastern Europe, Brazil, Australia, China, and Saudi Arabia. She was subsequently appointed as General Manager for Kraft Foods Jaya, leading Singapore, Malaysia, and Brunei.

Immediately before joining BPI, Ms. Santamaria was connected with Globe Telecom where she lead the mobile business and spearheaded the repositioning of various brands.

Ms. Santamaria's accolades throughout her career include the Rookie of the Year (Adformatix), President Award (Kraft Foods - Asia Pacific/Kraft Foods International), Best Innovation–TM (Globe Telecom), and various Awards of Excellence in Data-Driven Marketing and Consumer Insight (Marketing Interactive) including Anvil, Quill and PANA. Also acknowledged by the Ayala Innovation Awards for 2016 and 2023. Within the Bank, her team has won the Best Innovation Project-Employee category in 2016 and 2023, and the teams she leads have been recognized yearly in the Unibank Excellence Awards program since 2018.

Ms. Santamaria served as Vice President for the Bank Marketing Association of the Philippines (BMAP) in 2018; Auditor (2023) and Treasurer (2024) in Philippine Association of National Advertisers (PANA).

Ms. Santamaria graduated from the University of the Philippines in 1988 with a bachelor's degree in business administration, cum laude. She also has a Certificate in Strategic Business Economics (with Distinction) and a master's degree in business economics from the University of Asia and the Pacific. She also took a course at the Chicago Business School in February 2006 and completed a Telecoms Marketing Mini-MBA from Informa Telecoms and Media in London in April of the same year.

ANNA LIZA O. BOBADILLA
Vice President
Chief Audit Executive

Filipino, 55 years old, Ms. Bobadilla is the Chief Audit Executive of the BPI Group of companies since July 2023 and leads the Bank's Internal Audit Division. She oversees the audit of different units, systems, and processes of the BPI Group and provides assessment on the adequacy and effectiveness of their internal control systems, risk management, and governance processes. She supports the Audit Committee in the discharge of its oversight function and also works closely with Chief Risk Officer, Chief Compliance Officer, external auditor and other assurance units for a comprehensive review of risks and compliance systems in the Bank.

As Chief Audit Executive, she sits as resource person in the board-level Related Party Transactions Committee, and the management level Fraud and Irregularities Committee. Prior to her appointment as CAE, she was the Head of the Department covering the audit of Global Markets, Wealth Management, Enterprise Services, Strategy and Finance, and Insurance. She is also the appointed Internal Audit Head for BPI Europe, PLC since 2016 and Audit-Manager-in-Charge for BPI International Finance Ltd. since 2021. In 2006, she headed the Internal Audit (IA) Quality Assurance and Improvement Unit and Admin, which made significant contributions in preparing for IA's first external assessment review, to which IA earned the "Generally Conforms" rating in the review conducted by SGV & Co. The audit practices, principles and standards that were crafted and adopted during that time remained to be an integral resource that carried IA to consistently perform at par with international standards up to this date.

Ms. Bobadilla is a Certified Public Accountant and a graduate of the University of the East-Caloocan with a bachelor's degree in accounting. She also earned her Certified Quality Assurance Validator in 2008 and completed the Bank's Leadership Excellence Acceleration Program in 2010.

MARIA PAZ A. GARCIA
Senior Vice President
Chief Compliance Officer

Filipino, 57 years old, was appointed as Chief Compliance Officer (CCO) of Bank of the Philippine Islands (BPI) effective Jan 1, 2024. She heads the Bank's Compliance Division which oversees the implementation of the Bank's enterprise-wide compliance programs and is composed of the following departments: Anti-Money Laundering Compliance, Regulatory Compliance, Data Privacy Office, Corporate Governance and Subsidiary Regulatory Oversight, Systems, Project Management and Analytics. Atty. Garcia has more than 30 years of banking and investment management experience, 22 years of which had been fully dedicated to trust and investment operations covering the areas of Legal, Risk and Compliance. Prior to moving to BPI as its CCO, she headed the Legal Services and Family Office of BPI Wealth–A Trust Corporation (BPI Wealth). From 2011 to 2022, she led the legal, risk management, compliance and accounts review functions of BPI's trust and investment business (now known as BPI Wealth), a function she assumed as Head of legal, risk and compliance for four years from 2007 to 2011 in ING Bank Trust Department when the latter was acquired by BPI. She was Legal Counsel of Metropolitan and Trust Company–Trust Banking Group from 2000 to 2007 and a Legal Officer of Far East and Trust Company from 1992 to 1999.

She previously served as President and Director of the Trust Association of the Philippines (TOAP) and is currently a professor and faculty member of the Trust Institute Foundation of the Philippines (TIFP).

Atty. Garcia obtained her BA Economics degree from the University of the Philippines Diliman and her Juris Doctor from the Ateneo de Manila School of Law. She completed the Certificate Course in Strategic Compliance for the Banking Industry at the Center for Professional Development in Business of the De La Salle University in 2020 and has regularly undergone corporate governance courses and training provided by the Institute of Corporate Directors (ICD) and the Bankers Institute of the Philippines (BAIPHIL).

NORAVIR A. GEALOGO
Senior Vice President
Chief Compliance Officer
from 2018 to 2023

Filipino, 60 years old, Atty. Gealogo was the Chief Compliance Officer of the BPI and Head of the Bank's Compliance Division from 2017 to 2023. She oversees the implementation of the Bank's enterprise-wide compliance programs and is composed of the following departments: Regulatory Compliance – Management & Advisory, Regulatory Compliance – Testing & Post Review, Regulatory Compliance - Subsidiary Oversight, AML Compliance, AML Systems and Special Projects, FATCA Compliance, Corporate Governance, Data Privacy Office, and Compliance Analytics. The Compliance Division is also empowered by 26 Group Compliance Officers (GCOs), who are embedded in operational units throughout the Bank.

Having started her banking career with Far East Bank and Trust Company (FEBTC) in 1991 which merged with BPI in 2000, she and Head of Compliance of BPI Capital Corporation, she has extensive business, legal and compliance exposure in the areas of corporate and retail banking, corporate finance, project finance, securities distribution, mergers and acquisition, correspondent banking, remittance, and trade finance. She was a non-voting member of BPI's board-level Related Party Transactions Committee and chairs the management level Money Service Business (MSB) Governance Committee and Money Laundering Evaluation Committee (MLEC).

Atty. Gealogo obtained her Bachelor of Laws from the University of the Philippines Diliman in 1988 and AB History from the same university in 1984. She completed the Development Lawyers Course at the International Development Law Institute in Rome, Italy in 1994 and the Certificate Course in Strategic Compliance for the Banking Industry at the Center for Professional Development in Business of the De La Salle University in 2017. She has regularly undergone corporate governance courses and training provided by the Institute of Corporate Directors (ICD), Bankers Institute of the Philippines (BAIPHIL), Good Governance Advocates and Practitioners of the Philippines (GGAPP) and Association of Bank Compliance Officers of the Philippines (ABCOMP). She is currently the Secretary and the member of the Board of Directors of ABCOMP.

MARITA SOCORRO D. GAYARES
Senior Vice President
Chief Risk Officer
from 2018 to 2023

Filipino, 62 years old, Ms. Gayares was the Chief Risk Officer (CRO) of the BPI Group of Companies and Head of its Risk Management Office from 2018 to June 2023. Ms. Gayares' extensive and diverse 38-year banking experience had been instrumental in transforming our compliance, anti-money laundering, corporate governance, and data privacy frameworks, methods, and processes, and helped us become one of the leading financial institutions in the Philippine banking industry in the areas of governance, risk management, and compliance (GRC). She holds a Bachelor's degree in Business Economics from the University of the Philippines Diliman and a Master's degree in Business Administration from the George Washington University in Washington, D.C.

ROSEMARIE B. CRUZ
Senior Vice President
Chief Audit Executive
from 2012 to 2023

Filipino, 61 years old, Ms. Cruz was the Chief Audit Executive of the BPI Group of companies and Head of Internal Audit Division from Jan. 1, 2012 until Jun. 30, 2023. She oversees the audit of different units, systems, and processes of the BPI Group and provides assessment on the adequacy and effectiveness of their internal control systems, risk management, and governance processes. She supports the Audit Committee in the discharge of its oversight function and also works closely with Chief Risk Officer, Chief Compliance Officer, external auditor and other assurance units for a comprehensive review of risks and compliance systems in the Bank.

Ms. Cruz also sits as non-voting member of the board-level Related Party Transactions Committee and the management-level Fraud and Irregularities Committee. Ms. Cruz joined BPI in 2000, when the Bank acquired Far East Bank and Trust Company, where she was previously in charge of the audit of the retail banking, lending operations and other backroom support operations. She also headed the special examination unit in charge of investigation of fraud and irregularities.

Ms. Cruz is a Certified Public Accountant and is a graduate of Philippine School of Business Administration with the bachelor's degree in accounting. She completed her Advanced Bank Management program at Asian Institute of Management in 1996.

MARIA LOURDES P. GATMAYTAN
Senior Vice-President
Corporate Secretary

Filipino, 55 years old, Atty. Gatmaytan is concurrently the Co-Head of Legal/ Head of Corporate Legal Affairs and Corporate Secretary of BPI. She also serves as Corporate Secretary of BPI Asset Management and Trust Corporation, BPI Investment Management, Inc., BPI Direct BanKo, Inc., A Savings Bank and BPI/MS Insurance Corporation. Atty. Gatmaytan received her Bachelor of Science degree in Legal Management from the Ateneo de Manila University in 1989. She earned her Juris Doctor degree from the Ateneo de Manila School of Law, graduating with honors in 1993.

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Farinas, Ritche G.
Lualhati, Genaro N. IV
Montenegro, Jose Victor G.

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Paulino, Ma. Genalyn R.

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Pagulayan, Rhodora Adelaida C.
Ramos, Mary Jhoanna J.
Raneses, Nino Jesus B.
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Abduhalim, Noel Y.
Catalan, Mari Margaret Z.
Cruz, Jamie Jasmin M.
Tan, Ma. Elizabeth V.

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Villaflores-Balatan, Melissa B.

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Galvez, Marwin L.
Gasa, Jose Mari Israel V.
Sta. Ana, Ana Liza C.
Sy, Cristina J.

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Badua, Arrex S.
Braganza, Sonia S.
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Espiritu, Hazel Marie O.
Facundo, Alan Ramil T.
Gonzales, Glenda M.
Guirgen, Elaine Jean T.
Hasegawa, Edgar C.
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Lataquin, Philip Joel P.
Limson, Agnes B.
Lopez, Redilberto V.
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Mercado, Arlene D.
Meregillano, Ma. Theresa D.
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Montes, Vivian D.
Navarrete, Rhodora Marie R.
Nicdao, Sheila M.
Ocampo, Amelita C.
Ocampo, Bernadette B.
Panizales, Mark Launcel P.
Perez, Art Gerald B.
Quimbo, Joseph Sidney D.
Raymundo, Maribeth A.
Rodriguez, Audrey May M.
Ruiz, Anne Christine O.
Saguindang, Isagani M.
Sampang, Jose P. Jr.
Sampang, Maya B.
Santos, Ma. Claudina C.
Santos, Mylene Riza C.
Soriano, Edwin R.
Soriano, Rhoda A.
Taguba, Janette B.
Teo, William C.
Tined, Edelinda R.
Trinidad, Jonathan V.
Ty, Janice S.
Ureta, Joy L.
Wambangco, Angel Gerard P.
Wee, Ignacio Jr. T.

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Francisco, Charles Abelard L.
Segui, Maribeth G.
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Chua, Lea Grace A.
De Jesus, Donna M.
Dee, Jericho S.
Lee, Eugene O.
Lim, Roseller B.
Lustre, Francisca Ann M.
Paguntalan, Reygen C.
Poblete, Carlo Eduardo P.
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Segundo, Servillano R.
Ugsimar, Joel L.

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SENIOR VICE PRESIDENT AND CHIEF INFORMATION OFFICER
Ngo Sy, Sheryl G.

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Faustino, Frederick M.
Felizardo, Leah Anna T.
Ferrer, Josephine B.
Hierro, Teodoro Paterno J.
Javier, Ivan Angelo E.
Jugo, Carlos V.
Martinez, Eduardo S.
Palafox, John Emmanuel J.
Paran, Giselle M.
Rivas, Rachelle F.
Roselada, Rolando H.
Roxas, Michael D.
Sacdalan, Rosalie B.
Saveron, Grace Catherine G.
Silverio, Marco Antonio C.
Taguibao, Domingo Digno A. Jr.
Treyes, Anthony Y.
Trocio, Bernadette S.
Umayam, Editha F.
Valeriano, Jovie B.
Villacorta, Ma. Ria D.
Villegas, Christian R.
Zoluaga, Olivia Visminda G.
Zulueta, Janice M.

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Crisostomo, Mari Len S.
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Gingco, Rowena M.
Go, Donna May P.
Javier, Marco Miguel M.
Leonen, Lionel F.
Pascual, Benedicto R. Jr.
Reblora, Maria Regina R.
Romagos, Christian Paolo E.
Salvan, Jose Esteban J.
Singian, Jennifer Gayle P.
Wee Sit, Clive Manuel O.

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Mercado, Roberto Isabelo P.
Sta. Ana, Jose Antonio Rogelio P.

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Marcos, Noelito C.
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Casals, Sheree N.
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Herrera, Ivy Rose F.
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Flor, Arthem Edward C.
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Tiukinhoy, Anna Frederika B.
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Ramos, May Lita D.

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Osalvo, Emmanuel Jesus G.
Ysmael, Paul Roderick A.

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Barcelo, Alma L.
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Tan, Cherish Honey C.
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Tuddao, Dennis T.

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VICE PRESIDENT
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Buenaventura, Gladys L.
Bustamante, Ma. Carmencita S.
Dee, Allen Martin O.
Evaristo, Mario Gerardo Z.
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Gomez, Vittorio Raoul M.
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Mercado, Gerissa T.
Rocamora, Minette Josephine C.
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Totanes, Maria Guillermina G.
Velez, Gemma T.
Yatco, Dominic N.

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Ong, Lester .

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Yulo, Lizbeth Joan P.

VICE PRESIDENT
Olarewaju, Olakunle Yemi

BPI INTERNATIONAL FINANCE LIMITED

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Lau, Mei Kuen
Li, Tsan Man
Lui, Chi Hang
Ng, Wah Chung
Ueng, Yeu Jye

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SENIOR VICE PRESIDENT
Mabiasen, Rodolfo K. Jr.

VICE PRESIDENT
De Jesus, Ma Cynthia Leticia S.
Delos Reyes, Anne A.
Florentino, Maria Angelica G.

BPI FOUNDATION

EXECUTIVE DIRECTOR
Marquez, Ma. Carmina T.

**Atty. Paz is the new CCO effective Jan. 1, 2024*

Products and Services

DEPOSITS
Peso
- Checking
- Savings
- Time

Deposit Substitutes
- Green Saver Time Deposit

LOANS
COMMERCIAL
Agribusiness
- Agricultural Production
- Agricultural Trading
- Agricultural Services
- Post-Harvest Operations

Trade Finance
- *Import Trade Services*
  - Advanced Payment
  - Direct Remittance
  - Open Account
  - Documentary Collection
  - Letters of Credit
- *Export Trade Services*
  - Letter of Credit Advising, Confirmation, Negotiation
  - Outward Bills for Collection
- Other Trade Services
  - Standby Letters of Credit
  - Shipping Guarantees
  - BOC Duties Payment
- *Trade Financing*
  - Import Bills
  - Trust Receipt Financing
  - Export Advance Loan
  - Export Bills Purchase
- *Supply Chain*
  - Supplier Finance
  - Receivable Finance

Structured Finance
- Project and Infrastructure Finance
- Cross Border Loans and Investments
- Other Structured Credits

Sustainable Development Finance
- Energy Efficiency
- Renewable Energy
- Climate Resilience
- Sustainable Agriculture

BUSINESS BANK
Loans
- Ka-Negosyo Credit Line
- Ka-Negosyo SME Loan
- Ka-Negosyo SME Loan for Property Acquisition
  - Ka-Negosyo Ready Loan

Digital Platforms
- BPI BizLink
- Ka-Negosyo On The Go

RETAIL
- Auto Loans
- Housing Loans

MICROFINANCE
Digital Platforms
- BanKo Mobile
- e'Nay App

Financial Products
- Secure Assist Lite
- InstaCashKo Line (ICL)
- Max500

FINANCIAL SERVICES
(HONG KONG)
- Global Securities
- Foreign Fixed Income
- Bonds/Credits
- Equities
- Investment Management Account
- Multi-Currency Time Deposits
- Short Term Loans
- Foreign Exchange Spot

PAYMENTS AND SETTLEMENTS
Electronic Channels
- BPI Online
- BPI App
- VYBE by BPI
- BPI Automated Teller Machine (ATM)
- BPI Cash Accept Machine (CAM)

Unsecured Lending and Cards
- Credit Cards
  - SIP for Solar
  - SIP for School
  - SIP for Hospital
- Debit Cards
- Prepaid Cards
- Personal Loans

Remittance
- **Inward Cross-Boarder Remittance**
  - **Settlement Modes**
    - Credit to BPI Account
    - Credit to Other Bank Accounts
    - Gift Remittance
    - Cash Pick-Up from BPI and BFSB Branches and Partner Outlets

Sustainability-related products

Outward Remittance
Domestic Remittance
- Funds Transfer to other banks
  - InstaPay, PESONet, GSRT, and PDDTS
- Remit to Account
  - Credit to Account via Domestic Tie-Ups
- Seafarer Allotment Distribution
  - Credit to BPI Accounts
  - Credit to Other Bank Accounts
  - Credit to E-Wallets
- Remittance Accounts
  - BPI Pamana Padala
  - BPI Padala Moneyger

Cash Management
Collections
- Cash and Check Deposit Pick-Up
- Corporate Cash Deposit Machine (CCDM)
- Motorized Check Collection
- PDC Warehousing
- Remote Deposit Capture
- Auto Debit Arrangement (ADA) with Electronic ADA Enrollment (e-ADA)
- Bills Collection
- Corporate QR

Disbursements
- Pay Bills
- Government Payments (BIR, SSS, Philhealth, Pag-Ibig)
- Pay Employees (Payroll) – Real Time and Batch Mode
- Pay BPI (Online Supplier Payments)
- Self-Service Check Disbursement
- Outsourced Check Disbursement – Manager's Check and Corporate Checks
- Pay Non-BPI (Pesonet)
- Real Time Gross Settlement (PHP)
- Gross Settlement Real Time (USD)
- Pay Foreign Accounts
- Corporate ATM
- Electronic Certificate of Withholding Tax

Liquidity
- Account Inquiry and Transaction History
- Special Bank Statements
- Bank Statement Download
- Transfer to Own
- Account and Reverse Sweeping

BPI WEALTH, A TRUST CORPORATION

INSTITUTIONAL FUND MANAGEMENT
Fund Management Solutions
- Corporate and Institutional Funds
- Pension and Provident Funds
- Bond Trusteeship
- Loan Agency
- Escrow Agency
- Mortgage Trust Indenture
- Securities Custody Account

Wealth Management
- Regular Subscription Plan
- Personal Management Trust
- Investment Management Account
- Personal Equity & Retirement Account (PERA)
  - BPI PERA Money Market Fund
  - BPI PERA Equity Fund
  - BPI PERA Government Bond Fund
  - BPI PERA Corporate Income Fund

INVESTMENT FUNDS

BPI Investment Funds
Peso
- BPI Invest Short Term Fund
- BPI Invest Money Market Fund
- BPI Invest Premium Bond Fund
- BPI Invest Balanced Fund
- ABF Philippines Bond Index Fund
- BPI Invest Philippine High Dividend Equity Fund
- BPI Invest Equity Value Fund
- BPI Invest Philippine Equity Index Fund
- BPI Invest Philippine Infrastructure Equity Index Fund
- BPI Invest Philippine Consumer Equity Index Fund
- BPI Fixed Income Portfolio Fund-of-Funds
- BPI Invest Catholic Values Global Equity Feeder Fund
- BPI Invest Bayanihan Balanced Fund

Foreign Currency
- BPI Invest US Dollar Short Term Fund
- BPI Invest Global Bond Fund-of-Funds
- BPI Invest Philippine Dollar Bond Index Fund
- BPI Invest Global Equity Fund-of-Funds
- BPI Invest US Equity Index Feeder Fund
- BPI Invest European Equity Feeder Fund
- BPI Invest US Dollar Income Feeder Fund
- BPI Invest World Technology Feeder Fund
- BPI Invest Global Health Care Feeder Fund
- BPI Invest Sustainable Global Bond Fund-of-Funds
- BPI Invest Sustainable Global Balanced Fund-of-Funds
- BPI Invest Sustainable Global Equity Fund-of-Fund

Odyssey Funds
Peso
- Odyssey Peso Medium Term Bond Fund
- Odyssey Peso Bond Fund
- Odyssey Diversified Capital Fund
- Odyssey Diversified Balanced Fund
- Odyssey Philippine Equity Fund
- Odyssey Philippine High Conviction Equity Fund

Foreign Currency
- Odyssey Philippine Dollar Bond Fund
- Odyssey Asia Pacific High Dividend Equity Feeder Fund

Sustainability-related products

BPI INVESTMENT MANAGEMENT INC.

Mutual Funds
ALFM Mutual Funds
- ALFM Money Market Fund
- ALFM Peso Bond Fund
- ALFM Dollar Bond Fund
- ALFM Euro Bond Fund
- ALFM Growth Fund
- Philippine Stock Index Fund
- ALFM Global Multi-Asset Income Fund

PAMI Mutual Funds
- Philam Managed Income Fund
- Philam Bond Fund
- Philam Dollar Bond Fund
- PAMI Global Bond Fund
- Philam Fund
- PAMI Horizon Fund
- PAMI Asia Balanced Fund
- Philam Strategic Growth Fund
- PAMI Equity Index Fund

Other BIMI Funds
- Ekklesia Mutual Fund
- Solidaritas Fund
- Affinity Global Multi-Asset Fund

BPI Indices
- BPI Philippine Government Bond Index
- BPI Philippine Government Bond 1-3 Year Index
- BPI Philippine Government Bond 1-5 Year Index
- BPI Philippine Government Bond 5+ Year Index
- BPI Philippine Government Liquid Bond Index
- BPI Philippine Government Money Market Index
- BPI Philippine Corporate Bond Index
- BPI Philippine Equity Total Return Index
- BPI Philippine Infrastructure Equity Index
- BPI Philippine High Dividend Equity Total Return Index
- BPI Philippine Consumer Equity Index

Sustainability-related products

2023 Awards and Citations

INSTITUTIONAL: BPI

- Best Bank in the Philippines
  Euromoney Awards for Excellence 2023
- Market Leader in Corporate Banking
  Euromoney Market Leaders Philippines Bank Rankings
- Market Leader in Digital Solutions
  Euromoney Market Leaders Philippines Bank Rankings
- Market Leader in SME Banking
  Euromoney Market Leaders Philippines Bank Rankings
- Best SME Bank in the Philippines
  Alpha Southeast Asia's 17th Best Financial Institutions Awards
- Gold, Best Financial Company in the Philippines
  FinanceAsia Asia's Best Managed Companies 2023
- Silver, Best Overall Company in the Philippines
  FinanceAsia Asia's Best Managed Companies 2023
- The Most Selected Main Bank in the Philippines
  The Asian Banker Excellence in Retail Financial Services and Technology Innovation Philippines Awards 2023
- Leader in Employee Experience in the Asia-Pacific region (APAC)
  The Bank of Tomorrow 2023 and Twimbit Purpose Index
- Best Employer Brand on LinkedIn (above 10,000 employees)
  2022 LinkedIn Talent Awards (awarded March 2023)
- Finalist, Diversity Champion (above 10,000 employees)
  2022 LinkedIn Talent Awards (awarded March 2023)
- Bronze Stevie, BPI Retail Loans C.A.R.E. Program, Innovation in Consumer Products & Services category
  2023 Asia-Pacific Stevie Awards
- Best Collection Partner, Universal Bank Category
  SSS 2023 Balikat ng Bayan Awards

SUSTAINABILITY

- Sustainability Company of the Year*
  Circle of Excellence Asia CEO Awards
- Top Sustainability Advocates in Asia*
  Asia Corporate Excellence & Sustainability (ACES) Awards
- Best Bank for ESG (Philippines)*
  Asiamoney Best Bank Awards
- ESG Program of the Year – Silver
  Asian Banking & Finance Retail Banking Awards
- Best House for Sustainable Treasury Solutions
  Corporate Treasurer Awards
- Market Leader in Environmental, Social, and Governance (ESG)*
  EuroMoney Market Leaders
- Best Sustainable Bank in the Philippines**
  Finance Asia Awards
- Biggest ESG Impact in the Philippines
  Finance Asia Awards
- Sustainable Finance Awards Winner for the Philippines*
  Global Finance
- Best Sustainable Bank in the Philippines*
  International Business Magazine Awards
- Sustainability Business Partner of the Year
  Nordic Sustainability Awards
- Sustainability Leader of the Year - President and CEO Mr. Jose Teodoro Limcaoco
  Nordic Sustainability Awards
- Best Digital ESG Awards
  The Asset Triple A Treasurise Awards
  **2nd consecutive recognition*
  ***4th consecutive recognition*

CORPORATE GOVERNANCE

- Golden Arrow Award, Top Performing Company (Domestic Recognition)
  Institute of Corporate Directors (ICD)

BPI CAPITAL CORPORATION

- Best Equity House in the Philippines
  Alpha Southeast Asia's 17 Best Financial Institution Awards
- Best Securities House in the Philippines
  Asiamoney's 2023 Securities Houses Awards
- Best DCM House in the Philippines
  FinanceAsia Annual Awards
- Innovative Deal, Green Deal and Philippine Domestic Project Finance Bank of the Year (SLTEC Energy Transition Mechanism)
  Asian Banking and Finance
- Best Fixed Income Deal and Best Advisory Deal (ACEN Corporation's ASEAN Green Fixed-Rate Bonds)
  Investment House Association of the Philippines (IHAP)

GLOBAL MARKETS

- Best Bank in Southeast Asia for Sustainable Treasury Solutions
  CorporateTreasurer Awards
- Best Bank in Southeast Asia for FX/Hedging Solutions
  CorporateTreasurer Awards
- Best FX Bank for Retail Clients in the Philippines
  13th Alpha Southeast Asia Treasury & FX Awards Best FX
- Bank for Corporates & FIs (Financial Institutions) in the Philippines
  13th Alpha Southeast Asia Treasury & FX Awards
- Derivatives House of the Year – Philippines
  Asia Risk Awards
- Philippines Domestic Foreign Exchange Bank of the Year
  Asian Banking & Finance Wholesale Banking Awards
- Best Local Currency Bond Individual for Research – Mr. Emilio Neri, Jr.; Rank 3
  The Asset Benchmark Research Awards 2023
- Best in Treasury and Working Capital – LLCs
  The Asset Triple A Treasuries Awards
- Best in Treasury and Working Capital – SMEs
  The Asset Triple A Treasuries Awards
- Top 5 Fixed Income Dealing Participant (Rank 5)
  18th PDS Annual Awards

TRANSACTION SERVICES

- Best Trade Finance Bank in the Philippines
  Alpha Southeast Asia's 17th Best Financial Institutions Awards

BPI WEALTH

- Best Overall Asset & Fund Manager
  Alpha Southeast Asia's 14th Annual Best Fund Management Awards
- Best Asset Manager (Fixed Income Funds)
  Alpha Southeast Asia's 14th Annual Best Fund Management Awards

BPI FOUNDATION

- Asia's Best Bank for Corporate Responsibility
  Euromoney Awards for Excellence 2023
- Market Leader in Corporate and Social Responsibility (CSR)
  Euromoney Market Leaders Philippines Bank Rankings

CUSTOMER AND MARKETING GROUP

- Silver, "Going Viral, Do it yourself", Best Newsjacking or Real Time Response category
  Hashtag Asia Awards
- Finalist, "Maging Listo, Huwag Magpaloko" cybersecurity campaign
  Cannes Corporate Media & TV Awards
- Favorite Brand Ambassador, Bea Alonzo – Project Sustain
  PANAta People's Choice Awards, PANAta Awards
- Bronze, Project Sustain, Brand Effectiveness through Corporate Sustainability and Brand Trust
  PANAta Awards
- Bronze, Project Love, Brand Effectiveness through Effective Use of Marketing Channels – Integrated
  PANAta Awards
- Platinum, Going Viral? Do it yourself, PR Tool for Social Media / Multimedia category
  PRSP 58th Anvil Awards
- Gold, Going Viral? Do it yourself, PR Tool for Social Media / Multimedia category
  PRSP 58th Anvil Awards
- Silver, #BPICybersecuriTips: Championing Cybersecurity Awareness, PR Programs on a Sustained Basis for Consumer Education category
  PRSP 58th Anvil Awards
- Silver, #BPIFinancialEducationFriday: Pursuing Financial Education with an Online Financial Literacy Campaign, PR Programs on a Sustained Basis for Education/Literacy category
  PRSP 58th Anvil Awards

RISK MANAGEMENT

- Best Service Provider - Risk Management (Philippines) - The Asset Triple A Treasuries Awards

BPI AIA LIFE ASSURANCE CORPORATION

- Best Life Insurance Company in the Philippines
  World Finance

Membership in Industry Associations

ACI Philippines The Financial Markets Association
Association of Bank Compliance Officers Inc.
Association of Bank Remittance Officers Inc.
Association of Foundations (Philippines) Inc.
Association of Philippine Correspondent Bank Officers
Bank Marketing Association (Philippines),
Bank Security Management Association
Bankers Association of the Philippines
Bankers Institute of the Philippines
British Chamber of Commerce Philippines
Business for Sustainable Development Inc.
Cebu Chamber of Commerce & Industry, Inc.
Credit Card Association of the Philippines
Credit Management Association of the Philippines
Davao City Chamber of Commerce and Industry
Financial Executive Institute of the Philippines
Fund Managers Association of the Philippines
Gen Santos Chamber of Commerce
Good Governance Advocates and Practitioners Philippines
Information System Audit and Control Association (ISACA)
Institute of Corporate Directors, Inc.
Institute of Internal Auditors
Integrated Bar of the Philippines
Internet and Mobile Marketing Association of the Philippines
Investment House Association of the Philippines
League of Corporate Foundations, Inc.
Management Association of the Philippines
Marketing & Opinion Research Society of the Philippines
Money Market Association of the Philippines
Nextgen Organization of Women Corporate Directors
Philippine Association of National Advertisers,Inc.
Philippine Association of Stock Transfer
Philippine Chamber of Commerce and Industry
Philippine Council for NGO Certification
Philippine Institute of Certified of Accountants
Philippine Payments Management Inc.
Philippine Stock Exchange, Inc.
Rotary Foundation of Makati West Inc.
Tax Management Association of the Philippines
The American Chamber of Commerce of the Philippines
The Japanese Chamber of Commerce & Industry Philippines
The Makati Business Club, Inc.
Trust Officers Association of the Philippines

Group Directory

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